



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 29, 2013

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:

- A substantial majority of Citizens Savings Bank's primary loan products were originated in the thrift's assessment area (AA).
- The distribution of loans represents a reasonable penetration among individuals of different income levels, and businesses of different sizes.
- The distribution of loans reflects an excellent dispersion among moderate-income census tracts in the assessment area. The three assessment areas have only one low-income census tract; therefore, only the moderate-income tracts were considered.
- The loan-to-deposit ratio is reasonable given the thrift's size, financial condition, lending-related activities, and assessment area needs.
- The responsiveness to community development needs and opportunities in thrift's AA assessment area is adequate.

Scope of Examination

Citizens Savings Bank (CSB) was evaluated under the Intermediate Small Bank examination procedures which include a lending test and a community development (CD) test. The lending test evaluates the thrift'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 community development services.

The evaluation period for the lending test for CSB covers its performance from October 1, 2009 through December 31, 2011. The scope of our lending test included Home Mortgage Disclosure Act (HMDA) reportable loans during the above evaluation period. The thrift also chose to include the consumer loan portfolio, consisting primarily of non-HMDA home equity loans, so this was in the scope of the lending test as well. The review did not include small farm or multi-family loans as CSB does not originate these types of loans. The evaluation period for the CD test is from December 15, 2009 through January 28, 2013. CD loans, investments, and services submitted by management were verified to ensure that they met the regulatory definition for community development.

CSB's primary loan product is home mortgage loans. CSB reports data under the requirements of the HMDA. The reported HMDA data was tested and found to be reliable. Therefore, HMDA data was used to evaluate home mortgage performance.

Table 1 depicts the maximum income amount for each income range in each of the assessment areas. The income ranges below were used during our analysis to determine the borrower's income level for each sampled consumer loan.

Table 1 - Definition of Income Ranges Used in the Evaluation					
Income Category	Maximum Income in for Income Range				2010 Median Family Income (MFI)
	Low	Moderate	Middle	Upper	
% Range of MFI	<50%	50%-<80%	80%-<120%	≥120%	
Scranton-Wilkes-Barre MSA # 42540 AA	21,947	35,114	52,671	52,672	\$43,893
Wayne and Monroe Counties PA Non-MSA AA	20,738	33,180	49,770	49,771	\$41,475
Newark-Union-NJ-PA MD #35084 AA	34,212	54,739	82,108	82,109	\$68,424

Description of Institution

Table 2 depicts CSB's balance sheet composition as of December 31, 2012.

Table 2: Major Components of Assets, Liabilities and Capital As of December 31, 2012		
Balance Sheet Component	Balance Sheet \$ Amount (000)'s	% of Total Assets
Loans	233,935	70.5%
1-4 Family Residential	232,791	70.1%
Consumer	457	.13%
Nonresidential Mortgages	687	.20%
Investments	80,569	24.3%
US Agencies	18,085	5.5%
Mortgage Backed Securities	35,327	10.6%
Cash	27,157	8.2%
Total Assets	331,703	100.0%
Liabilities & Capital (LC)		% of Total LC
Deposits & Escrow	278,869	84.1%
Borrowings	10,000	3.0%
Total Liabilities	291,937	88.0%
Retained Earnings	38,848	11.7%
Total Capital	39,766	12.0%

Source: December 31, 2012 Call Report

CSB is a federally chartered mutual thrift institution with total assets of \$331 million and Tier One Capital of \$39 million, as of December 31, 2012. The thrift was established in 1902 and is headquartered in Clarks Summit, Pennsylvania.

As of December 31, 2012, CSB operates seven full service offices located in Lackawanna, Wayne, and Monroe counties. The main office is located in 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. There were no branches opened, closed, or relocated during the evaluation period. Table 3 represents the branch distribution by CT income category.

Census Tract Income Category	Branch Distribution	
	% of Branches	% of Deposits as of December 31, 2011
Low	14.29%	10.68%
Moderate	14.29%	11.29%
Middle	42.86%	41.36%
Upper	28.57%	36.67%
Total #	7	\$277,323

Source: Bank provided deposit report by branch

CSB has an affiliation with CSB Services, Incorporated, which is a 100 percent wholly owned subsidiary that holds approximately \$95 million in residential mortgage assets of CSB. The subsidiary is located in Wilmington, DE and was not considered in this evaluation as it does not affect the bank’s capacity for community reinvestment.

CSB is exclusively a residential and consumer loan lender. Residential loan products include fixed- and adjustable-rate loans for the purchase, refinance, and construction of one-to-four family dwellings. A variety of consumer loans, including home equity loans and lines of credit, automobile loans and unsecured personal loans are also available.

As of December 31, 2012, net loans and leases totaled \$233 million or 70 percent of total assets. The loan portfolio is broken down as follows:

Loan Category	Amount (\$000)	Percent of Total Loans
Residential Mortgages	226,828	97%
Home Equity Lines of Credit	5,963	2.5%
Other Consumer (Auto and Personal Loans)	457	.2%
Other	687	.3%
Total	233,935	100%

Source: December 31, 2012 Call Report

Competition is strong and includes local community banks, credit unions, and branches of larger regional and national banks. CSB’s main competitors are: PNC Bank, N.A., Wells Fargo Bank, N.A., Manufacturers and Traders Trust Company, First National Community Bank, Fidelity Deposit & Discount Bank, Community Bank, N.A., Dime Bank, Wayne Bank, and Honesdale National Bank.

There were no financial or legal impediments to hinder CSB’s ability to help meet the community’s credit needs. CSB was rated “Satisfactory” in its last CRA Performance Evaluation dated December 14, 2009.

Description of Assessment Area(S)

CSB has three assessment areas (AAs) located in Northeastern Pennsylvania. The AAs are described below.

The Scranton-Wilkes-Barre MSA # 42540 AA:

CSB’s first assessment area is the Scranton-Wilkes-Barre MSA # 42540 AA

Tables 5 and 6 summarize the AA’s demographics:

Table 5: Demographic Information for the Scranton-Wilkes-Barre MSA AA					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	168	0.60%	12.50%	74.40%	12.50%
Population by Geography	560,625	0.46%	10.26%	73.22%	16.06%
Owner-Occupied Housing by Geography	158,663	0.03%	7.89%	74.88%	17.20%
Businesses by Geography	34,021	3.13%	9.68%	69.38%	17.82%
Farms by Geography	793	0.13%	3.03%	71.12%	25.73%
Family Distribution by Income Level	148,520	19.02%	18.75%	22.88%	39.34%
Distribution of Low and Moderate families throughout AA geographies	56,099	0.37%	14.68%	75.22%	9.73%
Census Median Family Income (MFI)		\$43,893	Median Housing Value		\$87,298
HUD-Adjusted MFI: 2009		\$56,500	Households Below the Poverty Level		12%
			Unemployment Rate		
			Lackawanna County		8.1%
			Luzerne County		8.9%
			Wyoming County		9.4%

Source: 2000 U.S. Census Data, 2009 HUD updated MFI and The U.S. Bureau of Labor Statistics, November 2012

Table 6: Additional Demographic Information for the Scranton-Wilkes-Barre MSA # 42540 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	0.17%	1	0.06%	0.03%	1.8%	0.10%	72,000	25
Moderate	9.8%	21	11.3%	7.9%	18.4%	10.6%	66,168	48
Middle	73.7%	125	74.3%	74.9%	71.6%	74.9%	83,442	41
Upper	16.3%	21	13.8%	17.2%	8.28%	14.27%	125,930	22
Total #	148,520	168	252,761	158,663	69,004	231,926	87,298	39

Source: 2000 U.S. Census Data

The Scranton - Wilkes-Barre MSA #42540 AA is comprised of Lackawanna, Luzerne, and Wyoming Counties. CSB designated all the census tracts in Lackawanna and Luzerne Counties, and Wyoming County as its AA. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. Of the 168 census tracts, 1, or 0.60% is a low-income geography; 21, or 12.50% are moderate-income geographies; 125, or 74.40% are middle-income geographies; and 21, or 12.50% are upper-income geographies.

The 2000 U.S. Census reported the total population of the AA at 560,625. Within the AA, there are 148,520 families and 227,729 households. There are 252,761 housing units, of which, 63% are owner-occupied, 27% are rental-occupied, and 9.9% are vacant housing units. Approximately 0.03% of owner-occupied housing is located in the low-income geography; 7.9% is located in moderate-income geographies; 74.9% is located in middle-income geographies; and 17.2% is located in upper-income geographies. The median housing cost is \$87,298.

The 2000 median income was \$43,893, and the 2008 HUD updated median family income for 2011 is \$56,500. Approximately 19.0% of the families are low-income; 18.7% are moderate-income; 22.8% are middle-income; and 39.3% are upper-income. Approximately 12% are below the poverty level.

There are five full service branches and the main office located in this AA. All branches offer full lines of traditional banking products and services. Four of the five branches have extended hours on Friday evening, and have Saturday morning hours. The Central City Scranton branch does not offer extended Friday hours or Saturday morning hours. All five branches have automated teller machines (ATMs) and drive-up teller facilities.

According to the June 30, 2012 FDIC Summary of Deposit Market Share report, CSB's deposit market share within this AA is 2.12%, ranking CSB 14 out of 23 institutions in the AA. CSB's primary competitors are: PNC Bank, N.A. (33 offices, 23.5% market share); Wells Fargo Bank, N.A. (16 offices, 9.91% market share); Manufacturers and Traders Trust Company (15 offices, 8.64% market share); Community Bank, N.A. (21 offices, 6.97% market share); and First National Community Bank (18 offices, 6.85% market share).

The economy is characterized as stable. The major employment sectors in Lackawanna County are manufacturing, retail trade, health care, local government, accommodation, and food services. The major employers are Allied Services Foundation, Scranton School District, Community Medical Center, and The Moses Taylor Hospital. The major employment sectors in Luzerne County are manufacturing, retail trade, and health care. The major employers are Luzerne County Government, Wilkes-Barre Hospital Company, Wal-Mart Associates Inc., and Geisinger Wyoming Valley Medical Center. The major employment sectors in Wyoming County are health care, retail trade, local government, and manufacturing. The major employers are Procter & Gamble Paper Products Co., Mercy Tyler Hospital, and Wyoming County Government.

According to the November 2012 Bureau of Labor Statistics data, the unemployment rates for the counties within this assessment are as follows: Lackawanna County is 8.1%, Luzerne County is 8.9%, and Wyoming County is 9.4%. The Pennsylvania state unemployment rate was 7.8%, and the national unemployment rate was also 7.8%.

Wayne & Monroe Counties – Non-MSA AA:

CSB’s second assessment area is the Wayne & Monroe Counties – Non-MSA AA.

Tables 7 and 8 summarize the AA’s demographics:

Table 7: Demographic Information for the Wayne & Monroe Counties – Non-MSA AA					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	37	0.00%	0.00%	62.16%	37.84%
Population by Geography	186,409	0.00%	0.00%	53.25%	46.75%
Owner-Occupied Housing by Geography	53,514	0.00%	0.00%	51.95%	48.05%
Businesses by Geography	12,191	0.00%	0.00%	56.69%	43.31%
Farms by Geography	415	0.00%	0.00%	62.65%	37.35%
Family Distribution by Income Level	49,569	14.35%	15.81%	21.38%	48.46%
Distribution of Low and Moderate families throughout AA geographies	14,949	0.00%	0.00%	62.07%	37.93%
Census Median Family Income (MFI)		\$41,475	Median Housing Value		\$116,614
HUD-Adjusted MFI: 2009		\$53,800	Households Below the Poverty Level		9%
			Unemployment Rate		
			Wayne County		6.7%
			Monroe County		9.1%

Source: 2000 U.S. Census Data, 2009 HUD updated MFI and The U.S. Bureau of Labor Statistics, November 2012

Table 8: Additional Demographic Information for the Wayne and Monroe Counties 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	0.0%	0	0.0%	0.0%	0.0%	0.0%	0	0
Moderate	0.0%	0	0.0%	0.0%	0.0%	0.0%	0	0
Middle	52.2%	23	58.9%	51.9%	60.4%	57.8%	108,158	16
Upper	47.8%	14	41.1%	48.1%	39.6%	42.2%	128,744	11
Total #	49,569	37	98,174	53,514	14,290	95,420	116,614	14

Source: 2000 U.S. Census Data

This AA is comprised of all census tracts in Wayne and Monroe Counties. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. Of the 37 census tracts in this AA, there are no low- or moderate-income geographies; 23, or 62.16% are middle-income geographies; and 14, or 37.84% are upper-income geographies.

The 2000 U.S. Census reported the total population of the AA at 186,409. Within the AA, there are 49,569 families and 67,808 households. There are 98,174 housing units, of which 54.5% are owner-occupied; 14.6% are rental-occupied; and 30.9% are vacant housing units. Approximately 58.9% of owner-occupied housing is located in middle-income geographies, and 41.1% is located in upper-income geographies. The median housing cost is \$116,614.

The 2000 median income was \$41,475, and the 2009 HUD updated median family income was \$53,800. Approximately 14.35% of the families are low-income, 15.81% are moderate-income, 21.38% are middle-income, and 48.46% are upper-income. The poverty level is estimated at 9% of the households in this AA.

There are two full service branches located in this AA. Both branches have automated teller machines (ATMs) and drive-up teller facilities. Both branches also offer a full line of traditional banking products and services, and have extended hours on Friday evening, and have Saturday morning hours.

According to the June 30, 2012 FDIC Summary of Deposit Market Share report, CSB's deposit market share within this AA is 2.31%, ranking it 13th out of 18 institutions in the AA. CSB's primary competitors are: East Stroudsburg Savings Association Bank and Trust (13 offices, 29.1% market share); PNC Bank, N.A. (11 offices, 22.6% market share); The Dime Bank (5 offices, 15.52% market share); Wayne Bank (9 offices, 13.51% market share); The Honesdale National Bank (3 offices, 13.8% market share); and First Northern Bank and Trust Company (5 offices, 11.1% market share).

The economy in this AA is characterized as stable. The major employment sectors in Wayne County are health care, tourism, and agriculture. The major employers are Wayne County Memorial Hospital, Wal-Mart Associates, Inc., and Caesar’s Cove Haven Resort. The major employment sectors for Monroe County are government, healthcare, educational services, and tourism/entertainment. The major employers are Tobyhanna Army Depot, Sanofi Pasteur, Pocono Medical Center, Mount Airy Casino Resort, Wal-Mart Associates, and Pocono Mountain School District.

According to the November 2012 Bureau of Labor Statistics data, the unemployment rate for Wayne County was 6.7% and the unemployment rate for Monroe County was 9.1%. The Pennsylvania state unemployment rate was 7.8%, and the national unemployment rate was also 7.8%.

Newark-Union NJ-PA MD #35084 AA:

CSB’s third AA is a portion of the Newark-Union NJ-PA MD #35084, which is part of the broader New York-Northern New Jersey-Long Island, NY-NJ-PA MSA #35620.

Tables 9 and 10 summarize the AA’s demographics:

Table 9: Demographic Information for the Newark-Union NJ-PA MD #35084 AA					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	3	0.00%	100.00%	0.00%	0.00%
Population by Geography	10,920	0.00%	100.00%	0.00%	0.00%
Owner-Occupied Housing by Geography	3,822	0.00%	100.00%	0.00%	0.00%
Businesses by Geography	756	0.00%	100.00%	0.00%	0.00%
Farms by Geography	21	0.00%	100.00%	0.00%	0.00%
Family Distribution by Income Level	3,235	34.16%	28.16%	21.17%	16.51%
Distribution of Low and Moderate families throughout AA geographies	2,016	0.00%	100.00%	0.00%	0.00%
Census Median Family Income (MFI)		\$68,424	Median Housing Value		\$123,275
HUD-Adjusted MFI: 2009		\$88,400	Households Below the Poverty Level		8%
			Unemployment Rate Pike County		10.1%

Source: 2000 U.S. Census Data, 2009 HUD updated MFI and The U.S. Bureau of Labor Statistics, November 2012

Table 10: Additional Demographic Information for the Newark-Union NJ-PA MD #35084 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	0.0%	0	0.0%	0.0%	0.0%	0.0%	0	0
Moderate	100.0%	3	100.0%	100.0%	100%	100.0%	123,275	12
Middle	0.0%	0	0.0%	0.0%	0.0%	0.0%	0	0
Upper	0.0%	0	0.0%	0.0%	0.0%	0.0%	0	0
Total #	3,235	3	10,861	3,822	584	10,846	123,275	12

Source: 2000 U.S. Census Data

The Newark-Union NJ-PA MD #35084 is comprised of Pike County in Pennsylvania and Essex, Hunterdon, Morris, Sussex, and Union Counties in New Jersey. CSB designated 3 census tracts in Pike County, Pennsylvania as its AA. CSB does not operate a branch in this AA and therefore does not have any market share of deposits. However, the 3 tracts in this AA were included due to their close proximity to the branch in Wayne County which is contiguous with Pike County. All 3 census tracts are moderate-income geographies. There are no low-income, middle-income or upper-income geographies in the AA. The counties of Essex, Hunterdon, Morris, Sussex, and Union Counties in New Jersey were excluded because the bank does not operate in the State of New Jersey. This AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

The 2000 U.S. Census reported the total population of the AA at 10,920. Within the AA, there are 3,235 families and 4,424 households. There are 10,861 housing units, of which 35.2% are owner-occupied, 5.4% are rental-occupied, and 59.4% are vacant housing units. 100% of owner-occupied housing is located in moderate-income geographies. The median housing cost is \$123,275.

The 2000 median income was \$68,424, and the 2009 HUD updated median family income was \$88,400. Approximately 34.16% of the families are low-income; 28.16% are moderate-income; 21.17% are middle-income; and 16.51% are upper-income. The poverty level is estimated at 8% of the households in this AA.

The economy in this AA is characterized as stable. Pike County was considered a county with one of the highest population growth rates in Pennsylvania. The population growth was attributed to the influx of people relocating to Pike County from New York and New Jersey because Pike County's cost of living is lower. This process has slowed somewhat. The major employment sectors are services, hospitality, tourism, retail

trade, and wholesale trade. The major employers are Woodloch Pines, Inc., Wal-Mart Associates, Inc., The Home Depot, and Wallenpaupack Area School District.

According to the November 2012 Bureau of Labor Statistics data, the unemployment rate for Pike County was 10.1%. The Pennsylvania state unemployment rate was 7.8%, and the national unemployment rate was also 7.8%.

Conclusions with Respect to Performance Tests

LENDING TEST

CSB's performance under the lending test is Satisfactory. CSB's loan-to-deposit ratio is reasonable. A substantial majority of CSB's primary loan products are originated within the thrift's AA. CSB was found to have reasonable penetration among borrowers of different income levels and businesses of different sizes. CSB's geographical distribution of loans was excellent.

All criteria of the lending test are documented as follows:

Loan-to-Deposit Ratio

CSB's net loan-to-deposit ratio is reasonable given the thrift's size, financial condition, lending-related activities, and AA credit needs. The thrift's net loan-to-deposit ratio averaged 81.03 percent over the last 12 quarters since the last CRA examination. This ratio ranged from a quarterly low of 79.39 percent to a quarterly high of 83.60 percent during the period.

The average net loan-to-deposit ratio for the peer group of similar size, location and product offerings over the same 12 quarters was 84.11 percent. The peer ratio ranged from a quarterly low of 80.65 percent to a quarterly high of 87.80 percent during the period. The bank's loan deposit ratio compares favorably to peer.

Lending in Assessment Area

A substantial majority of CSB's primary loan products were originated within the thrift's AA. Tables 11 and 12 detail the lending within the AAs by number and dollar amount of loans. We noted that 96% of the aggregated primary loan products by number were made within the AA.

Table 11: Concentration of Thrift Loans Originated In and Outside of the Assessment Area						
Loan Type	% Inside Area		% Outside Area		Total	
	#	\$(000)	#	\$(000)	#	\$(000)
Home Loans (HMDA)	634	74,182	28	4,339	662	78,521
Consumer Loans	179	3,931	5	207	184	4,138
Total	813	78,113	33	4,546	846	82,659

Source: HMDA data 10/1/2009-12/31/2011

Table 12: Concentration of Thrift Loans Originated In and Outside of the Reviewed Assessment Areas						
	Home Loans (HMDA)		Consumer (Non-HMDA)		Aggregate Primary Loan Products	
	% of Loans	% of \$ Volume	% of Loans	% of \$ Volume	% of Loans	% of \$ Volume
Within AAs	95.77%	94.47%	97.28%	95.00%	96.10%	94.50%
Outside Area	4.23%	5.53%	2.72%	5.00%	3.90%	5.50%
Total # / \$	662	\$78,521	184	\$4,138	846	\$82,659

Source: Source: HMDA data 10/1/2009-12/31/2011

Lending to Borrowers of Different Incomes

The distribution of loans for the thrift's AAs reflects a reasonable penetration among individuals of different income levels. CSB's record of lending to borrowers of different incomes meets the standard for satisfactory performance.

The Scranton – Wilkes Barre MSA #42540 AA:

Home Loans

The distribution of home loans to borrowers reflects reasonable penetration among individuals of different income levels. CSB is near the peer aggregate ratio for lending to both low- and moderate-income borrowers. The percentage of HMDA loans made to moderate-income borrowers is near the percentage of moderate-income families in the AA. The percentage of HMDA loans made to low-income families is significantly lower than the percentage of low-income families in the AA. However, lending opportunities to the low-income group are limited given the median home price in the AA of \$87,298 in relation to income of less than \$21,937.

Table 13 shows the distribution of HMDA loans among borrowers of different income levels for the period of October 1, 2009 through December 31, 2011, as compared to the percentage of families in each income category as well as the aggregate peer performance.

Table 13: Distribution of Thrift HMDA Loans By Borrower Income Level in the Scranton – Wilkes-Barre Assessment Area				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate (or Peers)
Low	6.35%	2.24%	19.02%	7.95%
Moderate	14.66%	8.51%	18.75%	17.25%
Middle	25.82%	20.22%	22.88%	22.71%
Upper	53.17%	69.03%	39.34%	41.50%
N/A	0.0%	0.0%	0.0%	10.59%
Total # and \$	457	\$51,195	161,840	13,030

Source: HMDA data 10/1/2009-12/31/2011

Consumer Loans

The distribution of consumer loans to borrowers reflects reasonable penetration among borrowers of different income levels.

The percentage of consumer loans to low-income borrowers is somewhat lower than the level of low-income families in the AA, while the percentage of consumer loans for moderate-income borrowers is near the ratio of moderate-income families in the AA.

Table 14 shows the distribution of consumer loans across different income levels.

Table 14: Borrower Distribution of Consumer Loans in Scranton – Wilkes-Barre AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Consumer Loans	19.02	13.33	18.75%	15.56	22.88%	17.04%	39.34%	24.44

Wayne & Monroe Counties – Non-MSA AA:

Home Loans

The distribution of home loans to borrowers reflects excellent penetration among individuals of different income levels. CSB is near the peer aggregate ratio for lending to low-income borrowers, and exceeds the peer aggregate ratio for lending to moderate-income borrowers. The percentage of HMDA loans made to moderate-income borrowers is near the percentage of moderate-income families in the AA. The percentage of HMDA loans made to low-income families is significantly lower than the percentage of low-income families in the AA. However, lending opportunities to the low-income group are limited given the median home price in the AA of \$116,614 in relation to income of less than \$20,738.

Table 15 shows the distribution of HMDA loans among borrowers of different income levels for the period of October 1, 2009 through December 31, 2011, as compared to the percentage of families in each income category as well as the aggregate peer performance.

Table 15: Distribution of Thrift HMDA Loans By Borrower Income Level in the Wayne & Monroe Counties Assessment Area				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate (or Peers)
Low	1.65%	0.63%	14.35%	3.07%
Moderate	13.22%	8.93%	15.81%	11.09%
Middle	17.36%	12.42%	21.38%	21.66%
Upper	67.77%	78.02%	48.46%	49.72%
N/A	0.0%	0.0%	0.0%	14.47%
Total # and \$	121	\$13,537	49,569	6,414

Source: HMDA data 10/1/2009-12/31/2011

Consumer Loans

The distribution of consumer loans to borrowers reflects reasonable penetration among borrowers of different income levels.

The percentage of consumer loans to low-income borrowers is near the levels of low-income families in the AA, and the percentage of consumer loans to moderate-income borrowers is also near the ratio of moderate-income families in the AA.

Table 16 shows the distribution of consumer loans across different income levels.

Table 16: Borrower Distribution of Consumer Loans in Wayne and Monroe Counties AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Consumer Loans	14.35%	12.50%	15.81%	12.50%	21.38%	20.00%	48.46%	32.50%

Newark-Union NJ-PA MD #35084 AA:

Home Loans

The distribution of home loans to borrowers reflects reasonable penetration among individuals of different income levels. CSB is near the peer aggregate ratio for moderate-income borrowers and somewhat lower than the percentage of moderate-income families in the AA. No loans were originated to low-income borrowers despite a peer aggregate ratio of 12.64% and the fact that low-income families represent 34.16% of total families in the AA. However, there is limited presence in this AA because CSB does not have a branch in Pike County. Additionally, and according to the HMDA Loan

Application Register, only 1 low-income individual from this AA applied for a home loan with CSB. The loan was denied because the individual failed to qualify under CSB’s underwriting standards.

Table 17 shows the distribution of HMDA loans among borrowers of different income levels for the period of October 1, 2009 through December 31, 2011, as compared to the percentage of families in each income category as well as the aggregate peer performance.

Table 17: Distribution of Thrift HMDA Loans By Borrower Income Level in the Newark-Union NJ-PA MD #35084 Assessment Area				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate (or Peers)
Low	0.00%	0.00%	34.16%	12.64%
Moderate	17.86%	11.95%	28.16%	20.03%
Middle	19.64%	17.98%	21.17%	17.02%
Upper	62.50%	70.07%	16.51%	38.05%
N/A	0.0%	0.0%	0.0%	12.27%
Total # and \$	56	\$9,450	3,235	799

Source: HMDA data 10/1/2009-12/31/2011

Consumer Loans

The distribution of consumer loans to borrowers reflects reasonable penetration among borrowers of different income levels.

The percentage of consumer loans to low-income borrowers is somewhat lower than the levels of low-income families in the AA, while the percentage of consumer loans for moderate-income borrowers is near the ratio of moderate-income families in the AA.

Table 18 shows the distribution of consumer loans across different income levels.

Table 18: Borrower Distribution of Consumer Loans in the Newark-Union NJ-PA MD #35084 AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Consumer Loans	34.16%	25.00%	28.16%	25.00%	21.17%	0.00%	16.51%	50.00%

Geographic Distribution of Loans

The distribution of loans reflects excellent dispersion throughout the thrift’s AAs. The bank’s three AAs contain only one low-income CT. Therefore, our analysis focused on the distribution of loans in the moderate-income CTs.

The Scranton – Wilkes Barre MSA #42540 AA:

Home Loans

The bank’s geographic distribution of HMDA loans in this AA reflects excellent dispersion throughout the moderate-income CTs. The percentage of HMDA loans in moderate-income CTs is near the percentage of owner-occupied housing in these geographies, and exceeds the peer aggregate ratio.

Table 19 details the thrift’s performance as compared to the percentage of owner-occupied housing units in each CTs income level and aggregate peer.

Table 19: Distribution of Thrift HMDA Loans By Census Tract Income Level in the Assessment Area				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	0.00%	0.00%	0.03%	0.10%
Moderate	7.22%	3.63%	7.89%	4.87%
Middle	66.74%	60.39%	74.88%	68.24%
Upper	26.04%	35.98%	17.20%	26.78%
Total # and \$	457	\$51,195	158,663	13,030

Source: HMDA data 10/1/2009-12/31/2011

Consumer Loans

CSB’s geographic distribution of consumer loans in the AA reflects excellent dispersion throughout the moderate-income CTs. There is only one low-income CT in this AA; therefore, only lending in the moderate-income tracts was considered.

The percentage of lending in the moderate-income geographies significantly exceeds the percentage of owner-occupied housing in these geographies.

Table 20 details the bank’s performance as compared to the percentage of owner-occupied housing units in each CTs income level.

Table 20: Geographic Distribution of Consumer Loans in the Scranton-Wilkes-Barre AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Consumer Loans	0.03%	0.00%	7.89%	14.07%	74.88%	66.67%	17.20%	19.28%

Wayne & Monroe Counties – Non-MSA AA:

There are no low-or moderate-income geographies in this AA; therefore, an analysis of lending in low-and moderate-income geographies would not be meaningful and was not performed.

Table 21 details the thrift’s home loan performance as compared to the percentage of owner-occupied housing units in each CTs income level and aggregate peer.

Table 21: Distribution of Thrift HMDA Loans By Census Tract Income Level in the Assessment Area				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	0.00%	0.00%	0.00%	0.00%
Moderate	0.00%	0.00%	0.00%	0.00%
Middle	85.95%	86.05%	51.95%	56.13%
Upper	14.05%	13.95%	48.05%	43.87%
Total # and \$	121	\$13,537	53,514	6,414

Source: HMDA data 10/1/2009-12/31/2011

Table 22 details the thrift’s consumer loan performance as compared to the percentage of owner-occupied housing.

Table 22: Geographic Distribution of Consumer Loans in the Wayne & Monroe Counties Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Consumer Loans	0.00%	0.00%	0.00%	0.00%	51.95%	77.50%	48.05%	22.50%

Newark-Union NJ-PA MD #35084 AA:

Home Loans

The bank’s geographic distribution of HMDA loans in this AA reflects excellent dispersion throughout the moderate-income CTs. The percentage of HMDA loans in moderate-income CTs is equal to the percentage of owner-occupied housing in these geographies and the peer aggregate ratio.

Table 23 details the thrift’s performance as compared to the percentage of owner-occupied housing units in each CTs income level and aggregate peer.

Table 23: Distribution of Thrift HMDA Loans By Census Tract Income Level in the Assessment Area				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	0.00%	0.00%	0.00%	0.00%
Moderate	100.00%	100.00%	100.00%	100.00%
Middle	0.00%	0.00%	0.00%	0.00%
Upper	0.00%	0.00%	0.00%	0.00%
Total # and \$	56	\$9,450	3,822	799

Source: HMDA data 10/1/2009-12/31/2011

Consumer Loans

CSB’s geographic distribution of consumer loans in the AA reflects excellent dispersion throughout the moderate-income CTs.

The percentage of lending in the moderate-income geographies is equal to the percentage of owner-occupied housing in these geographies.

Table 24 details the bank’s performance as compared to the percentage of owner-occupied housing units in each CTs income level.

Table 24: Geographic Distribution of Consumer Loans in the Scranton-Wilkes-Barre AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Consumer Loans	0.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%

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 community development activities demonstrate adequate responsiveness to the community development needs of its AA when considering the bank’s capacity, performance context, and the availability of community development opportunities in the bank’s AAs. Given that CSB does not have a physical presence in Pike County, more consideration was given to CSB’s CD activities in the remaining two AAs in determining the overall CD test rating.

The Scranton – Wilkes Barre MSA #42540 AA:

Overall, the CD rating for this AA is satisfactory and the thrift demonstrated adequate responsiveness to CD needs.

Number and Amount of Community Development Loans

CSB focuses its lending exclusively on residential and consumer lending. HMDA loans, such as one-four family loans, generally do not qualify as community development loans. The institution does not customarily offer small business, non-residential real estate, or multi-family loans.

Citizens Savings offers several flexible and innovative lending programs that assist low- and moderate-income (LMI) individuals and families attain home ownership in this AA. These programs include the following:

- **City of Scranton Office of Economic Development First Time Home-Buyer Program:** This program provides funds in the form of a forgivable, deferred-payment loan to qualified LMI first time home buyers who purchase homes in the City of Scranton. These funds assist the homebuyer with down payments and/or closing costs. Generally, the borrower will not have to pay any portion of this loan back to the city if the borrower maintains the home as his or her primary residence for at least five years. Through this program, CSB originated three loans totaling \$111 thousand during the review period.
- **Lackawanna County Office of Economic Development First Time Home-Buyer Program:** This program offers down-payment subsidies (15 percent of the down payment), closing cost subsidies (for every \$1 that an applicant puts down, the County provides a 3-to-1 match), and a 3-to-1 reimbursement subsidy for the home inspection. During the review period, CSB originated three loans to LMI borrowers, totaling \$309 thousand, through this program.

Table 25: Qualified Community Development Investments, Loans, Contributions & Sponsorships for Scranton Wilkes-Barre AA		
Organization	Instrument or Activity	Amount (000)
Various	Community Development Contributions	\$42
Total Investments		\$42
NA	Loans Originated through first time home-buyer programs that assist LMI borrowers	\$420
Total Loans, Contributions & Sponsorships		\$462

Number and Amount of Qualified Investments

During the evaluation period, CSB did not make any qualifying investments in this AA. However, CSB made numerous qualifying grants and donations totaling \$42 thousand to 8 organizations that help provide economic development, affordable housing, and community services to low- and moderate-income individuals and families.

Extent to Which the Bank Provides Community Development Services

CSB’s service delivery systems are accessible to geographies and individuals of different income levels in the AA. CSB provides banking services with 5 full service branches. One branch is located in a low-income CT and one branch is located in a moderate-income tract. Two branches are located in middle-income tracts and the remaining branch is located in an upper-income tract. 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 made up of municipal, commercial, and retail space. All branches in the AA have ATMs accessible 24 hours a day.

CSB offers personal and business checking accounts with no minimum balances, free online banking, free telephone banking, unlimited online bill payment, free debit cards, and free withdrawals from any CSB ATM. CSB also offers various savings accounts with low minimum balance requirements to earn interest.

During the evaluation period, five bank employees provided financial expertise and leadership services to three different qualifying CD organizations serving the AA. Table 26 below shows the organization, the capacity of service, and total hours committed. In total, five employees dedicated 194 hours to these organizations.

Table 26 – Qualified Community Development Services for Scranton Wilkes-Barre AA			
Organization	Instrument or Activity	Employees	Hours
Neighborworks of Northeast PA	Board of Directors, Finance, Consortium, and Loan Oversight Committees. Also financial expertise services for LMI home buyers.	3	139
South Scranton Revitalization Project	Co-Chair of Neighbors and Economic Committee	1	41
Scranton Industrial Development Corporation	Board of Directors	1	14
Total Staff & Hours committed to QCD Services		5	194

Responsiveness to Community Development Needs

CSB’s community development activities, as a whole, demonstrate adequate responsiveness to the community development needs of the AA when considering the bank’s capacity, its performance context, and the availability of community development opportunities in the AA.

The Wayne and Monroe Counties Non-MSA AA:

Overall, the CD rating for this AA is satisfactory and the thrift demonstrated adequate responsiveness to CD needs.

Number and Amount of Community Development Loans

CSB focuses its lending exclusively on residential and consumer lending. HMDA loans, such as one-four family loans, generally do not qualify as community development loans. The institution does not customarily offer small business, non-residential real estate, or multi-family loans.

Citizens Savings offers a flexible and innovative lending program that assists low- and moderate-income (LMI) individuals and families in attaining home ownership in this AA:

- **Monroe County First-Time Home-Buyer Program:** This program is operated through a partnership with the Monroe County Affordable Housing Board and participating lenders who have a first-time home-buyers program approved by the Housing Board. This program offers a second mortgage, up to a maximum of \$5 thousand or 10 percent the purchase price, whichever is less, toward the price of the home or the closing costs. Repayment is not required until such time as the homeowner refinances the loan, no longer lives in the home, or transfers the title of the home. No interest is charged to program participants. During the evaluation period, CSB originated one loan totaling \$48 thousand through this program.

Table 27: Qualified Community Development Investments, Loans, Contributions & Sponsorships in Wayne and Monroe Counties AA		
Organization	Instrument or Activity	Amount
Various	Community Development Contributions	\$1,600
Total Investments		\$0
NA	Loans Originated through first time home-buyer programs that assist LMI borrowers	\$48,000
Total Loans, Contributions & Sponsorships		\$49,600

Number and Amount of Qualified Investments

During the evaluation period, CSB did not make any qualifying investments in this AA. However, CSB made numerous qualifying grants and donations totaling \$1,600 to 2 organizations that help provide economic development and affordable housing to low- and moderate-income individuals and families.

Extent to Which the Bank Provides Community Development Services

CSB’s service delivery systems are accessible to geographies and individuals of different income levels in the AA. CSB provides banking services with 2 full service branches. One branch is located in a middle-income tract and one branch is located in an upper-income tract. There are no LMI geographies in this AA. Both branches offer extended Friday and Saturday hours. Both branches in the AA have ATMs accessible 24 hours a day.

CSB offers personal and business checking accounts with no minimum balances, free online banking, free telephone banking, unlimited online bill payment, free debit cards, and free withdrawals from any CSB ATM. CSB also offers various savings accounts with low minimum balance requirements to earn interest.

During the evaluation period, one bank employee provided financial expertise and leadership services to three different qualifying CD organizations serving the AA. Table 28 below shows the organization, the capacity of service, and total hours committed. In total, five employees dedicated 194 hours to these organizations.

Table 28 – Qualified Community Development Services in Wayne and Monroe Counties AA			
Organization	Instrument or Activity	Employees	Hours
Monroe County Habitat for Humanity	Board of Directors and Finance Committee Member	1	135
Total Staff & Hours committed to QCD Services		1	135

Responsiveness to Community Development Needs

CSB’s community development activities, as a whole, demonstrate adequate responsiveness to the community development needs of the AA, when considering the bank’s capacity, its performance context, and the availability of community development opportunities in the AA.

Newark-Union NJ-PA MD #35084 AA:

CSB did not have any qualified CD loans, investments, donations, or services in this AA. As such, the overall CD rating for this AA is needs improvement. The thrift evidenced poor responsiveness to CD needs for this AA. As mentioned earlier, the thrift does not have a physical presence and limited lending activity in this AA. We again placed more emphasis on the CD tests for the other two AAs to derive our aggregate rating for the CD test for all AAs.

Responsiveness to Community Development Needs

CSB’s responsiveness to CD needs in this AA was poor.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 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 assessment area 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.