

PUBLIC DISCLOSURE

May 15, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Clearfield Bank & Trust Company
11116**

**11 North Second Street
Clearfield, Pennsylvania 16830**

**Federal Deposit Insurance Corporation
20 Exchange Place
New York, New York 10005**

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

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

PERFORMANCE TEST RATINGS TABLE:

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

PERFORMANCE LEVELS	Clearfield Bank & Trust Company		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The bank made a relatively high level of community development loans within this assessment area. A total of 10 community development loans aggregating \$5.2 million were originated during the evaluation period within the Clearfield & Jefferson Counties Non-MSA assessment area. These CDLs are discussed below.

During the third quarter of 2005, the bank originated a **\$2 million** loan with a five year term to a non-profit organization whose objective is to reduce crime in the nation's senior housing facilities and to provide on-going, effective crime prevention programs that promote safe, secure and a high quality of life environment for senior housing residents. The loan is fully collateralized by a FHLB security. A majority of the interest income earned by the organization is used to cover expenses associated with a crime prevention program which operates in nursing homes, assisted living facilities, and senior Housing and Urban Development (HUD) facilities across the country. The services provided by the program are targeted primarily to low- and moderate-income individuals. The bank's \$2 million loan enabled the program to be made available at two local nursing homes in Clearfield County.

The bank has annually renewed a **\$300 thousand** unsecured working capital line of credit to a local tax exempt non-profit corporation that was organized to provide various services to elderly persons throughout Clearfield County. The organization's administrative office/senior center and meal production facility are located within a moderate-income tract within the county. The organization maintains six additional senior citizen centers and one satellite location, either directly or through subcontractors, that provide meals, education and recreational programs to elderly person throughout the county, including low- and moderate-income.

Two unsecured loans aggregating **\$26 thousand** were granted to a local non-profit organization that rehabilitates houses and neighborhoods in partnership with families in need. In particular, a \$1 thousand loan was extended during the first quarter of 2004 to fund the organization's operations. In addition, a \$25 thousand credit for the purpose of funding the construction of a housing unit was extended during 2006.

A **\$115 thousand** loan secured by a 28-unit low-rent housing complex located in Houtzdale, Pennsylvania, was extended in 2004 to a local non-profit organization established to provide low cost rent and Section 8 housing to eligible individuals. In addition, a **\$611 thousand** loan secured by a 28-unit low rent housing unit located in Hawk Run, Pennsylvania, was also granted to this organization in 2004. The purpose of these loans was to refinance credits with the USDA Rural Development Services.

A **\$500 thousand** unsecured line of credit was granted to a local economic development corporation in April 2005. The purpose of the line of credit was to fund the development of an industrial/business park in Clearfield County to attract, retain, and support general economic development efforts. The organization's mission is to promote and develop economic development within Clearfield County, Pennsylvania.

In June 2006, the bank participated in a \$2 million unsecured loan to a local non-profit foundation for the purpose of financing the acquisition and improvements of commercial acreage located in Clearfield County. The bank's participation interest in the loan was **\$1 million**. In addition, the bank granted a **\$600 thousand** unsecured short term line of credit to this organization to cover expenses until grant funding was received. The foundation was established to enhance economic development in the Clearfield and Curwensville area, and works closely with the Pennsylvania Industrial Development Authority and banks to secure loans for local businesses. The foundation also promotes the area to businesses searching for a new location. The foundation receives various grants from the Commonwealth of Pennsylvania Department of Community and Economic Development, Commonwealth of Pennsylvania Department of Transportation, and U.S. Department of Commerce Economic Development Administration.

A **\$10 thousand** unsecured working capital line of credit was extended to a local revitalization corporation in October 2004. Prior funding, in part, was in the form of a grant from the Department of Community and Economic Development. The organization operates the Main Street Program which is a national comprehensive approach to downtown revitalization. The Philipsburg area is designated as a moderate-income geography. A new administrator for the program was hired in 2007 and the organization merged with a local economic development organization, which resulted in the line being paid off.

The institution uses flexible lending practices in order to serve assessment area credit needs. All of the flexible lending programs discussed in the combined assessment area portion of this report were available within the Clearfield & Jefferson Counties Non-MSA assessment area.

INVESTMENT TEST

The bank has an adequate level of qualified community development investments and donations that benefit the Clearfield & Jefferson County Non-MSA assessment area which exhibits an adequate responsiveness to the credit needs of the area.

In 2005, the bank originated a \$2 million loan with a five year term to the Senior Housing Crime Prevention Foundation, Inc., (SHCPF). SHCPF's sole objective is to reduce crime in senior housing facilities and to provide ongoing, effective crime prevention programs that ensure safe, secure, and high quality living environments for senior housing residents. The bank's loan is fully collateralized by a Federal Home Loan Bank (FHLB) security. CB&T receives the yield on this investment after 1.875 percent is allocated to the SHCPF. The FHLB security does not have community development as its primary purpose. Therefore, the full amount of the security is not considered a qualified investment; however, **\$37.5 thousand** (1.875 percent of the \$2 million security) is considered a qualified investment (the amount of the yield given back to the SHCPF).