



## PUBLIC DISCLOSURE

February 16, 2016

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens Savings Bank  
Charter Number 706503

500 South State Street  
Clarks Summit, PA 18411

Office of the Comptroller of the Currency

1150 Northbrook Drive Suite 303  
Trevose, PA 19053

**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 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.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

The major factors that support this rating include:

- Citizens Savings Bank originated a substantial majority of its primary loan products in its assessment area.
- The bank's loan originations reflect reasonable distribution among individuals of different income levels in its assessment area.
- The bank's loan originations reflect reasonable distribution among geographies of different income levels in its assessment area.
- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, lending-related activities, and assessment area needs.
- The bank's responsiveness to community development needs and opportunities in its assessment area is adequate.

### **Scope of Examination**

We evaluated Citizens Savings Bank (CSB) using the Intermediate Small Bank (ISB) examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and CD services.

The evaluation period for the lending test covers the bank's performance from January 1, 2014 through December 31, 2015. For the lending test, we focused on CSB's primary loan product: home mortgage loans. Home mortgage loans include 1-4 family residential home purchase, home refinance, and home improvement loans. The bank is required to collect and report home mortgage data in accordance with the Home Mortgage Disclosure Act (HMDA). We reviewed the bank's HMDA data prior to this examination and found it to be reliable for purposes of our analysis. The bank also chose to include consumer loans, which consist of non-HMDA reportable home equity loans, auto loans, and other consumer loans in the scope of the lending test. The lending test did not include small farm or multi-family loans, as CSB is primarily a retail lender and does not originate these types of loans.

The evaluation period for the CD test covers the bank’s performance from January 29, 2013 through February 16, 2016. We reviewed documentation supplied to us by bank management in order to determine if the bank’s CD loans, investments, and services meet the regulatory definition of community development. Further discussion of the bank’s CD activities is included in the ‘Community Development’ section of this performance evaluation (PE).

Table 1 depicts the maximum income amount for each income range in the bank’s AAs. The United States Department of Housing and Urban Development (HUD) Updated Medium Family Income (MFI) for 2015 in each AA was used as the basis for determining the maximum income amount in each income range.

Table 1 - Definition of Income Ranges Used in the Evaluation					
Income Category	Maximum Income for Income Range				2015 HUD Updated Median Family Income (MFI)*
	Low	Moderate	Middle	Upper	
% Range of MFI	<50%	50%-<80%	80%-<120%	≥120%	
Scranton-Wilkes-Barre-Hazleton, PA - MSA 42540 AA	<\$29,500	<\$47,200	<\$70,800	≥\$70,800	\$59,000
East Stroudsburg, PA-MSA 20700 (Monroe County) AA	<\$35,050	<\$56,080	<\$84,120	≥\$84,120	\$70,100
Wayne County - Non-MSA AA	<\$27,950	<\$44,720	<\$67,080	≥\$67,080	\$55,900
Newark, NJ-PA – MD 35084 (Pike County) AA	<\$48,950	<\$78,320	<\$117,480	≥\$117,480	\$97,900

*The 2010 U.S. Census reported the following MFIs in the bank’s AAs: Scranton – Wilkes-Barre – Hazleton MSA (\$56,045); East Stroudsburg, PA MSA (\$64,763); Wayne County (\$50,163); and Newark, NJ-PA – MD (\$90,123). The income ranges in the chart above are based upon the 2015 HUD Updated MFI in each AA.*

**Description of Institution**

CSB is a federally chartered mutual thrift institution headquartered in Clarks Summit, Pennsylvania. CSB has total assets of \$332.5 million and tier 1 capital of \$44.2 million as of December 31, 2015. CSB was chartered in 1902 and is not part of a holding company structure. CSB owns an operating subsidiary, CSB Services, Inc., which held approximately \$150 million in CSB’s residential mortgage loans as of December 31, 2015. This subsidiary is located in Wilmington, Delaware and was not considered in this evaluation as it does not affect the bank’s capacity for community reinvestment.

CSB offers traditional deposit and loan products to its customer base. Deposit products include checking accounts, passbook savings accounts, money market deposit accounts, and certificates of deposits. CSB is exclusively a residential and consumer lender. Residential loan products include fixed- and adjustable-rate loans for the purchase, refinance, improvement, and construction of one-to-four family dwellings. The bank also offers a variety of consumer loans including home equity loans, home equity lines of credit, automobile loans, and unsecured personal loans. As of December 31, 2015, net loans and leases total \$263.9 million. The breakdown of loan types as a percentage of net loans and leases as of December 31, 2015 is: 1-4 family residential mortgages (96.45%), consumer loans (2.25%), and construction loans (1.30%).

CSB participates in several First-Time Homebuyer Programs, including the City of Scranton's First-Time Homebuyer Program. This program meets the needs of low- and moderate-income first-time homebuyers by offering down payment and closing cost assistance.

Table 2 depicts CSB's balance sheet composition as of December 31, 2015.

<b>Table 2: Major Components of Assets, Liabilities and Capital As of December 31, 2015</b>		
<b>Balance Sheet Component</b>	<b>Balance Sheet \$ Amount (000)'s</b>	<b>% of Total Assets</b>
<b>Net Loans</b>	<b>263,941</b>	<b>79.38%</b>
1-4 Family Residential	255,360	76.79%
Consumer	5,972	1.80%
Construction (including 1-4 family construction)	3,436	1.03%
Allowance for Loan and Lease Losses	827	0.25%
<b>Investments</b>	<b>51,560</b>	<b>15.51%</b>
US Agencies	16,988	5.11%
Mortgage Backed Securities	16,797	5.05%
Interest-Bearing Bank Balances	17,775	5.35%
<b>Other Assets</b>	<b>17,023</b>	<b>5.12%</b>
Cash and Due From Banks	1,883	0.57%
Premises and Fixed Assets	5,997	1.80%
Other Real Estate	254	0.08%
All Other Assets (including life insurance assets)	8,889	2.67%
<b>Total Assets</b>	<b>332,524</b>	<b>100.0%</b>
<b>Liabilities &amp; Capital (LC)</b>	<b>332,524</b>	<b>% of Total LC</b>
Total Deposits	285,484	85.85%
Borrowings	16	0.00%
Other Liabilities	2,375	0.71%
<b>Total Liabilities</b>	<b>287,875</b>	<b>86.57%</b>
Retained Earnings	44,223	13.30%
Accumulated Other Comprehensive Income	426	0.13%
<b>Total Capital</b>	<b>44,649</b>	<b>13.43%</b>

Source: December 31, 2015 CSB Call Report

CSB operates seven full service offices in Lackawanna, Wayne, and Monroe counties. The main office and an administrative office are located in Clarks Summit, PA (Lackawanna County). The branch locations offer full service automated teller machines (ATMs). All branches, with the exception of the Central City Scranton branch, offer extended Friday and Saturday hours. The Central City Scranton branch does not offer extended hours because this area is primarily comprised of municipal, commercial, and retail space. There were no branches opened, closed, or relocated during the evaluation period.

There are no financial or legal impediments affecting CSB’s ability to help meet the community credit needs of its AAs. The bank received a “Satisfactory” rating at the previous CRA examination performed January 29, 2013.

**Description of Assessment Area(s)**

CSB has four AAs located in Northeastern Pennsylvania as described below.

**Lackawanna, Luzerne, and Wyoming Counties:**

**Scranton – Wilkes Barre – Hazleton, PA – MSA 42540**

CSB’s first AA is the Scranton – Wilkes-Barre – Hazleton MSA.

Tables 3 and 4 summarize the AA’s demographics:

Demographic Characteristics	#	% Low	% Moderate	% Middle	% Upper	% NA*
Geographies (Census Tracts)	170	2.35	20.59	59.41	17.06	0.59
Population by Geography	563,631	2.16	18.36	58.38	21.09	0.00
Owner-Occupied Housing by Geography	157,034	0.68	14.42	61.66	23.24	0.00
Businesses by Geography	38,693	5.39	15.06	58.40	21.05	0.11
Farms by Geography	881	1.02	8.06	63.00	27.92	0.00
Family Distribution by Income Level	147,130	20.34	18.03	21.66	39.97	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	56,448	2.58	25.50	58.47	13.45	0.00
Median Family Income (MFI)	\$56,045	Median Housing Value				\$123,891
HUD Adjusted MFI for 2015	\$59,000	Unemployment Rate (2010 U.S. Census)				3.36%
Households Below Poverty Level	13%					

Source: 2010 U.S. Census and 2015 HUD updated MFI

(\*) The NA category consists of geographies that have not been assigned an income classification.

Income Category	% Family Distribution	Census Tract Data Distributions						
		# Tracts	% Housing Units	% Owner Occupied Units	% Rental Occupied Units	% Single Family Units	Median Housing Value	Median Housing Age
Low	20.34%	4	2.22%	0.68%	5.21%	1.06%	96,151	51
Moderate	18.03%	35	19.03%	14.42%	27.37%	19.00%	91,330	69
Middle	21.66%	101	59.16%	61.66%	54.21%	59.55%	118,816	56
Upper	39.97%	29	19.59%	23.24%	13.21%	20.39%	174,000	46
NA	0.00%	1	0.00%	0.00%	0.00%	0.00%	0	0
<b>Total # or \$</b>	<b>147,130</b>	<b>170</b>	<b>258,520</b>	<b>157,034</b>	<b>71,162</b>	<b>228,370</b>	<b>123,891</b>	<b>57</b>

Source: 2010 U.S. Census

The Scranton – Wilkes-Barre – Hazleton MSA AA consists of the adjacent Northeastern Pennsylvania counties of Lackawanna, Luzerne, and Wyoming. CSB designated all of the census tracts (CT) in each of these counties as part of its AA. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. Out of the 170 CTs in this AA, four, or 2.35% are classified as low-income; 35, or 20.59% are classified as moderate-income; 101, or 59.41% are classified as middle-income; 29, or 17.06% are classified as upper-income; and one CT in lower Luzerne County, or 0.59% was not assigned an income classification as of the 2010 U.S. Census.

The 2010 U.S. Census reported the total population of the AA at 563,631. Within the AA, there are 147,130 families and 228,196 households. There are 258,520 housing units, of which, 157,034, or 60.74% are owner-occupied, 71,162, or 27.53% are rental-occupied, and 30,324, or 11.73% are vacant. Approximately 0.68% of total owner-occupied housing units are located in low-income census tracts; 14.42% are located in moderate-income CTs; 61.66% are located in middle-income CTs; and 23.24% are located in upper-income CTs. The median housing value is \$123,891.

The 2010 Census median family income was \$56,045, and the HUD updated median family income for 2015 is \$59,000. Approximately 20.34% of the families in the AA are low-income; 18.03% are moderate-income; 21.66% are middle-income; and 39.97% are upper-income. Approximately 13.24% of total households are below the poverty level.

The bank is headquartered in this AA in Clarks Summit and there are four additional full service branches located in this AA. All branches offer full lines of traditional banking products and services. Four of the five offices have extended hours on Friday evenings and Saturday mornings. The Central City Scranton branch does not offer extended Friday evening or Saturday morning hours. All five offices have ATMs and drive-up teller facilities.

There is intense competition for deposits among community banks, as well as branches of regional and national financial institutions in the Scranton – Wilkes-Barre – Hazleton MSA. According to the June 30, 2015 FDIC Summary of Deposit Market Share Report, CSB's deposit market share within this AA is 2.01% ranking 14<sup>th</sup> out of 23 financial institutions. Institutions with the greatest deposit market shares have larger branch networks in this AA than CSB. The top five institutions with the greatest deposit market shares are PNC Bank, N.A. (31 offices and 24.83% market share); Community Bank, N.A. (25 offices and 8.70% market share); Wells Fargo Bank, N.A. (15 offices and 8.59% market share); Manufacturers and Traders Trust Company (13 offices and 8.58% market share); and Peoples Security Bank and Trust Company (15 offices and 8.18% market share).

Competition for home mortgage loans is strong in the AA. According to HMDA Peer Mortgage Data, 344 lenders originated or purchased home loans in the AA in 2014. CSB ranks 23<sup>rd</sup> with a home mortgage loan market share of 1.41% by number of loans and 1.51% by dollar amount. The top three lenders of home mortgages in the AA are: Wells Fargo Bank, N.A. (10.99% market share by number and 10.90% market share by dollar amount); PNC Bank, N.A. (5.74% market share by number and 3.79% market share by dollar amount); and Quicken Loans (4.92% market share by number and 5.46% market share by dollar amount).

The major employment sectors in the AA include healthcare, government, manufacturing, distribution centers, and education. Oil and gas, water transportation, lumber, and farming are sectors that are unique to Wyoming County specifically. According to the Pennsylvania Department of Labor - Industry Center for Workforce Information and Analysis, as of June 2015, the largest five employers in Lackawanna County are Allied Services Foundation; State Government; Community Medical Center; Scranton School District; and The University of Scranton. The largest five employers in Luzerne County are Federal Government; State Government; Amazon.com; Geisinger Wyoming Valley Medical Center; and Wilkes-Barre Area Hospital Company, LLC. The five largest employers in Wyoming County are Proctor & Gamble Paper Products Company; Tunkhannock Area School District; Wal-Mart Associates, Inc.; Excel Inc.; and Somerset Regional Water Resources.

Unemployment rates nationally, in the State of Pennsylvania (PA), and in the Scranton – Wilkes-Barre – Hazleton MSA have trended downward since November 2013. The unemployment rate in this AA has been higher than national and State of PA unemployment rates during the evaluation period. The following table shows national; State of PA; and Wilkes-Barre – Scranton – Hazleton MSA unemployment rates (not seasonally adjusted) for November 2013, 2014, and 2015. We used November as the month for comparison since unemployment rate data for this AA was preliminary as of December 2015.

<b>Table 5 – National, State of PA, and Scranton – Wilkes-Barre – Hazleton MSA Unemployment Rates</b>			
<b>Year</b>	<b>National</b>	<b>State of PA</b>	<b>MSA 42540</b>
<b>2013</b>	6.6%	6.5%	7.9%
<b>2014</b>	5.5%	5.0%	5.7%
<b>2015</b>	4.8%	4.4%	4.9%

*Source: Bureau of Labor Statistics Unemployment Rate Data 2013 – 2015*

During this PE, we contacted a community and economic development branch of a local government agency. This branch acts as the grants administration arm of the City of Scranton. HUD is the primary source of funding for this branch, providing grants through various community and economic development programs. Employees are responsible for administering these grants and ensuring that funds are allocated to activities that best address the City of Scranton’s community and economic needs. Low- and moderate-income individuals directly benefit from several of the programs this branch offers. These programs include the following: a first-time homebuyers program

for low-income individuals, homeowner rehabilitation assistance for low-income individuals, and loans to local businesses, with the stipulation that the business must create jobs for low- and moderate-income individuals.

An officer from this organization identified affordable housing, particularly for low- and moderate-income individuals, as a primary CD need of the City of Scranton. There are opportunities for local financial institutions to participate in the City of Scranton’s First-Time Homebuyer program by financing home mortgages for low- and moderate-income individuals. There are also opportunities for bank employees to participate in community events, such as lending their time and financial expertise during homeownership fairs. The officer specifically identified CSB and several other local financial institutions as demonstrating adequate responsiveness to these programs. The officer also stated that ongoing involvement is needed by these financial institutions in order to continue meeting the affordable housing needs of the City of Scranton.

**Monroe County: East Stroudsburg, PA – MSA 20700**

CSB’s second assessment area is the East Stroudsburg, PA MSA (Monroe County).

Tables 6 and 7 summarize the AA’s demographics:

<b>Table 6 - Demographic Information for the East Stroudsburg, PA MSA AA</b>						
Demographic Characteristics	#	% Low	% Moderate	% Middle	% Upper	% NA*
Geographies (Census Tracts)	33	0.00	6.06	78.79	15.15	0.00
Population by Geography	169,842	0.00	4.41	79.26	16.33	0.00
Owner-Occupied Housing by Geography	48,855	0.00	3.84	79.53	16.33	0.00
Businesses by Geography	9,232	0.00	2.83	86.03	11.15	0.00
Farms by Geography	247	0.00	2.83	81.78	15.38	0.00
Family Distribution by Income Level	44,495	20.07	17.27	22.89	39.77	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	16,614	0.00	5.50	84.51	9.99	0.00
Median Family Income	\$64,763	Median Housing Value		\$205,746		
HUD Adjusted MFI for 2015	\$70,100	Unemployment Rate (2010 U.S. Census)		5.16%		
Households Below Poverty Level	11%					

Source: 2010 U.S. Census and 2015 HUD updated MFI

(\*) The NA category consists of geographies that have not been assigned an income classification.



Table 7 - Additional Demographic Information for the East Stroudsburg, PA MSA								
Income Category	% Family Distribution	Census Tract Data Distributions						
		# Tracts	% Housing Units	% Owner Occupied Units	% Rental Occupied Units	% Single Family Units	Median Housing Value	Median Housing Age
Low	20.07%	0	NA	NA	NA	NA	NA	NA
Moderate	17.27%	2	5.86%	3.84%	2.96%	6.12%	171,987	29
Middle	22.89%	26	80.47%	79.53%	85.75%	79.69%	203,718	31
Upper	39.77%	5	13.67%	16.63%	11.29%	14.20%	232,179	26
<b>Total # or \$</b>	<b>44,495</b>	<b>33</b>	<b>79,357</b>	<b>48,855</b>	<b>11,142</b>	<b>73,756</b>	<b>205,746</b>	<b>31</b>

Source: 2010 U.S. Census

The East Stroudsburg, PA MSA AA consists of the entire county of Monroe, PA. CSB designated all of the CTs in Monroe County as part of its AA. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. Out of the 33 CTs in this AA, there are no CTs classified as low-income; two or 6.06% are classified as moderate-income; 26 or 78.79% are classified as middle-income; and five or 15.15% are classified as upper-income.

The 2010 U.S. Census reported the total population of the AA at 169,842. Within the AA, there are 44,495 families and 59,997 households. There are 79,357 housing units, of which 48,855 or 61.56% are owner-occupied, 11,142 or 14.04% are rental-occupied, and 19,360 or 24.40% are vacant. Approximately 3.84% of total owner-occupied housing units are located in moderate-income CTs; 79.53% are located in middle-income CTs; and 16.63% are located in upper-income CTs. The median housing value is \$205,746.

The 2010 Census median family income was \$64,763, and the HUD updated median family income for 2015 is \$70,100. Approximately 20.07% of the families in the AA are low-income; 17.27% are moderate-income; 22.89% are middle-income; and 39.77% are upper-income. Approximately 10.52% of total households are below the poverty level.

There is one full service branch located in this AA. This branch has an ATM and drive-up teller facility. The branch offers a full line of traditional banking products and services and has extended hours on Friday evenings and Saturday mornings.

There is intense competition for deposits among community banks, as well as branches of regional and national financial institutions in Monroe County. According to the June 30, 2015 FDIC Summary of Deposit Market Share Report, CSB's deposit market share within this AA is 1.21% ranking 13<sup>th</sup> out of 15 financial institutions. Institutions with the greatest deposit market shares in this AA have larger branch networks than CSB. The top five institutions with the greatest deposit market shares are ESSA Bank & Trust (13 offices and 30.19% market share); PNC Bank, N.A. (9 offices and 21.15% market share); First Northern Bank and Trust Company (5 offices and 10.05% market share); Wells Fargo Bank, N.A. (3 offices and 8.00% market share); and Citizens Bank of Pennsylvania (4 offices and 7.27% market share).

Competition for home mortgage loans is strong in the AA. According to HMDA Peer Mortgage Data, 330 lenders originated or purchased home loans in the AA in 2014. CSB ranks 72<sup>nd</sup> with a home mortgage loan market share of 0.26% by number of loans and 0.23% by dollar amount. The top three lenders of home mortgages in the AA are: Wells Fargo Bank, N.A. (12.83% market share by number and 12.55% market share by dollar amount); ESSA Bank & Trust (5.27% market share by number and 4.56% market share by dollar amount); and Quicken Loans (4.80% market share by number and 5.27% market share by dollar amount).

The major employment sectors in the AA include healthcare, government, and education. According to the Pennsylvania Department of Labor - Industry Center for Workforce Information and Analysis, as of June 2015, the largest five employers in Monroe County are Federal Government; Aventis Pasteur, Inc.; Wal-Mart Associates, Inc.; Pocono Medical Center; and Pocono Mountain School District.

Unemployment rates nationally, in the State of PA, and in the East Stroudsburg, PA MSA have trended downward since November 2013. The unemployment rate in this AA has been higher than national and State of PA unemployment rates during the evaluation period. The following table shows national; State of PA; and East Stroudsburg, PA MSA unemployment rates (not seasonally adjusted) for November 2013, 2014, and 2015. We used November as the month for comparison since unemployment rate data for this AA was preliminary as of December 2015.

<b>Table 8 – National, State of PA, and East Stroudsburg, PA MSA Unemployment Rates</b>			
<b>Year</b>	<b>National</b>	<b>State of PA</b>	<b>MSA 20700</b>
<b>2013</b>	6.6%	6.5%	8.5%
<b>2014</b>	5.5%	5.0%	6.3%
<b>2015</b>	4.8%	4.4%	5.4%

Source: Bureau of Labor Statistics Unemployment Rate Data 2013 - 2015

**Wayne County: Non-MSA**

CSB’s third AA is the Wayne County – Non-MSA AA.

Tables 9 and 10 summarize the AA’s demographics:

<b>Table 9 - Demographic Information for the Wayne County Non-MSA AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>% Low</b>	<b>% Moderate</b>	<b>% Middle</b>	<b>% Upper</b>	<b>% NA*</b>
Geographies (Census Tracts)	14	0.00	0.00	85.71	14.29	0.00
Population by Geography	52,822	0.00	0.00	86.73	13.27	0.00
Owner-Occupied Housing by Geography	15,802	0.00	0.00	87.43	12.57	0.00
Businesses by Geography	3,707	0.00	0.00	86.13	13.87	0.00

Farms by Geography	275	0.00	0.00	92.00	8.00	0.00
Family Distribution by Income Level	13,551	16.01	17.28	24.22	42.48	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	4,512	0.00	0.00	87.08	12.92	0.00
Median Family Income	\$50,163	Median Housing Value		\$175,171		
HUD Adjusted MFI for 2015	\$55,900	Unemployment Rate (2010 U.S. Census)		2.66%		
Households Below Poverty Level	11%					

Source: 2010 U.S. Census and 2015 HUD updated MFI

(\*) The NA category consists of geographies that have not been assigned an income classification.

Table 10 – Additional Demographic Information for the Wayne County Non-MSA AA								
Income Category	% Family Distribution	Census Tract Data Distributions						
		# Tracts	% Housing Units	% Owner Occupied Units	% Rental Occupied Units	% Single Family Units	Median Housing Value	Median Housing Age
Low	16.01%	0	NA	NA	NA	NA	NA	NA
Moderate	17.28%	0	NA	NA	NA	NA	NA	NA
Middle	24.22%	12	86.42%	87.43%	83.67%	88.58%	176,534	37
Upper	42.48%	2	13.58%	12.57%	16.33%	11.42%	166,491	32
<b>Total # or \$</b>	<b>13,551</b>	<b>14</b>	<b>31,703</b>	<b>15,802</b>	<b>3,876</b>	<b>27,611</b>	<b>175,171</b>	<b>36</b>

Source: 2010 U.S. Census

The Wayne County Non-MSA AA consists of the entire county of Wayne, PA. CSB designated all of the CTs in Wayne County as part of its AA. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. Out of the 14 CTs in this AA, there are no CTs classified as low- or moderate-income; twelve or 85.71% are classified as middle-income; and two or 14.29% are classified as upper-income.

The 2010 U.S. Census reported the total population of the AA at 52,822. Within the AA, there are 13,551 families and 19,678 households. There are 31,703 housing units, of which 15,802 or 49.84% are owner-occupied, 3,876 or 12.23% are rental-occupied, and 12,025 or 37.93% are vacant. Approximately 87.43% of total owner-occupied housing units are located in middle-income CTs and 12.57% are located in upper-income CTs. The median housing value is \$175,171.

The 2010 Census median family income was \$50,163, and the HUD updated median family income for 2015 is \$55,900. Approximately 16.01% of the families in the AA are low-income; 17.28% are moderate-income; 24.22% are middle-income; and 42.48% are upper-income. Approximately 11.01% of total households are below the poverty level.

There is one full service branch located in this AA. This branch has an ATM and drive-up teller facility. The branch offers a full line of traditional banking products and services and has extended hours on Friday evenings and Saturday mornings.

There is intense competition for deposits among community banks, as well as branches of regional and national financial institutions in Wayne County. According to the June 30, 2015 FDIC Summary of Deposit Market Share Report, CSB’s deposit market share within this AA is 1.96%, ranking 8<sup>th</sup> out of 10 financial institutions. Institutions with the greatest deposit market shares in this AA have larger branch networks than CSB. The top five institutions with the greatest deposit market shares are The Dime Bank (5 offices and 27.73% market share); The Honesdale National Bank (4 offices and 24.62% market share); Wayne Bank (5 offices and 19.67% market share); NBT Bank, N.A. (5 offices and 12.39% market share); and First National Community Bank (2 offices and 4.43% market share).

Competition for home mortgage loans is strong in the AA. According to HMDA Peer Mortgage Data, 203 lenders originated or purchased home mortgage loans in the AA in 2014. CSB ranks 16<sup>th</sup> with a home mortgage loan market share of 1.67% by number of loans and 2.04% by dollar amount. The top three lenders of home mortgages in the AA are: Wells Fargo Bank, N.A. (8.24% market share by number and 8.67% market share by dollar amount); The Honesdale National Bank (8.04% market share by number and 7.26% market share by dollar amount); and The Dime Bank (7.94% market share by number and 6.38% market share by dollar amount).

The major employment sectors in the AA include healthcare, government, and education. According to the Pennsylvania Department of Labor - Industry Center for Workforce Information and Analysis, as of June 2015, the largest five employers in Wayne County are State Government; Wayne County Memorial Hospital Association; Federal Government; Wayne County Commissioners; and Wayne Highlands School District.

Unemployment rates nationally, in the State of PA, and in Wayne County have trended downward since November 2013. The unemployment rate in Wayne County has experienced significant improvement during our evaluation period from a high of 7.1% in November 2013 to a low of 4.7% in November 2015. The following table shows national, State of PA, and Wayne County unemployment rates (not seasonally adjusted) for November 2013, 2014, and 2015. We used November as the month for comparison since unemployment rate data for this AA was preliminary as of December 2015.

<b>Year</b>	<b>National</b>	<b>State of PA</b>	<b>Wayne County</b>
<b>2013</b>	6.6%	6.5%	7.1%
<b>2014</b>	5.5%	5.0%	5.5%
<b>2015</b>	4.8%	4.4%	4.7%

*Source: Bureau of Labor Statistics Unemployment Rate Data 2013 - 2015*

**Pike County: (portion of) Newark, NJ-PA – MD 35084**

CSB’s fourth AA consists of six CTs located in Pike County, which is a part of the Newark, NJ-PA – MD 35084.

Tables 12 and 13 summarize the AA’s demographics:

<b>Table 12 - Demographic Information for the Pike County AA</b>						
Demographic Characteristics	#	% Low	% Moderate	% Middle	% Upper	% NA*
Geographies (Census Tracts)	6	0.00	100.00	0.00	0.00	0.00
Population by Geography	13,125	0.00	100.00	0.00	0.00	0.00
Owner-Occupied Housing by Geography	4,720	0.00	100.00	0.00	0.00	0.00
Businesses by Geography	798	0.00	100.00	0.00	0.00	0.00
Farms by Geography	26	0.00	100.00	0.00	0.00	0.00
Family Distribution by Income Level	3,955	35.02	25.74	21.92	17.32	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	2,403	0.00	100.00	0.00	0.00	0.00
Median Family Income	\$90,123	Median Housing Value				\$234,410
HUD Adjusted MFI for 2015	\$97,900	Unemployment Rate (2010 U.S. Census)				4.77%
Households Below Poverty Level	6%					

Source: 2010 U.S. Census and 2015 HUD updated MFI

(\*) The NA category consists of geographies that have not been assigned an income classification.

<b>Table 13 - Additional Demographic Information for the Pike County AA</b>								
Income Category	% Family Distribution	Census Tract Data Distributions						
		# Tracts	% Housing Units	% Owner Occupied Units	% Rental Occupied Units	% Single Family Units	Median Housing Value	Median Housing Age
Low	35.02%	0	NA	NA	NA	NA	NA	NA
Moderate	25.74%	6	100%	100%	100%	100%	234,410	31
Middle	21.92%	0	NA	NA	NA	NA	NA	NA
Upper	17.32%	0	NA	NA	NA	NA	NA	NA
<b>Total # or \$</b>	<b>3,955</b>	<b>6</b>	<b>12,313</b>	<b>4,720</b>	<b>763</b>	<b>11,591</b>	<b>234,410</b>	<b>31</b>

Source: 2010 U.S. Census

The Newark, NJ-PA MD is comprised of Pike County in Pennsylvania and the following counties in New Jersey: Essex, Hunterdon, Morris, Somerset, Sussex, and Union. CSB designated six CTs in Pike County, Pennsylvania as part of its AA. CSB does not operate a branch in this AA and therefore does not have any market share of deposits. Six CTs in this AA were included in the bank’s overall AA due to their close proximity to the branch in Wayne County which is contiguous with Pike County. All six CTs are moderate-income geographies. This AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

The 2010 U.S. Census reported the total population of the AA at 13,125. Within the AA, there are 3,955 families and 5,483 households. There are 12,313 housing units, of which 4,720 or 38.33% are owner-occupied, 763 or 6.20% are rental-occupied, and 6,830 or 55.47% are vacant. The median housing value is \$234,410.

The 2010 Census median family income was \$90,123, and the HUD updated median family income for 2015 is \$97,900. Approximately 35.02% of the families in the AA are low-income; 25.74% are moderate-income; 21.92% are middle-income; and 17.32% are upper-income. Approximately 6.06% of total households are below the poverty level.

Competition for home mortgage loans is strong in the AA. According to Peer Mortgage Data, 135 lenders originated or purchased home loans in the AA in 2014. CSB ranks 9<sup>th</sup> with a home mortgage loan market share of 3.78% by number of loans and 4.05% by dollar amount. The top three lenders of home mortgages in the AA are: Wells Fargo Bank, N.A. (12.23% market share by number and 13.58% market share by dollar amount); The Dime Bank (5.30% market share by number and 3.84% market share by dollar amount); and The Honesdale National Bank (4.92% market share by number and 3.49% market share by dollar amount).

The major employment sectors in the AA include healthcare, government, manufacturing, and hospitality. According to the Pennsylvania Department of Labor-Industry Center for Workforce Information and Analysis, as of June 2015, the largest five employers in Pike County are Woodloch Pines Inc.; Delaware Valley School District; Wallenpaupack Area School District; Wal-Mart Associates, Inc.; and Pike County.

Unemployment rates nationally, in the State of PA, and in Pike County have trended downward since November 2013. The unemployment rate in this AA has been higher than national and State of PA unemployment rates during our evaluation period. The following table shows national; State of PA; and Pike County unemployment rates (not seasonally adjusted) for November 2013, 2014, and 2015. We used November as the month for comparison since unemployment rate data for this AA was preliminary as of December 2015.

<b>Year</b>	<b>National</b>	<b>State of PA</b>	<b>Pike County</b>
<b>2013</b>	6.6%	6.5%	8.5%
<b>2014</b>	5.5%	5.0%	6.2%
<b>2015</b>	4.8%	4.4%	5.4%

*Source: Bureau of Labor Statistics Unemployment Rate Data 2013 - 2015*

## Conclusions with Respect to Performance Tests

### LENDING TEST

The Lending Test is rated Satisfactory. Factors supporting this rating are included in the following sections.

#### Loan-to-Deposit Ratio

CSB’s net loan-to-deposit ratio is more than reasonable given the bank’s size, financial condition, lending-related activities, and AA credit needs. The bank’s net loan-to-deposit ratio averaged 90.23% over the previous 12 quarters since the previous CRA PE. This ratio ranged from a quarterly low of 82.98% as of the first quarter of 2013 to a quarterly high of 93.58% as of the third quarter of 2015.

We compared the bank’s average net loan-to-deposit ratio to a peer group of state and federally chartered banks and thrifts headquartered in the state of Pennsylvania. We limited the peer group to banks of similar asset sizes (between \$300 and \$400 million) and branch structures (less than 10 branches). The peer average net loan-to-deposit ratio during the evaluation period was 76.45%.

#### Lending in Assessment Area

A substantial majority of CSB’s primary loan products were originated in its AA during the evaluation period. We aggregated lending in all of the bank’s AAs for this portion of the evaluation. Over the evaluation period, 94.14% of the bank’s home mortgages and consumer loans were originated within the combined AAs. Specifically, 93.05% of the total number and 90.93% of the total dollar amount of home mortgage loans were originated within the combined AAs. Consumer loan originations were 98.47% by total number and 94.50% by total dollar amount within the combined AAs. Please see the following tables for additional details.

Table 15: Concentration of Loans Originated In and Outside of the Assessment Area						
Loan Type	% Inside Area		% Outside Area		Total	
	#	\$(000)	#	\$(000)	#	\$(000)
Home Loans (HMDA)	482	63,874	36	6,372	518	70,246
Consumer Loans	129	2,630	2	153	131	2,783
Total	611	66,504	38	6,525	649	73,029

Source: CSB 2014 – 2015 HMDA and Consumer Loan data

Table 16: Concentration of Loans Originated In and Outside of the Reviewed Assessment Areas						
Assessment Area	Home Loans (HMDA)		Consumer (Non-HMDA)		Aggregate Primary Loan Products	
	% of Loans	% of \$ Volume	% of Loans	% of \$ Volume	% of Loans	% of \$ Volume
Within Scranton	63.71	57.44	72.52	61.05		

– Wilkes-Barre – Hazleton MSA AA					65.48	57.57
Within East Stroudsburg, PA MSA AA	4.44	4.67	9.92	11.07	5.55	4.92
Within Wayne County Non-MSA AA	14.09	15.35	12.21	13.51	13.71	15.28
Within Pike County AA	10.81	13.47	3.82	8.87	9.40	13.30
<b>Within All AAs</b>	93.05	90.93	98.47	94.50	94.14	91.07
<b>Outside Area</b>	6.95	9.07	1.53	5.50	5.86	8.93
<b>Total # / \$</b>	<b>518</b>	<b>70,246</b>	<b>131</b>	<b>2,783</b>	<b>649</b>	<b>73,029</b>

Source: CSB 2014 – 2015 HMDA and Consumer Loan data

### Lending to Borrowers of Different Incomes

The bank's loan originations reflect reasonable distribution among individuals of different income levels, considering the bank's performance context. During the evaluation period, the bank originated a majority, 63.71% of total home mortgage loans and 72.52% of total consumer loans in the Scranton – Wilkes-Barre – Hazleton MSA AA. Five of the bank's seven offices are located in this AA. Therefore, the bank's record of lending to borrowers of different income levels in the Scranton – Wilkes-Barre – Hazleton MSA AA received the most weight in this analysis.

The bank's record of originating consumer loans to borrowers of different income levels in each of the bank's four AAs reflected reasonable distribution among individuals of different income levels. The bank's record of originating home loans to borrowers of different income levels in three of the bank's four AAs reflected reasonable distribution among individuals of different income levels. The bank's home mortgage lending in the East Stroudsburg, PA MSA AA, reflected inadequate distribution among individuals of different income levels. This performance did not adversely affect the overall rating in this analysis because the bank's lending activity in this AA does not represent a majority of the bank's overall lending. The bank originated only 4.44% of total home mortgage loans and 9.92% of total consumer loans in the East Stroudsburg, PA MSA AA during the evaluation period.

Home mortgage loan originations represent 80% by number and 96% by dollar volume of the bank's total home mortgage and consumer loan originations during the evaluation period. Therefore, the bank's distribution of home mortgage loans to borrowers of different income levels received more weight than consumer loan originations for this analysis.



**Lackawanna, Luzerne, and Wyoming Counties:**  
**Scranton – Wilkes Barre – Hazleton, PA – MSA 42540**

The bank's home mortgage and consumer loan originations in this AA reflect reasonable distribution among individuals of different income levels.

*Home Mortgage Loans*

The bank's home mortgage loan originations in this AA reflect reasonable distribution among individuals of different income levels. In our analysis, we considered the affordability of home ownership for low-income families. The median housing value is \$123,891 and a low-income family earns less than \$29,500 annually. Additionally, approximately 13% of AA households are below the poverty level and considered very low-income. Lack of home ownership affordability limits opportunities for home loan lending to low-income AA families. Therefore, the bank's record of lending to moderate-income borrowers in the AA received more weight than the bank's record of lending to low-income borrowers.

*Home Purchase Loans*

The bank's originations of home purchase loans to low-income borrowers in the AA were significantly lower than the aggregate industry distribution and the percentage of low-income families in the AA. The bank's originations of home purchase loans to moderate-income borrowers in the AA were lower than the aggregate industry distribution and the percentage of moderate-income families in the AA.

The following table shows the bank's distribution of home purchase loans among borrowers of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of families in each income category.

<b>Table 17 – Distribution of Home Purchase Loans By Borrower Income Level in the Scranton – Wilkes-Barre – Hazleton MSA AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume (000)'s</b>	<b>% Family Distribution</b>	<b>% of Aggregate</b>
Low	2.61%	0.70%	20.34%	8.93%
Moderate	13.73%	6.29%	18.03%	25.15%
Middle	18.30%	12.35%	21.66%	25.64%
Upper	65.36%	80.66%	39.97%	40.29%
<b>Total # or \$</b>	<b>153</b>	<b>\$25,488</b>	<b>147,130</b>	<b>6,046</b>

*Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data*

*Home Refinance Loans*

The bank’s originations of home refinance loans to low-income borrowers in the AA were lower than the aggregate industry distribution and significantly lower than the percentage of low-income families in the AA. The bank’s originations of home refinance loans to moderate-income borrowers in the AA fell within a reasonable range below the industry comparators.

The following table shows the bank’s distribution of home refinance loans among borrowers of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of families in each income category.

<b>Table 18 – Distribution of Home Refinance Loans By Borrower Income Level in the Scranton – Wilkes-Barre – Hazleton MSA AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume (000's)</b>	<b>% Family Distribution</b>	<b>% of Aggregate</b>
Low	5.21%	1.97%	20.34%	8.18%
Moderate	16.67%	9.33%	18.03%	17.72%
Middle	25.00%	27.59%	21.66%	26.00%
Upper	53.13%	61.11%	39.97%	48.10%
<b>Total # or \$</b>	<b>96</b>	<b>\$9,536</b>	<b>147,130</b>	<b>6,870</b>

*Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data*

*Home Improvement Loans*

The bank’s originations of home improvement loans to low-income borrowers in the AA were lower than the aggregate industry distribution and significantly lower than the percentage of low-income families in the AA. The bank’s originations of home improvement loans to moderate-income borrowers in the AA fell within a reasonable range below the industry comparators.

The following table shows the bank’s distribution of home improvement loans among borrowers of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of families in each income category.

<b>Table 19 – Distribution of Home Improvement Loans By Borrower Income Level in the Scranton – Wilkes-Barre – Hazleton MSA AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume (000's)</b>	<b>% Family Distribution</b>	<b>% of Aggregate</b>
Low	6.17%	1.84%	20.34%	12.20%
Moderate	16.05%	10.88%	18.03%	18.97%
Middle	17.28%	16.45%	21.66%	24.73%
Upper	60.49%	70.83%	39.97%	44.11%
<b>Total # or \$</b>	<b>81</b>	<b>\$5,324</b>	<b>147,130</b>	<b>2,740</b>

*Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data*

*Consumer Loans*

The bank’s consumer loan originations in this AA reflect reasonable distribution among households of different income levels. The bank’s originations of consumer loans to low-income borrowers were lower than the percentage of low-income households in the AA, while the bank’s originations of consumer loans to moderate-income borrowers exceeded the percentage of moderate-income households in the AA.

The following table shows the distribution of CSB’s consumer loans among different income levels compared to the percentage of households in each income category.

<b>Table 20 – Borrower Distribution of Consumer Loans in the Scranton – Wilkes-Barre – Hazleton MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Hholds	% of Bank Loans	% of AA Hholds	% of Bank Loans	% of AA Hholds	% of Bank Loans	% of AA Hholds	% of Bank Loans
Consumer Loans: 95 Total AA Originations	24.39%	13.68%	16.50%	23.16%	16.97%	8.42%	42.14%	25.26%

*Source: CSB Consumer Loan data 01/01/2014 – 12/31/2015 and 2010 U.S. Census*

**Monroe County: East Stroudsburg, PA – MSA 20700**

The bank’s home mortgage loan originations in this AA reflect inadequate distribution among individuals of different income levels, while the bank’s consumer loan originations in this AA reflect reasonable distribution among individuals of different income levels. The bank’s inadequate home mortgage lending performance did not adversely affect the overall rating in the ‘lending to borrowers of different incomes’ analysis because home mortgage lending activity in this AA does not represent a majority of the bank’s overall lending. Only 4.44% of total home mortgage loans were originated in the East Stroudsburg, PA MSA AA during the evaluation period.

*Home Mortgage Loans*

The bank’s home mortgage loan originations in this AA reflect inadequate distribution among individuals of different income levels. The following factors limit the bank’s ability to originate home mortgage loans to low- and moderate-income individuals in this AA:

- It is difficult for low- and moderate-income individuals to attain homeownership in this AA. The median housing value is \$205,746, while a low-income family earns less than \$35,050 and a moderate-income family earn less \$56,080.
- Approximately 11% of households in this AA are below the poverty level and considered very low-income.

- Approximately 24.40% of total housing units in the AA are vacant, while 14.04% are rental-occupied.
- There is intense competition for home mortgages in the AA. According to HMDA Peer Mortgage Data, 300 lenders originated or purchased home loans in the AA in 2014. CSB ranked 72<sup>nd</sup> with a home mortgage loan market share of 0.26% by number of loans and 0.23% by dollar amount.

*Home Purchase Loans*

The bank did not originate any home purchase loans to low-income borrowers in the AA. The bank’s originations of home purchase loans to moderate-income borrowers in the AA were lower than the industry comparators.

The following table shows the bank’s distribution of home purchase loans among borrowers of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of families in each income category.

<b>Table 21 – Distribution of Home Purchase Loans By Borrower Income Level in the East Stroudsburg, PA MSA AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume (000)'s</b>	<b>% Family Distribution</b>	<b>% of Aggregate</b>
Low	0.00%	0.00%	20.07%	3.97%
Moderate	10.53%	2.25%	17.27%	18.56%
Middle	15.79%	11.78%	22.89%	32.17%
Upper	73.68%	85.98%	39.77%	45.30%
<b>Total # or \$</b>	<b>19</b>	<b>\$2,845</b>	<b>44,495</b>	<b>2,938</b>

*Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data*

*Home Refinance Loans*

The bank did not originate any home refinance loans to low- or moderate-income borrowers in the AA.

The following table shows the bank’s distribution of home refinance loans among borrowers of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of families in each income category.

<b>Table 22 – Distribution of Home Refinance Loans By Borrower Income Level in the East Stroudsburg, PA MSA AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume (000's)</b>	<b>% Family Distribution</b>	<b>% of Aggregate</b>
Low	0.00%	0.00%	20.07%	7.14%
Moderate	0.00%	0.00%	17.27%	15.93%
Middle	50.00%	72.12%	22.89%	27.47%
Upper	50.00%	27.88%	39.77%	49.45%
<b>Total # or \$</b>	<b>2</b>	<b>\$312</b>	<b>44,495</b>	<b>3,241</b>

Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data

*Home Improvement Loans*

The bank did not originate any home improvement loans to low- or moderate-income borrowers in the AA.

The following table shows the bank’s distribution of home improvement loans among borrowers of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of families in each income category.

<b>Table 23 – Distribution of Home Improvement Loans By Borrower Income Level in the East Stroudsburg, PA MSA AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume (000's)</b>	<b>% Family Distribution</b>	<b>% of Aggregate</b>
Low	0.00%	0.00%	20.07%	9.27%
Moderate	0.00%	0.00%	17.27%	16.99%
Middle	50.00%	20.00%	22.89%	23.55%
Upper	50.00%	80.00%	39.77%	50.19%
<b>Total # or \$</b>	<b>2</b>	<b>\$125</b>	<b>44,495</b>	<b>654</b>

Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data

*Consumer Loans*

The bank’s consumer loan originations in this AA reflect adequate distribution among households of different income levels. The bank’s originations of consumer loans to low- and moderate-income borrowers reflect performance within a reasonable range below the industry comparators.

The following table shows the distribution of CSB’s consumer loans among different income levels compared to the percentage of households in each income category.

Table 24 – Borrower Distribution of Consumer Loans in the East Stroudsburg, PA MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Hholds	% of Bank Loans	% of AA Hholds	% of Bank Loans	% of AA Hholds	% of Bank Loans	% of AA Hholds	% of Bank Loans
Consumer Loans: 13 Total AA Originations	22.76%	15.38%	16.55%	7.69%	19.60%	30.77%	41.09%	23.08%

Source: CSB Consumer Loan data 01/01/2014 – 12/31/2015 and 2010 U.S. Census

### **Wayne County: Non-MSA**

The bank's home mortgage and consumer loan originations in this AA reflect reasonable distribution among individuals of different income levels, considering the bank's performance context.

#### *Home Mortgage Loans*

The bank's home mortgage loan originations in this AA reflect reasonable distribution among individuals of different income levels. We placed more weight on the bank's record of home mortgage lending to moderate-income individuals in this AA due to the extreme difficulty of a low-income individual to attain homeownership. We considered the following factors when determining the overall reasonableness of the bank's lending to low- and moderate-income individuals in this AA:

- It is difficult for low- and moderate-income individuals to attain homeownership in this AA. The median housing value is \$175,171, while a low-income family earns less than \$27,950 and a moderate-income family earn less \$44,720.
- Approximately 11% of households in this AA are below the poverty level and considered very low-income.
- Approximately 37.93% of total housing units in the AA are vacant, while 12.23% are rental-occupied.
- There is intense competition for home mortgages in the AA. According to HMDA Peer Mortgage Data, 203 lenders originated or purchased home loans in the AA in 2014. CSB ranked 16<sup>th</sup> with a home mortgage loan market share of 1.67% by number of loans and 2.04% by dollar amount.

#### *Home Purchase Loans*

The bank did not originate any home purchase loans to low-income borrowers in the AA. The bank's originations of home purchase loans to moderate-income borrowers in the AA were significantly lower than the industry comparators.

The following table shows the bank’s distribution of home purchase loans among borrowers of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of families in each income category.

<b>Table 25 – Distribution of Home Purchase Loans By Borrower Income Level in the Wayne County Non-MSA AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume (000)'s</b>	<b>% Family Distribution</b>	<b>% of Aggregate</b>
Low	0.00%	0.00%	16.01%	3.43%
Moderate	4.76%	2.52%	17.28%	14.87%
Middle	4.76%	2.93%	24.22%	19.28%
Upper	90.48%	94.55%	42.48%	62.42%
<b>Total # or \$</b>	<b>42</b>	<b>\$7,333</b>	<b>13,551</b>	<b>859</b>

Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data

### Home Refinance Loans

The bank did not originate any home refinance loans to low-income borrowers in the AA. The bank’s originations of home refinance loans to moderate-income borrowers in the AA exceeded the aggregate industry distribution and were lower than the percentage of moderate-income families in the AA.

The following table shows the bank’s distribution of home refinance loans among borrowers of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of families in each income category.

<b>Table 26 – Distribution of Home Refinance Loans By Borrower Income Level in the Wayne County Non-MSA AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume (000)'s</b>	<b>% Family Distribution</b>	<b>% of Aggregate</b>
Low	0.00%	0.00%	16.01%	7.30%
Moderate	13.33%	5.39%	17.28%	12.90%
Middle	26.67%	9.87%	24.22%	20.19%
Upper	60.00%	84.74%	42.48%	59.61%
<b>Total # or \$</b>	<b>15</b>	<b>2,228</b>	<b>13,551</b>	<b>923</b>

Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data

*Home Improvement Loans*

The bank did not originate any home improvement loans to low-income borrowers in the AA. The bank’s originations of home improvement loans to moderate-income borrowers in the AA were significantly lower than the aggregate industry distribution and the percentage of moderate-income families in the AA.

The following table shows the bank’s distribution of home improvement loans among borrowers of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of families in each income category.

<b>Table 27 – Distribution of Home Improvement Loans By Borrower Income Level in the Wayne County Non-MSA AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume (000)'s</b>	<b>% Family Distribution</b>	<b>% of Aggregate</b>
Low	0.00%	0.00%	16.01%	7.10%
Moderate	6.25%	1.23%	17.28%	21.29%
Middle	18.75%	15.83%	24.22%	19.35%
Upper	75.00%	82.94%	42.48%	52.26%
<b>Total # or \$</b>	<b>16</b>	<b>1,219</b>	<b>13,551</b>	<b>258</b>

*Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data*

*Consumer Loans*

The bank’s consumer loan originations in this AA reflect adequate distribution among households of different income levels. We placed more weight on the bank’s record of lending to moderate-income borrowers in this AA than to low-income borrowers. It is difficult for a low-income individual to obtain credit, given that the maximum income level of a low-income family is \$27,950. The bank did not originate any consumer loans to low-income borrowers in the AA, while the bank’s originations of consumer loans to moderate-income borrowers exceeds the percentage of moderate-income households in the AA.

The following table shows the distribution of CSB’s consumer loans among different income levels compared to the percentage of households in each income category.

<b>Table 28 – Borrower Distribution of Consumer Loans in the Wayne County Non-MSA AA</b>								
<b>Borrower Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Loan Type</b>	<b>% of AA Hholds</b>	<b>% of Bank Loans</b>	<b>% of AA Hholds</b>	<b>% of Bank Loans</b>	<b>% of AA Hholds</b>	<b>% of Bank Loans</b>	<b>% of AA Hholds</b>	<b>% of Bank Loans</b>
<b>Consumer Loans: 16 Total AA Originations</b>	19.81%	0.00%	15.05%	37.50%	18.49%	12.50%	46.64%	37.50%

*Source: CSB Consumer Loan data 01/01/2014 – 12/31/2015 and 2010 U.S. Census*



**Pike County: (portion of) Newark, NJ-PA – MD 35084**

The bank's home mortgage and consumer loan originations in this AA reflect reasonable distribution among individuals of different income levels, considering the bank's performance context.

*Home Mortgage Loans*

The bank's home mortgage loan originations in this AA reflect reasonable distribution among individuals of different income levels. We placed more weight upon the bank's originations of home purchase and home refinance loans over the bank's originations of home improvement loans in this AA. Within this AA, the bank only originated three home improvement loans, which represents 5.36% of total AA home loan originations. We also considered the following factors when determining the overall reasonableness of the bank's lending to low- and moderate-income individuals in this AA:

- It is difficult for low-income individual to attain homeownership in this AA. The median housing value is \$234,410, while a low-income family earns less than \$48,950 annually.
- Approximately 6% of households in this AA are below the poverty level and considered very low-income.
- Only 38.33% of total housing units in this AA are owner-occupied, while 55.47% are vacant and 6.20% are rental-occupied.
- There is intense competition for home mortgages in the AA. According to HMDA Peer Mortgage Data, 135 lenders originated or purchased home loans in the AA in 2014, with the top three lenders comprising approximately 22.45% of home loan market share by number of originations.

*Home Purchase Loans*

The bank's originations of home purchase loans to low- and moderate-income borrowers in the AA were significantly lower than the industry comparators.

The following table shows the bank's distribution of home purchase loans among borrowers of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of families in each income category.

<b>Table 29 – Distribution of Home Purchase Loans By Borrower Income Level in the Pike County AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume (000)'s</b>	<b>% Family Distribution</b>	<b>% of Aggregate</b>
Low	2.13%	1.29%	35.02%	12.29%
Moderate	6.38%	3.49%	25.74%	19.49%
Middle	10.64%	11.03%	21.92%	19.07%
Upper	80.85%	84.20%	17.32%	49.15%
<b>Total # or \$</b>	<b>47</b>	<b>\$8,144</b>	<b>3,955</b>	<b>332</b>

Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data

### *Home Refinance Loans*

The bank's originations of home refinance loans to low- and moderate-income borrowers in the AA fell within a reasonable range below industry comparators.

The following table shows the bank's distribution of home refinance loans among borrowers of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of families in each income category.

<b>Table 30 – Distribution of Home Refinance Loans By Borrower Income Level in the Pike County AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume (000)'s</b>	<b>% Family Distribution</b>	<b>% of Aggregate</b>
Low	16.67%	10.31%	35.02%	20.98%
Moderate	16.67%	12.46%	25.74%	25.17%
Middle	33.33%	15.38%	21.92%	23.08%
Upper	33.33%	61.86%	17.32%	30.77%
<b>Total # or \$</b>	<b>6</b>	<b>\$1,164</b>	<b>3,955</b>	<b>382</b>

Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data

### *Home Improvement Loans*

The bank did not originate any home improvement loans to low- or moderate-income borrowers in the AA.

The following table shows the bank's distribution of home improvement loans among borrowers of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of families in each income category.

<b>Table 31 – Distribution of Home Improvement Loans By Borrower Income Level in the Pike County AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume (000)'s</b>	<b>% Family Distribution</b>	<b>% of Aggregate</b>
Low	0.00%	0.00%	35.02%	24.32%
Moderate	0.00%	0.00%	25.74%	21.62%
Middle	0.00%	0.00%	21.92%	27.03%
Upper	100.00%	100.00%	17.32%	27.03%
<b>Total # or \$</b>	<b>3</b>	<b>\$156</b>	<b>3,955</b>	<b>79</b>

Source: CSB HMDA data 01/01/2014 – 12/31/2015, 2010 U.S. Census, and 2014 HMDA Peer Mortgage Data

**Consumer Loans**

The bank’s consumer loan originations in this AA reflect adequate distribution among households of different income levels. The bank’s originations of consumer loans to low-income borrowers fell within a reasonable range below industry comparators. The bank did not originate any consumer loans to moderate-income borrowers in the AA. The volume of consumer lending in this AA was low in comparison to the bank’s overall consumer lending in all AAs. During the evaluation period, the bank originated only five or 3.82% of total consumer loan originations in this AA.

The following table shows the distribution of CSB’s consumer loans among different income levels compared to the percentage of households in each income category.

<b>Table 32 – Borrower Distribution of Consumer Loans in the Pike County AA</b>								
<b>Borrower Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Loan Type</b>	<b>% of AA Hholds</b>	<b>% of Bank Loans</b>	<b>% of AA Hholds</b>	<b>% of Bank Loans</b>	<b>% of AA Hholds</b>	<b>% of Bank Loans</b>	<b>% of AA Hholds</b>	<b>% of Bank Loans</b>
<b>Consumer Loans: 5 Total AA Originations</b>	32.01%	20.00%	24.57%	0.00%	21.32%	40.00%	22.10%	40.00%

Source: CSB Consumer Loan data 01/01/2014 – 12/31/2015 and 2010 U.S. Census

**Geographic Distribution of Loans**

The bank’s loan originations reflect reasonable distribution among geographies of different income levels throughout the bank’s AAs. The geographic distribution of loans in the Wayne County Non-MSA AA was not applicable for this analysis because there are no low- or moderate-income geographies in this AA. Additionally, the geographic distribution of loans in the Pike County AA was not applicable because 100% of the total geographies in this AA are moderate-income. Therefore, the geographic distribution of loans was based upon the bank’s record of lending in the Scranton – Wilkes-Barre – Hazleton MSA AA and the East Stroudsburg, PA MSA AA.

During the evaluation period, the bank originated a majority, 63.71% of total home mortgage loans and 72.52% of total consumer loans, in the Scranton – Wilkes-Barre – Hazleton MSA AA. Additionally, a majority of low- and moderate-income geographies in the bank’s AA are located in the Scranton – Wilkes-Barre – Hazleton MSA AA. Specifically, 100% of total low-income geographies and 81.40% of total moderate-income geographies are located in the Scranton – Wilkes-Barre – Hazleton MSA AA. In comparison, there are no low-income geographies and 4.65% of total moderate-income geographies located in the East Stroudsburg, PA MSA AA. Therefore, the bank’s record of lending among geographies of different income levels in the Scranton – Wilkes-Barre – Hazleton MSA AA received more weight than the bank’s record of lending in the East Stroudsburg, PA MSA AA.

Home mortgage loan originations represent 80% by number and 96% by dollar volume of the bank’s total home mortgage and consumer loan originations during the evaluation period. Therefore, the bank’s distribution of home mortgage loans among geographies of different incomes received more weight than consumer loan originations for this analysis.

**Lackawanna, Luzerne, and Wyoming Counties:**  
**Scranton – Wilkes Barre – Hazleton, PA – MSA 42540**

The bank’s home mortgage and consumer loan originations in this AA reflect reasonable distribution to geographies of different income levels.

*Home Mortgage Loans*

The bank’s home mortgage loan originations in this AA reflect reasonable distribution to geographies of different income levels.

*Home Purchase Loans*

The bank’s originations of home purchase loans in low-income geographies exceeded the industry comparators. The bank’s originations of home purchase loans in moderate-income geographies were significantly lower than the industry comparators.

The following table shows the bank’s distribution of home purchase loans among geographies of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of owner-occupied housing units in each income category.

Table 33 – Distribution of Home Purchase Loans By Census Tract Income Level in the Scranton – Wilkes-Barre – Hazleton MSA AA				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	2.61%	1.07%	0.68%	0.51%
Moderate	1.96%	0.69%	14.42%	11.90%

Middle	65.36%	60.92%	61.66%	59.06%
Upper	30.07%	37.32%	23.24%	28.53%
<b>Total # and \$</b>	<b>153</b>	<b>\$25,488</b>	<b>157,034</b>	<b>6,046</b>

Source: CSB HMDA data 01/01/2014 – 12/31/2015, 2010 U.S. Census, and 2014 HMDA Peer Mortgage Data

*Home Refinance Loans*

The bank’s originations of home refinance loans in low-income geographies exceeded the industry comparators. The bank’s originations of home refinance loans in moderate-income geographies were within a reasonable range below the industry comparators.

The following table shows the bank’s distribution of home refinance loans among geographies of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of owner-occupied housing units in each income category.

<b>Table 34 – Distribution of Home Refinance Loans By Census Tract Income Level in the Scranton – Wilkes-Barre – Hazleton MSA AA</b>				
<b>Census Tract Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume</b>	<b>% Owner Occupied</b>	<b>% of Aggregate (or Peers)</b>
Low	2.08%	1.91%	0.68%	0.80%
Moderate	9.38%	6.68%	14.42%	11.23%
Middle	52.08%	46.83%	61.66%	59.81%
Upper	36.46%	44.58%	23.24%	28.16%
<b>Total # and \$</b>	<b>96</b>	<b>\$9,536</b>	<b>157,034</b>	<b>6,870</b>

Source: CSB HMDA data 01/01/2014 – 12/31/2015, 2010 U.S. Census, and 2014 HMDA Peer Mortgage Data

*Home Improvement Loans*

The bank did not originate any home improvement loans in low-income geographies in this AA. Although there was no performance by the bank in this particular category, the aggregate peer data shows that only 0.66% of total home improvement loans were originated in low-income geographies in this AA in 2014. The bank’s originations of home improvement loans in moderate-income geographies exceeded the industry comparators.

The following table shows the bank’s distribution of home improvement loans among geographies of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of owner-occupied housing units in each income category.

<b>Table 35 – Distribution of Home Improvement Loans By Census Tract Income Level in the Scranton – Wilkes-Barre – Hazleton MSA AA</b>				
<b>Census Tract Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume</b>	<b>% Owner Occupied</b>	<b>% of Aggregate (or Peers)</b>
Low	0.00%	0.00%	0.68%	0.66%
Moderate	17.28%	13.30%	14.42%	11.53%
Middle	50.62%	49.38%	61.66%	64.09%
Upper	32.10%	37.32%	23.24%	23.72%
<b>Total # and \$</b>	<b>81</b>	<b>\$5,324</b>	<b>157,034</b>	<b>2,740</b>

Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data

**Consumer Loans**

The bank’s consumer loan originations in this AA reflect reasonable distribution among geographies of different income levels. The bank did not originate any consumer loans in low-income geographies. Although there was no performance by the bank in this particular category, U.S. Census data shows that only 2.09% of total AA households are located within low-income CTs. Therefore, we placed more weight upon the bank’s record of lending in moderate-income geographies in this AA. The bank’s originations of consumer loans in moderate-income geographies exceeded the percentage of households located in moderate-income CTs.

The following table shows the distribution of CSB’s consumer loans among geographies of different income levels compared to the percentage of households in each income level geography.

<b>Table 36 – Geographic Distribution of Consumer Loans in the Scranton – Wilkes-Barre – Hazleton MSA AA</b>								
<b>Census Tract Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Loan type</b>	<b>% of AA Hholds</b>	<b>% of Bank Loans</b>	<b>% of AA Hholds</b>	<b>% of Bank Loans</b>	<b>% of AA Hholds</b>	<b>% of Bank Loans</b>	<b>% of AA Hholds</b>	<b>% of Bank Loans</b>
<b>Consumer Loans: 95 Total AA Originations</b>	2.09%	0.00%	18.46%	25.26%	59.34%	41.05%	20.11%	33.68%

Source: CSB Consumer Loan data 01/01/2014 – 12/31/2015 and 2010 U.S. Census

**Monroe County: East Stroudsburg, PA – MSA 20700**

The bank’s home mortgage loan originations in this AA reflect reasonable distribution to geographies of different income levels. The bank’s consumer loan originations in this AA reflect excellent distribution to geographies of different income levels. There are no low-income CTs located in this AA. Therefore, this analysis is based entirely upon the bank’s record of lending in moderate-income CTs.

*Home Mortgage Loans*

The bank’s home mortgage loan originations in this AA reflect reasonable distribution to geographies of different income levels. Home purchase loans received the most weight in this analysis because they represent 82.61% of total home loan originations in this AA.

*Home Purchase Loans*

The bank’s originations of home purchase loans in moderate-income geographies significantly exceeded industry comparators.

The following table shows the bank’s distribution of home purchase loans among geographies of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of owner-occupied housing units in each income category.

<b>Table 37 – Distribution of Home Purchase Loans By Census Tract Income Level in the East Stroudsburg, PA MSA AA</b>				
<b>Census Tract Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume</b>	<b>% Owner Occupied</b>	<b>% of Aggregate (or Peers)</b>
Low	0.00%	0.00%	0.00%	0.00%
Moderate	15.79%	7.49%	3.84%	5.45%
Middle	78.95%	89.74%	79.53%	77.43%
Upper	5.26%	2.78%	16.63%	17.11%
<b>Total # and \$</b>	<b>19</b>	<b>\$2,845</b>	<b>48,855</b>	<b>2,938</b>

*Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data*

*Home Refinance Loans*

The bank did not originate any home refinance loans in moderate-income geographies in this AA. Although there was no performance by the bank in this particular category, aggregate peer data shows that only 4.83% of total home refinance loans were originated in moderate-income geographies in this AA in 2014. Additionally, only 3.84% of owner-occupied housing units in the AA are located in moderate-income geographies.

The following table shows the bank’s distribution of home refinance loans among geographies of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of owner-occupied housing units in each income category.

<b>Table 38 – Distribution of Home Refinance Loans By Census Tract Income Level in the East Stroudsburg, PA MSA AA</b>				
<b>Census Tract Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume</b>	<b>% Owner Occupied</b>	<b>% of Aggregate (or Peers)</b>
Low	0.00%	0.00%	0.00%	0.00%
Moderate	0.00%	0.00%	3.84%	4.83%
Middle	100.00%	100.00%	79.53%	77.17%
Upper	0.00%	0.00%	16.63%	17.99%
<b>Total # and \$</b>	<b>2</b>	<b>\$312</b>	<b>48,855</b>	<b>3,241</b>

Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data

### Home Improvement Loans

The bank did not originate any home improvement loans in moderate-income geographies in this AA. Although there was no performance by the bank in this particular category, aggregate peer data shows that only 4.87% of total home improvement loans were originated in low-income geographies in this AA in 2014. Additionally, only 3.84% of owner-occupied housing units in the AA are located in moderate-income geographies.

The following table shows the bank’s distribution of home improvement loans among geographies of different income levels for the period of January 1, 2014 through December 31, 2015, as compared to the aggregate industry distribution and the percentage of owner-occupied housing units in each income category.

<b>Table 39 – Distribution of Home Improvement Loans By Census Tract Income Level in the East Stroudsburg, PA MSA AA</b>				
<b>Census Tract Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume</b>	<b>% Owner Occupied</b>	<b>% of Aggregate (or Peers)</b>
Low	0.00%	0.00%	0.00%	0.00%
Moderate	0.00%	0.00%	3.84%	4.87%
Middle	100.00%	100.00%	79.53%	76.03%
Upper	0.00%	0.00%	16.63%	19.10%
<b>Total # and \$</b>	<b>2</b>	<b>\$125</b>	<b>48,855</b>	<b>654</b>

Source: CSB HMDA data 01/01/2014 – 12/31/2015,  
2010 U.S. Census, and 2014 HMDA Peer Mortgage Data

### Consumer Loans

The bank’s consumer loan originations in this AA reflect excellent distribution among geographies of different income levels. The bank’s originations of consumer loans in moderate-income geographies significantly exceeded the percentage of households located in moderate-income CTs.



The following table shows the distribution of CSB’s consumer loans among geographies of different income levels compared to the percentage of households in each income level geography.

Table 40 – Geographic Distribution of Consumer Loans in the East Stroudsburg, PA MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Hholds	% of Bank Loans	% of AA Hholds	% of Bank Loans	% of AA Hholds	% of Bank Loans	% of AA Hholds	% of Bank Loans
Consumer Loans: 13 Total AA Originations	0.00%	0.00%	3.67%	15.38%	80.69%	84.62%	15.64%	0.00%

Source: CSB Consumer Loan data 01/01/2014 – 12/31/2015 and 2010 U.S. Census

**Wayne County: Non-MSA**

The geographic distribution of loans in the Wayne County Non-MSA AA was not applicable for this analysis because there are no low- or moderate-income geographies in this AA.

**Pike County: (portion of) Newark, NJ-PA – MD 35084**

The geographic distribution of loans in the Pike County AA was not applicable because 100% of the total geographies in this AA are moderate-income.

**Responses to Complaints**

CSB did not receive any CRA complaints during the evaluation period.

**COMMUNITY DEVELOPMENT TEST**

The Community Development Test is rated Satisfactory. CSB’s level of CD activities is adequate given its size, capacity, performance context, and the availability of CD opportunities within the bank’s AAs. The bank does not have a physical presence in Pike County. Therefore, the bank’s CD activities in the remaining three AAs received more consideration. Additionally, because the bank is primarily a residential and consumer lender, it does not customarily offer loans that would qualify as CD loans. Therefore, the bank’s CD investments and services received more weight.

**Lackawanna, Luzerne, and Wyoming Counties: Scranton – Wilkes Barre – Hazleton, PA – MSA 42540**

**Number and Amount of Community Development Loans**

The bank did not originate any CD loans in this assessment area during the evaluation period. CSB focuses its lending exclusively on residential and consumer lending. The bank originates home loans to low- and moderate-income borrowers through several first-time homebuyers programs. However, these loans are HMDA reportable and therefore are given consideration under the lending test. The bank does not customarily offer small business, non-residential real estate, or multi-family loans.

### Number and Amount of Qualified Investments

During the evaluation period, CSB did not make any qualifying investments in this AA. During prior evaluation periods, the bank made two qualifying investments to a CD corporation. Funds from these investments were provided to low- and moderate-income individuals residing in a moderate-income CT for assistance with renovating their homes. The book value of this prior period investment was \$2,883 as of December 31, 2015. The bank made qualifying donations to 10 organizations during the current evaluation period totaling \$47,005. These organizations help provide economic development, affordable housing, and community services to low- and moderate-income individuals and families throughout this AA. The following table shows the organization, activity, and amount of qualified CD investments, donations, and loans in this AA.

<b>Table 41 – Qualified Community Development Investments, Loans, Contributions &amp; Sponsorships for the Scranton – Wilkes-Barre – Hazleton MSA</b>		
<b>Organization</b>	<b>Instrument or Activity</b>	<b>Amount</b>
Consumer Credit Counseling Service of NEPA	Donation	\$3,000
Catherine McAuley Center	Donation	\$900
The Scranton Plan	Donation	\$2,500
United Neighborhood Centers of NEPA- Angel's Attic	Donation	\$3,000
Neighborworks NEPA	Donation	\$3,280
Friends of the Poor/St. Francis of Assisi Kitchen	Donation	\$1,450
United Neighborhood Centers of NEPA	Donation	\$4,375
United Neighborhood Community Development Corp.	Investment	\$2,883
United Way of Lackawanna County	Donation	\$26,900
Volunteer Action Centers of NEPA	Donation	\$800
Spanish American Leaders Serving All	Donation	\$850
<b>Total Investments</b>		<b>\$49,938</b>
<b>Total Loans, Contributions &amp; Sponsorships</b>		<b>\$0</b>

**Extent to Which the Bank Provides Community Development Services**

CSB provides convenient, accessible, and free or reasonably priced products and services through its branch network to meet the financial needs of its AA. CSB provides banking services at its five full service offices in this AA. One branch is located in a low-income geography and two branches are located in moderate-income geographies, providing individuals residing in these geographies with convenient accessibility to the bank’s retail branch operations. The remaining two offices are located in middle and upper-income CTs. All offices with the exception of the Central City Scranton branch offer extended Friday and Saturday hours. The Central City Scranton branch does not offer extended hours because this area is primarily comprised of municipal, commercial, and retail space. All branches in this AA have ATMs accessible 24 hours per day.

CSB offers personal and business checking and savings accounts with no or low minimum balance requirements, free online banking, free telephone banking, unlimited online bill payment, free debit cards, and free withdrawals from any CSB ATM. CSB participates in several First-Time Homebuyer Programs, including the City of Scranton’s First-Time Homebuyer Program. This program meets the needs of low- and moderate-income first-time homebuyers by offering down payment and closing cost assistance.

During the evaluation period, 13 bank employees provided a total of 348 hours of CD services to seven organizations serving the AA. These services focused on promoting affordable housing to low- and moderate-income individuals, economic development in low- and moderate-income geographies, and activities that revitalize low- and moderate-income geographies. The following table shows the organization, capacity of service, and total hours committed.

<b>Table 42 – Qualified Community Development Services for the Scranton – Wilkes-Barre – Hazleton MSA</b>			
<b>Organization</b>	<b>Instrument or Activity</b>	<b>Employees</b>	<b>Hours</b>
Scranton Industrial Development Corp.	Board Member of organization which promotes economic development in LMI geographies	1	4
Neighborworks of NEPA	Board, Finance, Consortium, and Loan Oversight Committee Member	1	185
Federal Home Loan Bank	Provides technical assistance to prospective LMI first-time homebuyers	1	15
United Neighborhood Community Development Corp.	Co-Chairman of a committee designed to revitalize a moderate-income community	1	72
Consumer Credit Counseling Services of NEPA	Teaches a class on the home buying pre-qualification process to prospective LMI homebuyers	1	8
Neighborworks of NEPA	Assists staff with loan collection activities and provides technical assistance on bankruptcies and foreclosures	1	10
Telespond Seniors Inc.	Board Member of non-profit organization that provides services to LMI seniors	1	36

Scranton Latin Pride Festival	Provides counseling to promote affordable housing to LMI individuals	6	18
<b>Total Staff &amp; Hours committed to QCD Services</b>		<b>13</b>	<b>348</b>

**Responsiveness to Community Development Needs**

CSB’s CD activities in the Scranton – Wilkes-Barre – Hazleton MSA demonstrate adequate responsiveness to the AA’s community development needs. CSB met these needs by:

- Making qualifying donations to 10 organizations during the current evaluation period totaling \$47,005. These organizations help provide economic development, affordable housing, and community services to low- and moderate-income individuals and families throughout this AA. Additionally, the book value of one prior period qualifying investment totals \$2,883 as of December 31, 2015.
- 13 employees provided 348 hours of technical and financial expertise assistance to seven organizations that promote affordable housing to low- and moderate-income individuals, economic development in low- and moderate-income geographies, and activities that revitalize low- and moderate-income geographies.
- Operating one full service branch in a low-income geography and two full service branches in moderate-income geographies in this AA, providing individuals residing in these geographies with convenient accessibility to the bank’s retail branch operations.
- Offering a variety of free or low-cost deposit products to consumers and businesses through the bank’s retail branch network and through its online and mobile banking services.

**Monroe County: East Stroudsburg, PA – MSA 20700**

**Number and Amount of Community Development Loans**

The bank did not originate any CD loans in this assessment area during the evaluation period.

**Number and Amount of Qualified Investments**

During the evaluation period, CSB did not make any qualifying investments in this AA. However, the bank made qualifying donations in the amount of \$1,575 to an organization that helps provide affordable housing to low- and moderate-income individuals and families in the AA. The following table shows the organization and the amount of the qualified donation in this AA.

Table 43 – Qualified Community Development Investments, Loans, Contributions & Sponsorships for the Monroe County MSA		
Organization	Instrument or Activity	Amount
Monroe County Habitat for Humanity	Donation	\$1,575
<b>Total Investments</b>		<b>\$1,575</b>
<b>Total Loans, Contributions &amp; Sponsorships</b>		<b>\$0</b>

**Extent to Which the Bank Provides Community Development Services**

The bank offers the same products and services throughout each of its branch locations. Therefore, the same free and low cost products and services described in the Scranton – Wilkes-Barre – Hazleton AA above are also applicable to this AA. The bank’s one full service branch in this AA is located in a middle-income geography. This AA has a total of two moderate-income CTs, and no low-income CTs. The full service branch in this AA offers extended Friday and Saturday hours and an ATM accessible 24 hours per day.

During the evaluation period, one bank employee provided a total of 169 hours of CD services to one organization serving the AA. This service focused on promoting affordable housing to low- and moderate-income individuals and stabilizing low- and moderate-income geographies. The following table shows the organization, capacity of service, and total hours committed.

Table 44 – Qualified Community Development Services for the Monroe County AA			
Organization	Instrument or Activity	Employees	Hours
Monroe County Habitat for Humanity	Board and Finance Committee Member. Also, Chairman of Family Selection Committee.	1	169
<b>Total Staff &amp; Hours committed to QCD Services</b>		<b>1</b>	<b>169</b>

**Responsiveness to Community Development Needs**

CSB’s CD activities in the Monroe County AA demonstrate adequate responsiveness to the CD needs of the AA when considering the bank’s capacity, its performance context, and the availability of CD opportunities in the AA. CSB met these needs by:

- Making a qualifying donation in the amount of \$1,575 to an organization that helps provide affordable housing to low- and moderate-income individuals and families in the AA.
- One employee provided 169 hours of technical and financial expertise assistance to an organization that promotes affordable housing for low- and moderate-income individuals and families.

- Offering a variety of free or low-cost deposit products to consumers and businesses through the bank’s retail branch network and through its online and mobile banking services.

**Wayne County: Non-MSA**

**Number and Amount of Community Development Loans**

The bank did not originate any CD loans in this assessment area during the evaluation period.

**Number and Amount of Qualified Investments**

During the evaluation period, CSB did not make any qualifying investments in this AA. However, the bank made a qualifying donation totaling \$600 to an organization that helps provide affordable housing low- and moderate-income individuals and families in the AA. The following table shows the organization and amount of qualified CD donation in this AA.

<b>Table 45 – Qualified Community Development Investments, Loans, Contributions &amp; Sponsorships for the Wayne County Non-MSA</b>		
<b>Organization</b>	<b>Instrument or Activity</b>	<b>Amount</b>
Wayne County Habitat for Humanity	Donation	\$600
<b>Total Investments</b>		<b>\$600</b>
<b>Total Loans, Contributions &amp; Sponsorships</b>		<b>\$0</b>

**Extent to Which the Bank Provides Community Development Services**

The bank offers the same products and services throughout each of its branch locations. Therefore, the same free and low-cost products and services described in the Scranton – Wilkes-Barre – Hazleton MSA section above are also applicable to this AA. The bank’s one full service branch in this AA is located in a middle-income geography. The Wayne County Non-MSA does not have any low- or moderate-income CTs. The full service branch in this AA offers extended Friday and Saturday hours and an ATM accessible 24 hours per day.

**Responsiveness to Community Development Needs**

CSB’s CD activities in the Wayne County Non-MSA demonstrate adequate responsiveness to the CD needs of the AA, when considering the bank’s capacity, its performance context, and the availability of CD opportunities in the AA. CSB met these needs by:

- Providing \$600 in qualifying donations to an organization that promotes affordable housing for low-and moderate-income individuals.

- Offering a variety of free or low-cost deposit products to consumers and businesses through the bank's retail branch network and through its online and mobile banking services.

**Pike County: (portion of) Newark, NJ-PA – MD 35084**

CSB did not originate any CD loans, qualified investments, or provide CD services in this AA during the evaluation period. As such, the bank evidenced inadequate responsiveness to the CD needs of this AA. The bank does not have a physical presence in this AA, and therefore, we placed more emphasis on the bank's record of meeting the CD needs of the other three AAs to derive our aggregate rating for the CD test.

**Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.