



**PUBLIC DISCLOSURE**

Date of Evaluation: JUNE 29, 2009

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Name of Depository Institution: COMMUNITY BANK & TRUST COMPANY

Institution's Identification Number: 151818

Address: 125 N. STATE STREET

CLARKS SUMMIT, 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.

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## INSTITUTION'S RATING

### INSTITUTION'S CRA RATING

Community Bank and Trust Company is rated **OUTSTANDING**.

### PERFORMANCE TEST RATING TABLE

The following table indicates the performance level of Community Bank and Trust Company with respect to the lending, investment, and service tests.

PERFORMANCE TEST MATRIX			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\*Note: The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

### SUMMARY OF MAJOR FACTORS SUPPORTING RATING

Major factors contributing to this rating include the following.

- A substantial majority of the bank's loans were made inside its assessment areas.
- The geographic distribution of loans reflects excellent penetration throughout the assessment areas.
- The distribution of borrowers, given the product lines offered by the bank, reflects excellent 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 has made an excellent level of community development loans.
- The bank has an excellent level of qualified community development investments and grants.
- The bank provides a significant level of community development services.

## INSTITUTION

### DESCRIPTION OF INSTITUTION

Community Bank & Trust Company (Community), headquartered in Clarks Summit, Lackawanna County, Pennsylvania, is state chartered as a full-service commercial bank. Through 16 branch offices in northeastern Pennsylvania, the bank offers a variety of consumer and commercial banking services. Community also operates a leasing company subsidiary, Community Leasing Corp, which provides direct lease financing to commercial customers. Community is the sole banking subsidiary of Comm Bancorp, Inc., a \$612 million bank holding company also headquartered in Clarks Summit.

The following table details the locations of the bank's branches.

Metropolitan Area	County	Number of Branches
Scranton-Wilkes-Barre Metropolitan Statistical Area	Lackawanna County	7
Scranton-Wilkes-Barre Metropolitan Statistical Area	Wyoming County	3
East Stroudsburg Micropolitan Statistical Area	Monroe County	1
Non-Metropolitan Area	Susquehanna County	3
Non-Metropolitan Area	Wayne County	1
<b>Total Branches</b>		<b>15</b>

Community reported total assets of \$608 million as of 3/31/09, of which \$511 million, or 84%, were loans. On a dollar volume basis, commercial loans, which include commercial mortgages and commercial and industrial loans, are the most material product offered by the bank. The second most significant product is loans secured by residential property.

The following table details Community's loan portfolio as of March 31, 2009.

LOANS as of 03/31/2009	\$	%
Real Estate Secured		
Construction & Land Development	23,717	4.6%
Secured by Residential Property (Open-End)	8,448	1.7%
Secured by Residential Property (Closed-End)	135,027	26.4%
Multi-Family Property	12,536	2.5%
Commercial Mortgages	170,055	33.3%
Agriculture Loans	2,715	0.5%
Commercial and Industrial	69,258	13.6%
Consumer Loans	25,587	5.0%
Obligations of States and Political Subdivisions	57,806	11.3%
Other Loans	3,109	0.6%
Lease Financing	2,591	0.5%
<b>TOTAL LOANS</b>	<b>\$510,849</b>	<b>100%</b>

Source: Report of Condition and Income for the period ending March 31, 2009 (Schedule RC-C)

### **DESCRIPTION OF ASSESSMENT AREA**

For purposes of CRA, Community has three designated assessment areas:

- The Scranton assessment area, consisting of all of Lackawanna and Wyoming Counties and a portion of northeastern Luzerne County. This assessment area is located entirely in the Scranton-Wilkes-Barre, PA Metropolitan Statistical Area (Scranton MSA).
- The non-metropolitan county assessment area consisting of Susquehanna and Wayne Counties in Pennsylvania and a portion of southwestern Delaware County in New York.
- The Monroe County assessment area consisting of all of Monroe County in the East Stroudsburg Micropolitan Statistical Area in Pennsylvania.

The bank's assessment areas were determined to comply with the requirements of the Community Reinvestment Act and do not arbitrarily exclude low- or moderate-income census tracts. The bank's asset size and financial condition indicate that it has the ability to effectively meet the credit needs of its assessment areas. Additionally, there are no legal or other impediments that would hamper the bank's ability to meet community credit needs.

### **SCOPE OF EXAMINATION**

Community's performance under the Community Reinvestment Act (CRA) was evaluated for the period from April 2, 2007, through June 29, 2009. The lending, investment, and service tests were applied in assessing the bank's performance under CRA, pursuant to the Interagency Procedures and Guidelines for Large Retail Institutions.

The loan products evaluated under the lending test include home purchase and home improvement loans and refinancing of such loans (collectively titled Home Mortgage Disclosure Act (HMDA) loans), small business loans, and other loans that qualified as community development. The HMDA and small business loan data reviewed for purposes of this evaluation covered the period from January 1, 2007, through December 31, 2008.

Community's HMDA and small business loans were compared to the aggregate of all lenders in the bank's assessment areas reporting HMDA loans pursuant to HMDA, and small business loans pursuant to CRA. These data are reported annually, and the most recent year for which information is available is 2007.

For purposes of evaluating the geographic distribution of loans, census tracts were classified on the basis of 2000 U.S. Census data. The distribution of loans to borrowers of different income levels was based upon annually adjusted median family income data made available by the U.S. Department of Housing and Urban Development (HUD). The most recent year for which median family income data are available is 2008. All other demographic indices and statistics presented throughout this evaluation are based on 2000 U.S. Census data unless otherwise noted.

A substantial majority of Community’s lending activity and operations are in the Scranton assessment area and in the non-metropolitan area of Susquehanna, Wayne, and Delaware (NY) counties. As such, a full review of the bank’s performance in these two assessment areas was performed. A limited review of the bank’s CRA performance in Monroe County was also conducted.

Written documentation of interviews conducted with community representatives, prepared by the Federal Reserve and other regulatory agencies, was reviewed during the course of the evaluation.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

**LENDING TEST**

Performance under the lending test is assessed as outstanding.

**Lending Activity**

Bank lending levels reflect excellent overall responsiveness to assessment area credit needs. As of March 31, 2009, net loans represented 83% of total assets, compared to 76% of assets at Community’s previous CRA evaluation. The bank’s national peer group average was 71%.<sup>1</sup> Community’s loan-to-deposit ratio increased to 97%, compared to 84% at the previous CRA evaluation. The peer group average was 87% as of March 31, 2009.

The bank’s home mortgage, small business, and small farm loans were analyzed to determine the volume of loans extended inside and outside the bank’s assessment areas. The analysis shows that a substantial majority of loans and other lending related activities are inside the assessment areas.

Community Bank & Trust Company Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	487	97.4	\$24,661	97.5	13	2.6	\$620	2.5
Home Purchase	240	92.0	\$35,423	90.0	21	8.0	\$3,938	10.0
Multi-Family Housing	16	80.0	\$7,588	90.4	4	20.0	\$807	9.6
Refinancing	349	95.9	\$33,243	94.3	15	4.1	\$2,022	5.7
<b>Total HMDA related</b>	<b>1,092</b>	<b>95.4</b>	<b>\$100,915</b>	<b>93.2</b>	<b>53</b>	<b>4.6</b>	<b>\$7,387</b>	<b>6.8</b>
Small Business - Secured by Real Estate	39	86.7	\$4,248	88.9	6	13.3	\$533	11.1
Small Business	395	91.0	\$62,733	88.8	39	9.0	\$7,927	11.2
<b>Total Small Business related</b>	<b>434</b>	<b>90.6</b>	<b>\$66,981</b>	<b>88.8</b>	<b>45</b>	<b>9.4</b>	<b>\$8,460</b>	<b>11.2</b>
Small Farm	2	100.0	\$522	100.0	0	0.0	\$0	0.0
<b>Total Small Farm</b>	<b>2</b>	<b>100.0</b>	<b>\$522</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>\$0</b>	<b>0.0</b>
<b>TOTAL LOANS</b>	<b>1,528</b>	<b>94.0</b>	<b>\$168,418</b>	<b>91.4</b>	<b>98</b>	<b>6.0</b>	<b>\$15,847</b>	<b>8.6</b>

<sup>1</sup> Community’s peer group includes all insured commercial banks having assets between \$300 million and \$1 billion.

### **Borrower Characteristics and Geographic Distribution of Lending**

The overall distribution of HMDA-reportable loans among borrowers of different income levels, especially low- and moderate-income borrowers, shows excellent penetration. Additionally, the geographic distribution of these loans reflects good penetration throughout the bank's assessment areas, including low- and moderate-income census tracts, given the economics and demographics of the assessment areas.

Both the geographic distribution of small business loans and the distribution of loans among businesses of different sizes reflect excellent penetration. For the purpose of this evaluation, a small business loan is defined as a commercial loan with an origination amount of \$1 million or less. Schedule RC-C Part II (Loans to Small Businesses and Small Farms) of the bank's Report of Condition and Income as of June 30, 2008, indicates that 55% of commercial loans were designated as small business loans, which is the same as at the last examination, as detailed in the following table.

COMMUNITY BANK & TRUST COMPANY COMMERCIAL LOAN PORTFOLIO		
	AMOUNT OUTSTANDING AS OF 06/30/2008 (\$000)	PERCENT
Loans with original amounts of \$100,000 or less	43,575	18
Loans with original amounts of more than \$100,000 through \$250,000	26,315	11
Loans with original amounts of more than \$250,000 through \$1,000,000	64,206	26
<b>TOTAL SMALL BUSINESS LOANS</b>	<b>\$134,096</b>	<b>55%</b>
Loans with original amounts of more than \$1,000,000	107,663	45
<b>TOTAL COMMERCIAL LOANS</b>	<b>\$241,759</b>	<b>100%</b>

### **Community Development Lending**

The bank is a leader in making community development loans in its assessment areas. During the period between evaluations, the bank originated 17 loans totaling \$30.6 million. These loans supported affordable housing and economic development initiatives, which greatly enhanced the bank's overall lending profile.

Community development loans in the Scranton assessment area total \$19.3 million, or 63% of the bank's total community development loans. Four community development loans, totaling \$11.3 million, were originated in the non-metropolitan assessment area of Susquehanna, Wayne, and Delaware (NY) counties. No community development loans were originated in the Monroe County assessment area during this evaluation period.

### **INVESTMENT TEST**

Performance under the investment test is assessed as outstanding.

Community has an excellent level of qualified community development investments and grants. Investments totaling \$4.1 million support affordable housing (80%) and community development services (20%) in the bank's assessment areas.

Qualified investments in the Scranton assessment area total \$66 thousand, representing 2% of total dollars invested. For the non-metropolitan assessment area including Susquehanna, Wayne, and Delaware (NY) counties, qualified investments total \$740 thousand, or 18% of total dollars invested. For the Monroe County assessment area, qualified investments total \$3.3 million, or 80% of dollars invested.

### **SERVICE TEST**

Performance under the service test is assessed as high satisfactory.

Community's performance under the service test is high satisfactory. Branch delivery systems, as well as alternative delivery systems including ATMs, telephone, and online banking, are accessible to essentially all portions of the bank's assessment areas. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems in low- or moderate-income census tracts or to low- or moderate-income individuals. Banking services, including business hours, are offered in a uniform and consistent manner.

The bank provides a relatively high level of community development services, including deposit accounts that provide greater access to banking services for low- and moderate-income individuals and small businesses. In addition, bank officers and employees serve in various capacities on boards and committees of numerous community development organizations.

### **COMPLIANCE WITH FAIR LENDING LAWS**

No credit practices were identified that violated the substantive provisions of anti-discrimination laws and regulations, including the Equal Credit Opportunity Act (Regulation B), the Fair Housing Act, the Home Mortgage Disclosure Act (Regulation C), or any other relevant agency regulations pertaining to the nondiscriminatory treatment of credit applicants.



## FULL REVIEW ASSESSMENT AREA CONCLUSIONS

### SCRANTON ASSESSMENT AREA

#### **DESCRIPTION OF ASSESSMENT AREA**

The Scranton assessment area includes 67 census tracts. Of these 67 census tracts, 58 are located in Lackawanna County, 7 in Wyoming County, and 2 in northern Luzerne County. One of the census tracts is designated as low-income, and 7 are moderate-income. All of the low- and moderate-income census tracts are located in Lackawanna County. The low-income census tract and six moderate-income census tracts are located in the city of Scranton, the largest urban area within the assessment area. The city contains 36% of the total county population. There is also one moderate-income census tract in the city of Carbondale. Carbondale contains 5% of the county population.

Community's performance was evaluated in terms of the demographic and business context in which the bank operates. According to the Federal Deposit Insurance Corporation's (FDIC's) Summary of Deposits, as of June 30, 2008,<sup>2</sup> 26 depository institutions were operating in the Scranton MSA. These 26 institutions maintained 233 branches holding \$10.2 billion in deposits. Community operated 11 of these branches, with \$330 million in deposits (66% of the bank's total deposits). Community ranked 11<sup>th</sup> in the MSA, controlling 3% of the retail deposit market.

Community's HMDA loans were compared to the aggregate of all lenders in the assessment area reporting real estate loans pursuant to HMDA. These data are reported annually, and the most recent year for which information was available is 2007, when there were a total of 280 HMDA reporters. According to the 2007 data, Community was the 6<sup>th</sup> largest HMDA loan originator in the assessment area, with 4% of all such loan originations and purchases. Countrywide Home Loans ranks 1<sup>st</sup> with 8% of the market.

Additionally, Community ranks 14<sup>th</sup> among small business lenders operating in the Scranton assessment area, with 2% of the market. American Express Bank FSB ranks 1<sup>st</sup>, with 18% of the market. A total of 50 small business reporters was in the assessment area in 2007.

#### **ECONOMIC CHARACTERISTICS**

The Scranton economy is in a recession, and although the downturn is less severe than in Pennsylvania or nationally, the area continues to lose jobs and industrial production. Job losses are concentrated in manufacturing and transportation sectors, but decreased consumer spending is negatively affecting the retail sector as well. Real estate values continue to decline in both the housing and commercial sectors. The education and healthcare sectors still show steady growth, however, and federal defense spending in the form of the expansion of Tobyhanna Army Depot brightens the overall picture. Even with these bright spots, however, unemployment is forecast to increase as the nationwide recession continues, and the area's recovery is expected to lag behind that of the country as a whole.

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<sup>2</sup> June 30, 2008, is the most recent date for which FDIC deposit data are available.

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Area unemployment rates remain above the state average. Rates for each of the counties in the assessment area, as well as the state, are presented in the table below.

<b>COMMUNITY BANK &amp; TRUST COMPANY ASSESSMENT AREA DEMOGRAPHICS UNEMPLOYMENT RATES</b>		
<b>Geographical Area</b>	<b>March 2008</b>	<b>March 2009</b>
Lackawanna County	5.7	8.5
Luzerne County	6.3	9.6
Wyoming County	6.3	9.5
Scranton MSA	6.0	9.2
Pennsylvania	5.2	8.3

Strengths in the economy include the area's position as a major distribution hub for the region, a low cost of living, affordable housing, and the large presence of education and healthcare facilities. However, below average population growth, a large number of low-paying jobs, and manufacturing employment limit the area's economic potential.

The largest employers in the MSA are Proctor and Gamble, Tobyhanna Army Depot, Wyoming Valley Health Care System, Mercy Hospital, Allied Services Foundation, and Bank of America Corporation. The area also contains a significant number of ski and vacation resorts that have contributed to an increase in the number of small businesses established to provide related services. The competition for financial services is strong due to the large number of competitors in the assessment area. Large super-regional banks, including PNC Bank, Wachovia Bank, M&T Bank, and Citizens Bank of Pennsylvania, operate in the bank's assessment area. There is also competition from numerous community banks and savings and loan associations.

Interviews with local community organizations were conducted to determine credit needs and opportunities in the Scranton MSA. This information was also supplemented with demographic and economic data pertinent to the area. The most frequently mentioned credit needs were (1) down payment and closing cost assistance for low- and moderate-income first-time homebuyers; (2) home improvement loans, particularly for the elderly population to preserve the older housing base; and (3) commercial loans for small businesses.

## **HOUSING**

The Scranton assessment area contains 111,493 housing units, of which 62% are owner-occupied, 28% are rental units, and 10% are vacant. According to 2000 census data, just 3% of housing units in the low-income census tract are owner-occupied, while rental units account for 77% of all housing. Notably, 20% of the housing units in the low-income census tract are vacant. In moderate-income census tracts, 45% of housing units are owner-occupied, while rental units account for 43% of all housing. The overall owner-occupancy rate in the Scranton MSA is 63%, compared to 65% for the state.

The percentage of owner-occupied housing units contained within designated census tracts is used as a proxy to estimate demand for residential mortgage lending within such census tracts. A comparison of owner-occupied housing units to the number of total available housing units for each geographic designation shows that the majority of owner-occupied housing units (77%) is located in the assessment area's middle-income census tracts.

Upper-income census tracts account for 16% of owner-occupied units. Less than 1% of owner-occupied units are located in the low-income census tract, and 7% of units are in the assessment area's moderate-income census tracts.

In the Scranton assessment area, single family units comprise 66% of the housing units, while two-to-four family units comprise 22%, multi-family units 8%, and mobile homes 4%. The median age of the housing stock is 56 years, compared to a median age of 55 years in the Scranton MSA, and 43 years in the state. Median rent in the assessment area is \$442, with 33% of renters paying more than 30% of their income for housing. Median rent in the Scranton MSA is \$437, with 32% of renters paying more than 30% of their income for housing. In the state, median rent is \$531, with 35% of renters paying more than 30% of their income for housing.

The median housing value in the assessment area is \$90,677. There is some disparity between the median housing value in the upper-income census tracts (\$131,298) and that in the middle-income (\$87,094), moderate-income (\$71,463), and low-income (\$72,000) census tracts.<sup>3</sup> Of the total owner-occupied housing units, 59% are valued at less than \$100 thousand, indicating that housing in the assessment area is more affordable than in other eastern metropolitan areas. In the Scranton MSA, 63% of housing units are valued at less than \$100 thousand. In the state, 54% of housing units are valued at less than \$100 thousand.

Moody's Economy.com, Inc., estimates that the average existing home price in the Scranton MSA in 2009 is \$118,200, a significant decrease from \$124,300 in 2008. Housing stock in Scranton MSA tends to be older, with a median age of 55 years. Overall, 54% of housing in the Scranton MSA and 73% of housing in the city of Scranton were built before 1950. This aging housing stock indicates an increasing need for home improvement loans.

## **BORROWER INCOME DATA**

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 HUD. According to 2000 Census data, the median family income for the assessment area was \$44,641, compared to \$43,893 for the Scranton MSA, and \$49,184 for the state. In 2006, the adjusted median family income for the MSA, as reported by HUD, increased to \$54,700.

According to 2000 Census data, 18% of families in the assessment area are designated as low-income, and 19% are moderate-income. Families living below the poverty level<sup>4</sup> represent 7% of the total families in the assessment area. In both the Scranton MSA and the state, 8% of families live below the poverty level.

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<sup>3</sup> There are just 1,558 housing units in the assessment area's low-income census tract, and only 46 of these units are owner-occupied.

<sup>4</sup> Based on the definition prescribed by the Federal Office of Management and Budget.

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## GEOGRAPHIC BUSINESS DATA

The percentage of businesses located within designated census tracts is used as a proxy to estimate demand for business credit within such census tracts. According to Dun and Bradstreet, 7% of businesses in the Scranton assessment area are located in the area's one low-income census tract, and 7% are located in moderate-income census tracts. The majority of businesses are located in middle-income (70%) and upper-income (17%) census tracts.

The demographics used to assess the performance context in which Community operates are detailed in the following table.

Community Bank & Trust Company Scranton Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	1.5	255	0.4	82	32.2	12,072	18.3
Moderate-income	7	10.4	5,210	7.9	812	15.6	12,175	18.5
Middle-income	51	76.1	50,437	76.6	3,533	7.0	15,062	22.9
Upper-income	8	11.9	9,962	15.1	234	2.3	26,555	40.3
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>67</b>	<b>100.0</b>	<b>65,864</b>	<b>100.0</b>	<b>4,661</b>	<b>7.1</b>	<b>65,864</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
	#	#	%	%	#	%	#	%
Low-income	1,558	46	0.1	3.0	1,206	77.4	306	19.6
Moderate-income	9,996	4,481	6.5	44.8	4,308	43.1	1,207	12.1
Middle-income	85,479	53,493	77.3	62.6	22,953	26.9	9,033	10.6
Upper-income	14,460	11,151	16.1	77.1	2,503	17.3	806	5.6
Unknown income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>111,493</b>	<b>69,171</b>	<b>100.0</b>	<b>62.0</b>	<b>30,970</b>	<b>27.8</b>	<b>11,352</b>	<b>10.2</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	732	6.9	610	6.6	81	9.0	41	9.0
Moderate-income	708	6.7	625	6.8	60	6.7	23	5.0
Middle-income	7,377	69.9	6,414	69.7	639	70.9	324	70.9
Upper-income	1,743	16.5	1,553	16.9	121	13.4	69	15.1
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>10,560</b>	<b>100.0</b>	<b>9,202</b>	<b>100.0</b>	<b>901</b>	<b>100.0</b>	<b>457</b>	<b>100.0</b>
	Percentage of Total Businesses:			87.1		8.5		4.3

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### Lending Test

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

- Geographic distribution of loans, particularly loans originated in low- and moderate-income census tracts
- Borrowers' profile, particularly distribution of loans to low- and moderate-income borrowers and small businesses
- Overall responsiveness to credit needs of highly economically disadvantaged census tracts, low-income persons, and very small businesses

- Community development lending activities

Performance under the lending test is outstanding in the Scranton assessment area.

### **Geographic Distribution of Loans**

The geographic distribution of loans in the Scranton assessment area was analyzed to determine the dispersion of loans among different census tracts within the assessment area. This analysis reflects excellent penetration throughout the assessment area, including low- and moderate-income census tracts.<sup>5</sup>

#### **Home Mortgage Lending**

The percentage of owner-occupied housing units contained within designated census tracts is used as a proxy to estimate demand for residential mortgage lending within such census tracts. A lower level of owner-occupied units limits the bank's lending opportunities in these census tracts.

Community's lending levels are considered good in the Scranton assessment area. Community did not originate any loans in the low-income census tract, but lender opportunities are limited in this tract, as it contains only 0.1% (46 of 111,493) of all owner-occupied housing units in the assessment area. Seven percent of owner-occupied housing units are located in moderate-income census tracts, and 7% of Community's home mortgage loans were originated in moderate-income census tracts. This comparison shows that the bank's lending levels in both low- and moderate-income census tracts is comparable to the percentage of owner-occupied units located in these tracts.

Bank lending was good despite the obstacles to lending created by an aging population. In the assessment area's low- and moderate-income census tracts, 22% of the population is aged 65 and over, while in the assessment area overall, 19% is 65 and over, limiting the demand for home loans.

Community's HMDA data revealed that 76% of its loans in the Scranton assessment area were home improvement loans or refinancings of loans, evidence that the bank continues to meet the credit needs of the assessment area.

Community's home mortgage lending was also compared to all lenders operating in the Scranton assessment area. The aggregate data show limited lending opportunities for any banks operating in the assessment area's low-income census tract. Based on 2007 aggregate HMDA data, 0.1% of all home mortgage loans made in the assessment area were made in the low-income census tract.

Additionally, 7% of home mortgage loans made in the assessment area were made in moderate-income census tracts, compared to 7% of all owner-occupied housing units located in those tracts. Aggregate data show that Community performed about the same as the market in both low- and moderate-income census tracts in the Scranton assessment area.

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<sup>5</sup>The information used to evaluate Community's lending activity in each of its assessment areas is detailed in the CRA Loan Distribution Tables contained in Appendix B. The tables show home mortgage, small business, and small farm loans originated by the bank.

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### Small Business Lending

The geographic distribution of the bank's small business loans was analyzed to determine the dispersion among different census tracts within the Scranton assessment area. The percentage of businesses located within designated census tracts is used as a proxy to estimate demand for small business credit within such tracts. Business demographics reveal that 7% of businesses in the assessment area are located in low-income census tracts, while Community originated 4% of its small business loans in low-income census tracts. Also, 7% of businesses are located in moderate-income census tracts, while Community originated 12% of its small business loans in moderate-income census tracts. Aggregate lenders originated 4% of their loans in low-income census tracts and 7% of loans in moderate-income census tracts.

During the evaluation period, Community also originated 28 small business loans secured by residential real estate. Seven percent of these loans were originated to businesses located in low-income census tracts and 7% were to businesses in moderate-income census tracts.

Community also originated two small farm loans during the evaluation period, one in a moderate-income tract, and one in a middle-income tract in the assessment area.

The geographic distribution of Community's small business lending is considered excellent when compared to both the market performance and the number of businesses operating in these census tracts.

### **Distribution of Loans by Borrower Income Level and Revenue Size of the Business**

Home mortgage and small business lending data were analyzed in conjunction with the review of the demographic and economic characteristics of the assessment area to determine the extent of lending to borrowers of different incomes and to businesses of different sizes. This analysis reflects the bank's excellent penetration among both borrowers of different income levels and businesses of different sizes.

#### Lending to Borrowers of Different Income Levels

The percentage of low- and moderate-income families in the assessment area is used as a proxy to estimate demand for home mortgage lending in the assessment area. In the Scranton assessment area, 18% of families are considered low-income. In comparison, 8% of Community's home mortgage loans were originated to low-income borrowers.

While Community's relative level of lending is not comparable to the percentage of the assessment area's low-income families, it exceeds the aggregate level of lending to such families by all lenders within the assessment area. Based on 2007 aggregate HMDA data, 7% of all home mortgage loans originated for the assessment area were extended to low-income borrowers.

With respect to lending to moderate-income families, 19% of the assessment area's families are considered moderate income, and Community extended 15% of its home mortgage loans to such families. Community's lending among moderate-income families is considered excellent when compared to an aggregate lending penetration rate of 7%, based on available HMDA data.

Also worth noting, Community's home mortgage lending to low- and moderate-income families combined represented 23% of its loan origination volume, well above the aggregate combined lending level of 14%.

The assessment of Community's lending to borrowers of different income levels also takes into consideration the comparatively high cost of renting for many of the assessment area's low-to-moderate income families. In particular, 32% of the assessment area's renters expend more than 30% of gross income for housing, making it difficult for them to save for the customary down payment and closing costs associated with conventional mortgage loan products.

Moreover, Community's participation in innovative and flexible lending programs that address the credit needs of low- and moderate-income borrowers enhances its home mortgage lending profile. The most notable of these programs include:

- The FannieMae MyCommunityMortgage, which is for single-family, owner-occupied principal residences. The primary benefit of this product is the no down payment feature. Although this product is not restricted to low- or moderate-income borrowers, it primarily serves this market. The expanded underwriting flexibility allowed by Fannie Mae enables the bank to originate loans to borrowers outside its traditional underwriting criteria. During the examination period, Community originated four mortgages under the program, aggregating \$397 thousand.
- The Keystone Home Loan Program, which is offered through the Pennsylvania Housing Finance Agency. The primary benefit of this product is its low interest rate and closing cost assistance. This product imposes borrower income limits and purchase price limits reserving the product primarily for low- and moderate-income first-time homebuyers. During the evaluation period, Community originated two mortgages under the program, aggregating \$211 thousand.
- The First Front Door Program, which is offered through the Federal Home Loan Bank of Pittsburgh. This program provides grants for down payment and closing cost assistance to low- and moderate-income first-time home buyers. During the evaluation period, two Community borrowers received grants under the program. However, this program was suspended effective January 26, 2009, and additional grants are not available.

#### Lending to Businesses of Different Sizes

Small business lending data were analyzed to determine the extent of lending to businesses of different sizes, including small businesses. Community's distribution of loans reflects excellent penetration among business customers of different sizes.

For the purpose of this evaluation, a small business is defined as a business with revenues of \$1 million or less. During the evaluation period, the bank originated 285 small business loans, aggregating \$41.4 million. Of these, 178 loans (63%) were originated to small businesses. By comparison, a review of all lenders in the market shows that 43% of all small business loans originated in the Scranton assessment area were made to small businesses.

Further, of the 285 small business loans originated by the bank, 178 loans, or 63%, were extended in an amount of \$100 thousand or less. Since smaller loans are generally commensurate with the borrowing needs of smaller businesses, Community's lending activity demonstrates it is meeting the credit needs of such businesses.

Community also made 28 small business loans secured by residential real estate which aggregate \$3.3 million. Of these 28 loans, 25 (89%) were originated to businesses with gross annual revenues of \$1 million or less, and 17 loans (61%) were extended in an amount of \$100 thousand or less.

To enhance its small business lending, Community participates in the Federal Home Loan Bank of Pittsburgh's (FHLB) Banking on Business Program (BOB). BOB helps small businesses with start-up and expansion costs, with a goal toward promoting local economic growth by creating and retaining jobs and assisting member financial institutions in providing capital to under-served areas and under-served populations. FHLB member banks make loans to small businesses using a combination of bank financing and BOB funds. During the evaluation period, Community funded 10 loans totaling \$1.3 million through this program. Of these 10 loans, three loans, aggregating \$403 thousand, were originated to small businesses in the Scranton assessment area.

The bank also originated commercial letters of credit totaling \$8.8 million during the examination period. These letters of credit provide trade financing services to small businesses in the bank's assessment area. In addition, Community operates a commercial leasing subsidiary, Community Leasing Corp. The leasing company provides lease financing to small businesses for equipment, office furniture, and computer systems. Leasing provides a financing alternative for small businesses in the bank's assessment area. As of March 31, 2009, lease financings aggregated \$2.6 million.

### **Community Development Lending**

The bank is a leader in making community development loans in the Scranton assessment area. During the period evaluated, the bank originated 13 loans totaling \$19.3 million. Of these 13 loans, five loans totaling \$7.7 million supported small business in the assessment area, five loans totaling \$5.4 million supported affordable housing, two loans aggregating \$2.7 million supported economic development initiatives, and one loan for \$3.5 million supported community development services.

### **Investment Test**

The investment test evaluates a financial institution's level of qualified investments that serve low- or moderate-income census tracts 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 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.

Performance under the investment test is adequate in the Scranton assessment area.



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

Community's qualified community development investments totaled \$66 thousand in the Scranton assessment area. Representing 2% of the bank's total qualified community development investments, these investments include grants and contributions to various local organizations that routinely provide community and economic development services that benefit low- and moderate-income individuals and census tracts. All of these grants support community services in the Scranton assessment area.

### **Responsiveness to Credit and Community Development Needs**

Community exhibits adequate responsiveness to credit and community economic development needs. Qualified investments help particular organizations to meet the need for services to low- and moderate-income residents.

### **Use of Innovative and Complex Investments to Support Community Development Initiatives**

Community occasionally uses innovative or complex investments to support community development initiatives by investing in organizations that provide community development services in the Scranton assessment area.

### **Service Test**

The service test evaluates the financial services provided by a financial institution using the following criteria.

- The accessibility of delivery mechanisms 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 and low- and moderate-income persons in the assessment area
- The reasonableness of business hours and services in meeting assessment area needs
- The extent to which an institution provides community development services

Performance under the service test is assessed as satisfactory in the Scranton assessment area.

### **Accessibility of Delivery Systems**

Bank delivery systems are readily accessible to all portions of the assessment area, including low- and moderate-income census tracts. Community operates 10 branches in the Scranton assessment area, four of which (36%) are located in moderate-income areas. By comparison, 9% of the assessment area population resides in low- and moderate-income census tracts. In addition, all branches in the assessment area, including the four moderate-income branches, operate ATMs and have late evening and Saturday hours. Community also operates a stand-alone ATM at a hospital in a middle-income census tract in Scranton.

<b>Geography</b>	<b>Number of Branches</b>	<b>Percent</b>	<b>Number of ATMs</b>	<b>Percent</b>
Low-income	0	0	0	0
Moderate-income	4	40	4	36
Middle-income	5	50	6	55
Upper-income	1	10	1	9
<b>Totals</b>	<b>10</b>	<b>100</b>	<b>11</b>	<b>100</b>

### **Alternative Retail Banking Services and Alternative Methods of Delivering Retail Banking Services**

To augment traditional banking services, Community offers Klick Internet Banking and In-Touch Telephone Banking to retail customers. These services allow customers to access their accounts 24 hours a day to check account balances, review transactions, and transfer funds. Both Internet and telephone services are free of charge.

Community also offers Klick Internet Banking and In-Touch Telephone Banking to its commercial customers. These services allow business customers to access their accounts 24 hours a day to check account balances, review transactions, transfer funds, and pay bills. The bank's Internet site is located at [www.combk.com](http://www.combk.com).

### **Changes in Branch Locations**

The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems in low- or moderate-income census tracts or to low- and moderate-income individuals. Since the previous evaluation, the bank closed one office in a middle-income tract in Tunkhannock, PA. However, since this was the bank's second branch in Tunkhannock, no customers were inconvenienced by the closure.

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

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts or individuals. Banking services are offered in a uniform and consistent manner among branches.

### **Community Development Services**

Community is a leader in providing community development services in this assessment area. Most qualified services are provided in the form of technical assistance offered by bank employees on behalf of the bank to entities that provide community and economic development services. The most notable services are as follows:

- A bank employee serves on the loan committee for MetroAction, Inc., the nonprofit community development arm of the Scranton Chamber of Commerce. MetroAction manages a microloan program that provides loans to start-up and expanding small businesses in Lackawanna and Luzerne Counties in the bank's assessment area.

- A bank employee serves on the loan committee for the Northern Tier Regional Planning and Development Commission. The commission's mission is to enhance business growth and employment opportunities in northeastern Pennsylvania by providing affordable business financing and building partnerships between public and private lenders. The commission serves five counties in northern Pennsylvania, including Wyoming County in the Scranton assessment area.
- A bank officer serves on the board of directors for the Carbondale Technology Transfer Center (CTTC). The CTTC, located in a moderate-income geography in the city of Carbondale, provides incubator space, shared services, business assistance services, a small business innovation research match-up program, financing, technical assistance, and technology transfer to new and existing small businesses.
- A bank employee serves on the board of directors of the Carbondale Enterprise Development Zone (CEDZ). The goal of the CEDZ is to create jobs by attracting small businesses to the Carbondale area. In addition, the CEDZ operates a below market interest rate loan program for industries and small businesses to improve their facilities, expand existing businesses, and start new businesses in the CEDZ area.
- A bank employee serves on the board of directors of the Scranton Industrial Development Company. The Company was established to promote the interests of small businesses through business development and job creation. To achieve this goal, the Company established a short-term working capital loan program to provide loans to area small businesses unable to obtain financing through conventional means.
- A bank employee serves on the board of directors of the Consumer Credit Counseling Service (CCCS) of Northeastern Pennsylvania. CCCS, a nonprofit organization, provides credit counseling to financially distressed consumers, including budgeting, debt management and housing counseling. As a HUD-certified housing counseling agency, CCCS also offers mortgage counseling programs for first-time homebuyers.

### **Banking Products**

Community offers banking products that provide greater access to banking services for low- and moderate-income customers and small businesses. The most noteworthy of these products are detailed below.

- The Economy Checking account has no minimum balance requirement and no monthly service charge. The account charges 75 cents per check or paper debit transaction and receives pre-authorized credits and direct deposits at no charge. This account may be opened with a \$50 minimum deposit.
- The Success Checking account is for businesses with limited transaction activity. There is no daily balance requirement, and the account holder may write up to 50 checks per month and make 25 deposits per month for a monthly service charge of \$7.00. This account offers small businesses greater access to banking services.

**NON-METROPOLITAN ASSESSMENT AREA OF SUSQUEHANNA AND WAYNE COUNTIES, PA AND DELAWARE COUNTY, NY**

**DESCRIPTION OF ASSESSMENT AREA**

For purposes of CRA, Community's assessment area includes all of Susquehanna and Wayne Counties in Pennsylvania and the southwestern portion of Delaware County, New York. Susquehanna and Wayne Counties are both located in far northeastern Pennsylvania, bordering the state of New York. Delaware County is located in southeastern New York State.

There are 27 census tracts in the assessment area, and all 27 are designated as middle-income. The 2000 Census shows a total assessment area population of 97,606.

Community's CRA performance was evaluated in terms of the demographic and business context in which the bank operates. According to the FDIC's Summary of Deposits as of June 30, 2008, there are five depository institutions operating in Susquehanna County, with 17 branches and \$580 million in deposits. Community operates three of these branches, holding \$155 million in deposits. The bank ranked 2<sup>nd</sup> in the county, controlling 27% of the total retail deposit market.

In Wayne County, there were 11 depository institutions operating 27 branches and holding \$1.2 billion in deposits. Community operates 1 of these branches, holding \$9.0 million in deposits. The bank ranked 10<sup>th</sup> in Wayne County, controlling 1% of the total retail deposit market. Of the bank's total deposits, 33% come from Susquehanna and Wayne Counties. The bank does not operate any branches in Delaware County, NY.

**ECONOMIC CHARACTERISTICS**

Susquehanna County is one of the more rural counties in Pennsylvania. The county has a total population of 42,047, and Montrose borough is the county seat. The top five employers in the county are the Montrose Area School District, Barnes-Kasson County Hospital, Elk Lake School District, Mountain View School District, and the Blue Ridge School District, indicating that education and healthcare provide a large number of jobs in the county. The Commonwealth of Pennsylvania and Susquehanna County are also large employers. Susquehanna County is a designated distressed and underserved rural area for purposes of CRA.

A number of ski and vacation resorts operate in Susquehanna County, making tourism an important part of the economy. However, more than 50% of the workforce leaves the county for employment in neighboring areas such as Binghamton, NY and Scranton and Wilkes-Barre, PA. The competition for financial services is modest. Community's main competitors include Peoples National Bank, NBT Bank, and Honesdale National Bank.

Wayne County is also relatively rural. The county has a total population of 49,561, and the borough of Honesdale is the county seat. Farming, lumbering, and tourism play an important part in the local economy. Light manufacturing and construction also provide employment. Top employers in the county include Wayne Memorial Hospital, Wayne Highlands School District, Wal-Mart Associates, Western Wayne School District, and Caesars Pocono Resorts. The Commonwealth of Pennsylvania and Wayne County are also large employers.

The competition for financial services is moderate. Community's main competitors include Dime Bank, Wayne Bank, Honesdale National Bank, and NBT Bank. Super-regional banks, PNC Bank and Wachovia Bank, also operate branches in Wayne County.

The unemployment rates for each of the counties in the assessment area, as well as the rates in Pennsylvania as a whole, are presented in the table below.

<b>Community Bank &amp; Trust Company Assessment Area Demographics Unemployment Rates</b>		
<b>Geographical Area</b>	<b>March 2008</b>	<b>March 2009</b>
Susquehanna County	5.5	9.9
Wayne County	5.9	9.2
Pennsylvania	5.2	8.3

In an effort to determine credit needs and opportunities in the assessment area, interviews were conducted with local community organizations. This information was supplemented with demographic and economic data pertinent to the counties. The most frequently mentioned credit needs were (1) small business financing, including low-interest loan pools to attract and support new and existing businesses to the area; (2) innovative and flexible loan products that promote homeownership to low- and moderate-income families; and (3) home improvement loans for older housing stock.

## **HOUSING**

The assessment area contains 57,463 housing units, of which 53% are owner-occupied, 13% are rental units, and 34% are vacant. Single-family units comprise 77% of the housing units, while mobile homes comprise 14%, two-to-four family units comprise 6%, and multi-family units comprise 2%. The median age of the housing stock is 29 years, compared to a median age of 43 years in Pennsylvania and 46 years in New York. Median rent in the assessment area is \$449, with 32% of renters paying more than 30% of their income for housing. Median rent in Pennsylvania is \$531, with 35% of renters paying more than 30% of their income for housing. Median rent in New York is \$672, with 40% of renters paying more than 30% of their income for housing.

The median housing value in the assessment area is \$91,175, compared to \$94,800 in Pennsylvania and \$147,600 in New York. Of the total owner-occupied housing units, 57% are valued at less than \$100 thousand. In Pennsylvania, 54% of housing units are valued at less than \$100 thousand, compared with 34% of housing units in New York.

## **BORROWER INCOME DATA**

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 HUD. According to 2000 Census data, the median family income for the assessment area was \$39,915, compared to \$41,475 for non-metro/PA,<sup>6</sup> \$49,184 for Pennsylvania, and \$51,691 for New York.

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<sup>6</sup> For comparison purposes, the demographic analysis compares the median of all census tracts located in non-metropolitan areas in Pennsylvania (non-metro/PA) to the median of all census tracts in this assessment area.

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Of the total families in the assessment area, 19% are designated as low-income, and 21% are moderate-income. Families living below the poverty level represented 9% of the total families in the county, compared to 8% in non-metro/PA, and throughout Pennsylvania as well. In New York, 12% of families live below the poverty level.

**GEOGRAPHIC BUSINESS DATA**

The number of businesses located within designated assessment areas is used as a proxy to estimate demand for business credit within such assessment areas. According to Dun and Bradstreet, in 2008 there were 3,946 businesses located in the assessment area, 90% of which are small businesses (revenues of less than \$1 million). In addition, there were 271 farms located in the assessment area, all them reporting revenues of less than \$1 million.

The demographics used to assess the performance context in which Community operates are detailed in the table on the following page.

Community Bank & Trust Company Assessment Area Demographics Susquehanna-Wayne-Delaware								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	5,150	19.2
Moderate-income	0	0.0	0	0.0	0	0.0	5,551	20.7
Middle-income	27	100.0	26,867	100.0	2,337	8.7	6,514	24.2
Upper-income	0	0.0	0	0.0	0	0.0	9,652	35.9
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>27</b>	<b>100.0</b>	<b>26,867</b>	<b>100.0</b>	<b>2,337</b>	<b>8.7</b>	<b>26,867</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	Housing Types by Tract						
		Owner-occupied		Rental		Vacant		
	#	#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	57,463	30,304	100.0	52.7	7,635	13.3	19,524	34.0
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>57,463</b>	<b>30,304</b>	<b>100.0</b>	<b>52.7</b>	<b>7,635</b>	<b>13.3</b>	<b>19,524</b>	<b>34.0</b>
	<b>Total Businesses by Tract</b>	Businesses 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	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	3,946	100.0	3,539	100.0	239	100.0	168	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>3,946</b>	<b>100.0</b>	<b>3,539</b>	<b>100.0</b>	<b>239</b>	<b>100.0</b>	<b>168</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>89.7</b>		<b>6.1</b>		<b>4.3</b>

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

**Lending Test**

The lending test evaluates an institution’s lending activities based on the following characteristics.

- Geographic distribution of loans, including loans originated in low- and moderate-income census tracts
- Borrowers' profile or characteristics, including low- and moderate-income borrowers and small businesses
- Overall responsiveness to credit needs of highly economically disadvantaged census tracts, low-income persons, and very small businesses
- Community development lending activities

Performance under the lending test is high satisfactory in the bank's non-metropolitan assessment area, including Susquehanna, Wayne, and Delaware (NY) counties.

### **Geographic Distribution of Loans**

All 27 census tracts in this assessment area are designated as middle-income, making an analysis of the geographic distribution of Community's loans unnecessary.

### **Distribution of Loans by Borrower Income Level and Revenue Size of the Business**

Home mortgage and small business lending data were analyzed in conjunction with a review of the demographic and economic characteristics of the assessment area to determine the extent of lending to borrowers of different income levels and to businesses of different sizes. This analysis revealed good penetration among both borrowers of different income levels and businesses of different sizes.

#### **Lending to Borrowers of Different Income Levels**

The percentage of low- and moderate-income families in the assessment area is used as a proxy to estimate demand for home mortgage lending in the assessment area. The penetration of the bank's home mortgage loans among borrowers of different incomes, including low- and moderate-income borrowers, is good in Susquehanna, Wayne, and Delaware counties.

In the assessment area, 19% of families are considered low-income. In comparison, 7% of Community's home mortgage loans were originated to low-income borrowers. Also in this assessment area, 21% of families are considered moderate-income, while 16% of the bank's loans were to moderate-income borrowers. This penetration of the bank's home mortgage loans among both low- and moderate-income borrowers is good in context of the following:

- While Community's relative level of lending is somewhat less than the percentage of the assessment area's low- and moderate-income families, it exceeds the aggregate level of lending by all lenders within the assessment area. Based on 2007 aggregate HMDA data, 6% of all home mortgage loans originated for the assessment area were extended to low-income borrowers, while 15% were extended to moderate-income borrowers. In other words, 23% of Community's home mortgage lending was extended to low- and moderate-income borrowers combined, as compared to an aggregate lending level of 21% by all lenders.

- The comparatively high cost of renting, coupled with the usual underwriting requirements of conventional mortgage loan products, challenges many of the assessment area's low-to-moderate income renters to own a home. In particular, 32% of the assessment area's renters expend more than 30% of gross income for housing, making it difficult for these renters to save for the customary down payment and closing costs necessary to purchase a house.
- Also, 17% of the assessment area's population is 65 years of age or more, and many of these residents may already own homes and not need money to purchase a new home or refinance their mortgages.

Moreover, Community's participation in innovative and flexible lending programs that address the credit needs of low- and moderate-income borrowers enhances its home mortgage lending profile. The most notable of these programs are detailed below.

- The FannieMae MyCommunityMortgage is for single-family, owner-occupied principal residences. The primary benefit of this product is the no down payment feature. Although not restricted to low- or moderate-income borrowers, this product primarily serves this market, and the expanded underwriting flexibility allowed by Fannie Mae enables the bank to originate loans to borrowers outside its traditional underwriting criteria. During the examination period, Community originated four mortgages under the program, aggregating \$397 thousand.
- Community also offers the Keystone Home Loan Program through the Pennsylvania Housing Finance Agency. The primary benefit of this product is the low interest rate and closing cost assistance. This product imposes borrower income limits and purchase price limits, reserving the product primarily for low- and moderate-income first-time homebuyers. During the evaluation period, Community originated two mortgages under the program, aggregating \$211 thousand.
- Community participates in the First Front Door Program through the Federal Home Loan Bank of Pittsburgh. This program provides grants for down payment and closing cost assistance to low- and moderate-income first-time home buyers. During the evaluation period, two Community borrowers received grants under the program. However, this program was suspended effective January 26, 2009, and additional grants are not available.

#### Lending to Businesses of Different Sizes

Community's small business lending data were analyzed to ascertain the extent of lending to businesses of different sizes, particularly small businesses. Community is not a significant small business lender in this assessment area. The bank ranks 15<sup>th</sup> among small business reporters in the assessment area, with less than 1% of the market. The market is dominated by specialized and business credit card lenders that originated about 90% of these loans. NBT Bank, with 5% of the market, is the only area bank included in the top 10. There was a total of 36 small business reporters in the assessment area in 2007, reporting 2,839 loans.

Although not a significant lender, Community's distribution of loans reflects excellent penetration among business customers of different sizes. The analysis shows that, during the evaluation period, the bank originated 49 small business loans aggregating \$8.2 million.



Of these loans, 35 (71%) were originated to businesses with gross annual revenues of \$1 million or less. Further, 55% were extended in an amount of \$100 thousand or less. Since smaller loan amounts are generally commensurate with the borrowing needs of smaller businesses, Community's lending activity demonstrates that the bank is meeting the credit needs of such businesses.

The bank also originated commercial letters of credit totaling \$8.8 million during the examination period. These letters of credit provide trade financing services to small businesses in the bank's assessment area. In addition, Community operates a commercial leasing subsidiary, Community Leasing Corp. The leasing company provides lease financing to small businesses for equipment, office furniture, and computer systems. Leasing provides a financing alternative for small businesses in the bank's assessment area. As of March 31, 2009, lease financings aggregated \$2.6 million.

### **Community Development Lending**

The bank is a leader in making community development loans in this assessment area, which is designated as both a distressed and underserved rural area. During the time period evaluated, the bank originated six loans totaling \$11.3 million.

Three of the loans totaling \$8.4 million revitalized and stabilized the assessment area by providing financing that supports job retention in the county. Two loans totaling \$2.5 million provided funds for essential infrastructure, and one loan for \$400 thousand supported affordable multifamily housing.

### **Investment Test**

The investment test evaluates a financial institution's level of qualified investments that serve low- or moderate-income geographies 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 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.

Performance under the investment test is assessed as high satisfactory in Susquehanna, Wayne, and Delaware Counties.

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

Community has a significant level of qualified community development investments and grants in this assessment area. Investments aggregating \$740 thousand and representing 18% of the bank's total qualified community development investments support economic development in the assessment area.

The bank's investments include two school district revenue bonds in Susquehanna County, aggregating \$610 thousand. This investment is considered community development because it helps to revitalize and stabilize a distressed and underserved rural area by facilitating the improvement, maintenance, and operation of essential infrastructure and facilities for education.

In addition to qualified investments, the bank made grants and donations to various local organizations that routinely provide community and economic development services that benefit low- and moderate-income individuals within the assessment area. During the period evaluated, the bank made approximately \$130 thousand in qualified grants and contributions. Most notably, Community made a \$25 thousand grant to the Neighborhood Assistance Program (NAP). NAP provides assistance to community-based organizations to enable them to implement community or neighborhood projects, such as community service, education, job training, and revitalization.

### **Responsiveness to Credit and Community Development Needs**

Community demonstrates good responsiveness to credit and community economic development needs through the use of investments. The bank's investments help revitalize and stabilize a distressed and underserved rural area.

### **Use of Innovative and Complex Investments to Support Community Development Initiatives**

Community makes use of innovative and complex investments to support community development initiatives and has demonstrated a good responsiveness to community development needs by investing in efforts that support economic development in this rural area.

### **Service Test**

The service test evaluates the financial services provided by a financial institution using the following criteria.

- The accessibility of delivery mechanisms 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 geographies and/or low- and moderate-income persons in the assessment area
- The reasonableness of business hours and services in meeting assessment area needs
- The extent to which an institution provides community development services

Performance under the service test is assessed as satisfactory in Susquehanna, Wayne, and Delaware Counties.

### **Accessibility of Delivery Systems**

Bank delivery systems are readily accessible to all portions of the bank's assessment area. Community operates four branches in the assessment area, three of which (75%) are located in Susquehanna County, a rural, distressed, and underserved area. By comparison, 43% of the assessment area population resides in Susquehanna County. All branches in Susquehanna County operate ATMs and have late evening and Saturday hours. Community also operates a branch in a middle-income census tract in Wayne County. The branch has late evening and Saturday hours, but does not operate an ATM.

Geography	Number of Branches	Percent	Number of ATMs	Percent
Low-income	0	0	0	0
Moderate-income	0	0	0	0
Middle-income	4	100	3	100
Upper-income	0	0	0	0
<b>Totals</b>	<b>4</b>	<b>100%</b>	<b>3</b>	<b>100%</b>

### **Alternative Retail Banking Services and Alternative Methods of Delivering Retail Banking Services**

To augment traditional banking services, Community offers Klick Internet Banking and In-Touch Telephone Banking to retail customers. These services allow customers to access their accounts 24 hours a day to check account balances, review transactions, and transfer funds. Both Internet and telephone services are free of charge. Community also offers Klick Internet Banking and In-Touch Telephone Banking to its commercial customers. The bank's Internet site is located at [www.combk.com](http://www.combk.com).

### **Changes in Branch Locations**

Since the previous evaluation, Community has not opened or closed any branches in Susquehanna, Wayne, or Delaware Counties.

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

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income individuals. Banking services are offered in a uniform and consistent manner among all branches.

### **Community Development Services**

Community provides a relatively high level of community development services in this assessment area. Most qualified services are provided in the form of technical assistance offered by bank employees on behalf of the bank to entities that provide economic development services. The most notable of these services are described below.

- A bank employee serves as an officer for the Susquehanna County Industrial Development Board. The board promotes economic growth by coordinating economic development resources, assisting small businesses, and working to facilitate infrastructure improvements in Susquehanna County. Susquehanna County is designated as a rural distressed and underserved area.
- A bank employee serves on the loan committee for the Northern Tier Regional Planning and Development Commission. The commission was established to enhance business growth and employment opportunities within the Northern Tier Region by providing affordable business financing and building partnerships between public and private lenders. The commission serves five counties in northern Pennsylvania, including Susquehanna and Wayne Counties.

- Two bank employees serve as director and treasurer of the Greater Forest City Industries, a nonprofit organization established to attract industry, including small businesses, to Susquehanna County. The organization also provides financing to small businesses for start-up costs and business improvements.
- A bank employee serves on the revolving loan fund committee for the Northeastern Pennsylvania Alliance (NEPA). NEPA is a regional community and economic development organization that provides technical assistance to organizations for community development projects. NEPA also operates a revolving loan fund to provide financing for economic development initiatives.

### **Banking Products**

Community offers banking products that provide greater access to banking services for low- and moderate-income customers and small businesses, including the following:

- The Economy Checking account, which has no minimum balance requirement and no monthly service charge. The account charges 75 cents per check or paper debit transaction and receives pre-authorized credits and direct deposits at no charge. This account may be opened with a \$50 minimum deposit.
- The Success Checking account, which is for businesses with limited transaction activity. There is no daily balance requirement, and the account holder may write up to 50 checks per month and make 25 deposits per month for a monthly service charge of \$7.00. This account offers small businesses greater access to banking services.

## LIMITED REVIEW ASSESSMENT AREA CONCLUSIONS

### MONROE COUNTY ASSESSMENT AREA

A limited review of the bank's CRA performance in Monroe County (East Stroudsburg, PA micropolitan statistical area) was conducted. While greater weight was given to the bank's performance in its Scranton and Susquehanna, Wayne, and Delaware Counties assessment areas to assess overall performance, the bank performance in Monroe County was determined to be consistent with its performance in both the Scranton and Susquehanna, Wayne, and Delaware Counties assessment areas.

Facts and data reviewed, including performance and demographic information, can be found in the tables accompanying this report. Conclusions regarding performance, which did not impact the overall institution rating, are as follows.

Assessment Area	Lending Test	Investment Test	Service Test
Monroe County (East Stroudsburg, PA Micropolitan Statistical Area)	Consistent	Exceeds	Consistent

Monroe County is situated in the Pocono Mountains in northeastern Pennsylvania. The bank's assessment area includes the northeastern and central portions of the county, adjacent to southern Lackawanna and Wayne Counties. According to 2000 Census data, this assessment area comprises 18 census tracts, 7 of which are designated as middle-income and 11 as upper-income. There are no low- or moderate-income census tracts in the county. The bank's assessment area includes East Stroudsburg Borough.

Community operates just 1 branch in Monroe County, which the bank opened in December 2003. The branch is located in an upper-income census tract in Tannersville, operates an ATM and has late evening and Saturday hours. According to the FDIC Summary of Deposits as of June 30, 2008, there were 17 depository institutions operating in Monroe County. These institutions maintained a total of 61 branches holding \$2.0 billion in deposits. Community's one branch in the County held deposits of \$8.6 million, or 2% of the bank's total deposits.

The bank ranked second-to-last in Monroe County, controlling less than 1% of the retail deposit market share. PNC Bank, a super-regional bank headquartered in Pittsburgh, PA holds 23% of the market deposits. ESSA Bank and Trust (headquartered in Monroe County) holds 19% of deposits.

During the evaluation period, Community originated 14 home mortgage loans aggregating \$6.6 million in Monroe County. The bank also originated 36 small business loans aggregating \$7.8 million. Overall, just 9% of Community's loans were originated in Monroe County.

Community did not make any community development loans in this assessment area during the evaluation period.

The bank's community development investments include an equity investment as a limited partner in an affordable housing project that provides 41 units of housing for low- and moderate-income seniors in Monroe County. The bank's investment of \$3.3 million represents 80% of Community's total qualified community development investments. This housing project helps fulfill a demonstrated need for affordable housing alternatives in the area.

The table on the following page presents relevant demographic information.

Community Bank & Trust Company Monroe County Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	3,728	13.0
Moderate-income	0	0.0	0	0.0	0	0.0	4,079	14.3
Middle-income	7	38.9	10,363	36.2	901	8.7	5,552	19.4
Upper-income	11	61.1	18,257	63.8	898	4.9	15,261	53.3
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>18</b>	<b>100.0</b>	<b>28,620</b>	<b>100.0</b>	<b>1,799</b>	<b>6.3</b>	<b>28,620</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
	#	#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	23,364	10,253	34.1	43.0	4,591	19.6	8,520	36.5
Upper-income	32,757	19,801	65.9	57.0	4,786	14.6	8,170	24.9
Unknown income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>56,121</b>	<b>30,054</b>	<b>100.0</b>	<b>100.0</b>	<b>9,377</b>	<b>16.7</b>	<b>16,690</b>	<b>29.7</b>
	Total Businesses by Tract	Businesses 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	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	2,120	43.1	1,906	43.0	155	47.4	59	37.6
Upper-income	2,795	56.9	2,525	57.0	172	52.6	98	62.4
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>4,915</b>	<b>100.0</b>	<b>4,431</b>	<b>100.0</b>	<b>327</b>	<b>100.0</b>	<b>157</b>	<b>100.0</b>
	Percentage of Total Businesses:			<b>90.2</b>		<b>6.7</b>		<b>3.2</b>

**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/assessment area.

**Block numbering area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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 their 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:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; 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; or activities that revitalize or stabilize low- or moderate-income census tracts.

**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 review:** Performance under the lending, investment, and service tests is analyzed considering performance context, quantitative factors (e.g., 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 or a block numbering area delineated by the U.S. 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 data such as race, gender, and income of applicants; amount of loan requested; and disposition of the application (e.g., 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 refinancing 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 review:** Performance under the lending, investment, and service tests is analyzed using only quantitative factors (e.g., 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):** Any primary metropolitan statistical area (PMSA), metropolitan statistical area (MSA) or consolidated metropolitan statistical area (CMSA) as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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 community development as its primary purpose.

**Rated area:** A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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 non-farm 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 non-farm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in "loans to small farms" as defined in the instructions for preparation of the call report. These loans have original amounts of \$500 thousand 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**

**HMDA LOAN DISTRIBUTION TABLE SCRANTON-ASSESSMENT AREA (2007-2008)**

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	0	0.0%	0	0.0%	7	4.7%	470	2.0%
Moderate	7	4.7%	436	1.9%	26	17.3%	1,824	7.9%
Middle	117	78.0%	16,207	69.9%	29	19.3%	3,358	14.5%
Upper	26	17.3%	6,549	28.2%	73	48.7%	14,662	63.2%
Unknown	0	0.0%	0	0.0%	15	10.0%	2,878	12.4%
<b>Total</b>	<b>150</b>	<b>100.0%</b>	<b>23,192</b>	<b>100.0%</b>	<b>150</b>	<b>100.0%</b>	<b>23,192</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	0	0.0%	0	0.0%	16	7.1%	1,211	5.8%
Moderate	16	7.1%	834	4.0%	43	19.2%	2,475	11.9%
Middle	177	79.0%	15,280	73.7%	56	25.0%	3,999	19.3%
Upper	31	13.8%	4,605	22.2%	95	42.4%	12,186	58.8%
Unknown	0	0.0%	0	0.0%	14	6.3%	848	4.1%
<b>Total</b>	<b>224</b>	<b>100.0%</b>	<b>20,719</b>	<b>100.0%</b>	<b>224</b>	<b>100.0%</b>	<b>20,719</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	0	0.0%	0	0.0%	31	10.6%	964	5.9%
Moderate	22	7.5%	1,042	6.4%	34	11.6%	1,345	8.3%
Middle	234	79.9%	10,108	62.2%	77	26.3%	3,665	22.5%
Upper	37	12.6%	5,108	31.4%	138	47.1%	9,530	58.6%
Unknown	0	0.0%	0	0.0%	13	4.4%	754	4.6%
<b>Total</b>	<b>293</b>	<b>100.0%</b>	<b>16,258</b>	<b>100.0%</b>	<b>293</b>	<b>100.0%</b>	<b>16,258</b>	<b>100.0%</b>
	<b>Multi-Family</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	10.0%	150	5.2%	0	0.0%	0	0.0%
Middle	9	90.0%	2,728	94.8%	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%	10	100.0%	2,878	100.0%
<b>Total</b>	<b>10</b>	<b>100.0%</b>	<b>2,878</b>	<b>100.0%</b>	<b>10</b>	<b>100.0%</b>	<b>2,878</b>	<b>100.0%</b>
	<b>HMDA Totals</b>							
Low	0	0.0%	0	0.0%	54	8.0%	2,645	4.2%
Moderate	46	6.8%	2,462	3.9%	103	15.2%	5,644	9.0%
Middle	537	79.3%	44,323	70.3%	162	23.9%	11,022	17.5%
Upper	94	13.9%	16,262	25.8%	306	45.2%	36,378	57.7%
Unknown	0	0.0%	0	0.0%	52	7.7%	7,358	11.7%
<b>Total</b>	<b>677</b>	<b>100.0%</b>	<b>63,047</b>	<b>100.0%</b>	<b>677</b>	<b>100.0%</b>	<b>63,047</b>	<b>100.0%</b>

SMALL BUSINESS LOAN DISTRIBUTION TABLE SCRANTON-ASSESSMENT AREA (2007-2008)

	SMALL BUSINESS				SMALL FARM				SMALL BUS. SECURED BY REAL ESTATE			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>											
Low	12	4.2%	2,195	5.3%	0	0.0%	0	0.0%	2	7.1%	759	23.0%
Moderate	33	11.6%	5,903	14.3%	1	50.0%	212	40.6%	2	7.1%	68	2.1%
Middle	183	64.2%	24,392	58.9%	1	50.0%	310	59.4%	15	53.6%	1,351	40.9%
Upper	57	20.0%	8,931	21.6%	0	0.0%	0	0.0%	9	32.1%	1,126	34.1%
Unknown	0	0.0%	0	0.0%	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%	0	0.0%	0	0.0%
<b>Total</b>	<b>285</b>	<b>100.0%</b>	<b>41,421</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>522</b>	<b>100.0%</b>	<b>28</b>	<b>100.0%</b>	<b>3,304</b>	<b>100.0%</b>
	<b>By Revenue</b>											
Total \$1 Million or Less	178	62.5%	19,242	46.5%	2	100.0%	522	100.0%	25	89.3%	2,608	78.9%
Over \$1 Million	99	34.7%	21,387	51.6%	0	0.0%	0	0.0%	2	7.1%	646	19.6%
Not Known	8	2.8%	792	1.9%	0	0.0%	0	0.0%	1	3.6%	50	1.5%
<b>Total</b>	<b>285</b>	<b>100.0%</b>	<b>41,421</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>522</b>	<b>100.0%</b>	<b>28</b>	<b>100.0%</b>	<b>3,304</b>	<b>100.0%</b>
	<b>By Loan Size</b>											
\$100,000 or less	178	62.5%	7,346	17.7%	0	0.0%	0	0.0%	17	60.7%	786	23.8%
\$100,001 - \$250,000	53	18.6%	9,530	23.0%	1	50.0%	212	40.6%	8	28.6%	1,363	41.3%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	54	18.9%	24,545	59.3%	1	50.0%	310	59.4%	3	10.7%	1,155	35.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>285</b>	<b>100.0%</b>	<b>41,421</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>522</b>	<b>100.0%</b>	<b>28</b>	<b>100.0%</b>	<b>3,304</b>	<b>100.0%</b>
	<b>By Loan Size and Revenue \$1 Million or Less</b>											
\$100,000 or less	126	70.8%	4,956	25.8%	0	0.0%	0	0.0%	16	64.0%	736	28.2%
\$100,001 - \$250,000	31	17.4%	5,276	27.4%	1	50.0%	212	40.6%	7	28.0%	1,113	42.7%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	21	11.8%	9,010	46.8%	1	50.0%	310	59.4%	2	8.0%	759	29.1%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>178</b>	<b>100.0%</b>	<b>19,242</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>522</b>	<b>100.0%</b>	<b>25</b>	<b>100.0%</b>	<b>2,608</b>	<b>100.0%</b>

**HMDA LOAN DISTRIBUTION TABLE SUSQEHANNA-WAYNE-DELAWARE  
COUNTIES ASSESSMENT AREA (2007-2008)**

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	0	0.0%	0	0.0%	2	2.3%	62	0.6%
Moderate	0	0.0%	0	0.0%	11	12.8%	940	8.4%
Middle	86	100.0%	11,247	100.0%	18	20.9%	2,514	22.4%
Upper	0	0.0%	0	0.0%	49	57.0%	6,905	61.4%
Unknown	0	0.0%	0	0.0%	6	7.0%	826	7.3%
<b>Total</b>	<b>86</b>	<b>100.0%</b>	<b>11,247</b>	<b>100.0%</b>	<b>86</b>	<b>100.0%</b>	<b>11,247</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	0	0.0%	0	0.0%	8	6.6%	218	1.9%
Moderate	0	0.0%	0	0.0%	19	15.7%	1,205	10.4%
Middle	121	100.0%	11,536	100.0%	39	32.2%	2,643	22.9%
Upper	0	0.0%	0	0.0%	46	38.0%	5,739	49.7%
Unknown	0	0.0%	0	0.0%	9	7.4%	1,731	15.0%
<b>Total</b>	<b>121</b>	<b>100.0%</b>	<b>11,536</b>	<b>100.0%</b>	<b>121</b>	<b>100.0%</b>	<b>11,536</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	0	0.0%	0	0.0%	16	8.4%	312	3.9%
Moderate	0	0.0%	0	0.0%	32	16.8%	935	11.5%
Middle	191	100.0%	8,098	100.0%	49	25.7%	1,616	20.0%
Upper	0	0.0%	0	0.0%	87	45.5%	4,861	60.0%
Unknown	0	0.0%	0	0.0%	7	3.7%	374	4.6%
<b>Total</b>	<b>191</b>	<b>100.0%</b>	<b>8,098</b>	<b>100.0%</b>	<b>191</b>	<b>100.0%</b>	<b>8,098</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	3	100.0%	374	100.0%	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%	3	100.0%	374	100.0%
<b>Total</b>	<b>3</b>	<b>100.0%</b>	<b>374</b>	<b>100.0%</b>	<b>3</b>	<b>100.0%</b>	<b>374</b>	<b>100.0%</b>
	<b>HMDA Totals</b>							
Low	0	0.0%	0	0.0%	26	6.5%	592	1.9%
Moderate	0	0.0%	0	0.0%	62	15.5%	3,080	9.9%
Middle	401	100.0%	31,255	100.0%	106	26.4%	6,773	21.7%
Upper	0	0.0%	0	0.0%	182	45.4%	17,505	56.0%
Unknown	0	0.0%	0	0.0%	25	6.2%	3,305	10.6%
<b>Total</b>	<b>401</b>	<b>100.0%</b>	<b>31,255</b>	<b>100.0%</b>	<b>401</b>	<b>100.0%</b>	<b>31,255</b>	<b>100.0%</b>

SMALL BUSINESS LOAN DISTRIBUTION TABLE SUSQUEHANNA-WAYNE-DELAWARE COUNTIES ASSESSMENT AREA (2007-2008)

	SMALL BUSINESS				SMALL FARM				SMALL BUS. SECURED BY REAL ESTATE			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>											
Low	0	0.0%	0	0.0%	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%	0	0.0%	0	0.0%
Middle	74	100.0%	13,510	100.0%	0	0.0%	0	0.0%	10	100.0%	859	100.0%
Upper	0	0.0%	0	0.0%	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%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>74</b>	<b>100.0%</b>	<b>13,510</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>10</b>	<b>100.0%</b>	<b>859</b>	<b>100.0%</b>
	<b>By Revenue</b>											
Total \$1 Million or Less	51	68.9%	8,736	64.7%	0	0.0%	0	0.0%	9	90.0%	634	73.8%
Over \$1 Million	19	25.7%	4,703	34.8%	0	0.0%	0	0.0%	1	10.0%	225	26.2%
Not Known	4	5.4%	71	0.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>74</b>	<b>100.0%</b>	<b>13,510</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>10</b>	<b>100.0%</b>	<b>859</b>	<b>100.0%</b>
	<b>By Loan Size</b>											
\$100,000 or less	39	52.7%	1,677	12.4%	0	0.0%	0	0.0%	8	80.0%	455	53.0%
\$100,001 - \$250,000	15	20.3%	2,602	19.3%	0	0.0%	0	0.0%	2	20.0%	404	47.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	20	27.0%	9,231	68.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>74</b>	<b>100.0%</b>	<b>13,510</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>10</b>	<b>100.0%</b>	<b>859</b>	<b>100.0%</b>
	<b>By Loan Size and Revenue \$1 Million or Less</b>											
\$100,000 or less	28	54.9%	1,244	14.2%	0	0.0%	0	0.0%	8	88.9%	455	71.8%
\$100,001 - \$250,000	10	19.6%	1,761	20.2%	0	0.0%	0	0.0%	1	11.1%	179	28.2%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	13	25.5%	5,731	65.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>51</b>	<b>100.0%</b>	<b>8,736</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>9</b>	<b>100.0%</b>	<b>634</b>	<b>100.0%</b>

**HMDA LOAN DISTRIBUTION TABLE MONROE COUNTY ASSESSMENT AREA  
(2007-2008)**

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</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	1	25.0%	171	17.4%	0	0.0%	0	0.0%
Upper	3	75.0%	813	82.6%	3	75.0%	504	51.2%
Unknown	0	0.0%	0	0.0%	1	25.0%	480	48.8%
<b>Total</b>	<b>4</b>	<b>100.0%</b>	<b>984</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>	<b>984</b>	<b>100.0%</b>
	<b>Refinance</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	1	25.0%	220	22.3%	0	0.0%	0	0.0%
Upper	3	75.0%	768	77.7%	4	100.0%	988	100.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>4</b>	<b>100.0%</b>	<b>988</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>	<b>988</b>	<b>100.0%</b>
	<b>Home Improvement</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	1	33.3%	15	4.9%	1	33.3%	260	85.2%
Upper	2	66.7%	290	95.1%	2	66.7%	45	14.8%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>3</b>	<b>100.0%</b>	<b>305</b>	<b>100.0%</b>	<b>3</b>	<b>100.0%</b>	<b>305</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	2	66.7%	4,111	94.8%	0	0.0%	0	0.0%
Upper	1	33.3%	225	5.2%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	3	100.0%	4,336	100.0%
<b>Total</b>	<b>3</b>	<b>100.0%</b>	<b>4,336</b>	<b>100.0%</b>	<b>3</b>	<b>100.0%</b>	<b>4,336</b>	<b>100.0%</b>
	<b>HMDA Totals</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	5	35.7%	4,517	68.3%	1	7.1%	260	3.9%
Upper	9	64.3%	2,096	31.7%	9	64.3%	1,537	23.2%
Unknown	0	0.0%	0	0.0%	4	28.6%	4,816	72.8%
<b>Total</b>	<b>14</b>	<b>100.0%</b>	<b>6,613</b>	<b>100.0%</b>	<b>14</b>	<b>100.0%</b>	<b>6,613</b>	<b>100.0%</b>



SMALL BUSINESS LOAN DISTRIBUTION TABLE MONROE COUNTY ASSESSMENT AREA

	SMALL BUSINESS				SMALL FARM				SMALL BUS. SECURED BY REAL ESTATE			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>											
Low	0	0.0%	0	0.0%	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%	0	0.0%	0	0.0%
Middle	11	30.6%	1,645	21.1%	0	0.0%	0	0.0%	1	100.0%	85	100.0%
Upper	25	69.4%	6,157	78.9%	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%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>36</b>	<b>100.0%</b>	<b>7,802</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>100.0%</b>	<b>85</b>	<b>100.0%</b>
	<b>By Revenue</b>											
Total \$1 Million or Less	24	66.7%	4,887	62.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million	8	22.2%	2,783	35.7%	0	0.0%	0	0.0%	1	100.0%	85	100.0%
Not Known	4	11.1%	132	1.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>36</b>	<b>100.0%</b>	<b>7,802</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>100.0%</b>	<b>85</b>	<b>100.0%</b>
	<b>By Loan Size</b>											
\$100,000 or less	16	44.4%	718	9.2%	0	0.0%	0	0.0%	1	100.0%	85	100.0%
\$100,001 - \$250,000	10	27.8%	1,928	24.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	10	27.8%	5,156	66.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>36</b>	<b>100.0%</b>	<b>7,802</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>100.0%</b>	<b>85</b>	<b>100.0%</b>
	<b>By Loan Size and Revenue \$1 Million or Less</b>											
\$100,000 or less	10	41.7%	529	10.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	8	33.3%	1,518	31.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	6	25.0%	2,840	58.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>24</b>	<b>100.0%</b>	<b>4,887</b>	<b>100.0%</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>

**CRA APPENDIX C: ASSESSMENT AREA MAP**

