



**PUBLIC DISCLOSURE**

Date of Evaluation: JUNE 15, 2015

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Name of Depository Institution: CONESTOGA BANK

Institution's Identification Number: 833271

Address: 165 POTTSTOWN PIKE

CHESTER SPRINGS, 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**

Conestoga Bank (Conestoga) is rated outstanding.

The lending test is rated **satisfactory**.

The community development test is rated **outstanding**.

Conestoga was rated outstanding at its previous Community Reinvestment Act (CRA) evaluation dated February 27, 2012, conducted using the Interagency Intermediate Small Institution CRA Evaluation Procedures. Based on the results of the current evaluation, a CRA rating of outstanding is again assigned. This rating is driven by continued excellent performance on the community development test.

The major factors that support this rating include:

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the bank's assessment area.
- The distribution of borrowers, given the demographics of the assessment area, reflects reasonable penetration among businesses of different sizes and among individuals of different income levels (including low- and moderate-income).
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The bank's community development performance demonstrates excellent responsiveness to the community development needs in its assessment area through community development loans, qualified investments, and community development services, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

### **SCOPE OF EXAMINATION**

The evaluation of Conestoga's CRA performance covers the period from February 28, 2012, through June 15, 2015, and was conducted utilizing the Interagency Intermediate Small Institution Examination Procedures. The procedures for intermediate small institutions consist of two tests: the lending test and the community development test.

The lending test includes an analysis of:

- The loan-to-deposit ratio
- The volume of loans extended inside and outside the 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 in the assessment area, including lending in low- and moderate-income census tracts
- The bank's response to CRA-related complaints

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The loan products evaluated and corresponding loan data reviewed include:

- Home-purchase and home-improvement loans and the refinancing of such loans, collectively titled as Home Mortgage Disclosure Act (HMDA) loans, reported by the bank from January 1, 2012 through December 31, 2014.
- Small business loans originated by the bank from January 1, 2012 through December 31, 2014.

Conestoga's HMDA and small business loans were compared to the aggregate of all lenders in the bank's assessment area reporting home-mortgage loans pursuant to HMDA, and small business loans pursuant to CRA. It is noted that Conestoga's small business lending was weighted more heavily than HMDA lending in the CRA rating due to the high commercial concentration of the institution's loan portfolio.

The community development test includes an analysis of:

- The number and amount of community development loans
- The number and amount of qualified investments
- The extent to which the bank provides community development services
- The bank's responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services

Conestoga's community development loans, investments, and services for the entire evaluation period were reviewed to assess the bank's overall performance under the community development test.

**DESCRIPTION OF INSTITUTION**

Conestoga, headquartered in Chester Springs, Chester County, Pennsylvania, is a state-chartered, full-service commercial bank offering both consumer and commercial banking products and services to its customers. The bank operates thirteen branches in Philadelphia, Delaware, Montgomery, Bucks, and Chester Counties. In addition, the bank has operated a loan production office in Allentown, Lehigh County, Pennsylvania, since December 2011. The office primarily serves the bank's commercial customers.

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

<b>Metropolitan Area</b>	<b>County</b>	<b>Number of Branches</b>
Philadelphia-Camden-Wilmington MSA	Philadelphia	8
Philadelphia-Camden-Wilmington MSA	Chester	2
Philadelphia-Camden-Wilmington MSA	Montgomery	1
Philadelphia-Camden-Wilmington MSA	Bucks	1
Philadelphia-Camden-Wilmington MSA	Delaware	1
<b>Total Number of Branches</b>		<b>13</b>

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Conestoga is a wholly-owned subsidiary of Conestoga Bancorp, Inc., a bank holding company also headquartered in Chester Springs, Pennsylvania with assets of \$697 million as of March 31, 2015, of which \$500 million, or 72%, are loans. Conestoga owns 100% of CB Financial, a nonbank subsidiary, which acts as a real estate holding company, and 100% of Conestoga Equipment Finance Corp., a nonbank subsidiary engaged in the rental and leasing of healthcare, veterinary, and commercial machinery and equipment primarily for small businesses.

On a dollar volume basis, commercial loans, which include commercial mortgages, commercial and industrial loans, and lease financing receivables, are the most material product offered by the bank, accounting for 69% of the bank's total loans and leases. Lease financing receivables represent 20% of the bank's loan portfolio and have increased substantially since the last evaluation, when they represented just 3% of the bank's loan portfolio.

The composition of the bank's loan portfolio is presented in the following table.

<b>LOANS as of 03/31/2015</b>	<b>\$000</b>	<b>%</b>
Commercial Mortgages	182,715	36.6
Commercial and Industrial Loans	61,685	12.3
Secured by Residential Properties (Closed-end)	94,521	18.9
Secured by Residential Properties (Open-end)	25,967	5.2
Construction & Land Development	4,068	0.8
Multifamily Residential Properties	17,462	3.5
Consumer Loans	12,098	2.4
Secured by Farmland	0	0
Other Loans	101	<1
Lease Financing Receivables	101,304	20.3
<b>TOTAL</b>	<b>\$499,921</b>	<b>100.0%</b>

Conestoga's branch network enabled it to serve the credit needs of its assessment area, including low- and moderate-income census tracts. The bank operates 13 branches, and eight of those branches are located in the city of Philadelphia where the majority of the assessment area's low- and moderate-income tracts (55%) are located.

To supplement traditional banking services, Conestoga offers free online banking at [www.conestogabank.com](http://www.conestogabank.com). In addition, free telephone banking and free mobile phone banking services are offered. These services allow bank customers to verify account balances, transfer funds between accounts, make loan payments, and pay bills. Conestoga also allows mobile deposit of checks via smartphone.

In addition, Conestoga offers accounts that allow greater access to banking services for small businesses and nonprofit groups. The bank's small business checking account, marketed to small businesses, offers the first 200 transactions free of charge, plus free online banking and bill pay, if the business holds an average monthly balance of \$1,500 in the account. For small businesses, Conestoga also offers a suite of free services, such as business education classes (topics include Excel and business writing), and computer and human resource assistance.

The nonprofit checking account, marketed to nonprofit organizations in the bank's assessment area, has no service fee or minimum balance requirement, providing nonprofit organizations more affordable access to banking services.

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.

### **DESCRIPTION OF ASSESSMENT AREA**

For purposes of CRA, Conestoga has designated one assessment area, which consists of Montgomery, Bucks, Chester, Philadelphia, and Delaware Counties in Pennsylvania. All five counties are part of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD, metropolitan statistical area (Philadelphia MSA). The bank's assessment area was determined to comply with the requirements of the CRA and does not arbitrarily exclude low- or moderate-income census tracts.

#### **Philadelphia Metropolitan Division Boundary Changes**

Effective January 1, 2014, the Federal government's Office of Management and Budget (OMB) issued revised MSA boundary delineations which impacted the bank's assessment area. The Philadelphia metropolitan division (MD), which previously consisted of Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, was split into two MDs: the Montgomery County-Bucks County-Chester County, PA, MD and the Philadelphia, PA, MD, consisting of Delaware and Philadelphia Counties.<sup>1</sup> For purposes of this evaluation, the revised MSA boundaries apply to the analysis of loan data beginning in 2014.

#### **2004 Metropolitan Division Demographics**

According to the 2010 Census data, the assessment area comprises 998 census tracts. Of these 998 tracts, there were 158 low-income tracts, 178 moderate-income tracts, 296 middle-income tracts, 350 upper-income tracts, and 16 unknown-income tracts. Of the 158 low-income tracts, 140 were located in Philadelphia County, 13 were located in Delaware County, 3 were located in Chester County, and 2 were located in Montgomery County. There were no low-income tracts in Bucks County. Of the 178 moderate-income tracts, 112 were located in Philadelphia County, 31 were located in Delaware County, 16 were located in Montgomery County, 13 were located in Bucks County, and 6 were located in Chester County.

Thirty-four percent of the assessment area's population resided within the low- and moderate-income census tracts. Of the total number of families in the assessment area, 23% were designated as low-income and 16% were moderate-income. Families living below the poverty level in the assessment area represented just over 9% of total families, which approximated the statewide level of just under 9%.

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<sup>1</sup> Pursuant to 44 U.S.C. 3504(e)(3) and 31 U.S.C. 1104(d) and Executive Order No. 10253 (June 11, 1951), the OMB delineates metropolitan statistical areas, metropolitan divisions, micropolitan statistical areas, and combined statistical areas for use in Federal statistical activities.

### **2014 Metropolitan Division Demographics**

The 2014 revised OMB boundaries resulted in changes of income-level designations for some tracts in both metropolitan divisions. Accordingly, using the 2014 revised OMB boundaries, of the total 998 tracts, the assessment area comprises 78 low-income tracts, 236 moderate-income tracts, 348 middle-income tracts, 320 upper-income tracts, and 16 unknown income-tracts. Of the 78 low-income tracts, 61 were located in Philadelphia County, 3 were located in Delaware County, 9 were located in Montgomery County, 1 was located in Bucks County, and 4 were located in Chester County. Of the 236 moderate-income tracts, 111 were located in Philadelphia County, 19 were located in Delaware County, 42 were located in Montgomery County, 42 were located in Bucks County, and 22 were located in Chester County.

The new boundaries show a slight shift in assessment area demographics: 31% of the population now lives in low- or moderate-income tracts. Of the total number of families in the assessment area, 22% are currently designated as low-income and 17% as moderate-income. Families living below the poverty level in the assessment area remained constant at just above 9% of total families, which approximated the statewide level of just below 9%.

Further, there was a significant decrease in the number of low-income census tracts in the assessment area from 158 to 78. In contrast, the number of moderate-income census tracts increased from 178 to 236. Philadelphia and Delaware Counties experienced declines in the number of tracts designated as low- and moderate-income. Conversely, Montgomery, Bucks, and Chester Counties experienced increases in the number of tracts designated as low- and moderate-income.

The following table details the relevant census tract changes between 2004 and 2014.

<b>Census Tract Income Level</b>	<b>2004 Boundaries</b>	<b>Population (%)</b>	<b>2014 Boundaries</b>	<b>Population (%)</b>
Low	158	16	78	7
Moderate	178	18	236	23
Middle	296	29	348	37
Upper	350	37	320	33
Unknown	16	<1	16	<1
<b>Totals</b>	<b>998</b>	<b>100%</b>	<b>998</b>	<b>100%</b>

Maps of the bank’s assessment area both before and after the OMB’s revised delineations became effective are available in Appendix D.

### **ECONOMIC CHARACTERISTICS**

Conestoga’s CRA performance was evaluated in terms of the demographic and business context in which the bank operates. The Philadelphia MSA is a highly competitive financial marketplace and is dominated by large national and regional banking organizations and mortgage companies, including Wells Fargo Bank, N.A., Bank of America, N.A., Citizens Bank of Pennsylvania, TD Bank, N.A., and PNC Bank, N.A.

According to the Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits as of June 30, 2014, there were 90 financial institutions operating in the Philadelphia MSA. These institutions operate 1,240 branches and hold \$104.9 billion in deposits. Conestoga holds \$511 million of these deposits, with less than 1% market share, ranking 27<sup>th</sup> overall.<sup>2</sup> Three super regional banks hold over 47% of the deposit market in the Philadelphia MSA: Wells Fargo Bank, N.A. holds 22%; Citizens Bank of Pennsylvania 13%; and PNC Bank, N.A. 12%.

Conestoga does not report small business loans for purposes of CRA and thus is not included in the ranking of small business lenders operating in the assessment area. According to aggregate CRA data, a total of 156 small business reporters in the bank's assessment area collectively originated 64,013 small business loans in 2013. American Express Bank, FSB ranked first with 25% of the market. The top five banks accounted for 57% of the market, and the top ten banks accounted for 78% of the market and included national lenders such as American Express Bank, FSB; Wells Fargo Bank, N.A.; and PNC Bank, N.A.. Citizens Bank of Pennsylvania, headquartered in Philadelphia, is ranked highest among local banks at 10<sup>th</sup>, with 3% of the market.

Since CRA small business loan reporting includes small business loans issued by reporters under corporate credit card arrangements, the reporters with the highest rankings included national originators such as American Express Bank, FSB (1<sup>st</sup>), FIA Card Services, N.A. (4<sup>th</sup>), and Capital One Bank USA, N.A. (5<sup>th</sup>). Together these three institutions originated a large portion of the small business loans reported in the assessment area (37% in 2013).

Conestoga's home-mortgage lending was compared to the aggregate of all lenders in the assessment area reporting real estate loans pursuant to the HMDA. This data is reported annually. According to 2013 aggregate data, there were a total of 708 HMDA reporters that originated 145,427 loans in the assessment area. National and super regional banks originated the majority of HMDA loans in the assessment area. Data show that Wells Fargo Bank, N.A., ranked first among these institutions with 19% of all such originations and purchases, followed by JPMorgan Chase Bank, N.A. (7%), and CitiMortgage, Inc. (3%). Conestoga is not a significant residential mortgage lender, and ranked 163<sup>rd</sup> among institutions in the assessment area with less than 1% of the market. The most recent year for which aggregate data was available is 2013.

The bank's assessment area is located in the Delaware Valley region of southeastern Pennsylvania in the Philadelphia MSA. According to data obtained from Moody's Analytics, weaknesses of the Philadelphia area economy include relatively weak population growth, an old and aging infrastructure, and prohibitive city taxes. Strengths of the area economy include its concentration of well-regarded educational institutions, its prominence as a center for healthcare and medical research, a housing market that is largely in balance, and its well-developed port and international airport.

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<sup>2</sup>This data includes deposits from the bank's Glenside branch, which closed on March 27, 2015.

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Leading employment sectors in the area include education and health services (23% of total employment), professional and business services (16% of total employment), and government (11% of total employment). Major employers in the area include Jefferson Health Systems, the University of Pennsylvania, the University of Pennsylvania Health System, Acme Markets, and Merck & Co.<sup>3</sup>

The following chart details the unemployment rates across the assessment area.

<b>Conestoga Bank</b>			
<b>Assessment Area Unemployment Rates (Not Seasonally Adjusted)</b>			
<b>Geographical Area</b>	<b>2012 Annual %</b>	<b>2013 Annual %</b>	<b>2014 Annual %</b>
Philadelphia County	10.9	10.4	8.0
Delaware County	7.7	7.2	5.5
Montgomery County	6.4	5.9	4.6
Bucks County	7.2	6.7	5.2
Chester County	5.7	5.3	4.1
Philadelphia MD	10.0	9.4	7.3
Montgomery-Bucks-Chester MD	6.5	6.0	4.7
Philadelphia-Camden-Wilmington MSA	8.5	7.8	6.1
Pennsylvania	7.9	7.4	5.8
United States	8.1	7.4	6.2

Unemployment data is from the Bureau of Labor Statistics.

Interviews conducted with area community groups were used during the course of the evaluation to provide perspective on the credit needs of the assessment area in which Conestoga operates. Information from the interviews was supplemented with demographic and economic data pertinent to the assessment area. Interviews were conducted with two economic development agencies and a small business development corporation in the bank's assessment area. Community representatives identified the need for affordable housing (for purchase and for rent), increased lending to help small businesses open or expand, and home-improvement loans.

## **HOUSING**

According to 2010 Census data, the assessment area contained 1.6 million housing units, 62% of which were owner-occupied, 29% of which were rental units, and 9% of which were vacant. In low-income census tracts, the owner-occupancy rate was 38%, decreasing to 33% following the revised OMB boundaries. Rental housing in low-income tracts accounted for 43% of housing, increasing to 48% with the revised boundaries. Vacant properties accounted for 19% of all housing located in low-income tracts both before and after the revised boundaries.

In moderate-income census tracts, the owner-occupancy rate was 52%, decreasing to 50% after the revised boundaries. Rental housing in moderate-income tracts accounted for 37% of all housing, increasing only slightly to 38% with the new boundaries. Vacant properties accounted for 11% of all housing in moderate-income tracts, increasing slightly to 13% under the new boundaries. The overall owner-occupancy rate in the MSA was 62%, as compared to the statewide-occupancy rate of 63%.

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<sup>3</sup> The Pennsylvania Department of Labor & Industry, Center for Workforce Information & Analysis.

Single family units comprise 73% of the total housing units in the assessment area, while two-to-four family units comprise approximately 11%, multifamily units comprise 16%, and mobile homes just 1%. The median age of the housing stock in the assessment area is 54 years, compared to a statewide median age of 50 years.

The cost of housing in the assessment area, overall, is considered less affordable than housing in the state, as a whole. Based on 2010 Census data, the median housing value for the assessment area was \$243,111, compared to \$159,300 for the state.

Median housing values are significantly higher in the suburban counties than in Philadelphia County, where the median housing value is \$135,200. Median housing values by census tract type within the assessment area ranged as follows: \$75,785 in low-income tracts; \$133,119 in moderate-income tracts; \$230,137 in middle-income tracts; and \$365,585 in upper-income tracts.

Median gross rent, including applicable utilities, in the assessment area was \$902 per month, with 48% of renters paying more than 30% of their income for housing. Renters in the Commonwealth of Pennsylvania paid a median rent of \$739, with 44% paying more than 30% of their income for 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 the 2010 Census, of the assessment area's total owner-occupied units, 10.5% were located in low-income tracts and 16% were located in moderate-income tracts. Under the 2014 OMB revised boundaries, 4% of the assessment area's owner-occupied units were located in low-income tracts and 20% were located in moderate-income tracts.

## **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 the United States Department of Housing and Urban Development (HUD). According to 2010 Census data, the median family income for the bank's assessment area was \$74,780, compared to \$63,364 for the Commonwealth.

The percentage of low-, moderate-, middle-, and upper-income families is used as a proxy to estimate demand for home-mortgage lending in the assessment area. Based on the 2010 Census data, of the 952 thousand families in the assessment area, 23% were low-income, 16% were moderate-income, 19% were middle-income, and 41% were upper-income. Families living below the poverty level represented just over 9% of the total families in the assessment area, which was comparable to the statewide level of just under 9%. Based on the 2014 OMB revised MSA delineations, of the 952 thousand families in the assessment area, 22% were low-income, 17% were moderate-income, 20% were middle income, and 41% were upper-income.

The assessment area's adjusted annual median family incomes for the years 2012, 2013 and 2014 are listed in the following table, along with the dollar amounts recognized as low, moderate, middle, and upper income, predicated upon adjusted median family income measures.

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Metropolitan Division	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)
Philadelphia	2012	\$79,200	Less than \$39,600	\$39,600-\$63,359	\$63,360-\$95,039	\$95,040 or more
Philadelphia	2013	\$76,400	Less than \$38,200	\$38,200 – \$61,119	\$61,120 - \$91,679	\$91,680 or more
Montgomery-Bucks-Chester	2014	\$95,400	Less than \$47,700	\$47,700 - \$76,319	\$76,320 - \$114,479	\$114,480 or greater
Philadelphia	2014	\$54,200	Less than \$27,100	\$27,100 - \$43,359	\$43,360 - \$65,039	\$65,040 or greater

**GEOGRAPHIC BUSINESS DATA**

The percentage of businesses located within designated census tracts is used as a proxy to estimate demand for small business credit within such census tracts. In the bank’s assessment area, the percentage of businesses located in low- and moderate-income census tracts is significantly lower than the percentage of businesses in middle- and upper-income tracts.

Based on 2013 business data provided by Dun and Bradstreet, 9% of businesses were located in low-income tracts in the bank’s assessment area, and 13% were located in moderate-income tracts. The majority of businesses were located in middle-income (30%) and upper-income (48%) census tracts. Less than 1% of businesses were located in unknown-income tracts.

Based on 2014 business data and the OMB boundary revisions, 4% of businesses were located in low-income tracts and 18% were located in moderate-income tracts. A total of 37% of businesses were located in middle-income tracts and 40% were in upper-income tracts. Less than 1% of businesses were located in unknown-income tracts.

The demographics used to assess the performance context in which Conestoga operates in its assessment area are detailed in the following table.

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Conestoga Bank Assessment Area Demographics Philadelphia 2012								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	158	15.8	130,623	13.7	44,641	34.2	223,153	23.4
Moderate-income	178	17.8	159,830	16.8	22,851	14.3	156,477	16.4
Middle-income	296	29.7	282,854	29.7	14,360	5.1	178,961	18.8
Upper-income	350	35.1	378,697	39.8	8,052	2.1	393,488	41.3
Unknown-income	16	1.6	75	0.0	44	58.7	0	0.0
<b>Total Assessment Area</b>	<b>998</b>	<b>100.0</b>	<b>952,079</b>	<b>100.0</b>	<b>89,948</b>	<b>9.4</b>	<b>952,079</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-occupied</b>			<b>Rental</b>		<b>Vacant</b>	
	#	#	%	%	#	%	#	%
Low-income	277,444	106,512	10.5	38.4	119,186	43.0	51,746	18.7
Moderate-income	308,795	159,133	15.7	51.5	114,884	37.2	34,778	11.3
Middle-income	484,837	310,947	30.7	64.1	140,856	29.1	33,034	6.8
Upper-income	575,880	436,882	43.1	75.9	109,590	19.0	29,408	5.1
Unknown-income	495	41	0.0	8.3	348	70.3	106	21.4
<b>Total Assessment Area</b>	<b>1,647,451</b>	<b>1,013,515</b>	<b>100.0</b>	<b>61.5</b>	<b>484,864</b>	<b>29.4</b>	<b>149,072</b>	<b>9.0</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
	#	%	#	%	#	%	#	%
Low-income	21,159	9.1	18,712	9.0	1,176	7.5	1,271	14.2
Moderate-income	30,083	12.9	26,836	12.9	1,751	11.1	1,496	16.8
Middle-income	68,210	29.3	60,700	29.2	4,885	31.1	2,625	29.4
Upper-income	112,187	48.2	101,146	48.6	7,606	48.4	3,435	38.5
Unknown-income	1,242	0.5	839	0.4	305	1.9	98	1.1
<b>Total Assessment Area</b>	<b>232,881</b>	<b>100.0</b>	<b>208,233</b>	<b>100.0</b>	<b>15,723</b>	<b>100.0</b>	<b>8,925</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>		<b>89.4</b>		<b>6.8</b>		<b>3.8</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
	#	%	#	%	#	%	#	%
Low-income	18	1.2	18	1.3	0	0.0	0	0.0
Moderate-income	91	6.2	77	5.5	14	19.2	0	0.0
Middle-income	540	37.0	522	37.6	18	24.7	0	0.0
Upper-income	812	55.6	771	55.5	41	56.2	0	0.0
<b>Total Assessment Area</b>	<b>1,461</b>	<b>100.0</b>	<b>1,388</b>	<b>100.0</b>	<b>73</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>
	<b>Percentage of Total Farms:</b>		<b>95.0</b>		<b>5.0</b>		<b>0.0</b>	

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Conestoga Bank Assessment Area Demographics Philadelphia 2013								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	158	15.8	130,623	13.7	44,641	34.2	223,153	23.4
Moderate-income	178	17.8	159,830	16.8	22,851	14.3	156,477	16.4
Middle-income	296	29.7	282,854	29.7	14,360	5.1	178,961	18.8
Upper-income	350	35.1	378,697	39.8	8,052	2.1	393,488	41.3
Unknown-income	16	1.6	75	0.0	44	58.7	0	0.0
<b>Total Assessment Area</b>	<b>998</b>	<b>100.0</b>	<b>952,079</b>	<b>100.0</b>	<b>89,948</b>	<b>9.4</b>	<b>952,079</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied		Rental		Vacant		
	#	#	%	%	#	%	#	%
Low-income	277,444	106,512	10.5	38.4	119,186	43.0	51,746	18.7
Moderate-income	308,795	159,133	15.7	51.5	114,884	37.2	34,778	11.3
Middle-income	484,837	310,947	30.7	64.1	140,856	29.1	33,034	6.8
Upper-income	575,880	436,882	43.1	75.9	109,590	19.0	29,408	5.1
Unknown-income	495	41	0.0	8.3	348	70.3	106	21.4
<b>Total Assessment Area</b>	<b>1,647,451</b>	<b>1,013,515</b>	<b>100.0</b>	<b>61.5</b>	<b>484,864</b>	<b>29.4</b>	<b>149,072</b>	<b>9.0</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	17,750	9.0	15,606	8.9	1,066	7.4	1,078	14.0
Moderate-income	25,272	12.8	22,405	12.7	1,604	11.2	1,263	16.4
Middle-income	58,398	29.5	51,655	29.3	4,464	31.0	2,279	29.6
Upper-income	95,612	48.3	85,637	48.7	6,967	48.4	3,008	39.0
Unknown-income	1,064	0.5	705	0.4	280	1.9	79	1.0
<b>Total Assessment Area</b>	<b>198,096</b>	<b>100.0</b>	<b>176,008</b>	<b>100.0</b>	<b>14,381</b>	<b>100.0</b>	<b>7,707</b>	<b>100.0</b>
	Percentage of Total Businesses:			<b>88.8</b>			<b>7.3</b>	<b>3.9</b>
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	12	0.9	12	1.0	0	0.0	0	0.0
Moderate-income	83	6.4	71	5.8	12	17.4	0	0.0
Middle-income	485	37.4	465	37.9	20	29.0	0	0.0
Upper-income	716	55.2	678	55.3	37	53.6	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>1,296</b>	<b>100.0</b>	<b>1,226</b>	<b>100.0</b>	<b>69</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
	Percentage of Total Farms:			<b>94.6</b>			<b>5.3</b>	<b>0.1</b>

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Conestoga Bank Assessment Area Demographics Philadelphia 2014								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	78	7.8	57,039	6.0	23,314	40.9	204,899	21.5
Moderate-income	236	23.6	212,615	22.3	36,987	17.4	164,046	17.2
Middle-income	348	34.9	364,407	38.3	20,450	5.6	192,792	20.2
Upper-income	320	32.1	317,943	33.4	9,153	2.9	390,342	41.0
Unknown-income	16	1.6	75	0.0	44	58.7	0	0.0
<b>Total Assessment Area</b>	<b>998</b>	<b>100.0</b>	<b>952,079</b>	<b>100.0</b>	<b>89,948</b>	<b>9.4</b>	<b>952,079</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-occupied</b>		<b>Rental</b>		<b>Vacant</b>		
	#	#	%	%	#	%	#	%
Low-income	124,228	40,733	4.0	32.8	59,873	48.2	23,622	19.0
Moderate-income	399,583	198,424	19.6	49.7	150,726	37.7	50,433	12.6
Middle-income	601,669	406,765	40.1	67.6	153,047	25.4	41,857	7.0
Upper-income	521,476	367,552	36.3	70.5	120,870	23.2	33,054	6.3
Unknown-income	495	41	0.0	8.3	348	70.3	106	21.4
<b>Total Assessment Area</b>	<b>1,647,451</b>	<b>1,013,515</b>	<b>100.0</b>	<b>61.5</b>	<b>484,864</b>	<b>29.4</b>	<b>149,072</b>	<b>9.0</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
	#	%	#	%	#	%	#	%
Low-income	7,993	4.1	6,863	4.0	654	4.4	476	6.5
Moderate-income	34,563	17.9	30,141	17.6	2,839	19.2	1,583	21.7
Middle-income	71,734	37.2	63,989	37.4	5,227	35.4	2,518	34.5
Upper-income	77,652	40.2	69,265	40.5	5,744	38.9	2,643	36.3
Unknown-income	1,029	0.5	668	0.4	291	2.0	70	1.0
<b>Total Assessment Area</b>	<b>192,971</b>	<b>100.0</b>	<b>170,926</b>	<b>100.0</b>	<b>14,755</b>	<b>100.0</b>	<b>7,290</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>88.6</b>		<b>7.6</b>		<b>3.8</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
	#	%	#	%	#	%	#	%
Low-income	8	0.6	8	0.7	0	0.0	0	0.0
Moderate-income	174	14.0	156	13.3	18	26.1	0	0.0
Middle-income	669	53.9	648	55.3	21	30.4	0	0.0
Upper-income	391	31.5	360	30.7	30	43.5	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>1,242</b>	<b>100.0</b>	<b>1,172</b>	<b>100.0</b>	<b>69</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
	<b>Percentage of Total Farms:</b>			<b>94.4</b>		<b>5.6</b>		<b>0.1</b>

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**LENDING TEST**

Performance under the lending test is rated satisfactory.

**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 derived by adding the quarterly loan-to-deposit ratios and dividing the total by the number of quarters for a given period.

Conestoga's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's average loan-to-deposit ratio measured nearly 87% over the past 13 quarters of operation, which represents an increase from a ratio of 77% at its previous CRA evaluation. The loan-to-deposit ratio is above the peer group average of 75%.<sup>4</sup>

The bank's loan-to-deposit ratio trended upward during most of the evaluation period. In absolute terms, the bank's net loan volume increased 29% over the evaluation period, from \$384 million as of March 31, 2012, to over \$494 million as of March 31, 2015. During the same time frame, deposits increased by 10% from \$497 million to \$547 million.

The following table shows Conestoga's quarterly loan-to-deposit ratios for the 13 quarters since the previous CRA evaluation, together with the average ratio for the same period.

<b>Conestoga Bank Historical Loan-to-Deposit Ratios</b>			
<b>As of Date</b>	<b>Net Loans (\$ Thousands)</b>	<b>Total Deposits (\$ Thousands)</b>	<b>Loan-to-Deposit Ratio (%)</b>
03/31/2012	383,762	497,100	77.20
06/30/2012	407,660	492,188	82.83
09/30/2012	409,976	493,912	83.01
12/31/2012	411,772	506,883	81.24
03/31/2013	413,530	489,904	84.41
06/30/2013	440,065	501,204	87.80
09/30/2013	451,212	510,578	88.37
12/31/2013	464,536	519,185	89.47
03/31/2014	465,806	513,135	90.78
06/30/2014	469,017	511,266	91.74
09/30/2014	472,047	519,791	90.81
12/31/2014	478,308	525,863	90.96
03/31/2015	494,305	546,585	90.44
<b>Quarterly Loan-to-Deposit Ratio Average Since Previous Evaluation</b>			<b>86.85</b>

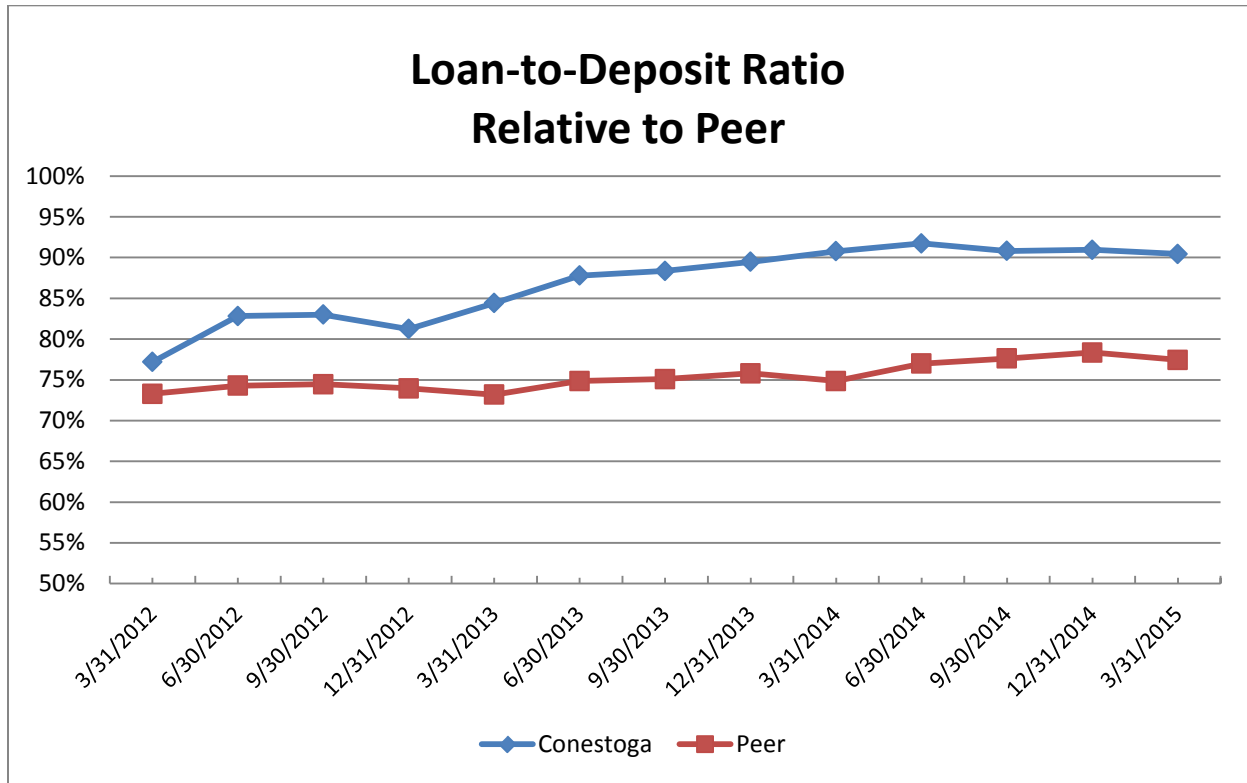
Source: The Uniform Bank Performance Report prepared by the FDIC for use by federal regulators.

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<sup>4</sup> Conestoga's peer group consists of all insured commercial banks having assets between \$300 million and \$1 billion.

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The chart below shows the loan-to-deposit ratio of Conestoga relative to the peer group.



**Assessment Area Concentration**

Conestoga’s small business and home-mortgage lending was analyzed to determine the volume of loans extended inside and outside the bank’s assessment area as delineated for purposes of CRA. A majority of Conestoga’s loans and other lending activities are in the bank’s assessment area. During the evaluation period, 75% of the total number of small business loans, and 71% of the aggregate dollar amount of small business loans were extended in the bank’s assessment area. This represents a decrease from the previous examination when 90% of the number of small business loans and 87% of the aggregate dollar amount of small business loans were extended in the assessment area.

With respect to HMDA loans, 84% of the total number of HMDA loans reported during the evaluation period and 87% of the aggregate dollar amount of HMDA loans reported were extended in the bank’s assessment area. Although a substantial majority of HMDA loans were extended in the bank’s assessment area, because the bank was not a significant home-mortgage lender during the evaluation period, the bank’s performance is driven by small business lending.



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

Conestoga Bank Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>Total Small Business Loans</b>	<b>325</b>	<b>75.2</b>	<b>85,901</b>	<b>71.3</b>	<b>107</b>	<b>24.8</b>	<b>34,540</b>	<b>28.7</b>
Home Improvement	35	94.6	2,973	88.8	2	5.4	374	11.2
Home Purchase – Conventional	30	81.1	10,184	83.3	7	18.9	2,038	16.7
Multifamily Housing	9	50.0	4,846	60.0	9	50.0	3,228	40.0
Refinancing	83	86.5	33,735	93.6	13	13.5	2,304	6.4
<b>Total HMDA Loans</b>	<b>157</b>	<b>83.5</b>	<b>51,738</b>	<b>86.7</b>	<b>31</b>	<b>16.5</b>	<b>7,944</b>	<b>13.3</b>

**Distribution of Loans by Revenue Size of Business and Borrower Income Level<sup>5</sup>**

An analysis of small business loans and home-mortgage loans was conducted in conjunction with a review of the demographic and economic characteristics of the assessment area to determine the extent of lending to businesses of different sizes and borrowers of different income levels. As mentioned previously, Conestoga did not originate a substantial volume of residential mortgages over the evaluation period. Accordingly, small business lending was weighted more heavily than HMDA lending in the CRA rating due to the high commercial concentration of the institution’s loan portfolio.

Given the assessment area’s demographic and economic characteristics, the distribution of borrowers reflects reasonable penetration among businesses of different sizes, including small businesses, and individuals of different income levels, including low- and moderate- income borrowers.

**Lending to Businesses of Different Sizes**

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

Schedule RC-C, Part II (Loans to Small Farms and Small Businesses) of the Consolidated Reports of Condition and Income, reported by Conestoga as of March 31, 2015, indicates that 42% of the bank’s commercial loans outstanding were designated as small business loans, a slight decrease when compared to 43% at the previous evaluation. The bank’s small business lending is detailed in the following table.

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<sup>5</sup>The information used to evaluate lending activity by Conestoga is detailed in the Loan Distribution Tables contained in the Appendix.

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<b>Conestoga Bank Commercial Loan Portfolio</b>		
	<b>AMOUNT OUTSTANDING AS OF 03/31/2015 (\$000)</b>	<b>% OUTSTANDING</b>
Loans with original amounts of \$100,000 or less	14,796	6.1
Loans with original amounts of more than \$100,000 through \$250,000	18,557	7.6
Loans with original amounts of more than \$250,000 through \$1,000,000	68,209	27.9
<b>TOTAL SMALL BUSINESS LOANS</b>	<b>101,562</b>	<b>41.6</b>
Loans with original amounts of greater than \$1,000,000	142,838	58.4
<b>TOTAL COMMERCIAL LOANS</b>	<b>244,400</b>	<b>100</b>

The number of businesses operating in the bank's assessment area is used as a proxy to estimate demand for small business credit in the assessment area. According to 2012 business data, 232,881 businesses operated in the assessment area, with 208,233, or 89% designated as small businesses. In 2013, the number of businesses operating in the assessment area decreased to 198,096, with 176,008, or 89%, designated as small businesses. According to 2014 business demographics, the assessment area contained 192,971 businesses, of which 170,926, or 89%, were small businesses.

In 2012, Conestoga originated 127 small business loans, 51% of which were originated to small businesses. The bank's 2012 lending to small businesses exceeded the aggregate lending level of 40% to small businesses by all lenders in the assessment area.

In 2013, the bank's small business loan data shows that 46% of the 107 small business loans it originated were extended to small businesses. The bank's 2013 lending was less than the aggregate lending level of 48% to small businesses by all lenders in the assessment area.

In 2014, the bank's small business loan data shows that 46% of the 91 small business loans it originated were extended to small businesses. The 2014 aggregate lending data was not yet available for comparison.

Small business loans were further analyzed to determine the extent of loans originated in an amount of \$100 thousand or less. Smaller size loans are generally commensurate with the borrowing needs of smaller businesses, thus, added weight is given to such loans in determining whether an institution is meeting the credit needs of smaller businesses. In 2012, 28% of the bank's small business loans were extended in an amount of \$100 thousand or less, 35% were extended in such amounts in 2013, and 33% during 2014.

Aggregate loan data for 2012 shows that 93% of all small business loans made in the assessment area were originated in an amount of \$100 thousand or less. Aggregate data for 2013 shows that 92% of all small business loans were originated in an amount of \$100 thousand or less. As previously noted, 2014 aggregate data was not yet available for comparison. In considering the aggregate data, it should be noted that the data include loans originated under corporate credit cards for business-related use. These credit card-related loans are generally originated in lower amounts, thereby skewing aggregate small business data. American Express Bank, FSB and FIA Cards Services, N.A., both large credit card issuers, accounted for 31% of small business loans reported in the assessment area in 2013. Conestoga does not offer business credit cards.

In an effort to make small business credit more readily available in its assessment area and to enhance its commercial lending profile, Conestoga is a U.S. Small Business Administration (SBA) lender. The bank qualified for the SBA's Preferred Lenders Program (PLP). Under the PLP, SBA lenders are delegated loan approval and closing abilities, enabling them to make loan decisions more rapidly. During the evaluation period, Conestoga originated 109 SBA loans, totaling \$48.7 million.

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

Conestoga's distribution of home-mortgage loans among borrowers of different income levels, including low- and moderate-income borrowers, is considered reasonable in context of the bank's business orientation and the assessment area's demographics and economic characteristics. Conestoga did not originate a substantial volume of residential mortgages over the evaluation period. Over the three-year evaluation period, the bank originated a total of 157 home-mortgage loans, totaling \$51.7 million, in its assessment area. Overall, 16% of these home-mortgage loans were originated to low- and moderate-income borrowers.

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-, moderate-, middle-, and upper-income families in the assessment area are used as proxies to estimate demand for home-mortgage credit. As noted previously, according to the 2010 Census data, for the loan years 2012 and 2013, 23% of assessment area families were low-income and 16% were moderate-income. Under the 2014 OMB revised boundaries, for loans in 2014, 22% of the assessment area's families were low-income and 17% were moderate-income. Generally, the higher the percentages of low- and moderate-income families in the assessment area, the greater the demand for credit is among low- and moderate-income individuals and families within the assessment area.

Conestoga originates residential mortgage loans on a limited basis, largely referring customers to a third-party mortgage originator. Over the evaluation period, the bank reported just 157 HMDA loans, of which 61% were purchased loans, loans for multifamily housing, and loans to residential real estate developers and investors; all loan types for which borrower income levels are not reported.

The following tables compare the bank's lending to aggregate lending levels over the three-year period reviewed, using median family income as a proxy for loan demand. Aggregate data for 2014 was not available at the time of the evaluation.

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Conestoga Bank Distribution of HMDA Loans by Borrower Income Level (2012 – 2013)					
Income Level	% Families by Income Level (2010 Census)	Aggregate Comparison			
		2012		2013	
		% Conestoga Lending	% Aggregate Lending	% Conestoga Lending	% Aggregate Lending
Low	23.4	9.1	6.4	5.9	7.4
Moderate	16.4	9.1	15.5	4.4	15.8
Middle	18.8	6.8	20.8	7.4	20.2
Upper	41.3	15.9	43.8	10.3	44.5
Unknown	0.0	59.1	13.5	72.1	12.2
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Conestoga Bank Distribution of HMDA Loans by Borrower Income Level (2014)		
Income Level	% Families by Income Level (2014)	% Conestoga Lending
Low	21.5	8.9
Moderate	17.2	13.3
Middle	20.2	4.4
Upper	41.0	26.7
Unknown	0.0	46.7
<b>Total</b>	<b>100%</b>	<b>100%</b>

2014 aggregate lending data was not available at the time of the evaluation.

### Lending to Low-Income Borrowers

The distribution of borrowers reflects reasonable penetration among low-income borrowers.

#### 2004 Metropolitan Division Boundaries

Conestoga’s lending to low-income borrowers in 2012 and 2013 was reasonable.

2010 Census data show 23% of families within the assessment area were categorized as low-income. In 2012, Conestoga’s lending level of 9% to low-income borrowers in the assessment area exceeded the aggregate lending level of 6%, although both the bank and aggregate lending levels were well below the proxy of 23% for low-income families, indicating limited lending opportunities with low-income borrowers for all banks. Conestoga originated no home-purchase loans to low-income borrowers. The bank originated 5% of its refinance loans and 33% of its home-improvement loans to low-income borrowers. Aggregate lending shows 9% of home-purchase loans, 5% of refinance loans, and 14% of home-improvement loans were to low-income borrowers.

In 2013, the bank’s lending level of 6% to low-income borrowers was only slightly below the aggregate lending level of 7%. Both the aggregate lending level and bank lending level were below the proxy of 23% of low-income families. Conestoga originated 9% of its home-purchase loans, none of its refinance loans, and 23% of its home-improvement loans to low-income borrowers.

Aggregate lending shows 8% of home-purchase loans, 6% of refinance loans, and 13% of home-improvement loans were to low-income borrowers.

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 an obstacle to homeownership. Forty-eight percent of the assessment area's renters expended 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 house.

In both evaluation years, the bank exceeded aggregate lending levels for home-improvement loans. As mentioned previously, community interviews revealed a defined need for home-improvement loans to support the older housing stock in the bank's Philadelphia assessment area.

#### 2014 Metropolitan Division Boundaries

Conestoga's lending to low-income borrowers in 2014 was reasonable.

2010 Census data with 2014 revised boundaries showed 22% of families within the assessment area were categorized as low-income. In 2014, Conestoga's lending to low-income borrowers in the assessment area (9%) was similar to the bank's lending in the prior two evaluation years; however, aggregate lending levels for 2014 were not available for comparison at the time of the evaluation. An analysis of Conestoga's home-mortgage loans to low-income borrowers by product type during 2014 shows that the bank originated no home-purchase loans to low-income borrowers. The bank originated 11% of its refinance loans and 15% of its home-improvement loans to low-income borrowers.

#### **Lending to Moderate-Income Borrowers**

Although challenges and obstacles to homeownership also exist for moderate-income families and individuals, Conestoga's overall level of HMDA lending to moderate-income borrowers was reasonable.

In each year evaluated, Conestoga's lending to moderate-income borrowers did not reach the level of the proxy for percent of families in the assessment area by income level. Nevertheless, the bank's overall level of penetration among moderate-income borrowers is considered reasonable given that the bank is not a major home-mortgage lender and is competing as a small community bank in the Philadelphia MD, which is a highly competitive financial marketplace dominated by large national and regional banking organizations.

Notably, Conestoga is helping to meet a need for home-improvement loans in its assessment area. Demographics and community representatives indicate there is a need for this loan type in the Philadelphia MD. According to 2010 Census data, the median age of housing stock in the assessment area is 54 years, with 37% of the area's housing stock built prior to 1950. In 2012 and 2013, Conestoga's lending to low- and moderate-income borrowers for home-improvement loans exceeded aggregate lending levels.

### 2004 Metropolitan Division Boundaries

Conestoga's lending to moderate-income borrowers in 2012 and 2013 was reasonable.

2010 Census data shows 16% of the families within the assessment area were categorized as moderate-income. In 2012, Conestoga's lending of 9% to moderate-income borrowers was less than both the aggregate lending level and the proxy of moderate-income families, both at 16%. Conestoga originated no home-purchase loans in 2012; 9% of its refinance loans and 22% of its home-improvement loans were to moderate-income borrowers. Aggregate lending shows 21% of all home-purchase loans, 13% of all refinance loans, and 21% of all home-improvement loans were to moderate-income borrowers.

In 2013, 4% of the bank's loans were to moderate-income borrowers, which was significantly less than both the aggregate lending level and the proxy of moderate-income families, both at 16%. For 2013, Conestoga originated 9% of its home-purchase loans, none of its refinance loans, and 15% of its home-improvement loans to moderate-income borrowers. Aggregate data shows lenders originated 19% of home-purchase loans, 14% of refinance loans, and 18% of home-improvement loans to moderate-income borrowers.

### 2014 Metropolitan Division Boundaries

Conestoga's lending to moderate-income borrowers in 2014 was reasonable.

2010 Census data with 2014 revised boundaries showed 17% of families within the assessment area were categorized as moderate-income. In 2014, 13% of the bank's loans were made to moderate-income borrowers. Aggregate lending levels for 2014 were not available for comparison at the time of the evaluation. An analysis of Conestoga's home-mortgage loans to moderate-income borrowers by product type during 2014 shows that the bank originated no home-purchase loans to moderate-income borrowers; 11% of its refinance loans and 31% of its home-improvement loans were to moderate-income borrowers.

### **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 excellent dispersion throughout the assessment area, including low- and moderate-income census tracts.

### **Small Business Lending**

The geographic distribution of Conestoga's small business loans reflects excellent dispersion throughout the assessment area, in the context of the assessment area's demographic and economic characteristics, during the evaluation period.

The geographic distribution of businesses in the assessment area by census tract type is used as a proxy for small business loan demand. Generally, the greater the number of businesses located in a tract, the greater the demand for small business loans in the tract. A comparison of the number of small business loans originated in each type of census tract to the number of businesses located in those census tracts demonstrates the bank's commitment to making credit available to its entire community.

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Business demographics as of the 2010 Census revealed that 9% of businesses were located in the assessment area's low-income census tracts and 13% were located in moderate-income tracts. The large majority of assessment area businesses were located in the middle- and upper income tracts: 30% were in middle-income tracts and 48% were located in upper-income tracts. In 2014, with the 2014 revised boundaries, 4% of businesses were located in low-income tracts and 18% were in moderate-income tracts. The majority of businesses were located in middle-income (37%) and upper-income (40%) census tracts.

The tables below present the distribution of Conestoga's 2012 and 2013 small business loans in comparison to the applicable business proxies from the 2010 Census, and aggregate lending levels for those years.

<b>Conestoga Bank Geographic Distribution of Small Business Loans</b>					
<b>Census Tract Income Level</b>	<b>% Businesses By Tract Income Level (2010 Census)</b>	<b>Aggregate Comparison</b>			
		<b>2012</b>		<b>2013</b>	
		<b>% Conestoga Lending</b>	<b>% Aggregate Lending</b>	<b>% Conestoga Lending</b>	<b>% Aggregate Lending</b>
<b>Low</b>	9.0	10.2	5.2	15.9	5.6
<b>Moderate</b>	12.8	17.3	9.5	25.2	9.8
<b>Middle</b>	29.5	24.4	28.3	22.4	28.3
<b>Upper</b>	48.3	46.5	53.5	32.7	53.8
<b>Unknown</b>	0.5	1.6	3.5	3.7	2.5
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The table below presents the distribution of Conestoga's small business loans in comparison to the applicable business proxy for 2014. Aggregate lending levels for 2014 were not available for comparison at the time of the evaluation.

<b>Conestoga Bank Geographic Distribution of Small Business Loans</b>			
<b>Census Tract Income Level</b>	<b>% Businesses By Tract Income Level (2014)</b>	<b>Aggregate Comparison</b>	
		<b>2014</b>	
		<b>% Conestoga Lending</b>	<b>% Aggregate Lending</b>
<b>Low</b>	4.1	11.0	N/A
<b>Moderate</b>	17.9	17.6	N/A
<b>Middle</b>	37.2	34.1	N/A
<b>Upper</b>	40.2	35.2	N/A
<b>Unknown</b>	0.5	2.2	N/A
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Lending in Low-Income Census Tracts**

2004 Metropolitan Division Boundaries

Conestoga's small business lending in low-income tracts was excellent in 2012 and 2013.

In 2012, the bank originated 10% of its small business loans in the assessment area's low-income census tracts, which exceeded both the applicable proxy of 9% of businesses in low-income tracts, as well as the aggregate lending level of 5% of loans.

In 2013, the bank originated 16% of its small business loans in low-income census tracts, again exceeding both the applicable business proxy of 9% and the aggregate lending level of 6%.

#### 2014 Metropolitan Division Boundaries

Small business lending in low-income tracts in 2014 was excellent.

In 2014, the bank originated 11% of its small business loans in low-income census tracts, which was more than double the applicable proxy of 4% of businesses in low-income census tracts. The 2014 aggregate small business lending data was not available for comparison.

### **Lending in Moderate-Income Census Tracts**

#### 2004 Metropolitan Division Boundaries

Conestoga's small business lending in moderate-income census tracts was also excellent in 2012 and 2013.

In 2012, the bank originated 17% of its small business loans in the assessment area's moderate-income census tracts. The bank's lending levels in moderate-income tracts exceeds the applicable business proxy of 13% and the aggregate lending level of 10%.

In 2013, the bank originated 25% of its small business loans in the assessment area's moderate-income census tracts, which is above the applicable business proxy of 13% and the aggregate lending level of 10%.

#### 2014 Metropolitan Division Boundaries

Conestoga's small business lending to moderate-income tracts was excellent in 2014.

In 2014, the bank originated 18% of its small business loans in the assessment area's moderate-income census tracts, which is comparable to the small business proxy of 18%. The increase in businesses operating in moderate-income census tracts was concentrated in the suburban counties, where the bank operates fewer branches, thereby making the bank's effort in reaching these businesses significant. The 2014 aggregate small business lending data was not available for comparison at the time of the evaluation.

### **Home Mortgage Lending**

The geographic distribution of Conestoga's home-mortgage loans reflects reasonable dispersion throughout the assessment area, taking into consideration the bank's business strategy and the assessment area's demographics and economic characteristics.



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Similar to the assessment of the borrower distribution of home-mortgage loans, the assessment of the geographic distribution of the bank’s home-mortgage loans takes into consideration that the bank is not a significant originator of such loans. Over the evaluation period, the bank reported just 157 HMDA loans in the assessment area, in an aggregate amount of \$51.7 million. The evaluation also takes into consideration the fact that Conestoga is a small community bank operating in a highly competitive market and competing with many other financial institutions. As such, the lending levels are reasonable in the context of the bank’s limited origination of home-mortgage loans overall and the significant market presence of many banking organizations in its market.

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 census tracts. A lower level of owner-occupied units limits lending opportunities in these tracts. The greater the number of owner-occupied residential dwellings in a census tract, the greater the demand is for home-mortgage credit in the tract.

The tables below show the distribution of the bank’s HMDA lending by census tract type within its assessment area, in comparison to applicable owner-occupied housing proxies and aggregate lending levels in the assessment area.

<b>Conestoga Bank</b> <b>Geographic Distribution of Loans by Census Tract Type</b> <b>(2012 – 2013)</b>					
<b>Census Tract Income Level</b>	<b>% Owner-Occupied Units (2010 Census)</b>	<b>Aggregate Comparison</b>			
		<b>2012</b>		<b>2013</b>	
		<b>% Conestoga Lending</b>	<b>% Aggregate Lending</b>	<b>% Conestoga Lending</b>	<b>% Aggregate Lending</b>
<b>Low</b>	10.5	27.3	3.9	7.4	5.3
<b>Moderate</b>	15.7	15.9	10.0	17.6	12.1
<b>Middle</b>	30.7	18.2	30.1	16.2	30.9
<b>Upper</b>	43.1	38.6	56.0	58.8	51.7
<b>Unknown</b>	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<b>Conestoga Bank</b> <b>Geographic Distribution of Loans by Census Tract Type</b> <b>(2014)</b>		
<b>Census Tract Income Level</b>	<b>% Owner-Occupied Units</b>	<b>% Conestoga Lending</b>
<b>Low</b>	4.0	6.7
<b>Moderate</b>	19.6	20.0
<b>Middle</b>	40.1	40.0
<b>Upper</b>	36.3	33.3
<b>Unknown</b>	0.0	0.0
<b>Total</b>	<b>100%</b>	<b>100%</b>

### **Lending in Low-Income Census Tracts**

Conestoga's HMDA lending in low-income census tracts within the assessment area was reasonable. Over the evaluation period, the bank made 20 home-mortgage loans in low-income census tracts in its assessment area.

#### 2004 Metropolitan Division Boundaries

Conestoga's HMDA lending in low-income tracts in 2012 was considered excellent. According to the 2010 Census data, 11% of the assessment area's owner-occupied housing stock was located in low-income census tracts. In 2012, 27% of Conestoga's loans were in low-income census tracts, while 4% of aggregate lending was in low-income census tracts. The bank originated 25% of its home-purchase loans, 32% of its refinance loans, and 33% of its home-improvement loans in low-income census tracts; no multifamily loans were in low-income tracts. Aggregate lending shows 6% of all home-purchase loans, 3% of all refinance loans, 10% of all home-improvement loans, and 17% of all multifamily loans were in low-income census tracts.

In 2013, the bank's lending was reasonable. During 2013, 7% of the bank's HMDA loans were in low-income census tracts, while aggregate lending showed 5% of all loans were in low-income census tracts. Both bank and aggregate lending were below the housing proxy of 11%. Conestoga originated 9% of its home-purchase loans, 5% of its refinance loans, and 15% of its home-improvement loans, but no multifamily loans, in low-income census tracts. Aggregate lending shows 6% of home-purchase loans, 4% of refinance loans, 10% of home-improvement loans, and 18% of multifamily loans were in low-income census tracts.

#### 2014 Metropolitan Division Boundaries

Conestoga's HMDA lending in low-income census tracts in 2014 was reasonable.

Using the OMB's 2014 revised boundaries, 4% of the assessment area's owner-occupied housing stock was located in low-income census tracts. In 2014, 7% of Conestoga's home-mortgage loans were in low-income census tracts. Although aggregate lending levels for 2014 were not available for comparison at the time of the evaluation, 2014 lending is comparable to the bank's 2013 lending level. An analysis of Conestoga's home-mortgage loans in low-income census tracts by product type during 2014 shows that the bank originated none of its home-purchase loans, 11% of its refinance loans, 8% of its home-improvement loans, and none of its multifamily loans in low-income census tracts.

### **Lending in Moderate-Income Census Tracts**

Conestoga's HMDA lending in moderate-income tracts is excellent.

#### 2004 Metropolitan Division Boundaries

Conestoga's HMDA lending in moderate-income tracts was excellent in 2012 and 2013.

According to the 2010 Census data, 16% of the assessment area's owner-occupied housing stock was located in moderate-income census tracts. In 2012, 16% of Conestoga's loans were in moderate-income census tracts, compared to just 10% of aggregate lending in moderate-income tracts. Conestoga originated 25% of its home-purchase loans, 5% of its refinance loans, 22% of its home-improvement loans, and 40% of its multifamily loans in moderate-income tracts. Aggregate loan data shows lenders originated 13% of home-purchase loans, 8% of refinance loans, 16% of home-improvement loans, and 19% of multifamily loans in moderate-income census tracts.

In 2013, 18% of the bank's loans were in moderate-income census tracts, while 12% of aggregate lending was in moderate-income tracts. The bank exceeded the 16% housing proxy in moderate-income tracts, as well as the aggregate lending level. Conestoga originated 36% of its home-purchase loans, 12% of its refinance loans, 23% of its home-improvement loans, but none of its multifamily loans in moderate-income census tracts. Aggregate lending shows 14% of home-purchase loans, 11% of refinance loans, 15% of home-improvement loans, and 22% of multifamily loans were in moderate-income census tracts.

In both evaluation years, the bank exceeded aggregate lending levels for home-improvement loans in moderate-income tracts. As previously noted, community interviews revealed a defined need for home-improvement loans to support the older housing stock in the bank's assessment area.

#### 2014 Metropolitan Division Boundaries

Conestoga's lending in moderate-income census tracts in 2014 was reasonable.

Using the OMB's 2014 revised boundaries, 20% of the assessment area's owner-occupied housing stock was located in moderate-income census tracts. In comparison, 20% of Conestoga's home-mortgage loans were in moderate-income census tracts. Aggregate lending levels for 2014 were not available for comparison. An analysis of Conestoga's home-mortgage loans in moderate-income census tracts by product type during 2014 shows that the bank originated 18% of its home-purchase loans, 28% of its refinance loans, 15% of its home-improvement loans, but none of its multifamily loans in moderate-income census tracts.

#### Response to CRA-Related Complaints

No CRA-related complaints were filed with Conestoga or the Federal Reserve Bank of Philadelphia during the evaluation period.

#### **COMMUNITY DEVELOPMENT TEST**

Conestoga is rated outstanding under the community development test.

Conestoga's community development performance demonstrates excellent responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area.

For purposes of CRA, community development means: (1) affordable housing for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing small businesses or small farms; or (4) activities that revitalize or stabilize low- or moderate-income census tracts, designated disaster areas, or distressed or underserved nonmetropolitan middle-income census tracts.

### **Community Development Loans**

During the evaluation period, Conestoga originated twenty-six community development loans totaling \$13.8 million. Of the 26 community development loans, 23 loans, totaling \$13.6 million, were made inside the bank's assessment area. Thirteen of the loans, totaling \$6 million, support affordable housing in the assessment area. These dwellings provided rental housing for low- and moderate-income families and individuals and helped to stabilize the neighborhoods in which they are located.

Six loans, totaling \$2.8 million, support the provision of services targeted to low- and moderate-income families and individuals in the assessment area. Three additional loans, totaling \$4.6 million, supported activities that revitalized low- and moderate-income areas. Finally, one loan, totaling \$220 thousand, promoted economic development by financing a small business in a low-income area.

Although outside of its designated assessment area, Conestoga made an additional three community development loans, totaling \$149 thousand, in Lehigh County, Pennsylvania. The three loans support affordable housing by providing rental housing for low- and moderate-income families and individuals. Lehigh County is adjacent to Conestoga's assessment area and the bank operates a loan production office there.

### **Qualified Investments**

During the evaluation period, Conestoga had nearly \$2.4 million in qualified community development investments and grants. The bulk of the qualified investments comprised three targeted mortgage-backed securities that contain residential mortgage loans originated to low- and moderate-income borrowers, or located in low- and moderate-income census tracts, in the bank's assessment area. Two of the securities were purchased during the evaluation period, and one security was recognized in the previous evaluation and remained outstanding.

The bank also made approximately \$65 thousand in grants and donations to local organizations that routinely provide community services targeted to low- and moderate-income individuals in its assessment area. These grants included a five-year, \$30,000 commitment to a nonprofit organization providing financial literacy training and services to the low- and moderate-income population in the Delaware Valley.

**Community Development Services**

Bank officers and employees serve in various capacities at local community organizations dedicated to providing services that benefit the needs of low- and moderate-income individuals in the assessment area. Notable activities include:

- A bank officer serves on the finance committee of CASA Youth Advocates. CASA provides services and advocacy for low- and moderate-income youth in Delaware County.
- A bank officer provides technical assistance to Prevention Point of Philadelphia, a nonprofit public health organization that provides education, outreach, and social services to low- and moderate-income residents of Philadelphia.
- A bank officer serves as treasurer of Mary's Shelter, a nonprofit organization providing shelter and services for low- and moderate-income single mothers.
- A bank officer serves on the board of directors of the Montgomery County Workforce Investment Board, a nonprofit organization helping low- and moderate-income people attain employment.
- A bank officer serves on the advisory board of Communities in Schools of Philadelphia, a nonprofit that provides support for low- and moderate-income students to stay in school.
- A bank officer serves on the board of directors of Mothers in Charge, a nonprofit group providing violence prevention, education, and intervention for low- and moderate-income children and families.
- A bank director serves on the board at ACHIEVEability, a nonprofit organization providing employment, housing, and family support services to low-income families in Philadelphia. The organization also provides regular workshops on family issues such as home maintenance and financial management.

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES**

The evaluation found no evidence of discriminatory or other illegal credit practices inconsistent with addressing community credit needs.

**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**

**INTERMEDIATE SMALL INSTITUTION PERFORMANCE EVALUATION**  
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**2012 HMDA LOAN DISTRIBUTION TABLE**

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>Home Purchase</b>								
Low	2	25.0%	212	11.5%	0	0.0%	0	0.0%
Moderate	2	25.0%	362	19.6%	0	0.0%	0	0.0%
Low/Moderate Total	4	50.0%	574	31.1%	0	0.0%	0	0.0%
Middle	2	25.0%	441	23.9%	0	0.0%	0	0.0%
Upper	2	25.0%	830	45.0%	1	12.5%	290	15.7%
Unknown	0	0.0%	0	0.0%	7	87.5%	1,555	84.3%
<b>Total</b>	<b>8</b>	<b>100.0%</b>	<b>1,845</b>	<b>100.0%</b>	<b>8</b>	<b>100.0%</b>	<b>1,845</b>	<b>100.0%</b>
<b>Refinance</b>								
Low	7	31.8%	2,086	20.5%	1	4.5%	36	0.4%
Moderate	1	4.5%	32	0.3%	2	9.1%	200	2.0%
Low/Moderate Total	8	36.4%	2,118	20.9%	3	13.6%	236	2.3%
Middle	3	13.6%	420	4.1%	2	9.1%	43	0.4%
Upper	11	50.0%	7,617	75.0%	3	13.6%	400	3.9%
Unknown	0	0.0%	0	0.0%	14	63.6%	9,476	93.3%
<b>Total</b>	<b>22</b>	<b>100.0%</b>	<b>10,155</b>	<b>100.0%</b>	<b>22</b>	<b>100.0%</b>	<b>10,155</b>	<b>100.0%</b>
<b>Home Improvement</b>								
Low	3	33.3%	50	9.8%	3	33.3%	369	72.4%
Moderate	2	22.2%	326	63.9%	2	22.2%	50	9.8%
Low/Moderate Total	5	55.6%	376	73.7%	5	55.6%	419	82.2%
Middle	2	22.2%	79	15.5%	1	11.1%	26	5.1%
Upper	2	22.2%	55	10.8%	3	33.3%	65	12.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>9</b>	<b>100.0%</b>	<b>510</b>	<b>100.0%</b>	<b>9</b>	<b>100.0%</b>	<b>510</b>	<b>100.0%</b>
<b>Multi-Family</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	2	40.0%	1,500	60.3%	0	0.0%	0	0.0%
Low/Moderate Total	2	40.0%	1,500	60.3%	0	0.0%	0	0.0%
Middle	1	20.0%	160	6.4%	0	0.0%	0	0.0%
Upper	2	40.0%	826	33.2%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	5	100.0%	2,486	100.0%
<b>Total</b>	<b>5</b>	<b>100.0%</b>	<b>2,486</b>	<b>100.0%</b>	<b>5</b>	<b>100.0%</b>	<b>2,486</b>	<b>100.0%</b>
<b>HMDA Totals</b>								
Low	12	27.3%	2,348	15.7%	4	9.1%	405	2.7%
Moderate	7	15.9%	2,220	14.8%	4	9.1%	250	1.7%
Low/Moderate Total	19	43.2%	4,568	30.5%	8	18.2%	655	4.4%
Middle	8	18.2%	1,100	7.3%	3	6.8%	69	0.5%
Upper	17	38.6%	9,328	62.2%	7	15.9%	755	5.0%
Unknown	0	0.0%	0	0.0%	26	59.1%	13,517	90.1%
<b>Total</b>	<b>44</b>	<b>100.0%</b>	<b>14,996</b>	<b>100.0%</b>	<b>44</b>	<b>100.0%</b>	<b>14,996</b>	<b>100.0%</b>

**INTERMEDIATE SMALL INSTITUTION PERFORMANCE EVALUATION**  
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**2013 HMDA LOAN DISTRIBUTION TABLE**

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>Home Purchase</b>								
Low	1	9.1%	75	2.5%	1	9.1%	75	2.5%
Moderate	4	36.4%	702	23.4%	1	9.1%	150	5.0%
Low/Moderate Total	5	45.5%	777	26.0%	2	18.2%	225	7.5%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	6	54.5%	2,217	74.0%	1	9.1%	94	3.1%
Unknown	0	0.0%	0	0.0%	8	72.7%	2,675	89.3%
<b>Total</b>	<b>11</b>	<b>100.0%</b>	<b>2,994</b>	<b>100.0%</b>	<b>11</b>	<b>100.0%</b>	<b>2,994</b>	<b>100.0%</b>
<b>Refinance</b>								
Low	2	4.7%	690	4.0%	0	0.0%	0	0.0%
Moderate	5	11.6%	2,895	16.6%	0	0.0%	0	0.0%
Low/Moderate Total	7	16.3%	3,585	20.5%	0	0.0%	0	0.0%
Middle	8	18.6%	3,030	17.4%	3	7.0%	810	4.6%
Upper	28	65.1%	10,835	62.1%	4	9.3%	1,142	6.5%
Unknown	0	0.0%	0	0.0%	36	83.7%	15,498	88.8%
<b>Total</b>	<b>43</b>	<b>100.0%</b>	<b>17,450</b>	<b>100.0%</b>	<b>43</b>	<b>100.0%</b>	<b>17,450</b>	<b>100.0%</b>
<b>Home Improvement</b>								
Low	2	15.4%	120	7.5%	3	23.1%	228	14.2%
Moderate	3	23.1%	433	26.9%	2	15.4%	50	3.1%
Low/Moderate Total	5	38.5%	553	34.3%	5	38.5%	278	17.3%
Middle	3	23.1%	396	24.6%	2	15.4%	66	4.1%
Upper	5	38.5%	661	41.1%	2	15.4%	236	14.7%
Unknown	0	0.0%	0	0.0%	4	30.8%	1,030	64.0%
<b>Total</b>	<b>13</b>	<b>100.0%</b>	<b>1,610</b>	<b>100.0%</b>	<b>13</b>	<b>100.0%</b>	<b>1,610</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%
Low/Moderate Total	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%	390	100.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	1	100.0%	390	100.0%
<b>Total</b>	<b>1</b>	<b>100.0%</b>	<b>390</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>390</b>	<b>100.0%</b>
<b>HMDA Totals</b>								
Low	5	7.4%	885	3.9%	4	5.9%	303	1.4%
Moderate	12	17.6%	4,030	18.0%	3	4.4%	200	0.9%
Low/Moderate Total	17	25.0%	4,915	21.9%	7	10.3%	503	2.2%
Middle	11	16.2%	3,426	15.3%	5	7.4%	876	3.9%
Upper	40	58.8%	14,103	62.8%	7	10.3%	1,472	6.6%
Unknown	0	0.0%	0	0.0%	49	72.1%	19,593	87.3%
<b>Total</b>	<b>68</b>	<b>100.0%</b>	<b>22,444</b>	<b>100.0%</b>	<b>68</b>	<b>100.0%</b>	<b>22,444</b>	<b>100.0%</b>

**INTERMEDIATE SMALL INSTITUTION PERFORMANCE EVALUATION**  
**JUNE 2015**

**2014 HMDA LOAN DISTRIBUTION TABLE**

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	2	18.2%	186	3.5%	0	0.0%	0	0.0%
Low/Moderate Total	2	18.2%	186	3.5%	0	0.0%	0	0.0%
Middle	4	36.4%	2,368	44.3%	0	0.0%	0	0.0%
Upper	5	45.5%	2,791	52.2%	2	18.2%	130	2.4%
Unknown	0	0.0%	0	0.0%	9	81.8%	5,215	97.6%
<b>Total</b>	<b>11</b>	<b>100.0%</b>	<b>5,345</b>	<b>100.0%</b>	<b>11</b>	<b>100.0%</b>	<b>5,345</b>	<b>100.0%</b>
<b>Refinance</b>								
Low	2	11.1%	625	10.2%	2	11.1%	195	3.2%
Moderate	5	27.8%	537	8.8%	2	11.1%	245	4.0%
Low/Moderate Total	7	38.9%	1,162	19.0%	4	22.2%	440	7.2%
Middle	6	33.3%	1,413	23.1%	2	11.1%	144	2.3%
Upper	5	27.8%	3,555	58.0%	4	22.2%	1,161	18.9%
Unknown	0	0.0%	0	0.0%	8	44.4%	4,385	71.5%
<b>Total</b>	<b>18</b>	<b>100.0%</b>	<b>6,130</b>	<b>100.0%</b>	<b>18</b>	<b>100.0%</b>	<b>6,130</b>	<b>100.0%</b>
<b>Home Improvement</b>								
Low	1	7.7%	99	11.6%	2	15.4%	32	3.8%
Moderate	2	15.4%	37	4.3%	4	30.8%	170	19.9%
Low/Moderate Total	3	23.1%	136	15.9%	6	46.2%	202	23.7%
Middle	7	53.8%	502	58.9%	0	0.0%	0	0.0%
Upper	3	23.1%	215	25.2%	6	46.2%	552	64.7%
Unknown	0	0.0%	0	0.0%	1	7.7%	99	11.6%
<b>Total</b>	<b>13</b>	<b>100.0%</b>	<b>853</b>	<b>100.0%</b>	<b>13</b>	<b>100.0%</b>	<b>853</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%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	1	33.3%	20	1.0%	0	0.0%	0	0.0%
Upper	2	66.7%	1,950	99.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	3	100.0%	1,970	100.0%
<b>Total</b>	<b>3</b>	<b>100.0%</b>	<b>1,970</b>	<b>100.0%</b>	<b>3</b>	<b>100.0%</b>	<b>1,970</b>	<b>100.0%</b>
<b>HMDA Totals</b>								
Low	3	6.7%	724	5.1%	4	8.9%	227	1.6%
Moderate	9	20.0%	760	5.3%	6	13.3%	415	2.9%
Low/Moderate Total	12	26.7%	1,484	10.4%	10	22.2%	642	4.5%
Middle	18	40.0%	4,303	30.1%	2	4.4%	144	1.0%
Upper	15	33.3%	8,511	59.5%	12	26.7%	1,843	12.9%
Unknown	0	0.0%	0	0.0%	21	46.7%	11,669	81.6%
<b>Total</b>	<b>45</b>	<b>100.0%</b>	<b>14,298</b>	<b>100.0%</b>	<b>45</b>	<b>100.0%</b>	<b>14,298</b>	<b>100.0%</b>

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

**INTERMEDIATE SMALL INSTITUTION PERFORMANCE EVALUATION**  
**JUNE 2015**

**2012 SMALL BUSINESS LOAN DISTRIBUTION TABLE**

Income Categories	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>By Tract Income</b>								
Low	13	10.2%	2,439	7.1%	0	0.0%	0	0.0%
Moderate	22	17.3%	4,240	12.3%	0	0.0%	0	0.0%
Low/Moderate Total	35	27.6%	6,679	19.4%	0	0.0%	0	0.0%
Middle	31	24.4%	11,381	33.0%	0	0.0%	0	0.0%
Upper	59	46.5%	15,509	45.0%	0	0.0%	0	0.0%
Unknown	2	1.6%	920	2.7%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>127</b>	<b>100.0%</b>	<b>34,489</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>By Revenue</b>								
Total \$1 Million or Less	65	51.2%	16,532	47.9%	0	0.0%	0	0.0%
Over \$1 Million	58	45.7%	17,388	50.4%	0	0.0%	0	0.0%
Not Known	4	3.1%	569	1.6%	0	0.0%	0	0.0%
<b>Total</b>	<b>127</b>	<b>100.0%</b>	<b>34,489</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>By Loan Size</b>								
\$100,000 or less	35	27.6%	1,876	5.4%	0	0.0%	0	0.0%
\$100,001 - \$250,000	40	31.5%	7,311	21.2%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	52	40.9%	25,302	73.4%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>127</b>	<b>100.0%</b>	<b>34,489</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>By Loan Size and Revenue \$1 Million or Less</b>								
\$100,000 or less	24	36.9%	1,173	7.1%	0	0.0%	0	0.0%
\$100,001 - \$250,000	13	20.0%	2,098	12.7%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	28	43.1%	13,261	80.2%	0	0.0%	0	0.0%
Over \$1 Million (Bus) -\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>65</b>	<b>100.0%</b>	<b>16,532</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>

**INTERMEDIATE SMALL INSTITUTION PERFORMANCE EVALUATION**  
**JUNE 2015**

**2013 SMALL BUSINESS LOAN DISTRIBUTION TABLE**

Income Categories	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>By Tract Income</b>								
Low	17	15.9%	4,288	15.6%	0	0.0%	0	0.0%
Moderate	27	25.2%	5,808	21.2%	0	0.0%	0	0.0%
Low/Moderate Total	44	41.1%	10,096	36.8%	0	0.0%	0	0.0%
Middle	24	22.4%	6,670	24.3%	0	0.0%	0	0.0%
Upper	35	32.7%	8,049	29.3%	0	0.0%	0	0.0%
Unknown	4	3.7%	2,615	9.5%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>107</b>	<b>100.0%</b>	<b>27,430</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>By Revenue</b>								
Total \$1 Million or Less	49	45.8%	14,874	54.2%	0	0.0%	0	0.0%
Over \$1 Million	46	43.0%	11,389	41.5%	0	0.0%	0	0.0%
Not Known	12	11.2%	1,167	4.3%	0	0.0%	0	0.0%
<b>Total</b>	<b>107</b>	<b>100.0%</b>	<b>27,430</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>By Loan Size</b>								
\$100,000 or less	37	34.6%	2,234	8.1%	0	0.0%	0	0.0%
\$100,001 - \$250,000	34	31.8%	6,633	24.2%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	36	33.6%	18,563	67.7%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>107</b>	<b>100.0%</b>	<b>27,430</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>By Loan Size and Revenue \$1 Million or Less</b>								
\$100,000 or less	14	28.6%	676	4.5%	0	0.0%	0	0.0%
\$100,001 - \$250,000	14	28.6%	2,547	17.1%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	21	42.9%	11,651	78.3%	0	0.0%	0	0.0%
Over \$1 Million (Bus) -\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>49</b>	<b>100.0%</b>	<b>14,874</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>



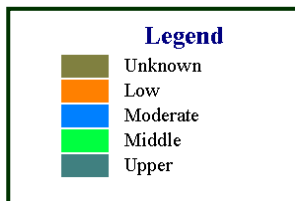
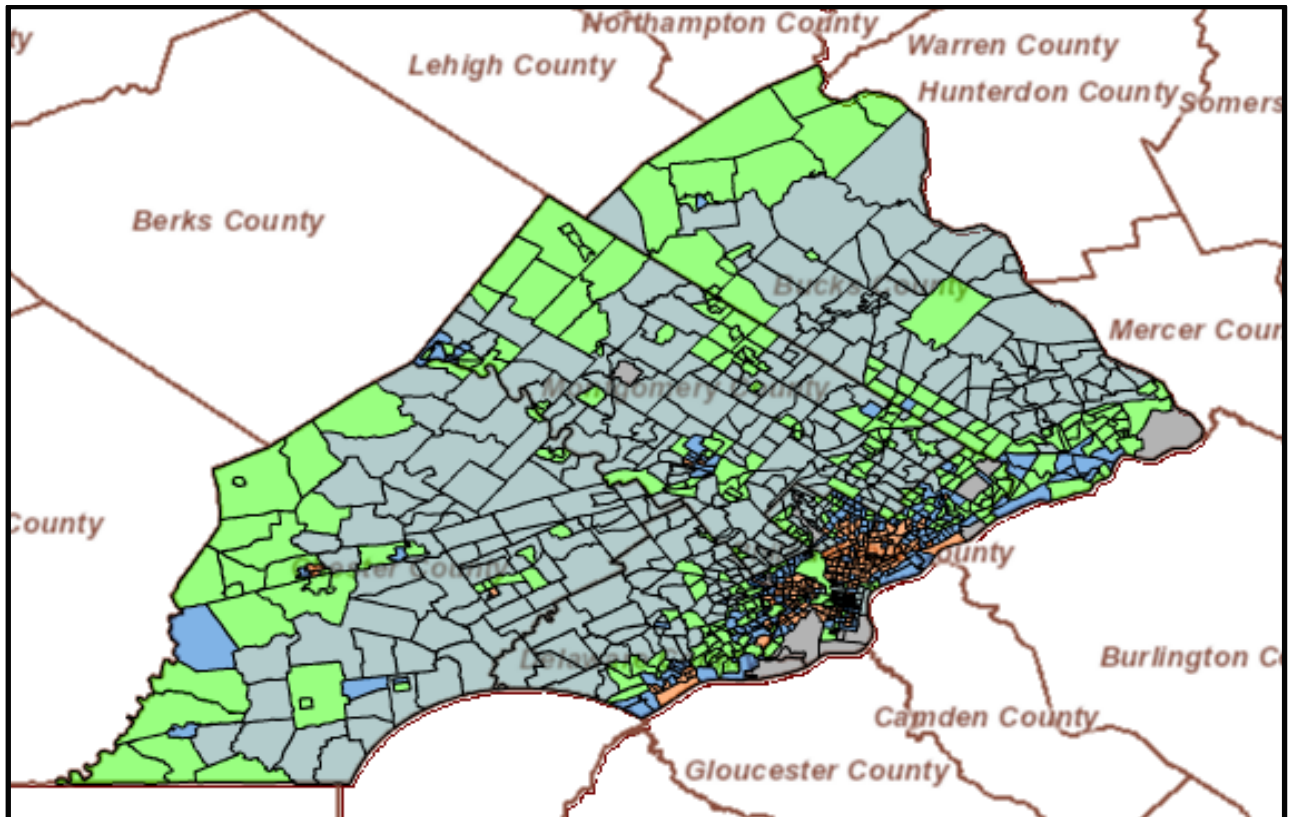
**INTERMEDIATE SMALL INSTITUTION PERFORMANCE EVALUATION**  
**JUNE 2015**

**2014 SMALL BUSINESS LOAN DISTRIBUTION TABLE**

Income Categories	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>By Tract Income</b>								
Low	10	11.0%	3,631	15.1%	0	0.0%	0	0.0%
Moderate	16	17.6%	3,035	12.7%	0	0.0%	0	0.0%
Low/Moderate Total	26	28.6%	6,666	27.8%	0	0.0%	0	0.0%
Middle	31	34.1%	9,303	38.8%	0	0.0%	0	0.0%
Upper	32	35.2%	7,443	31.0%	0	0.0%	0	0.0%
Unknown	2	2.2%	570	2.4%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>91</b>	<b>100.0%</b>	<b>23,982</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>By Revenue</b>								
Total \$1 Million or Less	42	46.2%	12,135	50.6%	0	0.0%	0	0.0%
Over \$1 Million	37	40.7%	11,163	46.5%	0	0.0%	0	0.0%
Not Known	12	13.2%	684	2.9%	0	0.0%	0	0.0%
<b>Total</b>	<b>91</b>	<b>100.0%</b>	<b>23,982</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>By Loan Size</b>								
\$100,000 or less	30	33.0%	1,722	7.2%	0	0.0%	0	0.0%
\$100,001 - \$250,000	26	28.6%	4,802	20.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	35	38.5%	17,458	72.8%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>91</b>	<b>100.0%</b>	<b>23,982</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>By Loan Size and Revenue \$1 Million or Less</b>								
\$100,000 or less	10	23.8%	608	5.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	13	31.0%	2,392	19.7%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	19	45.2%	9,135	75.3%	0	0.0%	0	0.0%
Over \$1 Million (Bus) -\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>42</b>	<b>100.0%</b>	<b>12,135</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>

**CRA APPENDIX D: ASSESSMENT AREA MAPS**

ASSESSMENT AREA (2010 CENSUS)



ASSESSMENT AREA (2014 OMB REVISED BOUNDARIES)

