

PUBLIC DISCLOSURE

March 2, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Savings Bank of Perkasio
30401**

**219 South Ninth Street
Perkasie, Pennsylvania 18944**

**Federal Deposit Insurance Corporation
350 Fifth Avenue
Suite 1200
New York, New York 10118**

NOTE: 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.

First Savings Bank of Perkasio (First Savings) has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income individuals and neighborhoods, in a manner consistent with its resources and capabilities.

- The bank's average net loan-to-deposit (LTD) ratio of 103 percent is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority (84 percent by number and 82 percent by dollar volume) of the bank's home mortgage and small business loans were originated within the assessment area.
- The overall distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment area.
- First Savings' community development performance demonstrates adequate responsiveness to community development needs in its assessment area, considering the institution's size and capacity and the need and availability of such opportunities in the assessment area.

- One loan to Senior Housing Crime Prevention Foundation (SHCPF) for \$500,000. SHCPF is a 501(C)-3 non profit corporation established in 2000. Its mission is to promote and ensure safety, security, and protection of nursing home and HUD-senior housing residents against crime. Residents in these facilities are primarily low- or moderate- income.
- One loan for \$1.6 million was used to refinance a multi-family dwelling located in Quakertown, Pennsylvania. The property consists of 37,228 square feet and includes 57 rental rooms, 12 apartments, a restaurant, and a warehouse. Over two-thirds of the units have rents below market rates. The median gross rent within the bank's assessment area is \$726, and 41 of the units have rents between \$400 and \$500. The property has limited vacancy due to the lower levels of individual unit income and rentals can be as minimal as weekly.
- Since the prior CRA evaluation, 24 consortium community development loans totaling \$314,530 have been funded via a multi-bank CDC (the original commitment for the review period was \$750,000). The CDC was formed in 1999 as a non-profit 501(c) multi-bank CDC to address the need for affordable housing and community development. The service area includes Bucks, Chester, Delaware, and Montgomery Counties.

In addition, First Savings has an outstanding \$1 million loan on the books from the prior evaluation period. The loan was to refinance a \$2.1 million construction loan for 128 low-income elderly housing units located in Perkasio, Pennsylvania. Mentally handicapped individuals occupy 40 housing units that are primarily low- and moderate-income.

Community Development Investments

A qualified investment for the purposes of this evaluation is a lawful investment, deposit, donation membership share, or grant that has community development as its primary purpose.

First Savings' level of qualified investments during the evaluation period showed a reasonable responsiveness to community development needs considering the institution's size, capacity, and constraints. The bank maintains approximately \$6.8 million in qualified investments and contributions (new and outstanding monies), representing nearly 3 percent of total securities and 0.6 percent of total assets.

New Investments:

During the review period, First Savings invested in two small business investment companies (SBIC) totaling \$2 million. The SBICs promote economic development by financing small businesses within the bank's assessment area.