



**PUBLIC DISCLOSURE**

Date of Evaluation: MARCH 13, 2017

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Name of Depository Institution: LAFAYETTE AMBASSADOR BANK

Institution's Identification Number: 140018

Address: 2005 CITY LINE ROAD

BETHLEHEM, PENNSYLVANIA

**FEDERAL RESERVE BANK OF PHILADELPHIA  
TEN INDEPENDENCE MALL  
PHILADELPHIA, PENNSYLVANIA 19106**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## Table of Contents

INSTITUTION RATING .....	1
Overall Rating .....	1
Performance Test Rating Table .....	1
Summary of Major Factors Supporting Rating.....	1
INSTITUTION .....	2
Description of Institution .....	2
Scope of Examination .....	11
Conclusions with Respect to Performance Criteria .....	12
Fair Lending or Other Illegal Credit Practices.....	26
CRA APPENDICES .....	27
CRA Appendix A: Glossary .....	28
CRA Appendix B: HMDA Loan Distribution Tables .....	32
CRA Appendix C: Small Business Loan Distribution Tables .....	36
CRA Appendix D: Assessment Area Maps .....	40

## **INSTITUTION RATING**

### **OVERALL RATING**

Lafayette Ambassador Bank (Lafayette Ambassador) is rated satisfactory based upon the results of the current Community Reinvestment Act (CRA) performance evaluation, conducted using the Interagency Large Institution CRA Examination Procedures. Lafayette Ambassador was rated satisfactory at its previous CRA evaluation dated October 6, 2014.

### **PERFORMANCE TEST RATING TABLE**

The following table indicates the performance level of Lafayette Ambassador with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	Lafayette Ambassador Bank		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
Needs to Improve			
Substantial Noncompliance			

\*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

### **SUMMARY OF MAJOR FACTORS SUPPORTING RATING**

Major factors contributing to this rating include:

- A high percentage of the bank's loans are made inside its assessment area;
- The geographic distribution of loans reflects good penetration throughout the assessment area;
- The distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes;
- The bank exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low-income individuals, and very small businesses, consistent with safe and sound banking practices;
- The bank is a leader in making community development loans;
- The bank has a significant level of qualified community development investments and grants; and
- The bank provides a relatively high level of community development services.

## INSTITUTION

### **DESCRIPTION OF INSTITUTION**

Lafayette Ambassador, headquartered in Bethlehem, Northampton County Pennsylvania, is a state-chartered full-service commercial bank. Through 21 branch locations in Northampton and Lehigh counties in the Allentown-Bethlehem-Easton (ABE) Metropolitan Statistical Area (MSA), the bank offers a variety of consumer and commercial banking services. Lafayette Ambassador is a subsidiary of Fulton Financial Corporation (Fulton Financial), an \$18.7 billion (as of September 30, 2016) multi-bank holding company headquartered in Lancaster, Pennsylvania. Fulton Financial operates six banking subsidiaries, with offices in Pennsylvania, New Jersey, Delaware, Maryland, and Virginia.

The table below details the locations of Lafayette Ambassador’s branches as of the CRA evaluation date:

<b>Metropolitan Area</b>	<b>County</b>	<b>Number of Branches</b>
ABE MSA	Lehigh County	7
ABE MSA	Northampton County	14
Total Full Service Branches		21

As of September 30, 2016, Lafayette Ambassador reported \$1.5 billion in assets, of which nearly \$1.2 billion, or 76%, were loans. On a dollar-volume basis, 53% of loans were commercial loans (which include commercial mortgages and commercial and industrial loans), and 27% of loans were residential mortgage loans (which include closed-end and open-end residential mortgage loans).

The composition of the bank’s loan portfolio is presented in the table below.

<b>LOANS as of 09/30/16</b>	<b>\$000</b>	<b>%</b>
Commercial Mortgages	512,835	43.1
Commercial and Industrial Loans	119,419	10.0
Secured by Farmland	683	< 1%
Secured by Residential Properties (Closed-end)	215,594	18.1
Secured by Residential Properties (Open-end)	103,299	8.7
Construction & Land Development	47,108	4.0
Multifamily Residential Properties	41,751	3.5
Consumer Loans	16,018	1.3
States and Political Subdivisions	115,102	9.7
Other Loans and Leases	16,998	1.4
<b>TOTAL (Net Loans)</b>	<b>\$1,188,807</b>	<b>100.00%</b>

Source: September 30, 2016 Consolidated Reports of Condition and Income, Schedule RC-C.

---

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

---

**Commercial Loans**

Schedule RC-C Part II (Loans to Small Businesses and Small Farms) of the Consolidated Reports of Condition and Income as of September 30, 2016 indicates that 28% of the bank's commercial loans outstanding were small business loans, compared to 30% designated as small business loans at the previous CRA evaluation. For purposes of CRA, a small business loan is defined as a commercial loan with an origination amount of \$1 million or less. The bank's commercial loan profile is detailed in the following table.

<b>Lafayette Ambassador Bank Loans to Small Businesses Commercial Loan Portfolio</b>		
	<b>Amount Outstanding As of 06/30/2017 (\$000)</b>	<b>Percent</b>
Loans with original amounts of \$100,000 or less	10,632	1.7
Loans with original amounts of more than \$100,000 through \$250,000	28,044	4.4
Loans with original amounts of more than \$250,000 through \$1,000,000	135,296	21.4
<b>TOTAL SMALL BUSINESS LOANS</b>	<b>173,972</b>	<b>27.5</b>
Loans with original amounts of more than \$1,000,000	458,282	72.5
<b>TOTAL COMMERCIAL LOANS</b>	<b>632,254</b>	<b>100.0%</b>

The bank's asset size and financial condition indicate that it has the ability to effectively meet the credit needs of its assessment area. Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

**DESCRIPTION OF ASSESSMENT AREA**

For purposes of the CRA, Lafayette Ambassador has designated one assessment area in Pennsylvania, which consists of Lehigh and Northampton Counties in the Allentown-Bethlehem-Easton Metropolitan Statistical Area (ABE MSA). The MSA is situated in the eastern Pennsylvania area known as the Lehigh Valley, and includes Lehigh, Northampton, and Carbon Counties in Pennsylvania, and Warren County in New Jersey.

The bank's assessment area was determined to comply with the requirements of CRA and does not arbitrarily exclude low- or moderate-income census tracts.

According to 2010 Census data, there are 144 census tracts in Lafayette Ambassador's assessment area, 16 of which are low-income (11%), 28 of which are moderate-income (19%), 64 of which are middle-income (44%), and 36 of which are upper-income (25%). Of the 16 low-income census tracts, 12 are located in the city of Allentown, and four are in the city of Bethlehem. Of the assessment area's 28 moderate-income census tracts, nine are in the city of Allentown, five in the city of Bethlehem, and six in the city of Easton. The remaining eight moderate-income tracts are located in Whitehall, and the borough of Fountain Hill in Lehigh County; and the boroughs of Bath, Pen Argyl, Walnutport and Wilson in Northampton County.

Overall, 28% of the assessment area's population resides within the low- and moderate-income census tracts. Of the total number of families in the assessment area, 20% are designated as low-income, 18% are designated as moderate-income, 22% are middle-income, and 39% are upper-income. Families living below the poverty level in the assessment area represented just under 8% of total families, slightly below the percentage of families living below the poverty level statewide (9%).

According to the Federal Deposit Insurance Corporation's Summary of Deposits report as of June 30, 2016, 23 depository institutions operated 204 branches in Lehigh and Northampton counties. These institutions maintained deposits of over \$13 billion in the assessment area. Lafayette Ambassador ranked fourth among the 23 institutions, holding 9% of the market's deposits. Leading the market were Wells Fargo Bank, N.A. with 23% of deposits, Branch Banking and Trust Company with almost 15% of deposits, and Bank of America, N.A. with just under 10% of deposits.

## **ECONOMIC CHARACTERISTICS**

The ABE MSA is located in eastern Pennsylvania, between the cities of Philadelphia and New York. According to data obtained from Moody's Analytics<sup>1</sup>, the economy of the ABE MSA is at risk, although it has gradually improved during the past year. Key drivers are the strengthening performance in the healthcare, leisure/hospitality and logistics sectors. Performance in the manufacturing sector continues to be sluggish, and housing price appreciation severely lags nationwide performance.

Leisure and hospitality continues to fuel the Lehigh Valley's local economy, spurred by the success of the Sands Casino in Bethlehem. Sands is one of the top two performing casinos in the state, and a \$40 million expansion plan is geared to sustain and further increase tourism into the area. The industry is benefitting from the rising disposable incomes and spending in the Northeast economy, and from more than half of casino visitors being from out of state. However, several legislative proposals pose downside risk to the casino.

One additional bright spot in the ABE MSA is the area's proximity to interstate systems, airports, and large markets (New York and Philadelphia). Transportation and warehousing will be among the fastest growing industries in the medium term. FedEx's planned \$335 million warehouse and logistics hub in Allentown will be the largest facility in the United States, and is expected to create hundreds of temporary construction jobs and hundreds of permanent positions when the facility opens in 2018.

Overall strengths of the local economy include the MSA's close proximity to the more expensive New York City and Philadelphia metropolitan areas, and the fact that downtown revitalization is drawing investment and employment in Allentown, Bethlehem and Easton. Weaknesses include a rising cost of local government due to underfunded pension liabilities, an aging infrastructure, and weak migration patterns into the area.

---

<sup>1</sup>Moody's Analytics Precis U.S. Metro- September 2016

---

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

---

Education and health services still represent the largest employment sector in the MSA, contributing to over 20% of total jobs. Professional and business services are the second largest employment sector (14%), followed by retail trade and government (both 11%).

Major employers in the MSA include Lehigh Valley Hospital Center, Air Products and Chemicals, St. Luke's Hospital, Amazon.com, and Lehigh Valley Physician Group.

The evaluation of Lafayette Ambassador's distribution of home-mortgage loans to borrowers of different income levels also takes into consideration that the bank is operating in a highly competitive market for financial services and banking. Local community and regional banks are strong competition for Lafayette Ambassador. In addition, many national financial institutions, such as Wells Fargo Bank, N.A., PNC Bank, N.A., and Bank of America, N.A. also have a significant presence in the market.

Seasonally unadjusted unemployment rates in the MSA and the bank's assessment area declined during the evaluation period and largely mirror those in the Commonwealth as a whole. The 2014, 2015, and 2016 unemployment rates for the area are presented in the following table.

<b>Lafayette Ambassador Bank Unemployment Rates</b>			
<b>Geographical Area</b>	<b>Annual 2014</b>	<b>Annual 2015</b>	<b>Annual 2016</b>
Lehigh County	6.1%	5.3%	5.3%
Northampton County	5.9%	5.3%	5.2%
ABE MSA	6.1%	5.4%	5.2%
Pennsylvania	5.9%	5.3%	5.4%
United States	6.2%	5.3%	4.9%

Unemployment data is from the Bureau of Labor Statistics (not seasonally adjusted)

## **HOUSING**

According to 2010 Census data, the assessment area contained 260,141 housing units, 68% of which were owner occupied; 27% of which were rental units; and 6% of which were vacant. The overall owner-occupancy rate in the MSA (68%) compares favorably to the statewide owner-occupancy rate (63%).

Single family units comprise 77% of the total housing units in the assessment area, while two-to-four family units comprise 9%, multifamily units comprise 11%, and mobile homes comprise just 3%. The median age of the housing stock in the assessment area is 47 years, similar to the statewide median age of 50 years.

Housing in the ABE MSA costs less than housing in several other metropolitan areas within the nation's northeastern corridor, which is a noted strength of the MSA's economy. Nevertheless, the cost of housing in the assessment area is considered less affordable than housing in the Commonwealth overall. Based on 2010 Census data, the median housing value for the assessment area was \$212,048, compared to \$159,300 for the state.

---

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

---

Median housing values varied considerably among census tracts of different income levels. For instance, median housing values in low- and moderate-income tracts (\$110,927 and \$142,490, respectively) were significantly lower than housing values in middle- and upper-income tracts (\$202,161 and \$287,831, respectively).

Median gross rent (rent plus utilities) in the assessment area, at \$825, is also higher than the statewide median gross rent of \$739. The percentage of renters paying more than 30% of their income on rent is higher in the assessment area than in Pennsylvania (48% and 44%, respectively).

The distribution of owner-occupied housing units throughout the assessment area is used as a proxy to estimate demand for residential mortgage lending. According to 2010 Census data, 5% of owner-occupied units are located in low-income tracts, 13% are located in moderate-income tracts, 48% in middle-income tracts, and 34% in upper-income tracts.

### **BORROWER INCOME DATA**

The percentage of low- and moderate-income families is used as a proxy to estimate demand for home-mortgage lending in the assessment area. Of the total number of families in the assessment area at the 2010 Census, 20% were designated as low-income, 18% as moderate-income, 22% as middle-income, and 39% as upper-income. Families living below the poverty level in the assessment area represented 8% of total families, compared to 9% of families in the Commonwealth living below the poverty level. Within Lehigh and Northampton counties, families living below the poverty level represented 9% and 6%, respectively.

For purposes of evaluating the distribution of loans to borrowers of different income levels, incomes were classified based upon annually adjusted median family income data made available by the Federal Financial Institutions Examination Council (FFIEC) and by the U.S. Department of Housing and Urban Development (HUD). According to the 2010 Census, the assessment area's median family income was \$67,496, which was higher than the measure for the Commonwealth (\$63,364).

The assessment area's HUD-adjusted median family incomes for 2014, 2015, and 2016 are listed in the following table, along with the dollar amounts recognized as low-, moderate-, middle- and upper-income, predicated upon adjusted family income measures.

<b>Year</b>	<b>HUD-Adjusted Median Family Income</b>	<b>Low Income (&lt;50%)</b>	<b>Moderate Income (50%-less than 80%)</b>	<b>Middle Income (80%-less than 120%)</b>	<b>Upper Income (120% or Greater)</b>
2014	\$68,800	Less than \$34,400	\$34,400 - \$55,039	\$55,040 - \$82,559	\$82,560 or more
2015	\$71,200	Less than \$35,600	\$35,600 - \$56,959	\$56,960 - \$85,439	\$85,440 or more
2016	\$70,900	Less than \$35,450	\$35,450- \$56,719	\$56,720 - \$85,079	\$85,080 or more



## **GEOGRAPHIC BUSINESS DATA**

The percentage of businesses located within designated census tracts is used as a proxy to estimate demand for small business credit within such census tracts.

In 2014, Dun & Bradstreet business data reveals that of the 27,578 businesses in the assessment area, 89% were small businesses with revenue of \$1 million or less. Of the businesses in the assessment area, 7% were located in low-income tracts, 17% in moderate-income tracts, 44% in middle-income tracts, and 32% in upper-income tracts.

In 2015, the number of businesses operating in the assessment area increased to 29,761, with 92% representing small businesses with revenues of \$1 million or less. In 2015, 7% of businesses were located in low-income tracts, and 16% in middle-income tracts. The majority of the businesses were located in middle- and upper-income census tracts (44% and 33%, respectively).

In 2016, 90% of the assessment area's 27,543 businesses were designated as small businesses with revenues of \$1 million or less. Distribution among census tracts of different income levels was unchanged from 2015.

Assessment area demographics used in evaluating Lafayette Ambassador's performance under the CRA in 2014, 2015, and 2016 are detailed in the tables on the following pages.

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

Lafayette Ambassador Bank Assessment Area Demographics 2014								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	16	11.1	14,207	8.5	4,677	32.9	34,092	20.3
Moderate-income	28	19.4	27,652	16.5	4,371	15.8	30,941	18.4
Middle-income	64	44.4	74,501	44.4	2,873	3.9	36,679	21.8
Upper-income	36	25.0	51,585	30.7	1,065	2.1	66,233	39.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>144</b>	<b>100.0</b>	<b>167,945</b>	<b>100.0</b>	<b>12,986</b>	<b>7.7</b>	<b>167,945</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied		Rental		Vacant		
	#	#	%	%	#	%	#	%
Low-income	24,981	7,998	4.5	32.0	14,309	57.3	2,674	10.7
Moderate-income	49,737	23,546	13.4	47.3	22,301	44.8	3,890	7.8
Middle-income	115,768	84,995	48.3	73.4	24,675	21.3	6,098	5.3
Upper-income	69,655	59,333	33.7	85.2	7,651	11.0	2,671	3.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>260,141</b>	<b>175,872</b>	<b>100.0</b>	<b>67.6</b>	<b>68,936</b>	<b>26.5</b>	<b>15,333</b>	<b>5.9</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	1,886	6.8	1,593	6.5	197	10.0	96	9.0
Moderate-income	4,545	16.5	3,971	16.2	360	18.2	214	20.1
Middle-income	12,256	44.4	11,073	45.1	747	37.8	436	40.9
Upper-income	8,891	32.2	7,901	32.2	670	33.9	320	30.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>27,578</b>	<b>100.0</b>	<b>24,538</b>	<b>100.0</b>	<b>1,974</b>	<b>100.0</b>	<b>1,066</b>	<b>100.0</b>
	Percentage of Total Businesses:		89.0		7.2		3.9	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	10	2.6	10	2.7	0	0.0	0	0.0
Middle-income	231	61.1	229	61.4	2	40.0	0	0.0
Upper-income	137	36.2	134	35.9	3	60.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>378</b>	<b>100.0</b>	<b>373</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	Percentage of Total Farms:		98.7		1.3		0.0	

2014 FFIEC Census Data and 2014 D&B Information.

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

Lafayette Ambassador Bank Assessment Area Demographics 2015								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	16	11.1	14,207	8.5	4,677	32.9	34,092	20.3
Moderate-income	28	19.4	27,652	16.5	4,371	15.8	30,941	18.4
Middle-income	64	44.4	74,501	44.4	2,873	3.9	36,679	21.8
Upper-income	36	25.0	51,585	30.7	1,065	2.1	66,233	39.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>144</b>	<b>100.0</b>	<b>167,945</b>	<b>100.0</b>	<b>12,986</b>	<b>7.7</b>	<b>167,945</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied		Rental		Vacant		
	#	#	%	%	#	%	#	%
Low-income	24,981	7,998	4.5	32.0	14,309	57.3	2,674	10.7
Moderate-income	49,737	23,546	13.4	47.3	22,301	44.8	3,890	7.8
Middle-income	115,768	84,995	48.3	73.4	24,675	21.3	6,098	5.3
Upper-income	69,655	59,333	33.7	85.2	7,651	11.0	2,671	3.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>260,141</b>	<b>175,872</b>	<b>100.0</b>	<b>67.6</b>	<b>68,936</b>	<b>26.5</b>	<b>15,333</b>	<b>5.9</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	2,033	6.8	1,787	6.5	234	10.3	12	6.0
Moderate-income	4,847	16.3	4,427	16.2	397	17.4	23	11.6
Middle-income	13,040	43.8	12,061	44.2	866	38.0	113	56.8
Upper-income	9,841	33.1	9,010	33.0	780	34.3	51	25.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>29,761</b>	<b>100.0</b>	<b>27,285</b>	<b>100.0</b>	<b>2,277</b>	<b>100.0</b>	<b>199</b>	<b>100.0</b>
	Percentage of Total Businesses:			91.7	7.7		0.7	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	16	4.2	16	4.3	0	0.0	0	0.0
Middle-income	231	60.9	229	61.2	2	40.0	0	0.0
Upper-income	132	34.8	129	34.5	3	60.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>379</b>	<b>100.0</b>	<b>374</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	Percentage of Total Farms:			98.7	1.3		0.0	

2015 FFIEC Census Data and 2015 D&B Information

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

Lafayette Ambassador Bank Assessment Area Demographics 2016								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	16	11.1	14,207	8.5	4,677	32.9	34,092	20.3
Moderate-income	28	19.4	27,652	16.5	4,371	15.8	30,941	18.4
Middle-income	64	44.4	74,501	44.4	2,873	3.9	36,679	21.8
Upper-income	36	25.0	51,585	30.7	1,065	2.1	66,233	39.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>144</b>	<b>100.0</b>	<b>167,945</b>	<b>100.0</b>	<b>12,986</b>	<b>7.7</b>	<b>167,945</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied		Rental		Vacant		
	#	#	%	%	#	%	#	%
Low-income	24,981	7,998	4.5	32.0	14,309	57.3	2,674	10.7
Moderate-income	49,737	23,546	13.4	47.3	22,301	44.8	3,890	7.8
Middle-income	115,768	84,995	48.3	73.4	24,675	21.3	6,098	5.3
Upper-income	69,655	59,333	33.7	85.2	7,651	11.0	2,671	3.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>260,141</b>	<b>175,872</b>	<b>100.0</b>	<b>67.6</b>	<b>68,936</b>	<b>26.5</b>	<b>15,333</b>	<b>5.9</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	1,890	6.9	1,630	6.6	244	10.3	16	5.6
Moderate-income	4,526	16.4	4,084	16.4	405	17.1	37	12.8
Middle-income	12,035	43.7	10,973	44.1	923	38.9	139	48.3
Upper-income	9,092	33.0	8,197	32.9	799	33.7	96	33.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>27,543</b>	<b>100.0</b>	<b>24,884</b>	<b>100.0</b>	<b>2,371</b>	<b>100.0</b>	<b>288</b>	<b>100.0</b>
	Percentage of Total Businesses:			90.3	8.6		1.0	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	15	4.2	15	4.3	0	0.0	0	0.0
Middle-income	216	61.2	213	61.4	3	50.0	0	0.0
Upper-income	122	34.6	119	34.3	3	50.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>353</b>	<b>100.0</b>	<b>347</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	Percentage of Total Farms:			98.3	1.7		0.0	

2016 FFIEC Census Data and 2016 D&B Information

**SCOPE OF EXAMINATION**

Lafayette Ambassador was rated satisfactory at its previous CRA evaluation performed by the Federal Reserve Bank of Philadelphia, dated October 6, 2014. The current evaluation of Lafayette Ambassador's CRA performance covers the period from October 7, 2014 through March 13, 2017, and was conducted utilizing the Interagency Large Institution CRA Examination procedures.

The loan products evaluated and corresponding loan data reviewed include:

- Home-purchase and home-improvement loans and the refinancing of such loans, collectively titled Home Mortgage Disclosure Act (HMDA) loans, reported by the bank for calendar years 2014, 2015, and 2016<sup>2</sup>.
- Small business loans reported by the bank, pursuant to CRA, for calendar years 2014, 2015 and 2016<sup>3</sup>.
- Other loans that qualified as community development, for the entire evaluation period, October 7, 2014 through March 13, 2017.

In determining the bank's overall CRA performance, greater weight was given to small business loans, as they represented the largest percentage of the bank's portfolio, as mentioned earlier. HMDA loans were provided slightly less weight in determining the bank's overall performance.

CRA performance in the assessment area was evaluated in terms of the demographic and economic context in which the bank operates. Lafayette Ambassador's HMDA and small business loans were compared to the aggregate of all lenders in the bank's assessment area reporting real estate loans pursuant to the HMDA, and small business loans pursuant to the CRA. These data are reported annually, and, at the date of the evaluation, the most recent year for which information was available was 2015.

In 2014, 396 HMDA reporters originated or purchased 15,726 HMDA loans. Lafayette Ambassador ranked sixteenth, with less than 2% of the HMDA market. Wells Fargo Bank, N.A. led the market with 15% of HMDA loans, followed by JPMorgan Chase Bank, N.A. (5%), and Quicken Loans, Inc. (3%).

In 2015, a total of 409 HMDA reporters originated or purchased 17,658 loans. Lafayette Ambassador ranked fourteenth with less than 2% of the market. Market leaders included Wells Fargo Bank, N.A. with nearly 14% of HMDA loans, and American Neighborhood Mortgage and JPMorgan Chase Bank, N.A., both with 4% of the HMDA market. Aggregate data for 2016 was not available at the time of the evaluation.

---

<sup>2</sup>2016 lending includes evaluation of the bank's first three quarters of data (through September 30, 2016).

<sup>3</sup>Ibid.

---

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

---

With regard to small business loans, in 2014, 75 reporters originated or purchased 10,405 small business loans. Lafayette Ambassador ranked sixteenth with 1% of the small business loan market. The market was led by American Express Bank, FSB, who held 15% of the market, followed by Wells Fargo Bank, N.A. (13%) and Capital One Bank USA, N.A. (9%).

In 2015, 90 small business loan reporters originated or purchased 11,132 small business loans. Lafayette Ambassador ranked fifteenth with 1% of the market. Small business lenders did not change from 2014. Aggregate data for 2016 was not available for comparison at the time of the evaluation.

Finally, four community contacts were conducted with community representatives to provide perspective on the credit needs of the assessment area. Information from the community contacts was supplemented with demographic and economic data pertinent to the assessment area. Small business development, affordable housing and community service organizations identified needs for increased bank participation in small business lending, particularly working capital loans to very small businesses, as well as first-time homebuyer mortgage programs and affordable housing in Allentown, Bethlehem, and Easton (recent development in these areas has increased housing, but at market rates).

Contacts agreed that there is a need for banks to reach out to the under-banked Latino community in the assessment area, and that Spanish-speaking mortgage officers, particularly in the Allentown area would be helpful. Finally, contacts saw a need for skills-development educational programs, improved transportation routes to job centers, and credit and financial literacy courses for those interested in obtaining and maintaining a home.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **LENDING TEST**

Performance under the lending test is rated high satisfactory.

The lending test evaluates an institution's lending activities based on the following characteristics:

- Lending activity in the assessment area;
- Concentration of lending within the assessment area, including HMDA and small business lending;
- Borrowers' profile, including the distribution of loans to low- and moderate-income borrowers and small businesses;
- Geographic distribution of loans, including loans originated in low- and moderate-income census tracts;
- Responsiveness to credit needs of highly economically disadvantaged census tracts, low-income persons, and very small businesses;
- Innovativeness and flexibility of lending practices; and
- Community development lending activities.

---

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

---

**Lending Activity**

Lafayette Ambassador’s lending levels reflect good responsiveness to the assessment area’s credit needs. As of September 30, 2016, Lafayette Ambassador reported total loans of just under \$1.2 billion, or 76% of total assets. At the previous evaluation, loans totaled just over \$1 billion, and represented 73% of bank assets, using September 30, 2014 data. Further, Lafayette Ambassador’s loan-to-deposit ratio currently measured 92%, outperforming the peer group (84%). The bank’s loan-to-deposit ratio has increased slightly from the previous evaluation, when it measured 88%.

**Assessment Area Concentration**

A high percentage of loans are made in the bank’s assessment area.

An analysis was performed to determine the volume of loans extended inside and outside of the bank’s assessment area. The analysis consisted of an evaluation of Lafayette Ambassador’s HMDA loans and small business loans. The table below indicates that a high percentage of loans were made in the bank’s assessment area.

More specifically, 87% of the number of HMDA loans reported by Lafayette Ambassador during the evaluation period, and 83% of the aggregate dollar amount of HMDA loans reported were extended in the bank’s assessment area. This performance is slightly lower than at the time of the last evaluation, when 91% of HMDA loans by number, and 88% by dollar amount were made within the assessment area.

With respect to small business loans, 89% of the number of small business loans and 86% of the aggregate dollar amount of loans were extended in its assessment area. This distribution was similar to the concentration of small business loans at the previous evaluation, when 90% by number, and 84% by dollar amount were made within the assessment area.

Small farm loan volumes were low, and were not considered as a factor in the overall rating of lending within the assessment area.

Overall, 88% of Lafayette Ambassador’s lending by number was in its assessment area, and 84% of loan dollars benefitted the assessment area.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	50	83.3	\$6,146	79.8	10	16.7	\$1,558	20.2
Home Purchase – Conventional	418	85.7	\$88,155	78.0	70	14.3	\$24,916	22.0
Multifamily Housing	11	91.7	\$15,882	94.7	1	8.3	\$888	5.3
Refinancing	182	92.4	\$39,227	93.9	15	7.6	\$2,569	6.1
<b>Total HMDA Related</b>	<b>661</b>	<b>87.3</b>	<b>\$149,410</b>	<b>83.3</b>	<b>96</b>	<b>12.7</b>	<b>\$29,931</b>	<b>16.7</b>
Small Business	358	88.8	\$74,974	85.5	45	11.2	\$12,745	14.5
<b>Total Small Business Related</b>	<b>358</b>	<b>88.8</b>	<b>\$74,974</b>	<b>85.5</b>	<b>45</b>	<b>11.2</b>	<b>\$12,745</b>	<b>14.5</b>
Small Farm	6	100.0	\$677	100.0	0	0.0	\$0	0.0
<b>Total Small Farm Related</b>	<b>6</b>	<b>100.0</b>	<b>\$677</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>\$0</b>	<b>0.0</b>
<b>TOTAL LOANS</b>	<b>1,025</b>	<b>87.9</b>	<b>\$225,061</b>	<b>84.1</b>	<b>141</b>	<b>12.1</b>	<b>\$42,676</b>	<b>15.9</b>

**Distribution of Loans by Borrower Income Level and Revenue Size of the Business<sup>4</sup>**

The distribution of borrowers reflects, given the product lines offered, adequate penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses of different sizes, including small businesses.

**Home Mortgage Lending**

Lafayette Ambassador's distribution of home-mortgage loans among borrowers of different income levels, including low- and moderate-income borrowers, is adequate.

For purposes of evaluating the distribution of loans to borrowers of different income levels, incomes are classified based upon annually-adjusted median family income data made available by the FFIEC. Further, the respective percentages of low- and moderate-income families in the assessment area are used as proxies to estimate demand for home-mortgage credit. In assessing the level of the bank's lending among low-income borrowers, the evaluation takes into consideration that the home-mortgage credit needs of such individuals and families can be a challenge to address through conventional loan products, presenting a significant obstacle to homeownership.

As noted previously, in reviewing the bank's lending during the review period, 2010 Census data showed 20% of families were categorized as low-income, 18% were moderate-income, 22% were middle-income, and 39% were upper-income. Generally, the higher the percentages of low- and moderate-income families in an assessment area, the greater the demand for credit is among low- and moderate-income individuals and families within the assessment area.

During the evaluation period, more than one-third of the families in the assessment area were designated as low- or moderate-income, indicating a demand for home mortgage credit in this segment of the population. Though there are opportunities for banks to make loans, it is noted that housing and rent is significantly more expensive in the assessment area than in the Commonwealth, which could impact borrower's ability to be able to afford housing in the area. During the evaluation period, the bank reported 661 HMDA loans in its assessment area, in an aggregate amount of \$149 million.

The table on the following page presents Lafayette Ambassador's HMDA loan distribution for 2014, 2015, and 2016, in comparison to the applicable owner-occupied housing proxy and the aggregate lending levels in the assessment area.

---

<sup>4</sup>The information used to evaluate lending activity by Lafayette Ambassador is detailed in the **Loan Distribution Tables** contained in the Appendix.



**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

LAFAYETTE AMBASSADOR BANK Borrower Distribution of HMDA Loans							
Income Level	% Families by Family Income Level (2010 Census)	Aggregate Comparison					
		2014		2015		2016	
		% Lafayette Lending	% Aggregate Lending	% Lafayette Lending	% Aggregate Lending	% Lafayette Lending	% Aggregate Lending
Low	20.3	8.3	7.3	3.5	6.8	9.9	N/A
Moderate	18.4	12.6	18.5	17.4	17.4	18.2	N/A
Middle	21.8	18.3	20.3	20.3	21.0	18.2	N/A
Upper	39.4	52.2	35.6	55.5	34.2	50.4	N/A
Unknown	0.0	8.7	18.4	3.2	20.7	3.3	N/A
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>N/A</b>

Lending to Low-Income Borrowers

For the period under review, Lafayette Ambassador’s lending to low-income borrowers was adequate. Over the evaluation period, the bank made 42 home-mortgage loans to low-income borrowers in its assessment area.

Lafayette Ambassador’s lending in 2014 to low-income borrowers was adequate. In 2014, the bank’s lending level of 8% to low-income borrowers in the assessment area was above the aggregate lending level of 7%. Both the bank and aggregate lending levels were well below the proxy of 20% for low-income families, indicating limited lending opportunities with low-income borrowers for all banks. Lafayette Ambassador originated 9% of its home-purchase loans, 7% of refinance loans, and 12% of home-improvement loans to low-income borrowers. The bank’s performance was above the 2014 aggregate lending level for home-purchase loans (7%), slightly below aggregate lending for refinance loans (8%), and above aggregate lending for home-improvement loans (10%).

Lafayette Ambassador’s lending in 2015 to low-income borrowers was adequate. In 2015, the bank’s lending level of 4% to low-income borrowers in the assessment area was below the aggregate lending level of 7% for low-income families, and the proxy of 20%. Lafayette Ambassador originated 3% of its home-purchase loans, 5% of refinance loans, and no home-improvement loans to low-income borrowers. The bank’s performance was under the 2015 aggregate lending for home-purchase loans (8%), matched aggregate lending for refinance loans (5%), and below aggregate for home-improvement loans (6%).

Lafayette Ambassador’s lending in 2016 to low-income borrowers improved and was good. In reviewing the bank’s 2016 lending distribution, 10% of the bank’s lending was to low-income borrowers in the assessment area, which was an increase from its lending levels in 2015, but still below the proxy of 20% for low-income families. Aggregate lending levels for 2016 were not available for comparison at the time of the evaluation. In 2016, Lafayette Ambassador originated 10% of its home-purchase loans, 6% of refinance loans, and 25% of home-improvement loans to low-income borrowers.

### Lending to Moderate-Income Borrowers

For the period under review, the bank's lending to moderate-income borrowers was good. Lafayette Ambassador's overall level of HMDA lending to moderate-income borrowers was higher than its lending levels to low-income borrowers. The bank made 105 home mortgage loans to moderate-income borrowers during the evaluation period.

Lafayette Ambassador's lending in 2014 to moderate-income borrowers was adequate. Lending to moderate-income borrowers was 13%, below both the aggregate lending level of 19% and the proxy of 18%. In 2014, Lafayette Ambassador originated 12% of its home-purchase loans, 14% of its refinance loans, and 24% of home-improvement loans to moderate-income borrowers. Performance in 2014 was below the aggregate for home-purchase loans (21%) and for refinance loans (15%); however, performance was above the aggregate for home-improvement loans (20%).

Lafayette Ambassador's lending in 2015 to moderate-income borrowers was good. In 2015, the bank's lending to moderate-income borrowers was 17% and met the aggregate lending level of 17%, and was slightly below the proxy of 18%. In 2015, Lafayette Ambassador originated 20% of its home-purchase loans, 18% of its refinance loans, and 4% of home-improvement loans to moderate-income borrowers. Performance in 2015 was slightly below the aggregate for home-purchase loans (21%); however, performance was above the aggregate for refinance loans (13%), and well below the aggregate for home-improvement loans (17%).

Lafayette Ambassador's lending in 2016 to moderate-income borrowers was good. The bank's lending to moderate-income borrowers was 18%, and met the proxy of 18%. Aggregate lending levels for 2016 were not available for comparison at the time of the evaluation. In 2016, Lafayette Ambassador originated 19% of its home-purchase loans, 17% of its refinance loans, and 13% of home-improvement loans to moderate-income borrowers.

### **Lending to Businesses of Different Sizes**

The bank's distribution of loans to businesses reflects adequate penetration among business customers of different sizes, including small businesses. For purposes of this evaluation, a small business loan is defined as a commercial loan with an origination amount of \$1 million or less. Small business loans are further analyzed to identify those loans to businesses with gross annual revenues of \$1 million or less, namely small businesses.

The number of businesses operating in the bank's assessment area is used as a proxy to estimate demand for business credit in the assessment area. As mentioned previously, in 2014, there were 27,578 businesses in the assessment area, 89% of which were small businesses with revenues of \$1 million or less. In 2015, 29,761 businesses were in the assessment area, of which 92% were small businesses, and in 2016, there were 27,543 businesses located in the assessment area, with 90% designated as small businesses.

Small business lending in 2014 was adequate. Lafayette Ambassador made 45% of loans to small businesses, which was comparable to aggregate lenders, who made 48% of such loans to small businesses. Both the bank and aggregate lenders lagged proxy, which was 89%.

Smaller size loans are generally commensurate with the borrowing needs of smaller businesses; thus, added weight is given to such loans in determining whether an institution is meeting the credit needs of smaller businesses. Of the small business loans reported in 2014, 52% were extended in an amount of \$100 thousand or less. For the aggregate in 2014, 91% were extended in an amount of \$100 thousand or less.

In considering aggregate data, it should be noted that the data includes credit cards for small businesses. The credit card-related loans, reported as small business loans for CRA purposes, are generally originated in lower dollar amounts, thereby skewing aggregate small business loan data. For example, American Express Bank, FSB, Wells Fargo Bank, N.A., Capital One Bank USA, N.A., US Bank, N.A., PNC Bank, N.A., and Citibank, N.A. originated 58% of all small business loans in the assessment area during 2014, and these institutions are large credit card originators.

Lafayette Ambassador's lending in 2015 to small businesses was adequate. The bank originated 56% of its small business loans to small businesses. In comparison, the aggregate originated 53% of its small business loans to small businesses and the business proxy was 92%. Of the small business loans reported in 2015, 44% were extended in an amount of \$100 thousand or less while for the aggregate, 91% were extended in an amount of \$100 thousand or less.

Lafayette Ambassador's lending in 2016 to small businesses was adequate. The bank originated 56% of its small business loans to small businesses, compared to the proxy of 90%. Of the small business loans reported in 2016, 45% were extended in an amount of \$100 thousand or less. Aggregate performance was not available at the time of the evaluation.

### **Geographic Distribution of Lending**

The geographic distribution of loans reflects good penetration throughout the assessment areas.

### **Home-Mortgage Lending**

Lafayette Ambassador's geographic distribution of home mortgages reflects adequate penetration throughout the assessment area, taking into consideration the bank's business strategy and the demographic and economic characteristics of the assessment area.

As mentioned previously, the percentage of owner-occupied housing units contained within designated census tracts is used as a proxy to estimate demand for residential mortgage credit within such tracts. Generally, the greater the number of owner-occupied residential dwellings in a census tract, the greater the demand for home-mortgage credit is in the tract. The 2010 Census indicates that 5% of owner-occupied units are located in low-income tracts, and 13% are located in moderate-income tracts. The majority of owner-occupied housing units are located in middle- and upper-income tracts (48% and 34%, respectively).

---

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

---

The table below presents Lafayette Ambassador’s HMDA loan distribution for 2014, 2015, and 2016, in comparison to the applicable owner-occupied housing proxy and the aggregate lending levels in the assessment area.

<b>LAFAYETTE AMBASSADOR BANK</b> <b>Geographic Distribution of HMDA Loans</b>							
<b>Income Level</b>	<b>% Owner-Occupied Housing Units (2010 Census)</b>	<b>Aggregate Comparison</b>					
		<b>2014</b>		<b>2015</b>		<b>2016</b>	
		<b>% Lafayette Lending</b>	<b>% Aggregate Lending</b>	<b>% Lafayette Lending</b>	<b>% Aggregate Lending</b>	<b>% Lafayette Lending</b>	<b>% Aggregate Lending</b>
Low	4.5	1.7	4.2	1.9	3.4	2.5	N/A
Moderate	13.4	11.7	13.4	10.0	12.8	13.2	N/A
Middle	48.3	43.0	45.5	41.3	45.7	42.1	N/A
Upper	33.7	43.5	36.8	46.8	38.1	42.1	N/A
Unknown	0.0	0.0	0.0	0.0	0.0	0.0	N/A
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>N/A</b>

Lending in Low-Income Census Tracts

For the period under review, the bank’s overall HMDA lending in low-income tracts was considered poor.

Lafayette Ambassador’s lending in low-income census tracts in 2014 was poor. In 2014, only four of the bank’s 230 HMDA loans were made in low-income areas. The bank’s lending level of 2% of its loans in low-income tracts in the assessment area was below both the aggregate lending level of 4% and the owner-occupied housing proxy of 5%.

Lafayette Ambassador’s lending in low-income census tracts in 2015 was also poor. In 2015, six of the bank’s 310 HMDA loans were made in low-income tracts. By percentage, the bank’s lending in low-income tracts in the assessment area was 2% which was below the aggregate lending level (3%) and the owner-occupied housing proxy (5%).

Lafayette Ambassador’s lending in low-income census tracts in 2016 was adequate. The bank’s lending in low-income tracts in the assessment area was 3%, compared to proxy of 5%. Aggregate lending levels for 2016 were not available for comparison at the time of the evaluation.

Lending in Moderate-Income Census Tracts

For the period under review, the bank’s HMDA lending in moderate-income tracts was adequate.

Lafayette Ambassador’s lending in moderate-income census tracts in 2014 was adequate. In 2014, the bank’s lending level of 12% of loans in these tracts was slightly below both the aggregate lending level and the owner-occupied housing proxy (both 13%).

---

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

---

In 2015, Lafayette Ambassador’s lending in moderate-income census tracts was adequate. The bank’s 10% lending level in these tracts was below both the aggregate lending level and the owner-occupied housing proxy of 13%.

Lafayette Ambassador’s lending in moderate-income census tracts in 2016 was good. The bank’s 13% lending level in these tracts matched the owner-occupied housing proxy of 13%. Aggregate lending levels for 2016 were not available for comparison at the time of the evaluation.

**Small Business Lending**

Lafayette Ambassador’s geographic distribution of small business loans was excellent. The geographic distribution of businesses in the assessment area by census tract type is used as a proxy for small business loan demand. Generally, the greater the number of businesses located in a tract, the greater the demand for small business loans in the tract. The following table presents Lafayette Ambassador’s small business lending distribution for 2014, 2015, and 2016 in comparison to applicable business proxies for each of the years evaluated, along with the aggregate lending levels in the assessment area.

<b>LAFAYETTE AMBASSADOR BANK</b>						
<b>Geographic Distribution of Small Business Loans</b>						
<b>Census Tract Income Level</b>	<b>% Businesses By Tract Income Level 2014</b>	<b>% Businesses By Tract Income Level 2015</b>	<b>Aggregate Comparison</b>			
			<b>2014</b>		<b>2015</b>	
			<b>% Lafayette Lending</b>	<b>% Aggregate Lending</b>	<b>% Lafayette Lending</b>	<b>% Aggregate Lending</b>
Low	6.8	6.8	7.1	6.0	5.6	6.5
Moderate	16.5	16.3	19.1	15.9	18.3	16.0
Middle	44.4	43.8	40.4	41.8	41.5	42.9
Upper	32.2	33.1	33.3	35.0	34.5	33.5
Unknown	0.0	0.0	0.0	1.3	0.0	1.1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

<b>LAFAYETTE AMBASSADOR BANK</b>				
<b>Geographic Distribution of Small Business Loans</b>				
<b>Census Tract Income Level</b>	<b>% Businesses By Tract Income Level 2016</b>	<b>Aggregate Comparison</b>		
		<b>2016</b>		
		<b>% Lafayette Lending</b>	<b>% Aggregate Lending</b>	
Low	6.9	9.3		N/A
Moderate	16.4	18.7		N/A
Middle	43.7	33.3		N/A
Upper	33.0	38.7		N/A
Unknown	0.0	0.0		N/A
<b>Total</b>	<b>100</b>	<b>100</b>		<b>N/A</b>

Lending in Low-Income Census Tracts

Lafayette Ambassador’s small business lending in low-income census tracts was good.

---

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

---

In 2014, small business lending in low-income tracts was good. The bank originated 7% of its small business loans in the assessment area's low-income tracts, which matched proxy (7%). A review of the aggregate lending levels for 2014 shows that 6% of all small business loans originated in the assessment area was made in these tracts.

In 2015, lending was adequate. Lafayette Ambassador originated 6% of its small business loans in the assessment area's low-income tracts. A review of the aggregate lending levels for 2015 shows that 7% of all small business loans originated in the assessment area was made in these tracts, which matched the business proxy of 7%.

In 2016, lending in low-income tracts increased, and was excellent. In 2016, the bank originated 9% of its small business loans in the assessment area's low-income tracts, which was above the business proxy of 7%. Aggregate lending levels for 2016 were not available for comparison at the time of the evaluation.

#### Lending in Moderate-Income Census Tracts

Lafayette Ambassador's small business lending in moderate-income census tracts was excellent.

In 2014, small business lending in moderate-income tracts was excellent. In 2014, the bank originated 19% of its small business loans in the assessment area's moderate-income tracts. The bank's performance exceeded both the aggregate lending level (16%) and the business proxy (17%).

In 2015, lending was excellent. Lafayette Ambassador originated 18% of its small business loans in moderate-income tracts. This was above both the aggregate lending level and the business proxy of 16%.

In 2016, Lafayette Ambassador's small business lending in moderate-income tracts was excellent. In 2016, the bank originated almost 19% of small business loans in moderate-income census tracts, which was above the applicable proxy of 16%. Aggregate lending levels for 2016 were not available for comparison at the time of the evaluation.

#### Responsiveness to Credit Needs

Lafayette Ambassador exhibits a good record of servicing the credit needs of the most economically disadvantaged areas of its assessment area, including low- and moderate-income areas and borrowers, and very small businesses. The bank's retail home-mortgage lending helped to address the acute affordable housing need in the assessment area, a need which was identified consistently through community contacts. During the evaluation period, Lafayette Ambassador originated 661 HMDA loans, totaling \$149 million. Of these, 50 loans were made for home-improvement, a necessity given that much of the affordable housing stock is in disrepair, and does not provide quality options for low- and moderate-income renters.

Additionally, though the vast majority of the bank's community development loans were for the revitalization or stabilization of low- and moderate-income areas, Lafayette Ambassador did initiate two affordable housing project loans. One of these projects provided \$1.8 million towards the construction of a low-income housing development in Allentown, and the other \$350,000 loan aided the purchase and rehabilitation of 25 multifamily units in the city of Allentown.

### **Innovative and Flexible Lending Practices**

Lafayette Ambassador makes use of innovative and flexible lending practices in serving assessment area credit needs.

Often, the home mortgage credit needs of low- and moderate-income individuals and families can be addressed more effectively by alternative mortgage products. In an effort to address the credit needs of such borrowers in its assessment area, Lafayette Ambassador offers the Homebuyer Advantage Plus Mortgage, a first-time homebuyer portfolio mortgage product. Under the program, qualifying borrowers<sup>5</sup> have to complete homebuyer training, do not incur mortgage insurance costs, and may qualify with higher low-to-value ratios than are permitted in traditional mortgage products. During the examination period, Lafayette Ambassador originated 35 Homebuyer Advantage Plus Mortgage loans for nearly \$4 million.

Additionally, Lafayette Ambassador offers an in-house Closing Cost Assistance Program (CCAP), which provides grant funds up to \$1,500 for borrowers who meet qualifying income limits. Funds can be used towards down payment and/or closing costs associated with a home purchase. Borrowers meeting the qualifying income limits who are purchasing a home in a low- to moderate-income census tract may receive up to an additional \$1,000 to be used towards down payment and/or closing costs depending on the loan program. During the examination period, Lafayette Ambassador provided assistance under the CCAP program to 10 borrowers for a total of \$18,000.

Likewise, many times, the credit needs of small businesses can be addressed more effectively by alternative products. In an effort to address the credit needs of such borrowers in the bank's assessment area, Lafayette Ambassador participates in Small Business Administration (SBA) lending programs. According to data presented by the bank, the bank originated six SBA loans during the evaluation period, aggregating almost \$1.6 million, compared to two SBA loans totaling \$378 thousand at the previous evaluation.

### **Community Development Loans**

Lafayette Ambassador is a leader in making community development loans in the assessment area.

---

<sup>5</sup>The Homebuyer Advantage Plus Mortgage program uses income limits based on the area median family income, and limits qualifying borrowers as low- and moderate-income individuals.

---

---

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

---

Lafayette Ambassador made 19 qualified community development loans within its assessment area during the evaluation period aggregating \$57.6 million. This is a substantial increase in community development lending compared to the previous evaluation when the bank made \$37.8 million in community development loans.

Of the bank's \$57.6 million in community development loans, 78% by dollar amount supported activities to revitalize and/or stabilize low- and moderate-income areas, and 18% went to activities that supported economic development. The remaining 4% went both towards supporting the creation of affordable housing for low- and moderate-income individuals (just under 4%) and towards community services that benefit low- and moderate-income individuals (less than 1%).

### **INVESTMENT TEST**

Performance under the investment test is rated high satisfactory.

The investment test evaluates a financial institution's level of qualified investments that serve low- or moderate-income areas or individuals, together with the innovativeness and complexity of such investments. Qualified investments made prior to the previous evaluation, which are still outstanding, are considered under the test. For purposes of the CRA, the term qualified investment has been defined to include: a lawful investment; deposit; membership share; or grant, including a donation or in-kind contribution of property that has as its primary purpose, community development.

### **Volume of Investment and Grant Activity**

Lafayette Ambassador makes a significant level of qualified community development investments and grants, particularly those not provided by private investors, occasionally in a leadership position. Qualified investments total \$10.3 million, which is on par with the level at the prior evaluation.

By dollar amount, 98% of qualified investments facilitated the availability of affordable housing in the bank's assessment area, 1% of bank investments promoted economic development by financing small businesses, and the remaining 1% of investments supported activities that revitalize or stabilize low- and moderate-income census tracts and aided with the provision of community services that benefit low- and moderate-income individuals.

The bulk of the bank's qualified investments (\$7.8 million) were for affordable housing in the assessment area, and qualified for federal low-income housing tax credits (LIHTCs). Both of the bank's two LIHTC projects were initiated in prior evaluation periods, and are still outstanding. The most recent investment, purchased in 2014, and now valued at \$6 million, consists of a 58-unit housing complex for low- and moderate-income households. The other LIHTC investment, currently valued at \$1.8 million, was made in 2009 for the renovation of a 24-unit apartment complex that provides housing for low- and moderate-income seniors in the bank's assessment area.



---

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

---

In addition, Lafayette Ambassador maintains qualified investments totaling \$2.3 million in mortgage-backed securities, collateralized by mortgages to low- and moderate-income borrowers, or in low- and moderate-income census tracts, within the bank's assessment area. Lafayette Ambassador currently holds four mortgage-backed securities, three of which were made in prior evaluation periods. The bank's most recent mortgage-backed security was purchased in 2016, and is in the amount of just under \$1.2 million.

Finally, Lafayette Ambassador's qualified investments also include grants and contributions to local organizations that routinely provide community development services that benefit low- and moderate-income individuals and census tracts within its assessment area. During the period evaluated, the bank made 45 donations totaling \$198 thousand in qualified grants.

Notable grants included a \$75 thousand contribution to the City of Easton's West Ward Project through the Community Action Committee of the Lehigh Valley. The funds are used for housing rehabilitation, small business loans, and other projects in this moderate-income area. Additionally, in 2016, the bank made a \$50 thousand contribution to the Upside Allentown Project through the Community Action Committee of the Lehigh Valley. Funding will be used to create affordable housing within a designated low- and moderate-income section of the city of Allentown. The bank receives tax credits under the Pennsylvania Department of Community Affairs' Neighborhood Partnership Program. The bank also made several smaller dollar contributions to organizations that provide community services to low- and moderate-income individuals, and affordable housing in the Lehigh Valley.

**Responsiveness to Credit and Community Development Needs**

Lafayette Ambassador exhibits good responsiveness to credit and community development needs of the assessment area. As mentioned previously, 98% of the bank's qualified investments address a noted demographic need in the assessment area by providing affordable housing to low- and moderate-income individuals.

**Innovativeness or Complexity of Qualified Investments**

Lafayette Ambassador makes significant use of innovative investments to support community development initiatives. During the evaluation period, the majority of the bank's investment dollars (76%) were in LIHTC affordable housing projects.

**SERVICE TEST**

Performance under the service test is rated low satisfactory.

---

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

---

The service test evaluates the financial services provided by a financial institution using the following characteristics:

- The accessibility of delivery systems within an assessment area, including the distribution of an institution’s branch offices and alternative delivery mechanisms;
- The impact of changes in branch locations upon low- and moderate-income census tracts or low- and moderate-income persons in the assessment area;
- The reasonableness of business hours and services in meeting assessment area needs; and
- The extent to which an institution provides community development services.

**Accessibility of Delivery Systems**

Branch delivery systems are accessible to the bank’s geographies and individuals of different income levels in its assessment area. The bank currently operates 21 branches in the assessment area. As seen in the table below, there are no branches located in low-income census tracts, and five branches (or 24%) located in moderate-income tracts. The majority of branches are located in middle- and upper-income census tracts (48% and 29%, respectively). By comparison, 11% of all tracts in the assessment area are low-income tracts, and 10% of the population is low-income. Likewise, 19% of the assessment area tracts, and 18% of the population is moderate-income.

<b>LAFAYETTE AMBASSADOR BANK</b>						
<b>Retail Branch Distribution</b>						
<b>Tract Income Levels</b>	<b>BRANCHES</b>		<b>DEMOGRAPHICS</b>			
	<b>Total Branches</b>		<b>Census Tracts</b>		<b>Population</b>	<b>Percent of Population</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	0	0.0	16	11.1	63,877	9.9
Moderate	5	23.8	28	19.4	118,822	18.4
Middle	10	47.6	64	44.4	274,389	42.4
Upper	6	28.6	36	25.0	190,144	29.3
<b>Totals</b>	<b>21</b>	<b>100.0%</b>	<b>144</b>	<b>100.0%</b>	<b>647,232</b>	<b>100.0%</b>

As a complement to the bank’s branch delivery systems, Lafayette Ambassador also operates 24 automated teller machines (ATMs). Of the 24 ATMs, 21 are located at branch locations, and three are standalone ATMs. One standalone ATM is located on the campus of Lafayette College, one is at Easton Hospital, and one at the Northampton County Courthouse. All three ATMs are located in the city of Easton, one in a low-income tract, one in a moderate-income tract, and one in an upper-income tract.

Additionally, Lafayette Ambassador offers telephone banking, online banking, and a mobile device application to its entire customer base.

### **Changes in Branch Locations**

The bank did not open or close any branches during the evaluation period, and therefore this element of the service test was not considered.

### **Reasonableness of Business Hours and Services in Meeting Assessment Area Needs**

Services vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals.

As mentioned previously, the bank operates 24 ATMs, and seven of these are bilingual ATMs, which help to serve the growing Hispanic population.

All of Lafayette Ambassador's branches in the assessment area are full-service, and include ATMs and drive-through facilities. Of the bank's 21 branches, all but one branch provide lobby access hours Monday through Friday, with extended hours on Thursdays and Fridays. The exception is the South Easton branch, which is located in a moderate-income tract. This branch operates with reduced lobby hours of 9:30 a.m. to 6:00 p.m. only two days per week (Thursday and Friday). The branch drive-through window is available Monday through Friday from 9:30 a.m. to 6:00 p.m., and is available on Saturdays from 9:30 a.m. to 12:00 noon. According to community contacts, South Easton is underserved by financial institutions, and therefore limited banking hours in this particular branch may have a more pronounced impact on residents of this moderate-income area.

Further, hours and days of operation vary in branches located throughout the assessment area. Of the bank's 21 branches, 16 operate with Saturday hours. Of the 16 branches with Saturday hours, 15 are located in middle- and upper-income tracts. Only one branch with Saturday hours is located in a moderate-income tract in Easton.

By contrast, of the five branches *without* Saturday lobby hours<sup>6</sup>, four are located in moderate-income tracts in Bethlehem and Easton. The remaining branch is located in a middle-income tract.

### **Bank Products**

Lafayette Ambassador offers deposit products that provide greater access to banking services for low- and moderate-income customers and small businesses. The bank's Simply Checking Account is a consumer checking account with no minimum daily balance requirement, and no monthly service fee. Additionally, an assortment of student checking and savings products are available with no fee, or reduced fees for students up to 22 years of age. Finally, the bank offers a Small Business Checking account for small businesses with limited transaction activity. The account offers 200 monthly transaction items with no monthly service charge and no minimum balance requirement. For transactions over and above the 200 that are included, the bank charges fifty cents each for additional item, along with a \$15 monthly account maintenance fee. This account allows very small businesses access to banking services.

---

<sup>6</sup>Though the South Easton branch does not offer Saturday lobby hours, it does offer drive-through only hours on Saturday, from 9:30 through 12:00 noon.

**Community Development Services**

Lafayette Ambassador provides a relatively high level of community development services in its assessment area. Bank officers and employees serve in various capacities on boards and committees, and provide technical assistance to numerous community and economic development organizations, including the following examples:

- A bank officer serves as the Treasurer and board member of the Lehigh Valley Economic Development Corporation, an economic development corporation with a mission to market the economic assets of the Lehigh Valley and to serve as a regional shared services and resource center to attract businesses.
- An employee serves on the board of the Lehigh and Northampton Counties Revolving Loan Fund, which offers financing to small businesses for start-up and expansionary purposes.
- A bank officer serves as Treasurer for the Housing Association and Development Corporation, a nonprofit affordable housing agency located in Allentown. The agency works to revitalize neighborhoods through the development of affordable housing, the provision of employment and job training, and the pursuit of community development initiatives.
- An employee serves on the board, and provided financial literacy training for the Community Action Committee of the Lehigh Valley, and Neighborhood Housing Services, both area affordable housing organizations.
- An employee serves on the board of Victory House of Lehigh Valley. The nonprofit is committed to addressing the challenges faced by men and veterans in their transition from homelessness, and provides shelter services along with supportive resources to move toward independence in the community.
- An employee serves on the Board of the Valley Youth House, a local nonprofit which provides housing and community services to homeless youth in the Lehigh Valley.

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

**CRA APPENDICES**

**CRA APPENDIX A: GLOSSARY**

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area or assessment area.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and its physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development: Community development:** All Agencies have adopted the following language.

- (1) Affordable housing (including multifamily rental housing) for low- or moderate-income individuals;
- (2) Community services targeted to low- or moderate-income individuals;
- (3) Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less;
- (4) Activities that revitalize or stabilize-
  - (i) Low-or moderate-income geographies;
  - (ii) Designated disaster areas; or
  - (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
    - A. Rates of poverty, unemployment, and population loss; or
    - B. Population size, density, and dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals; or
- (5) Loans, investments, and services that-
  - (i) Support, enable or facilitate projects or activities that meet the "eligible uses" criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP);
  - (ii) Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees; and
  - (iii) Benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into male householder (a family with a male householder and no wife present) or female householder (a family with a female householder and no husband present).

**Full-scope review:** Performance under the lending, investment, and service tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance under the lending, investment, and service tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in loans to small businesses as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.



---

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

---

**Small loan(s) to farm(s):** A loan included in loans to small farms as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

**CRA APPENDIX B: HMDA LOAN DISTRIBUTION TABLES**

**LARGE INSTITUTION PERFORMANCE EVALUATION  
MARCH 2017**

**2014 HMDA LOAN DISTRIBUTION TABLE**

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	1	0.6%	59	0.2%	14	8.6%	1,236	3.9%
Moderate	19	11.7%	2,940	9.2%	19	11.7%	2,474	7.7%
Middle	74	45.4%	13,581	42.4%	30	18.4%	4,190	13.1%
Upper	69	42.3%	15,423	48.2%	90	55.2%	22,539	70.4%
Unknown	0	0.0%	0	0.0%	10	6.1%	1,564	4.9%
<b>Total</b>	<b>163</b>	<b>100.0%</b>	<b>32,003</b>	<b>100.0%</b>	<b>163</b>	<b>100.0%</b>	<b>32,003</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	3	6.8%	437	4.3%	3	6.8%	213	2.1%
Moderate	2	4.5%	205	2.0%	6	13.6%	734	7.2%
Middle	14	31.8%	2,142	21.1%	7	15.9%	1,304	12.8%
Upper	25	56.8%	7,370	72.6%	25	56.8%	7,535	74.2%
Unknown	0	0.0%	0	0.0%	3	6.8%	368	3.6%
<b>Total</b>	<b>44</b>	<b>100.0%</b>	<b>10,154</b>	<b>100.0%</b>	<b>44</b>	<b>100.0%</b>	<b>10,154</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	0	0.0%	0	0.0%	2	11.8%	20	1.6%
Moderate	3	17.6%	288	22.5%	4	23.5%	137	10.7%
Middle	8	47.1%	778	60.8%	5	29.4%	407	31.8%
Upper	6	35.3%	214	16.7%	5	29.4%	604	47.2%
Unknown	0	0.0%	0	0.0%	1	5.9%	112	8.8%
<b>Total</b>	<b>17</b>	<b>100.0%</b>	<b>1,280</b>	<b>100.0%</b>	<b>17</b>	<b>100.0%</b>	<b>1,280</b>	<b>100.0%</b>
	<b>Multi-Family</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	3	50.0%	1,663	50.3%	0	0.0%	0	0.0%
Middle	3	50.0%	1,646	49.7%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	6	100.0%	3,309	100.0%
<b>Total</b>	<b>6</b>	<b>100.0%</b>	<b>3,309</b>	<b>100.0%</b>	<b>6</b>	<b>100.0%</b>	<b>3,309</b>	<b>100.0%</b>
	<b>HMDA Totals</b>							
Low	4	1.7%	496	1.1%	19	8.3%	1,469	3.1%
Moderate	27	11.7%	5,096	10.9%	29	12.6%	3,345	7.2%
Middle	99	43.0%	18,147	38.8%	42	18.3%	5,901	12.6%
Upper	100	43.5%	23,007	49.2%	120	52.2%	30,678	65.6%
Unknown	0	0.0%	0	0.0%	20	8.7%	5,353	11.5%
<b>Total</b>	<b>230</b>	<b>100.0%</b>	<b>46,746</b>	<b>100.0%</b>	<b>230</b>	<b>100.0%</b>	<b>46,746</b>	<b>100.0%</b>

\*Information based on 2010 ACS data

**LARGE INSTITUTION PERFORMANCE EVALUATION  
MARCH 2017**

**2015 HMDA LOAN DISTRIBUTION TABLE**

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	4	2.3%	466	1.2%	6	3.4%	556	1.5%
Moderate	21	11.9%	2,472	6.6%	35	19.8%	3,988	10.7%
Middle	75	42.4%	14,558	39.0%	32	18.1%	5,163	13.8%
Upper	77	43.5%	19,786	53.1%	100	56.5%	27,193	72.9%
Unknown	0	0.0%	0	0.0%	4	2.3%	382	1.0%
<b>Total</b>	<b>177</b>	<b>100.0%</b>	<b>37,282</b>	<b>100.0%</b>	<b>177</b>	<b>100.0%</b>	<b>37,282</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	1	1.0%	200	0.9%	5	4.9%	762	3.4%
Moderate	5	4.9%	689	3.1%	18	17.5%	2,391	10.7%
Middle	40	38.8%	7,058	31.7%	26	25.2%	4,367	19.6%
Upper	57	55.3%	14,317	64.3%	54	52.4%	14,744	66.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>103</b>	<b>100.0%</b>	<b>22,264</b>	<b>100.0%</b>	<b>103</b>	<b>100.0%</b>	<b>22,264</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	3	12.0%	67	2.0%	1	4.0%	4	0.1%
Middle	11	44.0%	1,562	46.4%	5	20.0%	241	7.2%
Upper	11	44.0%	1,740	51.6%	18	72.0%	3,114	92.4%
Unknown	0	0.0%	0	0.0%	1	4.0%	10	0.3%
<b>Total</b>	<b>25</b>	<b>100.0%</b>	<b>3,369</b>	<b>100.0%</b>	<b>25</b>	<b>100.0%</b>	<b>3,369</b>	<b>100.0%</b>
	<b>Multi-Family</b>							
Low	1	20.0%	105	0.8%	0	0.0%	0	0.0%
Moderate	2	40.0%	6,300	50.1%	0	0.0%	0	0.0%
Middle	2	40.0%	6,168	49.1%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	5	100.0%	12,573	100.0%
<b>Total</b>	<b>5</b>	<b>100.0%</b>	<b>12,573</b>	<b>100.0%</b>	<b>5</b>	<b>100.0%</b>	<b>12,573</b>	<b>100.0%</b>
	<b>HMDA Totals</b>							
Low	6	1.9%	771	1.0%	11	3.5%	1,318	1.7%
Moderate	31	10.0%	9,528	12.6%	54	17.4%	6,383	8.5%
Middle	128	41.3%	29,346	38.9%	63	20.3%	9,771	12.9%
Upper	145	46.8%	35,843	47.5%	172	55.5%	45,051	59.7%
Unknown	0	0.0%	0	0.0%	10	3.2%	12,965	17.2%
<b>Total</b>	<b>310</b>	<b>100.0%</b>	<b>75,488</b>	<b>100.0%</b>	<b>310</b>	<b>100.0%</b>	<b>75,488</b>	<b>100.0%</b>

\*Information based on 2010 ACS data

**LARGE INSTITUTION PERFORMANCE EVALUATION  
MARCH 2017**

**2016 HMDA LOAN DISTRIBUTION TABLE**

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	3	3.8%	889	4.7%	8	10.3%	713	3.8%
Moderate	13	16.7%	1,824	9.7%	15	19.2%	1,976	10.5%
Middle	27	34.6%	7,631	40.4%	14	17.9%	2,237	11.9%
Upper	35	44.9%	8,526	45.2%	38	48.7%	12,777	67.7%
Unknown	0	0.0%	0	0.0%	3	3.8%	1,167	6.2%
<b>Total</b>	<b>78</b>	<b>100.0%</b>	<b>18,870</b>	<b>100.0%</b>	<b>78</b>	<b>100.0%</b>	<b>18,870</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	0	0.0%	0	0.0%	2	5.7%	132	1.9%
Moderate	2	5.7%	144	2.1%	6	17.1%	706	10.4%
Middle	18	51.4%	3,165	46.5%	7	20.0%	839	12.3%
Upper	15	42.9%	3,500	51.4%	19	54.3%	4,942	72.6%
Unknown	0	0.0%	0	0.0%	1	2.9%	190	2.8%
<b>Total</b>	<b>35</b>	<b>100.0%</b>	<b>6,809</b>	<b>100.0%</b>	<b>35</b>	<b>100.0%</b>	<b>6,809</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	0	0.0%	0	0.0%	2	25.0%	210	14.0%
Moderate	1	12.5%	70	4.7%	1	12.5%	128	8.6%
Middle	6	75.0%	737	49.2%	1	12.5%	80	5.3%
Upper	1	12.5%	690	46.1%	4	50.0%	1,079	72.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>8</b>	<b>100.0%</b>	<b>1,497</b>	<b>100.0%</b>	<b>8</b>	<b>100.0%</b>	<b>1,497</b>	<b>100.0%</b>
	<b>Multi-Family</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
	<b>HMDA Totals</b>							
Low	3	2.5%	889	3.3%	12	9.9%	1,055	3.9%
Moderate	16	13.2%	2,038	7.5%	22	18.2%	2,810	10.3%
Middle	51	42.1%	11,533	42.4%	22	18.2%	3,156	11.6%
Upper	51	42.1%	12,716	46.8%	61	50.4%	18,798	69.2%
Unknown	0	0.0%	0	0.0%	4	3.3%	1,357	5.0%
<b>Total</b>	<b>121</b>	<b>100.0%</b>	<b>27,176</b>	<b>100.0%</b>	<b>121</b>	<b>100.0%</b>	<b>27,176</b>	<b>100.0%</b>

\*Information based on 2010 ACS data

**CRA APPENDIX C: SMALL BUSINESS LOAN DISTRIBUTION TABLES**

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

**2014 SMALL BUSINESS LOAN DISTRIBUTION TABLE**

Income Categories	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>							
Low	10	7.1%	1,469	5.2%	0	0.0%	0	0.0%
Moderate	27	19.1%	4,922	17.3%	0	0.0%	0	0.0%
Middle	57	40.4%	11,378	40.0%	0	0.0%	0	0.0%
Upper	47	33.3%	10,699	37.6%	1	100.0%	50	100.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>141</b>	<b>100.0%</b>	<b>28,468</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>50</b>	<b>100.0%</b>
	<b>By Revenue</b>							
Total \$1 Million or Less	63	44.7%	14,536	51.1%	1	100.0%	50	100.0%
Over \$1 Million	77	54.6%	13,899	48.8%	0	0.0%	0	0.0%
Not Known	1	0.7%	33	0.1%	0	0.0%	0	0.0%
<b>Total</b>	<b>141</b>	<b>100.0%</b>	<b>28,468</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>50</b>	<b>100.0%</b>
	<b>By Loan Size</b>							
\$100,000 or less	73	51.8%	3,604	12.7%	1	100.0%	50	100.0%
\$100,001 - \$250,000	30	21.3%	5,671	19.9%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	38	27.0%	19,193	67.4%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>141</b>	<b>100.0%</b>	<b>28,468</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>50</b>	<b>100.0%</b>
	<b>By Loan Size and Revenue \$1 Million or Less</b>							
\$100,000 or less	33	52.4%	1,596	11.0%	1	100.0%	50	100.0%
\$100,001 - \$250,000	10	15.9%	1,903	13.1%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	20	31.7%	11,037	75.9%	0	0.0%	0	0.0%
Over \$1 Million (Bus) -\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>63</b>	<b>100.0%</b>	<b>14,536</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>50</b>	<b>100.0%</b>

\*Information based on 2010 ACS data

**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

**2015 SMALL BUSINESS LOAN DISTRIBUTION TABLE**

Income Categories	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>							
Low	8	5.6%	1,655	5.2%	0	0.0%	0	0.0%
Moderate	26	18.3%	3,623	11.4%	0	0.0%	0	0.0%
Middle	59	41.5%	14,480	45.7%	4	100.0%	527	100.0%
Upper	49	34.5%	11,907	37.6%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>142</b>	<b>100.0%</b>	<b>31,665</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>	<b>527</b>	<b>100.0%</b>
	<b>By Revenue</b>							
Total \$1 Million or Less	80	56.3%	16,652	52.6%	2	50.0%	242	45.9%
Over \$1 Million	60	42.3%	14,775	46.7%	0	0.0%	0	0.0%
Not Known	2	1.4%	238	0.8%	2	50.0%	285	54.1%
<b>Total</b>	<b>142</b>	<b>100.0%</b>	<b>31,665</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>	<b>527</b>	<b>100.0%</b>
	<b>By Loan Size</b>							
\$100,000 or less	62	43.7%	3,060	9.7%	2	50.0%	122	23.1%
\$100,001 - \$250,000	39	27.5%	7,189	22.7%	2	50.0%	405	76.9%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	41	28.9%	21,416	67.6%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>142</b>	<b>100.0%</b>	<b>31,665</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>	<b>527</b>	<b>100.0%</b>
	<b>By Loan Size and Revenue \$1 Million or Less</b>							
\$100,000 or less	38	47.5%	1,724	10.4%	1	50.0%	37	15.3%
\$100,001 - \$250,000	19	23.8%	3,369	20.2%	1	50.0%	205	84.7%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	23	28.8%	11,559	69.4%	0	0.0%	0	0.0%
Over \$1 Million (Bus) -\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>80</b>	<b>100.0%</b>	<b>16,652</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>242</b>	<b>100.0%</b>

\*Information based on 2010 ACS data



**LARGE INSTITUTION PERFORMANCE EVALUATION**  
**MARCH 2017**

**2016 SMALL BUSINESS LOAN DISTRIBUTION TABLE**

Income Categories	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>							
Low	7	9.3%	1,720	11.6%	0	0.0%	0	0.0%
Moderate	14	18.7%	1,822	12.3%	0	0.0%	0	0.0%
Middle	25	33.3%	4,442	29.9%	1	100.0%	100	100.0%
Upper	29	38.7%	6,857	46.2%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>75</b>	<b>100.0%</b>	<b>14,841</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>100</b>	<b>100.0%</b>
	<b>By Revenue</b>							
Total \$1 Million or Less	42	56.0%	7,898	53.2%	1	100.0%	100	100.0%
Over \$1 Million	33	44.0%	6,943	46.8%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>75</b>	<b>100.0%</b>	<b>14,841</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>100</b>	<b>100.0%</b>
	<b>By Loan Size</b>							
\$100,000 or less	34	45.3%	1,943	13.1%	1	100.0%	100	100.0%
\$100,001 - \$250,000	24	32.0%	4,585	30.9%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	17	22.7%	8,313	56.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>75</b>	<b>100.0%</b>	<b>14,841</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>100</b>	<b>100.0%</b>
	<b>By Loan Size and Revenue \$1 Million or Less</b>							
\$100,000 or less	19	45.2%	1,007	12.8%	1	100.0%	100	100.0%
\$100,001 - \$250,000	12	28.6%	2,265	28.7%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	11	26.2%	4,626	58.6%	0	0.0%	0	0.0%
Over \$1 Million (Bus) -\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>42</b>	<b>100.0%</b>	<b>7,898</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>100</b>	<b>100.0%</b>

\*Information based on 2010 ACS data

**CRA APPENDIX D: ASSESSMENT AREA MAPS**

Assessment Area- Lehigh and Northampton Counties (2014 - 2016)

