



PUBLIC DISCLOSURE

Date of Evaluation: JANUARY 23, 2012

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Name of Depository Institution: LUZERNE BANK

Institution's Identification Number: 501815

Address: 118 MAIN STREET

LUZERNE, 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 CRA RATING

This institution is rated **SATISFACTORY**.

Summary of major factors supporting the bank's rating:

- The loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs.
- A substantial majority of loans and other lending-related activities are in the bank's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income), and businesses of different sizes, given the demographics of the assessment area.

SCOPE OF EXAMINATION

Luzerne Bank's performance under the Community Reinvestment Act (CRA) was evaluated for the period from December 11, 2007, through January 23, 2012, in accordance with the Interagency Small Institution CRA Examination Procedures. The evaluation included an analysis of:

- the loan-to-deposit ratio;
- the volume of loans extended inside and outside the bank's assessment area;
- the extent of lending to borrowers of different incomes, including low- and moderate-income borrowers, and businesses of different sizes, including small businesses;
- the geographic distribution of loans within the assessment area, including lending in low- and moderate-income census tracts; and
- the bank's response to CRA-related complaints.

Loan products evaluated include home-purchase loans and home-improvement loans, and the refinancing of such loans, collectively titled Home Mortgage Disclosure Act (HMDA) loans, and small business loans. The HMDA loan data reviewed for purposes of this evaluation covered the period from January 1, 2008, through September 30, 2011.

Luzerne Bank's HMDA loans were compared to the aggregate of all lenders in the bank's assessment area reporting loans pursuant to HMDA. Luzerne Bank does not report small business loans for purposes of CRA and, therefore, is not included in the ranking of small business lenders operating in the assessment area. An analysis of the bank's small business lending is based on a statistical sample of commercial loans originated during 2010 and 2011.

Commercial loans comprise a large majority of the bank's loans outstanding, and during the evaluation period the majority of lending was small business related. Thus, in determining the bank's overall CRA rating, the evaluation weighs the bank's small business lending more heavily than its home-mortgage lending.

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For purposes of evaluating the geographic distribution of loans, census tracts are classified on the basis of 2000 U.S. Census data using the Office of Management and Budget's (OMB) metropolitan area designations¹. The distribution of HMDA loans to borrowers of different income levels for years 2008, 2009, 2010 and 2011 is based upon annually-adjusted median family income data for each of those years, made available by the U.S. Department of Housing and Urban Development (HUD). All other demographic indices and statistics presented throughout this evaluation are based on 2000 Census data, unless otherwise noted.

DESCRIPTION OF INSTITUTION

Luzerne Bank, headquartered in Luzerne Borough, Luzerne County, PA, is state chartered as a full-service commercial bank. The bank offers a variety of consumer and commercial banking services through eight branch locations, including its main office in Luzerne, one branch each in Kingston, Wyoming, and Hazelton, and two branches each in Dallas and Wilkes Barre. The Hazelton branch opened in 2011. Also in 2011, the bank established a loan production office in the city of Scranton, located in Lackawanna County. Of the bank's eight branches, one branch is located in a moderate-income census tract, four are in middle-income tracts, and three in upper-income tracts. All eight branches are located in Luzerne County in the Scranton-Wilkes-Barre metropolitan statistical area (Scranton MSA).

The bank's assets increased significantly during the evaluation period, growing 44% from \$200 million as of September 30, 2007 to \$288 million as of September 30, 2011. Of the total assets, 77% are loans. On a dollar volume basis, commercial loans, which include commercial mortgages and commercial and industrial loans, are the most significant product offered by the bank. The second most material product is loans secured by residential property.

The composition of the bank's total loans outstanding as of September 30, 2011, is presented in the following table.

LOANS as of 09/30/2011	\$	%
Commercial Mortgages	88,101	39.7
Commercial and Industrial Loans	65,195	29.4
Secured by Residential Properties (Closed-end)	45,632	20.6
Secured by Residential Properties (Open-end)	12,309	5.6
Construction & Land Development	5,643	2.5
Consumer Loans	4,795	2.2
TOTAL LOANS	\$221,675	100.0

Source: Consolidated Reports of Condition and Income, Schedule RC-C

Luzerne Bank was rated satisfactory at its previous CRA Evaluation, dated December 10, 2007. The bank's asset size and financial condition indicate that it has the ability to effectively meet the credit needs of its assessment area. There are no legal or other impediments that would hamper the bank's ability to meet community credit needs.

¹ Pursuant to 44 U.S.C. 3504(d) (3) and 31 U.S.C. 1104 (d) and E.O. No. 10253 (June 11, 1951), the OMB defines metropolitan areas for use in federal statistical activities.

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Luzerne Bank is a subsidiary of Luzerne NB Corporation, a bank holding company with assets of \$300.7 million as of September 30, 2011. The bank holding company, headquartered in Luzerne, PA, also operates Hercules Abstract LLC, a nonbank subsidiary in Wilkes-Barre, PA.

DESCRIPTION OF ASSESSMENT AREA

For purposes of CRA, Luzerne Bank has designated its assessment area to include all of Luzerne County. According to 2000 Census data, the county is comprised of 103 census tracts, 14 of which are designated as moderate-income, 76 are middle-income, and 13 are upper-income. Of the 14 moderate-income tracts, 5 are located in the city of Wilkes-Barre, the largest urban center in Luzerne County and the county seat. In addition to Wilkes-Barre, there are three moderate-income census tracts in Hazelton, two in Pittston, two in Nanticoke, one in Edwardsville, and one in Plymouth. There are no low-income census tracts in Luzerne County. This evaluation determined that the bank’s assessment area complies with the requirements of the CRA and does not arbitrarily exclude low- or moderate-income census tracts.

Local representatives from community groups and government agencies were interviewed in order to obtain a more current analysis of credit and community development needs in the assessment area. Perspectives from these interviews were supplemented with demographic and economic data pertinent to the area. Community contacts described Luzerne County as a former industrial-based economy that had made some strides modernizing and diversifying prior to the economic downturn in 2008. Jobs and economic development are primary concerns for the region. Some community contacts also raised concerns about tightened credit conditions in the area, expressing the perception that banks have become less willing to extend credit.

Luzerne Bank’s CRA 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) Summary of Deposits as of June 30, 2011, there are 19 depository institutions operating in Luzerne County. These institutions operate a total of 125 branches and hold \$5.75 billion in bank deposits. Luzerne Bank ranks 8th among these institutions, holding a 4.3% market share. PNC Bank and Wells Fargo Bank hold the largest market share of deposits, collectively holding 36%. M&T Bank, Citizens Bank of PA, and National Penn Bank are also significant competitors in the market.

When considering the bank’s performance under CRA, comparisons are made to those institutions that are most similar in terms of asset size, business plan, and branching structure. For the purpose of this CRA evaluation, similarly situated banks include First Keystone Community Bank and First National Community Bank. The following chart shows the branching structure, deposit market share, and home mortgage loan market share of those institutions that are most closely comparable to Luzerne Bank.

Similarly Situated Comparison Market Share in Luzerne County					
Bank	Branches	Deposits	Market Share of Deposits	HMDA Loan Originations (2010)	Market Share of HMDA loans (2010)
First National Community Bank	10	314,898	5.5%	147	1.9%
Luzerne Bank	8	245,111	4.3%	97	1.3%
First Keystone Community Bank	5	179,728	3.1%	218	2.8%

Sources: FDIC Market Share Report as of June 30, 2011 HMDA aggregate data.

ECONOMIC CHARACTERISTICS

Strengths of the Scranton MSA's economy include its position as a major distribution hub for the region, a comparatively low cost of living, and the large presence of education and healthcare facilities. However, a below average per capita income and a concentration of new jobs in comparatively low-paying industries and occupations limit the area's economic potential. In addition, Luzerne County experienced below average population growth from 2000 to 2010, gaining just 0.5% in population, while the Scranton MSA gained 10% and the state of Pennsylvania 3.4%.

State, federal and county governments are the three top employers in Luzerne County. The largest private sector employers are Wilkes Barre Hospital Company, The Geisinger Wyoming Valley Medical Center, Downs Racing LP, NBC Pittston Merchants, Inc., and Wal-Mart Associates.

According to estimates by the Census Bureau, the largest employment industries in the county are health care and social assistance (16%), manufacturing (14%), and retail trades (14%). The presence of education and healthcare centers provided some stability during the current economic downturn. The healthcare profession in particular is an important industry as the population of Luzerne County is older, with 20% of its residents 65 years old or older.

Unemployment rates in the Scranton MSA overall are comparable to the state of Pennsylvania. Although the same is true for Luzerne County as a whole, unemployment is higher in the cities of Hazleton and Wilkes-Barre. The table below shows improvement in Hazleton in 2011, while the unemployment rate in Wilkes-Barre continued to rise.

Unemployment Rates					
Locations	September 2007	September 2008	September 2009	September 2010	September 2011
Hazleton	6.1	7.5	13.6	13.4	12.7
Wilkes-Barre	4.9	6.3	9.6	9.9	10.2
Luzerne County	4.4	5.8	8.7	9.2	9.3
Wilkes-Barre Scranton MSA	4.3	5.7	8.3	8.9	8.9
Pennsylvania	4.4	5.6	8.5	8.5	8.3

HOUSING

The amount of owner-occupied housing located within designated census tracts is used as a proxy to estimate demand for home-mortgage credit within such census tracts. According to 2000 Census data, the bank's assessment area contains 144,686 housing units, of which 64% are owner occupied and 27% are rentals. Updated census data for 2010 indicates that owner-occupancy has declined slightly over the decade, dropping to 60% while the rate of rental housing has increased to 28%. Vacancy rates have increased from 10% to 11% over the ten-year period.

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In the assessment area, 73% of the housing units are single-family units, while 14% are two-to-four family units, 8% are multi-family, and 4% are mobile homes. Housing is more affordable and the cost of living is lower in comparison to nearby metropolitan areas. Census data for 2000 shows the median housing value in the assessment area at \$83,538, which is lower than the state median housing value of \$94,800. According to The Reinvestment Fund (TRF) Policy Map, median sale prices over the evaluation period peaked in 2007, at \$89,300 and then decreased the following year to \$80,000. Community contacts indicated that availability of affordable housing is not a pressing concern in the assessment area, however, the aging housing stock presents the need for home-improvement loans. More than half (54%) of the housing units in Luzerne County were built prior to 1950.

BORROWER INCOME DATA

The percentage of low- and moderate-income families is used as a proxy to estimate demand for home-mortgage lending in the assessment area. Of the 84,729 families in Luzerne County, 19.4% are designated as low-income and 18.9% are moderate-income. Families living below the poverty level represented 8.1% of families in the assessment area. In the state of Pennsylvania, 7.8% of families live below poverty level. According to HUD, the median family income for the assessment area in 2011 was \$58,100.

The annually-adjusted median family income for the Scranton-Wilkes Barre MSA for the years 2008 to 2011 are listed in the following table:

Year	HUD Adjusted Median Family Income	Low Income (<50%)	Moderate Income (50%-less than 80%)	Middle Income (80%-less than 120%)	Upper Income (120% or Greater)
2011	\$58,100	Less than \$29,050	\$29,050 - \$46,479	\$46,480 - \$69,719	\$69,720 or more
2010	\$56,500	Less than \$28,250	\$28,250 - \$45,199	\$45,200 - \$67,799	\$67,800 or more
2009	\$56,600	Less than \$28,300	\$28,300 - \$45,279	\$45,280 - \$67,919	\$67,920 or more
2008	\$54,700	Less than \$27,350	\$27,350 - \$43,759	\$43,760 - \$65,639	\$65,640 or more

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 business demographics, there are 13,402 businesses in the assessment area. Of these businesses, 10.8% are located in moderate-income census tracts. The majority of businesses (71.3%) are located in middle-income census tracts and 17.9% are located in upper-income tracts. Business demographic data also revealed that of the 13,402 businesses in the assessment area, 87.3% are small businesses (defined as businesses with gross annual revenues of \$1 million or less).

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

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Luzerne Bank 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	16,438	19.4
Moderate-income	14	13.6	9,279	11.0	1,607	17.3	16,029	18.9
Middle-income	76	73.8	61,128	72.1	4,731	7.7	19,421	22.9
Upper-income	13	12.6	14,322	16.9	489	3.4	32,841	38.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	103	100.0	84,729	100.0	6,827	8.1	84,729	100.0
	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	18,530	8,036	8.7	43.4	8,384	45.2	2,110	11.4
Middle-income	105,661	67,708	73.7	64.1	27,214	25.8	10,739	10.2
Upper-income	20,495	16,136	17.6	78.7	3,209	15.7	1,150	5.6
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	144,686	91,880	100.0	63.5	38,807	26.8	13,999	9.7
	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	1,451	10.8	1,280	10.9	80	9.3	91	10.8
Middle-income	9,556	71.3	8,289	70.9	650	75.4	617	73.3
Upper-income	2,395	17.9	2,129	18.2	132	15.3	134	15.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	13,402	100.0	11,698	100.0	862	100.0	842	100.0
	Percentage of Total			87.3			6.4	6.3

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

A financial institution's loan-to-deposit ratio compares the institution's aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution's lending volume relative to its capacity to lend and is expressed as an average, derived by adding the quarterly loan-to-deposit ratios and dividing the total by the number of quarters.

Luzerne Bank's loan-to-deposit ratio is more than reasonable given the bank's asset size, financial condition, and assessment area credit needs. The bank's average loan-to-deposit ratio measured 89% over the 16 consecutive quarters of operation since the previous CRA evaluation, and was above the average loan-to-deposit ratio of the bank's peer group of 81% from the same time period.

At the bank's previous CRA evaluation, its average loan-to-deposit ratio was 66%. The bank's net loan volume increased steadily during the evaluation period, from \$144 million at December 31, 2007, to \$219 million at September 30, 2011, an increase of 52%, while bank deposits have increased from \$172 million to \$251 million, an increase of 46%, during the same period. Loan growth was concentrated in the bank's commercial loan portfolio.

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Luzerne Bank				
Historical Loan-To-Deposit Ratios				
AS OF DATE	NET LOANS (THOUSANDS)	TOTAL DEPOSITS (THOUSANDS)	LUZERNE RATIO	PEER RATIO
12/31/2007	144,152	171,822	83.90%	85.46%
03/31/2008	150,745	175,219	86.03%	85.25%
06/30/2008	162,406	179,483	90.49%	86.81%
09/30/2008	169,748	180,022	94.29%	87.33%
12/31/2008	176,549	187,597	94.11%	86.90%
03/31/2009	178,785	188,984	94.60%	84.24%
06/30/2009	181,456	192,710	94.16%	83.73%
09/30/2009	188,001	201,863	93.13%	82.62%
12/31/2009	197,067	226,956	86.83%	81.11%
03/31/2010	200,101	230,253	86.90%	79.29%
06/30/2010	202,188	240,830	83.95%	78.78%
09/30/2010	212,636	221,693	95.91%	77.80%
12/31/2010	203,078	243,706	83.33%	76.70%
03/31/2011	204,152	241,608	84.50%	74.83%
06/30/2011	215,274	245,111	87.83%	74.94%
09/30/2011	218,999	251,007	87.25%	74.42%
Quarterly Loan-to-Deposit Ratio Average Since Previous Evaluation:			89.20%	81.26%

ASSESSMENT AREA CONCENTRATION

Luzerne Bank’s home-mortgage and small-business lending was analyzed to determine the volume of loans extended inside and outside the bank’s assessment area as delineated for purposes of CRA. The table below indicates that 93.9% of the total number of HMDA loans reported during the evaluation period and 88.1% of the aggregate dollar amount of HMDA loans reported were extended in the bank’s assessment area.

With respect to small business loans, 87.9% of the number of small business loans sampled was extended within the bank’s assessment area, while 92.8% of the aggregate dollar amount of small business was extended in its assessment area².

The table below shows the distribution of lending inside and outside the bank’s assessment area, indicating a substantial majority of loans are inside its assessment area.

Luzerne Bank								
Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	95	95.0	4,006	97.8	5	5.0	89	2.2
Home Purchase – Conventional	141	92.2	17,410	81.8	12	7.8	3,869	18.2
Multi-Family Housing	6	100.0	1,608	100.0	0	0.0	0	0.0
Refinancing	202	94.4	23,137	91.1	12	5.6	2,271	8.9
Total HMDA-Related Loans	444	93.9	46,161	88.1	29	6.1	6,229	11.9
Total Small Business-Related Loans	51	87.9	8,547	92.8	7	12.1	662	7.2
TOTAL LOANS	495	93.2	54,708	88.8	36	6.8	6,891	11.2

² The analysis of small business lending is based on a statistical sample of the commercial loans originated by the bank during 2010 and 2011.

Luzerne Bank's lending during the evaluation period was concentrated in the northern portion of Luzerne County where 7 of its 8 branches are located. While loan originations were lower in southern Luzerne County, loans there increased following the opening of a branch in Hazleton in 2008.

DISTRIBUTION OF LOANS BY BORROWER INCOME LEVEL AND REVENUE SIZE OF THE BUSINESS

The distribution of borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income), and businesses of different sizes, given the demographic and economic characteristics of the assessment area.

Lending to Borrowers of Different Income Levels

Luzerne Bank's distribution of home-mortgage loans among borrowers of different income levels, including low- and moderate-income borrowers, is considered reasonable. Over the evaluation period, the bank reported 444 HMDA loans in their assessment area, in an aggregate amount of \$46.1 million.

For purposes of evaluating the distribution of loans to borrowers of different income levels, incomes are classified based upon annually-adjusted median family income data made available by HUD. Further, the respective percentages of low- and moderate-income families in the assessment area are used as proxies to estimate demand for home-mortgage credit. As noted previously, 19.4% of assessment area families are low-income, and 18.9% are moderate-income. Generally, the higher percentages of low- and moderate-income families in an assessment area, the greater the demand for credit is among low- and moderate-income individuals and families within the assessment area. More than one third of families in Luzerne County are designated as low- or moderate-income, indicating a need for home-mortgage credit among this segment of the population.

The assessment of the bank's distribution of home-mortgage borrowers to borrowers of different income levels takes into consideration the fact that Luzerne Bank is a smaller community bank operating in a highly competitive market where it competes with many other financial institutions, both large and small. The analysis shows Luzerne Bank's home-mortgage lending when compared to the proxy and to aggregate lending performance is reasonable.

The table on the following page compares Luzerne Bank's lending to aggregate lending levels over the four-year evaluation period, using median family income as a proxy for loan demand.

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Luzerne Bank DISTRIBUTION OF HMDA LOANS BY BORROWER INCOME LEVEL									
Income Level	% Families By Income Level	Aggregate Comparison							
		2008		2009		2010		2011	
		% Luzerne Lending	% Aggregate	% Luzerne Lending	% Aggregate	% Luzerne Lending	% Aggregate	% Luzerne Lending	% Aggregate
Low	19.4	12.1	9.7	27.5	8.7	10.3	7.8	5.2	NA
Mod	18.9	12.6	20.3	16.5	19.6	15.5	18.6	15.5	NA
Middle	22.9	24.2	24.7	23.1	22.5	20.6	21.8	13.8	NA
Upper	38.8	48.5	38.1	31.9	39.0	45.4	42.5	62.1	NA
Unknown ³	0.0	2.5	7.2	1.1	10.1	8.2	9.4	3.4	NA
Totals	100%	100%	100%	100%	100%	100%	100%	100%	NA

Lending to Low-Income Borrowers

For years 2008, 2010 and 2011, the bank’s lending to low-income borrowers in the assessment area was limited in comparison to the applicable proxy of 19.4%; however, bank lending in 2009 exceeded the applicable proxy of low-income borrowers. In addition, bank lending exceeded the aggregate lending levels for 2008, 2009 and 2010. It is noteworthy that in 2009 Luzerne Bank made 27.5% of its home-mortgage loans to low-income borrowers, which is more than three times the 2009 aggregate lending level of 8.7%. It should also be pointed out that, while the bank’s lending levels were consistently above aggregate lending levels in 2008, 2009, and 2010, the aggregate lending levels themselves were below the proxy. (As previously noted, aggregate 2011 HMDA data were not available at the writing of the evaluation.)

In assessing the level of the bank’s lending among low-income borrowers, the evaluation takes into consideration that the home-mortgage credit needs of such individuals and families can be a challenge to address through conventional loan products, presenting a significant obstacle to homeownership. While housing in Luzerne County is generally affordable, low- and moderate-income residents still face obstacles to homeownership. Thirty-two percent of the assessment area’s renters spend more than 30% of gross income for housing, making it difficult for renters, particularly low-income renters, to save the customary down payment and closing costs necessary to purchase a home. Additionally, 20% of the assessment area population is over age 65; this segment of the population generally has less of a need for home-mortgage credit.

An analysis of Luzerne Bank’s home-mortgage loans to low-income borrowers, by product type during 2008, 2009, 2010, and 2011 shows the following:

- For 2008, Luzerne Bank originated 14% of its home-purchase loans, 12% of its refinance loans, and 10% of its home-improvement loans to low-income borrowers. Aggregate lending levels to low-income borrowers for 2008 were 11% for home-purchase loans, 9% for refinance loans and 12% for home improvement loans.

³ This category includes loans for multi-family housing and loans to real estate developers and investors for which the bank does not report borrower income.

- For 2009, the bank originated 23% of its home-purchase loans, 33% of its refinance loans, and 25% of its home-improvement loans to low-income borrowers. Aggregate lending levels to low-income borrowers for 2009 were 12% for home-purchase loans, 6% for refinance loans, and 16% for home-improvement loans.
- For 2010, the bank originated 10% of its home-purchase loans, 7% of its refinance loans, and 22% of its home-improvement loans to low-income borrowers. Aggregate lending levels to low-income borrowers for 2009 were 10% for home-purchase loans, 5% for refinance loans, and 15% for home-improvement loans.
- For 2011, the bank originated 14% of its home-purchase loans to low-income borrowers, but made no refinance or home-improvement loans to these borrowers. As noted previously, home-improvement loans are the leading housing financing concern in the assessment area. More than half of the housing stock within Luzerne County was built prior to 1950.

Lending to Moderate-Income Borrowers

Although challenges and obstacles to homeownership also exist for moderate-income families and individuals, Luzerne Bank's HMDA lending levels to moderate-income families of 12.6%, 16.5%, 15.5% and 15.5% in years 2008, 2009, 2010 and 2011, respectively, more closely approximate the applicable proxy of 18.9% or the proportion of moderate-income families in the assessment area. Aggregate HMDA lending levels to moderate-income families during the same years were also higher, with 20.3%, 19.6%, and 18.6% for 2008, 2009 and 2010, respectively. (As noted above, aggregate 2011 HMDA data were not available for comparison.)

An analysis of Luzerne's home-mortgage loans to moderate-income borrowers, by product type during 2008, 2009, 2010, and 2011 shows the following:

- For 2008, Luzerne originated 10% of its home-purchase loans, 16% of its refinance loans, and 10% of its home-improvement loans to moderate-income borrowers. Aggregate lending levels to moderate-income borrowers for 2008 were 23% for home-purchase loans, 19% for refinance loans and 20% for home-improvement loans.
- For 2009, Luzerne originated 16% of its home-purchase loans, 12% of its refinance loans, and 25% of its home-improvement loans to moderate-income borrowers. Aggregate lending levels to moderate-income borrowers for 2009 were 25% for home-purchase loans, 16% for refinance loans and 23% for home-improvement loans.
- For 2010, Luzerne originated 19% of its home-purchase loans, 4% of its refinance loans, and 39% of its home-improvement loans to moderate-income borrowers. Aggregate lending levels to moderate-income borrowers for 2010 were 24% for home-purchase loans, 15% for refinance loans and 22% for home-improvement loans.
- For 2011, Luzerne originated 5% of its home-purchase loans, 20% of its refinance loans, and 29% of its home-improvement loans to moderate-income borrowers. As noted previously, aggregate 2011 HMDA data were not available at the writing of this evaluation

Lending to Businesses of Different Sizes

An analysis of Luzerne Bank's distribution of loans to businesses reflects reasonable penetration among business customers of different sizes, including small businesses.

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For purposes of this evaluation, a small business loan is defined as a commercial loan with an origination amount of \$1 million or less. Small business loans are further quantified to identify those loans to businesses with gross annual revenues of \$1 million or less, which are small businesses.

The number of businesses operating in the bank's assessment area is used as a proxy to estimate demand for business credit in the assessment area. According to available business demographics, 13,402 businesses operated in the assessment area in 2011, with 87% designated as small businesses or reporting revenues of less than \$1 million.

Schedule RC-C Part II (Loans to Small Businesses and Small Farms) of the bank's Consolidated Reports of Condition and Income as of September 30, 2011, shows that 61% of Luzerne Bank's outstanding commercial loans were designated as small business loans, as detailed in the following chart.

Luzerne Bank Commercial Loan Portfolio		
LOAN BY SIZE	AMOUNT OUTSTANDING AS OF 09/30/2011 (\$000)	PERCENT
Loans with original amounts of \$100,000 or less	17,386	11.3
Loans with original amounts of more than \$100,000 through \$250,000	24,644	16.1
Loans with original amounts of more than \$250,000 through \$1,000,000	50,985	33.3
TOTAL SMALL BUSINESS LOANS	93,015	60.7
Loans with original amounts of more than \$1,000,000	60,281	39.3
TOTAL COMMERCIAL LOANS	\$153,296	100%

In addition, a statistical sample of Luzerne Bank's 2010 and 2011 small business loans indicates that 75% were actually originated to small businesses. Further, of the bank's small business loans sampled, 55% were extended in an amount of \$100 thousand or less. Small loans are generally commensurate with the borrowing needs of smaller businesses; thus, added weight is given to such loans in determining whether an institution is meeting the credit needs of smaller businesses. At the writing of the evaluation, aggregate small business loan data reported for CRA purposes for 2011 was not available; therefore, a direct comparison could not be made to aggregate lending levels relative to loans originated in amounts of \$100 thousand or less.

Aggregate data for 2010 show that 89% of all small business loans made in the assessment area during that year were originated in amounts of \$100 thousand or less. In considering the 2010 aggregate data, it should be kept in mind that the data include loans originated under corporate credit card programs in which credit cards may be issued to a company's employees for business-related use. The credit card-related loans, reported as small business loans for CRA purposes, are generally originated in lower dollar amounts, thereby skewing aggregate small business loan data. As noted previously, a handful of large institutions operating nationwide with various loan product offerings, including credit cards, accounted for 44% of all small business loan originations during 2010. In this regard, it is also noted that Luzerne Bank does not offer business credit cards.

GEOGRAPHIC DISTRIBUTION OF LENDING

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among different census tracts within the assessment area. The analysis reflects reasonable penetration throughout the assessment area, including the assessment area’s moderate-income census tracts.

Home Mortgage Lending

As previously noted, the percentage of owner-occupied housing units contained within designated census tracts is used as a proxy to estimate demand for residential mortgage credit within such tracts. Generally, the greater the number of owner-occupied housing units in a census tract, the greater the demand for home-mortgage credit is in the tract. According to 2000 Census data, 73.7% of Luzerne County’s owner-occupied housing stock is located in middle-income census tracts and 17.6% is in upper-income tracts. Only 8.7% of owner-occupied units are located in moderate-income tracts.

Overall analysis shows the bank’s lending reflects excellent dispersion throughout Luzerne County, considering the demographics and economic characteristics of the assessment area. Most significantly, Luzerne Bank is a small community bank operating in a highly competitive and well banked market. Aggregate lending data show the bank captured less than 2% of the home-mortgage market.

The table below shows a comparison of Luzerne Bank’s lending performance, to the aggregate lending performance, and the proxy of owner-occupied housing units in the assessment area by census tract type.

LUZERNE BANK GEOGRAPHIC DISTRIBUTION HOME MORTGAGE LOANS									
Census Tract Type	% Owner-Occupied Housing Units	Aggregate Comparison							
		2008		2009		2010		2011	
		% Luzerne	% Aggregate	% Luzerne	% Aggregate	% Luzerne	% Aggregate	% Luzerne	% Aggregate
Low	0	0	0	0	0	0	0	0	NA
Mod	8.7	9.1	8.2	12.1	6.0	9.3	5.2	5.2	NA
Middle	73.7	61.6	68.2	72.5	66.1	61.9	65.6	72.4	NA
Upper	17.6	29.3	23.6	15.4	27.9	28.9	29.3	22.4	NA
Total	100	100	100	100	100	100	100	100	NA

Lending in Moderate-Income Census Tracts

Luzerne Bank’s lending levels in moderate-income tracts in years 2008, 2009 and 2010 were above the applicable proxy for moderate-income tracts. In 2011, its lending level in such tracts fell below the proxy. For reference purposes, aggregate home-mortgage lending levels in the assessment area’s moderate-income tracts in each of the four years evaluated fell below the proxy.

Luzerne Bank’s lending levels in moderate-income census tracts in 2008, 2009 and 2010 were above the respective aggregate lending levels in those tracts for those years. However, at the writing of this evaluation, aggregate 2011 lending data were not available for comparison.

An analysis of Luzerne's home-mortgage loans in moderate-income tracts, by product type during 2008, 2009, 2010, and 2011 shows the following:

- For 2008, Luzerne Bank originated 14% of its home-purchase loans, 8% of its refinance loans, and 6% of its home-improvement loans in moderate-income tracts. Aggregate lending levels in moderate-income tracts for 2008 were 9% for home-purchase loans, 8% for refinance loans and 8% for home-improvement loans.
- For 2009, the bank originated 16% of its home-purchase loans, 15% of its refinance loans, and none of its home-improvement loans in moderate-income tracts. Aggregate lending levels in moderate-income tracts for 2009 were 8% for home-purchase loans, 5% for refinance loans, and 7% for home-improvement loans.
- For 2010, the bank originated 10% of its home-purchase loans, 9% of its refinance loans, and 11% of its home-improvement loans in moderate-income tracts. Aggregate lending levels in moderate-income tracts for 2010 were 7% for home purchase loans, 4% for refinance, and 6% for home-improvement loans.
- For the first three quarters of 2011, the bank originated 5% of its home-purchase loans, 3% of its refinance loans, and 14% of its home-improvement loans in moderate-income tracts.

Small Business Lending

The geographic distribution of Luzerne Bank's small business loans reflects reasonable dispersion throughout the assessment area, in context of the assessment area's economic characteristics during the evaluation period.

As noted previously on page 5, the geographic distribution of businesses in the assessment area by census tract type is used as a proxy for small business loan demand. Generally, the greater the number of businesses located in a tract, the greater the demand for small business loans is in the tract. Based on a statistical sample of small business loans originated in its assessment area, Luzerne Bank originated 5.9% of its small business loans to businesses located in moderate-income census tracts. The bank's lending level in the moderate-income tracts is less than the applicable loan demand proxy of 10.8%. In addition, the 2010 aggregate CRA data show the aggregate lending level was also below the proxy. In 2010, 7.6% of all small business loans originated in the assessment area were made in moderate-income tracts, compared to 10.8% of businesses located in these tracts. The 2011 aggregate data was not available for comparison at the writing of this evaluation.

Luzerne Bank's level of lending in the assessment area's moderate-income tracts is reasonably proximate to the aggregate lending level, and should be viewed in the context that the bank operates as a comparatively smaller institution in a highly competitive marketplace. Moreover, the relative level of small business loans originated by the bank in the assessment area's moderate-income tracts during the current evaluation period is above the level of the previous evaluation period.

The table below shows a comparison of Luzerne Bank's lending levels by census tract type to the respective loan demand proxies of each tract type. Luzerne Bank's level of lending within the moderate-income tracts is below both the loan demand proxy and the aggregate.

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Luzerne Bank Commercial Loan Sample			
Tract Type	Luzerne Bank % of Loans	% Businesses	2010 Aggregate Small Business Loan Reporters % of Loans
Low	0	0	0
Moderate	5.9	10.8	7.6
Middle	58.8	71.3	69.1
Upper	35.3	17.9	20.1
Tract Unknown	0	0	3.2
Total	100%	100%	100%

Response to CRA-Related Complaints

There were no CRA-related complaints filed with either Luzerne Bank or the Federal Reserve Bank of Philadelphia during the evaluation period.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES

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

CRA APPENDICES

CRA APPENDIX A: GLOSSARY

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

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and 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: All Agencies have adopted the following language. 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 geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

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

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

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

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

CRA APPENDIX B: HMDA LOAN DISTRIBUTION TABLES

**SMALL INSTITUTION PERFORMANCE EVALUATION
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2008 HMDA LOAN DISTRIBUTION TABLE (LUZERNE COUNTY ASSESSMENT AREA)

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase								
Low	0	0.0%	0	0.0%	8	13.8%	678	7.5%
Moderate	8	13.8%	705	7.8%	6	10.3%	596	6.6%
Middle	37	63.8%	4,861	53.7%	14	24.1%	1,185	13.1%
Upper	13	22.4%	3,479	38.5%	28	48.3%	6,223	68.8%
Unknown	0	0.0%	0	0.0%	2	3.4%	363	4.0%
Total	58	100.0%	9,045	100.0%	58	100.0%	9,045	100.0%
Refinance								
Low	0	0.0%	0	0.0%	11	12.4%	433	5.7%
Moderate	7	7.9%	478	6.3%	14	15.7%	621	8.2%
Middle	56	62.9%	4,133	54.6%	20	22.5%	1,658	21.9%
Upper	26	29.2%	2,960	39.1%	42	47.2%	4,249	56.1%
Unknown	0	0.0%	0	0.0%	2	2.2%	610	8.1%
Total	89	100.0%	7,571	100.0%	89	100.0%	7,571	100.0%
Home Improvement								
Low	0	0.0%	0	0.0%	5	10.0%	46	1.9%
Moderate	3	6.0%	466	19.7%	5	10.0%	112	4.7%
Middle	29	58.0%	1,328	56.2%	14	28.0%	558	23.6%
Upper	18	36.0%	571	24.1%	26	52.0%	1,649	69.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	50	100.0%	2,365	100.0%	50	100.0%	2,365	100.0%
Multi-Family								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	1	100.0%	128	100.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	1	100.0%	128	100.0%
Total	1	100.0%	128	100.0%	1	100.0%	128	100.0%
HMDA Totals								
Low	0	0.0%	0	0.0%	24	12.1%	1,157	6.1%
Moderate	18	9.1%	1,649	8.6%	25	12.6%	1,329	7.0%
Middle	122	61.6%	10,322	54.0%	48	24.2%	3,401	17.8%
Upper	58	29.3%	7,138	37.4%	96	48.5%	12,121	63.4%
Unknown	0	0.0%	0	0.0%	5	2.5%	1,101	5.8%
Total	198	100.0%	19,109	100.0%	198	100.0%	19,109	100.0%

**SMALL INSTITUTION PERFORMANCE EVALUATION
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2009 HMDA LOAN DISTRIBUTION TABLE (LUZERNE COUNTY ASSESSMENT AREA)

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase								
Low	0	0.0%	0	0.0%	7	22.6%	464	21.8%
Moderate	5	16.1%	184	8.6%	5	16.1%	400	18.8%
Middle	23	74.2%	1,590	74.7%	9	29.0%	495	23.3%
Upper	3	9.7%	354	16.6%	10	32.3%	769	36.1%
0.0Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	31	100.0%	2,128	100.0%	31	100.0%	2,128	100.0%
Refinance								
Low	0	0.0%	0	0.0%	13	33.3%	546	17.5%
Moderate	6	15.4%	445	14.2%	5	12.8%	210	6.7%
Middle	24	61.5%	2,199	70.3%	10	25.6%	1,114	35.6%
Upper	9	23.1%	483	15.4%	11	28.2%	1,257	40.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	39	100.0%	3,127	100.0%	39	100.0%	3,127	100.0%
Home Improvement								
Low	0	0.0%	0	0.0%	5	25.0%	110	18.5%
Moderate	0	0.0%	0	0.0%	5	25.0%	135	22.7%
Middle	18	90.0%	503	84.5%	2	10.0%	75	12.6%
Upper	2	10.0%	92	15.5%	8	40.0%	275	46.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	20	100.0%	595	100.0%	20	100.0%	595	100.0%
Multi-Family								
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	100.0%	184	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%	1	100.0%	184	100.0%
Total	1	100.0%	184	100.0%	1	100.0%	184	100.0%
HMDA Totals								
Low	0	0.0%	0	0.0%	25	27.5%	1,120	18.6%
Moderate	11	12.1%	629	10.4%	15	16.5%	745	12.3%
Middle	66	72.5%	4,476	74.2%	21	23.1%	1,684	27.9%
Upper	14	15.4%	929	15.4%	29	31.9%	2,301	38.1%
Unknown	0	0.0%	0	0.0%	1	1.1%	184	3.0%
Total	91	100.0%	6,034	100.0%	91	100.0%	6,034	100.0%

**SMALL INSTITUTION PERFORMANCE EVALUATION
JANUARY 2012**

2010 HMDA LOAN DISTRIBUTION TABLE (LUZERNE COUNTY ASSESSMENT AREA)

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase								
Low	0	0.0%	0	0.0%	3	9.7%	226	6.5%
Moderate	3	9.7%	489	14.1%	6	19.4%	338	9.7%
Middle	20	64.5%	2,045	58.8%	7	22.6%	557	16.0%
Upper	8	25.8%	946	27.2%	14	45.2%	2,323	66.8%
Unknown	0	0.0%	0	0.0%	1	3.2%	36	1.0%
Total	31	100.0%	3,480	100.0%	31	100.0	3,480	100.0%
Refinance								
Low	0	0.0%	0	0.0%	3	6.7%	260	3.5%
Moderate	4	8.9%	191	2.6%	2	4.4%	124	1.7%
Middle	24	53.3%	2,970	39.9%	9	20.0%	1,108	14.9%
Upper	17	37.8%	4,282	57.5%	28	62.2%	5,708	76.7%
Unknown	0	0.0%	0	0.0%	3	6.7%	243	3.3%
Total	45	100.0%	7,443	100.0%	45	100.0%	7,443	100.0%
Home Improvement								
Low	0	0.0%	0	0.0%	4	22.2%	102	14.4%
Moderate	2	11.1%	75	10.6%	7	38.9%	143	20.1%
Middle	13	72.2%	550	77.5%	4	22.2%	330	46.5%
Upper	3	16.7%	85	12.0%	2	11.1%	75	10.6%
Unknown	0	0.0%	0	0.0%	1	5.6%	60	8.5%
Total	18	100.0%	710	100.0%	18	100.0%	710	100.0%
Multi-Family								
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%	1,200	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%	1,200	100.0%
Total	3	100.0%	1,200	100.0%	3	100.0%	1,200	100.0%
HMDA Totals								
Low	0	0.0%	0	0.0%	10	10.3%	588	4.6%
Moderate	9	9.3%	755	5.9%	15	15.5%	605	4.7%
Middle	60	61.9%	6,765	52.7%	20	20.6%	1,995	15.5%
Upper	28	28.9%	5,313	41.4%	44	45.4%	8,106	63.2%
Unknown	0	0.0%	0	0.0%	8	8.2%	1,539	12.0%
Total	97	100.0%	12,833	100.0%	97	100.0%	12,833	100.0%

**SMALL INSTITUTION PERFORMANCE EVALUATION
JANUARY 2012**

2011 HMDA LOAN DISTRIBUTION TABLE (LUZERNE COUNTY ASSESSMENT AREA)

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase								
Low	0	0.0%	0	0.0%	3	14.3%	196	7.1%
Moderate	1	4.8%	47	1.7%	1	4.8%	170	6.2%
Middle	15	71.4%	1,554	56.4%	3	14.3%	455	16.5%
Upper	5	23.8%	1,156	41.9%	14	66.7%	1,936	70.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	21	100.0%	2,757	100.0%	21	100.0%	2,757	100.0%
Refinance								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	3.4%	45	0.9%	6	20.7%	571	11.4%
Middle	20	69.0%	2,996	60.0%	5	17.2%	462	9.2%
Upper	8	27.6%	1,955	39.1%	18	62.1%	3,963	79.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	29	100.0%	4,996	100.0%	29	100.0%	4,996	100.0%
Home Improvement								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	14.3%	14	4.2%	2	28.6%	35	10.4%
Middle	6	85.7%	322	95.8%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	4	57.1%	281	83.6%
Unknown	0	0.0%	0	0.0%	1	14.3%	20	6.0%
Total	7	100.0%	336	100.0%	7	100.0%	336	100.0%
Multi-Family								
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	100.0%	96	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%	1	100.0%	96	100.0%
Total	1	100.0%	96	100.0%	1	100.0%	96	100.0%
HMDA Totals								
Low	0	0.0%	0	0.0%	3	5.2%	196	2.4%
Moderate	3	5.2%	106	1.3%	9	15.5%	776	9.5%
Middle	42	72.4%	4,968	60.7%	8	13.8%	917	11.2%
Upper	13	22.4%	3,111	38.0%	36	62.1%	6,180	75.5%
Unknown	0	0.0%	0	0.0%	2	3.4%	116	1.4%
Total	58	100.0%	8,185	100.0%	58	100.0%	8,185	100.0%

CRA APPENDIX C: CRA SMALL BUSINESS LOAN DISTRIBUTION TABLES

SMALL INSTITUTION PERFORMANCE EVALUATION
JANUARY 2012

2010 SMALL BUSINESS LOAN DISTRIBUTION TABLE (LUZERNE ASSESSMENT COUNTY AREA)

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	2	5.9%	830	14.8%	0	0.0%	0	0.0%
Low/moderate Total	2	5.9%	830	14.8%	0	0.0%	0	0.0%
Middle	18	52.9%	2,609	46.7%	0	0.0%	0	0.0%
Upper	14	41.2%	2,154	38.5%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	34	100.0%	5,593	100.0%	0	0.0%	0	0.0%
	By Revenue							
Total \$1 Million or Less	25	73.5%	2,181	39.0%	0	0.0%	0	0.0%
Over \$1 Million	9	26.5%	3,413	61.0%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	34	100.0%	5,593	100.0%	0	0.0%	0	0.0%
	By Loan Size							
\$100,000 or less	20	58.8%	1,155	20.7%	0	0.0%	0	0.0%
\$100,001 - \$250,000	8	23.5%	1,407	25.2%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	6	17.6%	3,031	54.2%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	34	100.0%	5,593	100.0%	0	0.0%	0	0.0%
	By Loan Size and Revenue \$1 Million or Less							
\$100,000 or less	20	80.0%	1,155	53.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	4	16.0%	700	32.1%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	1	4.0%	325	14.9%	0	0.0%	0	0.0%
Over \$1 Million (Bus) -\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	25	100.0%	2,181	100.0%	0	0.0%	0	0.0%

**SMALL INSTITUTION PERFORMANCE EVALUATION
JANUARY 2012**

2011 SMALL BUSINESS LOAN DISTRIBUTION TABLE (LUZERNE COUNTY ASSESSMENT AREA)

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	5.9%	50	1.7%	0	0.0%	0	0.0%
Low/moderate Total	1	5.9%	50	1.7%	0	0.0%	0	0.0%
Middle	12	70.6%	1,991	67.4%	0	0.0%	0	0.0%
Upper	4	23.5%	913	30.9%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	17	100.0%	2,954	100.0%	0	0.0%	0	0.0%
	By Revenue							
Total \$1 Million or Less	13	76.5%	2,278	77.1%	0	0.0%	0	0.0%
Over \$1 Million	4	23.5%	676	22.9%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	17	100.0%	2,954	100.0%	0	0.0%	0	0.0%
	By Loan Size							
\$100,000 or less	8	47.1%	427	14.5%	0	0.0%	0	0.0%
\$100,001 - \$250,000	6	35.3%	1,002	33.9%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	3	17.6%	1,525	51.6%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	17	100.0%	2,954	100.0%	0	0.0%	0	0.0%
	By Loan Size and Revenue \$1 Million or Less							
\$100,000 or less	7	53.8%	377	16.5%	0	0.0%	0	0.0%
\$100,001 - \$250,000	4	30.8%	726	31.9%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	2	15.4%	1,175	51.6%	0	0.0%	0	0.0%
Over \$1 Million (Bus) -\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	13	100.0%	2,278	100.0%	0	0.0%	0	0.0%

CRA APPENDIX D: ASSESSMENT AREA MAP

ASSESSMENT AREA MAP – LUZERNE COUNTY

