



**NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2010

Institution: Rhinebeck Savings Bank
2 Jefferson Plaza
Poughkeepsie, NY 12601

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Rhinebeck Savings Bank¹ (“RSB”) prepared by the New York State Banking Department (now the Department of Financial Services). The evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2010.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

1. Outstanding record of meeting community credit needs;
2. Satisfactory record of meeting community credit needs;
3. Needs to improve record of meeting community credit needs; and
4. Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

¹ Rhinebeck Savings Bank changed its name to Rhinebeck Bank in 2012. All references made in this report to Rhinebeck Savings Bank or RSB, imply Rhinebeck Bank.

OVERVIEW OF INSTITUTION'S PERFORMANCE

RSB's performance was evaluated according to the large bank performance criteria pursuant to Part 76.12 of the General Regulations of the Banking Board. This assessment period included calendar years 2008, 2009 and 2010. RSB is rated "2" indicating a "**Satisfactory**" record of helping to meet community credit needs.

This rating is based on the following factors:

Lending Test: "High Satisfactory"

RSB's lending activities were reasonable in light of size, business strategy and financial condition, as well as peer group activity, demographics, and its assessment area's credit needs. RSB made a total of \$264.8 million of small business, consumer and HMDA-reportable loans in its assessment area during the evaluation period. Its lending levels were reasonable, the assessment area concentration was excellent, the geographic distribution of loans demonstrated an adequate penetration rate among census tracts of varying income levels, the distribution of loans by borrower income demonstrated a good penetration rate of lending among individuals of different income levels and businesses of different revenue sizes, and community development lending was adequate. During this three year evaluation period, RSB originated \$4 million in new community development loans, and had approximately \$2.7 million outstanding from prior evaluation periods for a total of \$6.7 million. This is a 7% decrease from the \$7.25 million recorded during the prior two year evaluation period.

Investment Test: "Low Satisfactory"

RSB's community development investments were reasonable in light of the assessment area's credit needs.

During the evaluation period, RSB made no new community development investments, but still had a \$500,000 commitment from prior evaluation periods. In addition, RSB made \$164,000 in community development grants; more than twice the amount made during the prior evaluation period. RSB demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

Service Test: "High Satisfactory"

RSB has reasonable delivery systems, branch network, branch hours and services, and alternative delivery systems.

RSB's branches continue to represent an adequate distribution of branches within its assessment area. Two full service branches were opened during the evaluation period. Both are located in upper income tracts in Dutchess County. RSB's delivery systems

were and continue to be readily accessible to significant portions of its assessment area, including LMI geographies and individuals. RSB's services continue to meet the convenience and needs of its assessment area. RSB provides a relatively high level of community development services. In total, 15 RSB officers and other employees participated in 16 organizations that provided qualified community development services.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution Profile:

Chartered in 1860, Rhinebeck Savings Bank (“RSB” or the “Bank”) is a stock savings bank located in Dutchess County. The Bank is a wholly owned subsidiary of Rhinebeck Bancorp. RSB is headquartered in Poughkeepsie, NY while its main office is in Rhinebeck, NY. In addition to its main office, RSB has nine branches, primarily located in Dutchess County. RSB is primarily engaged in originating single family and multi-family residential loans, commercial loans, and a variety of consumer loans. These business lines include loans for the construction of residential homes and residential developments. RSB provides a full range of banking services to its customers.

As per the Consolidated Report of Condition (“Call Report”) as of December 31, 2010, filed with the Federal Deposit Insurance Corporation (“FDIC”), RSB reported total assets of \$526.3 million, of which \$384.2 million were net loans and lease finance receivables. The Bank also reported total deposits of \$439.7 million, resulting in a loan-to-deposit (“LTD”) ratio of 87.4%. According to the latest available comparative deposit data as of June 30, 2010, RSB obtained a market share of 3.2%, or \$432.7 million in a market of \$13.6 billion inside its market, ranking it 11th among 35 deposit taking institutions in the assessment area.

The following is a summary of RSB’s loan portfolio, based on Schedule RC-C of its December 31, 2008, December 31, 2009 and December 31, 2010’s Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2008		2009		2010	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	92,309	24.5	85,507	21.7	80,470	20.6
Commercial & Industrial Loans	26,366	7.0	28,575	7.2	37,874	9.7
Commercial Mortgage Loans	135,023	35.8	144,147	36.6	148,704	38.1
Multifamily Mortgages	8,130	2.2	7,636	1.9	6,414	1.6
Consumer Loans	101,958	27.0	118,279	30.0	106,920	27.4
Agricultural Loans	929	0.2	1,090	0.3	1,053	0.3
Construction Loans	12,544	3.3	8,911	2.3	8,884	2.3
Total Gross Loans	377,259		394,145		390,319	

As illustrated in the above chart, RSB is primarily a commercial lender, with 47.8% of its loan portfolio in commercial and industrial loans and commercial mortgages. However, 53% of new originations, by dollar volume, during the evaluation period were consumer loans.

RSB operates ten banking offices, of which nine are located in Dutchess County and one in Ulster County. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of fourteen machines of which thirteen take deposits. Seven branches have one ATM each and three branches have two ATMs each. The one non-deposit taking ATM is at an off-site location in Dutchess County. RSB does not have any banking offices in LMI areas.

There are no known financial or legal impediments that adversely impacted RSB’s ability to meet the credit needs of its community.

Assessment Area:

RSB’s assessment area is comprised of Dutchess, Ulster, Columbia, and Orange Counties.

There are 186 census tracts in the area, of which 10 are low-income, 28 are moderate-income, 115 are middle-income, 31 are upper-income and 2 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Dutchess	2	5	7	43	9	66	18.2
Ulster	0	0	7	35	7	49	14.3
Columbia*	0	0	0	2	2	4	0.0
Orange	0	5	14	35	13	67	28.4
Total	2	10	28	115	31	186	20.4

* Partial county

The assessment area appears reasonable based upon the location of the RSB’s offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Demographic & Economic Data

The assessment area had a population of 807,933 during the examination period. Approximately 11.7% of the population was over the age of 65 and 23.4% was under the age of 16.

Of the 200,900 families in the assessment area, 19.1% were low-income, 18.1% were moderate-income, 24.3% were middle-income and 38.6% were upper-income families. There were 285,404 households in the assessment area, of which 8.9%

had income below the poverty level and 2.6% were on public assistance.

The MSA median family income within the assessment area was \$58,616. The U.S. Department of Housing and Urban Development (“HUD”) estimated median family income (“MFI”) for the area was \$79,292 in 2010. There are significant differences between the counties within the assessment area. Both Dutchess and Orange counties have HUD estimated MFIs of \$83,400 while Ulster and Columbia counties have MFIs of \$70,100 and \$55,300 respectively.

There were 310,786 housing units within the assessment area, of which 83.9% were one- to four-family units, and 11.4% were multifamily units. A majority (62.4%) of the area’s housing units were owner-occupied, while 29.3% were rental occupied units. Of the 194,037 owner-occupied housing units, 9.8% were in LMI census tracts while 90.2% were in middle- and upper-income census tracts. The median age of the housing stock was 47 years and the median home value in the assessment area was \$137,757.

There were 56,325 non-farm businesses in the assessment area. Of these, 78.9% were businesses with reported revenues of less than or equal to \$1 million, 3.8% reported revenues of more than \$1 million and 17.3% did not report their revenues. Of all the businesses in the assessment area, 88.6% were businesses with less than fifty employees while 91.3% operated from a single location. The largest industries in the area were services (47.1%), followed by retail trade (15.5%) and construction (10.3%), while 5.2% of businesses in the assessment area were not classified.

The October 2010, the New York State 90-Day Pre-Foreclosure Notice Report, showed that foreclosures were still a problem statewide. Of the 134,000 90 day pre-foreclosure notices mailed to New York State borrowers between February 13 and August 31, 2010, 10,470 or 7.8% were mailed to borrowers in the four counties that comprise RSB’s assessment area. The statewide average for such filings as a percentage of total mortgages on comparable properties was 5.2%, while the average for RSB’s assessment area was 6.6%. Ulster County had the highest percentage of all New York State counties at 8.1%.

According to the New York State Department of Labor, the state-wide average unemployment rate for New York increased from 5.3% in 2008 to 8.6% in 2010. Although the average unemployment rate of 6.9% for the assessment area remained below that of the state-wide rate during the evaluation period, it increased by 56.1% between 2008 and 2010.

Assessment Area Unemployment Rate					
	Statewide	Dutchess	Ulster	Columbia	Orange
2008	5.3	5	5.4	4.8	5.3
2009	8.4	7.6	7.7	7.5	7.8
2010	8.6	7.9	8.2	7.6	8.3

Community Information

One community contact was made for the Bank's assessment area. The director of a nonprofit organization's homeownership center, whose goal is to provide homeownership education and services in Dutchess County was interviewed.

The center's director identified obtaining mortgages, including those for LMI residents, and getting potential borrowers "mortgage-ready" as community credit needs. The center's director indicated that several banks, including RSB, have had an excellent record of meeting community needs. It was further noted that the center has had an outstanding relationship with RSB for years.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

RSB was evaluated under the large bank's performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board which consist of the lending, investment and service tests. The following factors were also considered in assessing the bank's record of performance:

- 1. Extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications,*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs*

Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the examination process and on its Call Report submitted to the Federal Deposit Insurance Corporation ("FDIC"). Aggregate lending data was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data were obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

The demographic data referred to in this report was derived from the 2000 U.S. Census and HUD. Business demographic data used in this report provides information on US businesses, enhanced by Dun & Bradstreet reports and updated annually. Unemployment data was obtained from the New York State Department of Labor. Some non-specific bank data is only available on a county-wide basis, and was used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2008, 2009, and 2010.

Examiners considered RSB's small business, HMDA-reportable, and consumer loans in evaluating factors (2), (3) and (4) of the lending test as noted below.

Consumer loans constituted 53% of RSB's business during the period under review, and thus were reviewed and given greater weight in this evaluation.

Consumer lending analyses were performed on a sample of 52 loans in 2008, 48 loans in 2009, and 48 loans in 2010. The number and dollar value of loans were then extrapolated from the resulting percentages and are not actual results

Aggregate consumer loan data is not available for comparative purposes.

RSB received a rating of “2”, reflecting a “Satisfactory” record of helping to meet community credit needs at its prior Performance Evaluation conducted by the New York State Banking Department as of December 31, 2007.

Current CRA Rating: “Satisfactory”

LENDING TEST: “High Satisfactory”

The bank’s lending performance was evaluated pursuant to the following criteria:

1. *Lending Activity;*
2. *Assessment Area Concentration;*
3. *Geographic Distribution of Loans;*
4. *Borrower Characteristics;*
5. *Community Development Lending and*
6. *Flexible and/or Innovative Lending Practices*

RSB’s small business, HMDA-reportable, and consumer lending activities were reasonable in light of size, business strategy and financial condition, as well as peer group activity, demographics, and its assessment area’s credit needs.

Lending Activity: “High Satisfactory”

RSB’s lending levels reflected reasonable activity considering its size, business strategy and financial condition, as well as peer group activity and demographics.

Aggregate data for small business and HMDA-reportable loans showed a downward trend during the evaluation period in the assessment area. Aggregate small business loans declined from \$548.8 million in 2008, to \$301.6 million in 2009, and to \$279.4 million in 2010. Aggregate HMDA-reportable loans were \$3.0 billion in 2008, \$3.4 billion in 2009, and \$2.9 billion in 2010. No aggregate consumer loan data was available. This decrease can be attributed to the lending slowdown caused by the recession.

RSB fared better overall than the aggregate as the total dollar value of RSB’s small business, HMDA-reportable, and consumer loans originated in the assessment area remained relatively stable during the evaluation period. RSB originated \$87.2 million of these loans in 2008, \$89.8 million in 2009, and \$87.8 million in 2010.

HMDA-Reportable Loans:

RSB displayed a generally increasing trend in HMDA-reportable lending in the assessment area during the evaluation period. By dollar value, RSB originated \$22.9 million HMDA-reportable loans in 2008, \$22.8 million in 2009, and \$24.4 million in 2010.

Small Business Loans:

Small business lending in the assessment area trended upward during the evaluation period. By dollar value, RSB originated \$18.5 million small business loans in 2008, \$20.2 million in 2009, and \$22.0 million in 2010.

Consumer Loans:

RSB displayed a generally declining trend in consumer lending within the assessment area during the evaluation period. By dollar value, RSB originated \$45.9 million in consumer loans during 2008, \$46.7 million in 2009, and \$41.4 million in 2010.

During this evaluation period, RSB's average LTD ratio of 93.0% compares favorably to the peer group's average of 89.6%.

The following chart shows RSB's LTD ratios in comparison with the peer group's ratios for the 12 quarters since the prior evaluation.

Loan-to-Deposit Ratios													
	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009Q 1	2009 Q2	2009Q 3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	Avg.
Bank	93.9	92.5	94.8	96.0	95.6	96.4	94.0	95.8	93.2	88.6	87.5	87.4	93.0
Peer	93.7	94.8	95.7	96.7	92.4	90.9	88.7	87.6	85.8	84.2	82.7	82.2	89.6

Assessment Area Concentration: "Outstanding"

During the evaluation period RSB originated 85.6% by number, and 89.9% by dollar value of its HMDA-reportable, small business, and consumer loans within the assessment area. This percentage of lending inside the Bank's assessment area is considered to be an excellent record of lending.

HMDA-Reportable Loans:

During the evaluation period, for HMDA-reportable lending, RSB originated 94.4% by number, and 92.6% by dollar value of its loans within the assessment area. This percentage of lending inside the Bank's assessment area is considered to be an excellent record of lending.

Small Business Loans:

During the evaluation period, for small business lending, RSB originated 98.9% by number, and 97.5% by dollar value of its loans within the assessment area. This percentage of lending inside the Bank's assessment area is considered to be an

excellent record of lending.

Consumer Loans:

During the evaluation period, for consumer lending, RSB originated 84.4% by number, and 85.7% by dollar value of its loans within the assessment area. This percentage of lending inside the Bank’s assessment area is considered to be an excellent record of lending.

The following table shows the percentages of RSB’s HMDA-reportable, small business and consumer loans¹ originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2008	147	92.5%	12	7.5%	159	22,939	87.5%	3,291	12.5%	26,230
2009	163	95.3%	8	4.7%	171	22,818	95.0%	1,196	5.0%	24,014
2010	147	95.5%	7	4.5%	154	24,390	95.6%	1,131	4.4%	25,521
Subtotal	457	94.4%	27	5.6%	484	70,147	92.6%	5,618	7.4%	75,765
Small Business										
2008	113	99.1%	1	0.9%	114	18,456	98.1%	350	1.9%	18,806
2009	159	99.4%	1	0.6%	160	20,221	98.6%	281	1.4%	20,502
2010	179	98.4%	3	1.6%	182	22,005	95.9%	951	4.1%	22,956
Subtotal	451	98.9%	5	1.1%	456	60,682	97.5%	1,582	2.5%	62,264
Consumer										
2008	2,270	90.4%	241	9.6%	2,511	45,851	95.4%	2,210	4.6%	48,061
2009	2,825	75.0%	942	25.0%	3,767	46,738	74.6%	15,938	25.4%	62,676
2010	2,581	91.7%	235	8.3%	2,816	41,417	90.7%	4,257	9.3%	45,674
Subtotal	7,676	84.4%	1,418	15.6%	9,094	134,006	85.7%	22,405	14.3%	156,411
Grand Total	8,584	85.6%	1,450	14.4%	10,034	264,835	89.9%	29,605	10.1%	294,440

Geographic Distribution of Loans: “Low Satisfactory”

The distribution of loans based on lending in census tracts of varying income levels demonstrated an adequate penetration rate of lending.

¹ Analysis of consumer loans originated inside and outside of the assessment area was performed on a sample of 52 loans in 2008, 48 loans in 2009, and 48 loans in 2010. The number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results. The number and dollar volume of loans have been rounded and may not appear to total correctly due to rounding.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated an adequate penetration rate of lending. During the evaluation period, RSB originated 8.8% by number of its HMDA-reportable loans in LMI areas, which trailed the aggregate's penetration ratio of 10.0%. Based on dollar value, RSB's penetration ratio of 9.5% outperformed the aggregate's penetration ratio of 8.3%. RSB also trailed the demographics for owner occupied homes in LMI census tracts.

The following chart provides a summary of the RSB's HMDA-reportable lending distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2008									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	2.0%	801	3.5%	328	2.3%	60,562	2.0%	1.6%
Moderate	7	4.8%	1,467	6.4%	1,445	10.0%	243,025	8.1%	8.3%
LMI	10	6.8%	2,268	9.9%	1,773	12.3%	303,587	10.2%	9.8%
Middle	124	84.4%	18,805	82.0%	9,726	67.3%	1,970,558	66.0%	68.9%
Upper	13	8.8%	1,866	8.1%	2,936	20.3%	711,781	23.8%	21.3%
Unknown	0	0.0%	0	0.0%	7	0.0%	815	0.0%	0.0%
Total	147	100.0%	22,939	100.0%	14,442	100.0%	2,986,741	100.0%	100.0%
2009									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	3.1%	1,673	7.3%	302	1.8%	61,499	1.8%	1.6%
Moderate	10	6.1%	988	4.3%	1,193	7.3%	202,390	6.0%	8.3%
LMI	15	9.2%	2,661	11.7%	1,495	9.1%	263,889	7.8%	9.8%
Middle	125	76.7%	17,080	74.9%	10,894	66.5%	2,168,620	64.2%	68.9%
Upper	23	14.1%	3,077	13.5%	3,973	24.3%	943,919	27.9%	21.3%
Unknown	0	0.0%	0	0.0%	9	0.1%	1,697	0.1%	0.0%
Total	163	100.0%	22,818	100.0%	16,371	100.0%	3,378,125	100.0%	100.0%
2010									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	4.8%	526	2.2%	180	1.3%	35,490	1.2%	1.6%
Moderate	8	5.4%	1,244	5.1%	1,002	7.2%	167,630	5.8%	8.3%
LMI	15	10.2%	1,770	7.3%	1,182	8.5%	203,120	7.0%	9.8%
Middle	114	77.6%	18,815	77.1%	9,148	65.9%	1,822,517	63.2%	68.9%
Upper	18	12.2%	3,805	15.6%	3,544	25.5%	859,382	29.8%	21.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	147	100.0%	24,390	100.0%	13,874	100.0%	2,885,019	100.0%	100.0%
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	15	3.3%	3,000	4.3%		1.8%		1.7%	1.6%
Moderate	25	5.5%	3,699	5.3%		8.1%		6.6%	8.3%
LMI	40	8.8%	6,699	9.5%	4,450	10.0%	770,596	8.3%	9.8%
Middle	363	79.4%	54,700	78.0%		66.6%		64.5%	68.9%
Upper	54	11.8%	8,748	12.5%		23.4%		27.2%	21.3%
Unknown	-	0.0%	-	0.0%		0.0%		0.0%	0.0%
Total	457	100.0%	70,147	100.0%		100.0%		100.0%	100.0%

Small Business Loans:

The distribution of small business loans based on the income level of the geography of the business demonstrated an adequate penetration rate of lending.

During the evaluation period, RSB's penetration rate of lending to LMI census tracts of 12.4% by number, trailed the aggregate rate of 14.0%, while its penetration rate of 16.3% by dollar value compared favorably to the aggregate rate of 15.6%. RSB also underperformed the demographics for businesses in LMI census tracts in the

assessment area.

The following chart provides a summary of the RSB's small business lending distribution based on the income level of the geography.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2008									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	14	12.4%	3,862	20.9%	1,780	5.9%	30,221	5.5%	5.9%
Moderate	9	8.0%	891	4.8%	2,540	8.5%	55,069	10.0%	12.5%
LMI	23	20.4%	4,753	25.8%	4,320	14.4%	85,290	15.5%	18.3%
Middle	80	70.8%	11,802	63.9%	18,864	62.9%	347,650	63.4%	63.9%
Upper	10	8.8%	1,901	10.3%	6,799	22.7%	115,806	21.1%	17.8%
Unknown		0.0%	0	0.0%	6	0.0%	14	0.0%	0.0%
Total	113	100.0%	18,456	100.0%	29,989	100.0%	548,760	100.0%	100.0%
2009									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	6.9%	1,244	6.2%	653	5.3%	16,665	5.5%	6.0%
Moderate	9	5.7%	2,129	10.5%	949	7.7%	33,474	11.1%	11.7%
LMI	20	12.6%	3,373	16.7%	1,602	13.1%	50,139	16.6%	17.6%
Middle	127	79.9%	15,009	74.2%	7,799	63.6%	197,477	65.5%	64.3%
Upper	12	7.5%	1,839	9.1%	2,855	23.3%	54,017	17.9%	18.0%
Unknown	0	0.0%	0	0.0%	3	0.0%	0	0.0%	0.0%
Total	159	100.0%	20,221	100.0%	12,259	100.0%	301,633	100.0%	100.0%
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	3.4%	557	2.5%	572	5.4%	14,791	5.3%	6.0%
Moderate	7	3.9%	1,238	5.6%	901	8.5%	26,391	9.4%	11.3%
LMI	13	7.3%	1,795	8.2%	1,473	13.9%	41,182	14.7%	17.3%
Middle	111	62.0%	14,652	66.6%	6,654	62.6%	177,255	63.4%	64.6%
Upper	55	30.7%	5,558	25.3%	2,498	23.5%	60,957	21.8%	18.1%
Unknown	0	0.0%	0	0.0%	4	0.0%	4	0.0%	0.0%
Total	179	100.0%	22,005	100.0%	10,629	100.0%	279,398	100.0%	100.0%
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	31	6.9%	5,663	9.3%		5.7%		5.5%	
Moderate	25	5.5%	4,258	7.0%		8.3%		10.2%	
LMI	56	12.4%	9,921	16.3%		14.0%		15.6%	
Middle	318	70.5%	41,463	68.3%		63.0%		63.9%	
Upper	77	17.1%	9,298	15.3%		23.0%		20.4%	
Unknown	-	0.0%	-	0.0%		0.0%		0.0%	
Total	451	100.0%	60,682	100.0%		100.0%		100.0%	

Consumer Loans:

The distribution of consumer loans based on the income level of the geography of the

household demonstrated an adequate penetration rate of lending.

Overall, during the evaluation period, RSB's lending in LMI geographies was 12.3% by number and 10.7% by dollar value. Although RSB originated no consumer loans in low-income geographies in 2008 and 2009, during 2009 and 2010 the number of loans originated in moderate-income geographies exceeded the household demographic. These LMI percentages were greater than those recorded during the prior evaluation period. Although originations in LMI census tracts trailed the household demographic of 17.4%, the percentage of LMI originations by number increased every year between 2008 and 2010, from 6.4% in 2008 to 15.9% in 2010. No aggregate lending data is available for consumer loans.

The following chart provides a summary of RSB's consumer lending² distribution based on households of different income levels during the evaluation period:

² Consumer lending analysis among census tracts of different income levels was performed on a sample of 52 loans in 2008, 48 loans in 2009, and 48 loans in 2010. The number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results. The number and dollar volume of loans have been rounded and may not appear to total correctly due to rounding.

Distribution of Consumer Lending by Geographic Income of the Census Tract					
2008					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	4.7%
Moderate	145	6.4%	1,487	3.2%	12.7%
LMI	145	6.4%	1,487	3.2%	17.4%
Middle	1,739	76.6%	39,140	85.4%	65.7%
Upper	386	17.0%	5,224	11.4%	17.0%
Unknown	0	0.0%	0	0.0%	0.0%
Total	2,270	100.0%	45,851	100.0%	100.0%
2009					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	4.7%
Moderate	392	13.9%	7,969	17.0%	12.7%
LMI	392	13.9%	7,969	17.0%	17.4%
Middle	1,726	61.1%	27,577	59.0%	65.7%
Upper	706	25.0%	11,192	23.9%	17.0%
Unknown	0	0.0%	0	0.0%	0.0%
Total	2,825	100.0%	46,738	100.0%	100.0%
2010					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	59	2.3%	547	1.3%	4.7%
Moderate	352	13.6%	4,318	10.4%	12.7%
LMI	411	15.9%	4,865	11.7%	17.4%
Middle	1,818	70.5%	31,625	76.4%	65.7%
Upper	352	13.6%	4,926	11.9%	17.0%
Unknown	0	0.0%	0	0.0%	0.0%
Total	2,581	100.0%	41,417	100.0%	100.0%
GRAND TOTAL					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	59	0.8%	547	0.4%	4.7%
Moderate	889	11.6%	13,774	10.3%	12.7%
LMI	948	12.3%	14,321	10.7%	17.4%
Middle	5,284	68.8%	98,343	73.4%	65.7%
Upper	1,445	18.8%	21,342	15.9%	17.0%
Unknown	0	0.0%	0	0.0%	0.0%
Total	7,676	100.0%	134,006	100.0%	100.0%

Distribution by Borrower Characteristics: "High Satisfactory"

The distribution of loans based on borrower characteristics demonstrated a good penetration rate of lending among individuals of different income levels and businesses of different revenue sizes.

HMDA-Reportable Loans:

RSB's HMDA-reportable loans demonstrated a reasonable penetration rate of lending among individuals of different income levels.

During the evaluation period, RSB's penetration rate to LMI borrowers of 27.4% by number of loans exceeded the aggregate ratio of 24.5%, and its penetration rate by dollar value of 17.8% also exceeded the aggregate ratio of 16.5%. However, both ratios trailed the family demographic of 37.1%.

The following chart provides a summary of the HMDA-reportable lending distribution based on household income.

Distribution of HMDA-Reportable Lending by Borrower Income									
2008									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	13	8.8%	1,653	7.2%	758	5.2%	74,388	2.5%	19.1%
Moderate	28	19.0%	3,129	13.6%	2,673	18.5%	387,146	13.0%	18.1%
LMI	41	27.9%	4,782	20.8%	3,431	23.8%	461,534	15.5%	37.1%
Middle	36	24.5%	4,921	21.5%	4,334	30.0%	803,068	26.9%	24.3%
Upper	60	40.8%	8,967	39.1%	6,308	43.7%	1,538,994	51.5%	38.6%
Unknown	10	6.8%	4,269	18.6%	369	2.6%	183,145	6.1%	0.0%
Total	147	100.0%	22,939	100.0%	14,442	100.0%	2,986,741	100.0%	100.0%
2009									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	5.5%	303	1.3%	877	5.4%	100,493	3.0%	19.1%
Moderate	29	17.8%	3,157	13.8%	3,238	19.8%	487,680	14.4%	18.1%
LMI	38	23.3%	3,460	15.2%	4,115	25.1%	588,173	17.4%	37.1%
Middle	45	27.6%	5,284	23.2%	4,782	29.2%	927,692	27.5%	24.3%
Upper	76	46.6%	12,472	54.7%	6,678	40.8%	1,638,155	48.5%	38.6%
Unknown	4	2.5%	1,602	7.0%	796	4.9%	224,105	6.6%	0.0%
Total	163	100.0%	22,818	100.0%	16,371	100.0%	3,378,125	100.0%	100.0%
2010									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	23	15.6%	1,673	6.9%	737	5.3%	77,115	2.7%	19.1%
Moderate	23	15.6%	2,565	10.5%	2,665	19.2%	395,245	13.7%	18.1%
LMI	46	31.3%	4,238	17.4%	3,402	24.5%	472,360	16.4%	37.1%
Middle	33	22.4%	5,659	23.2%	4,036	29.1%	778,607	27.0%	24.3%
Upper	60	40.8%	11,757	48.2%	6,061	43.7%	1,496,882	51.9%	38.6%
Unknown	8	5.4%	2,736	11.2%	375	2.7%	137,170	4.8%	0.0%
Total	147	100.0%	24,390	100.0%	13,874	100.0%	2,885,019	100.0%	100.0%
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	45	9.8%	3,629	5.2%	1,615	5.3%	177,608	2.7%	19.1%
Moderate	80	17.5%	8,851	12.6%	7,903	19.2%	1,172,525	13.7%	18.1%
LMI	125	27.4%	12,480	17.8%	10,937	24.5%	1,422,607	16.5%	37.1%
Middle	114	24.9%	15,864	22.6%	12,152	29.4%	2,499,367	27.1%	24.3%
Upper	196	42.9%	33,196	47.3%	13,536	42.6%	3,673,169	50.5%	38.6%
Unknown	22	4.8%	8,607	12.3%	1,114	3.4%	462,953	5.9%	0.0%
Total	457	100.0%	70,147	100.0%	33,257	100.0%	7,348,229	100.0%	100.0%

Small Business Loans:

The distribution of small business loans based on the revenue size of the business demonstrated a good penetration rate of lending among businesses of different revenue sizes.

During the evaluation period, in the assessment area, RSB's lending to small businesses with revenue sizes less than or equal to \$1 million was 44.8% by number of

loans and 34.0% by dollar value, outperforming the corresponding aggregate ratios of 26.4%, and 33.5%, respectively.

RSB outperformed the aggregate by number of loans in all three years during the evaluation period, and trailed the aggregate by dollar value only in 2010. However, RSB underperformed the business demographic each year during the evaluation period.

The following chart provides a summary of RSB's small business lending distribution based on revenue size during the evaluation period:

Distribution of Small Business Lending by Revenue Size of Business									
2008									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	42	37.2%	7,808	42.3%	8,146	27.2%	190,681	34.7%	66.3%
Rev. > \$1MM	23	20.4%	2,267	12.3%	Aggregate Data Not Available				4.0%
Rev. Unknown	48	42.5%	8,381	45.4%					29.8%
Total	113	100.0%	18,456	100.0%	29,989		548,760		
2009									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	83	52.2%	7,753	38.3%	3,051	24.9%	103,305	34.2%	77.4%
Rev. > \$1MM	54	34.0%	8,371	41.4%	Aggregate Data Not Available				3.9%
Rev. Unknown	22	13.8%	4,097	20.3%					18.8%
Total	159		20,221		12,259		301,633		
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	77	43.0%	5,094	23.1%	2,752	25.9%	84,455	30.2%	78.9%
Rev. > \$1MM	52	29.1%	7,971	36.2%	Aggregate Data Not Available				3.8%
Rev. Unknown	50	27.9%	8,940	40.6%					17.3%
Total	179		22,005		10,629		279,398		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	202	44.8%	20,655	34.0%		26.4%		33.5%	
Rev. > \$1MM	129	28.6%	18,609	30.7%					
Rev. Unknown	120	26.6%	21,418	35.3%					
Total	451		60,682						

Consumer Loans:

The distribution of consumer loans based on the income of the household demonstrated an excellent penetration rate of lending among households of different income levels.

During the evaluation period, RSB originated 57.3% by number and 48.1% by dollar value of its consumer loans to LMI borrowers in the assessment area, which compared

favorably to the demographic of 37.4%.

The following chart provides a summary of RSB's consumer lending³ distribution based on households of different income levels during the evaluation period:

³ Consumer lending analysis based on the income levels of the borrowers was performed on a sample of 52 loans in 2008, 48 loans in 2009, and 48 loans in 2010. The number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results. The number and dollar volume of loans have been rounded and may not appear to total correctly due to rounding.

Distribution of Consumer Lending by Borrower Income					
2008					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	724	31.9%	10,488	22.9%	21.6%
Moderate	773	34.0%	9,564	20.9%	15.8%
LMI	1,497	66.0%	20,052	43.7%	37.4%
Middle	483	21.3%	6,992	15.2%	19.4%
Upper	290	12.8%	18,807	41.0%	43.2%
Unknown	0	0.0%	0	0.0%	0.0%
Total	2,270	100.0%	45,851	100.0%	100.0%
2009					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	1,020	36.1%	14,684	31.4%	21.6%
Moderate	471	16.7%	10,744	23.0%	15.8%
LMI	1,491	52.8%	25,428	54.4%	37.4%
Middle	942	33.3%	15,937	34.1%	19.4%
Upper	314	11.1%	5,283	11.3%	43.2%
Unknown	78	2.8%	90	0.2%	0.0%
Total	2,825	100.0%	46,738	100.0%	100.0%
2010					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	587	22.7%	5,839	14.1%	21.6%
Moderate	821	31.8%	13,137	31.7%	15.8%
LMI	1,408	54.5%	18,975	45.8%	37.4%
Middle	645	25.0%	11,738	28.3%	19.4%
Upper	528	20.5%	10,704	25.8%	43.2%
Unknown	0	0.0%	0	0.0%	0.0%
Total	2,581	100.0%	41,417	100.0%	100.0%
GRAND TOTAL					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	2,331	30.4%	31,011	23.1%	21.6%
Moderate	2,065	26.9%	33,445	25.0%	15.8%
LMI	4,396	57.3%	64,456	48.1%	37.4%
Middle	2,070	27.0%	34,668	25.9%	19.4%
Upper	1,132	14.7%	34,793	26.0%	43.2%
Unknown	78	1.0%	90	0.1%	0.0%
Total	7,676	100.0%	134,006	100.0%	100.0%

Community Development Lending: "Low Satisfactory"

During this three year evaluation period, RSB originated \$4 million in new community development loans, and still had approximately \$2.7 million outstanding from prior evaluation periods for a total of \$6.7 million. Although this is a 7% decrease from the \$7.25 million recorded during the prior two year evaluation period, RSB still

demonstrated an adequate level of community development lending over the course of the evaluation period.

Community Development Loans				
Purpose	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Loans	\$000		\$000
Affordable Housing	0	0	0	0
Economic Development	1	50	0	0
Community Services	7	3,945	3	2,754
Other (Please Specify)	0	0	0	0
Total	8	3,995	3	2,754

Below are highlights of RSB's community development lending:

- RSB made a \$2 million loan to a local not-for-profit organization that provides affordable community mental health services to residents of Dutchess County. The purpose of the loan was for the purchase and renovation of a building and land that was to be used for the organization's offices. The remaining balance of the loan is \$1.52 million.
- RSB made a \$3.75 million master commitment to a not-for-profit agency that provides services to people with developmental disabilities that live in the Hudson Valley region of New York. Many of this organization's activities are targeted to low-income individuals or to those without financial support from relatives. The purpose of these funds was to finance the construction and acquisition of real estate to be used for the organization's primary activities. The remaining balance of the loan is \$1.23 million. In 2009, RSB made a \$500 thousand loan to this organization for the purchase of vehicles used in its daily operations.
- RSB made a \$310 thousand loan to a community-based not-for-profit organization which operates a foster care program, boarding homes, foster homes and supervised independent living apartments in Dutchess County, NY. The purpose of the loan was for the purchase and renovation of property in the area. In 2009 RSB extended a \$1 million line of credit to the organization.
- In 2008, RSB extended a \$1 million line of credit to a non-profit organization that was chartered in 1959 to promote mental health, and to work toward the improved care and treatment of persons with mental illness. The purpose of the line of credit was to supplement the organization's cash flow.

Flexible and/or Innovative Lending Practices:

RSB made limited use of innovative and/or flexible lending practices in serving the assessment area credit needs.

RSB utilizes government sponsored loan programs to help meet the needs of LMI borrowers, including those sponsored by the State of New York Mortgage Agency (“SONYMA”) and the Federal Home Loan Mortgage Corporation (“FHLMC”).

INVESTMENT TEST: “Low Satisfactory”

RSB’s investment performance is evaluated pursuant to the following criteria:

1. *Dollar amount of qualified investments;*
2. *Innovativeness or complexity of qualified investments; and*
3. *Responsiveness of qualified investments to credit and community development needs*

RSB’s community development investments were reasonable in light of the assessment area’s credit needs.

Amount of Community Development Investments:

During the evaluation period, RSB made no new community development investments, but still had a \$500,000 commitment from prior evaluation periods. In addition, RSB made \$164,000 in community development grants; more than twice the amount made during the prior evaluation period. RSB demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Commitment from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing			1	500
Total	0	\$ -	1	500
	# of Grants	\$000	Not Applicable	
CD Grants				
Affordable Housing	38	\$ 68		
Economic Development	15	\$ 13		
Community Services	91	\$ 83		
Other (Please Specify)				
Total	144	\$ 164		

Below are highlights of RSB's community development investments and grants:

RSB has maintained its \$500,000 commitment to purchase notes issued by a private, not-for-profit corporation, sponsored by more than 90 financial institutions, to support affordable housing in the assessment area. The sponsors contribute capital, participate in lending activities, and provide governance to this not-for-profit by sitting on its Board, its Mortgage Committee, and other policy making bodies. This organization's mission is to stabilize, strengthen and sustain low and mixed-income communities. RSB's current investment balance is \$264,000.

Innovativeness of Community Development Investments:

RSB made no new investments during the evaluation period.

Responsiveness of Community Development Investments to Credit and Community Development Needs:

Although limited, RSB's community development investments exhibited adequate responsiveness to credit and community development needs.

SERVICE TEST: "High Satisfactory"

RSB's retail service performance is evaluated pursuant to the following criteria:

- 1. Current distribution of the banking institution's branches;*
- 2. Record of opening and closing branches;*
- 3. Availability and effectiveness of alternative systems for delivering retail services;*
and
- 4. Range of services provided*

SB's community development service performance is evaluated pursuant to the following criteria:

- 1. Extent to which the banking institution provides community development services; and*
- 2. Innovativeness and responsiveness of community development services*

Retail Banking Services: "Low Satisfactory"

RSB has reasonable delivery systems, branch network, branch hours and services, and alternative delivery systems.

Current distribution of the banking institutions branches:

RSB's branches continue to represent an adequate distribution of branches within its assessment area. The bank operated ten full service banking offices, of which two were located in geographies that were adjacent to one or more LMI tracts. All offices are open weekdays between 8 AM and 5 PM, except for the East Fishkill office which is open weekdays between 9 AM and 6 PM. In addition, all branches are open on Saturdays between 8:30 AM and 12:30 PM, except for the Kingston branch which is closed on Saturdays.

Each of the three Poughkeepsie branches has two deposit taking ATMs, while the seven other branches have one deposit taking ATM each. RSB also has a non-deposit taking ATM in a middle-income tract in the town of Tivoli located in Dutchess County.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Dutchess	0	0	0	7	2	9	0%
Ulster	0	0	0	1	0	1	0%
Total	-	-	-	8	2	10	0%

Record of opening and closing branches:

RSB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and individuals. Two full service branches were opened during the evaluation period. The East Fishkill Branch located in Hopewell Junction was opened in May 2009, and the LaGrange Branch located in LaGrangeville was opened in April 2010. Both are located in upper income tracts in Dutchess County and neither is adjacent to an LMI tract. No branch was closed during the evaluation period.

Availability and effectiveness of alternative systems for delivering retail services:

RSB's delivery systems were and continue to be readily accessible to significant portions of RSB's assessment area, including LMI geographies and individuals. All ATMS are available 24 hours per day and seven days per week. RSB also offers online banking with bill-pay options, bank by mail, telephone banking, night deposits, remote deposit capture for business accounts, and a customer solutions call center available from 8 AM to 6 PM Monday through Friday.

Range of services provided:

RSB's services continue to meet the convenience and needs of its assessment area.

RSB offers an assortment of products and services such as personal and business

deposit accounts, personal and commercial mortgages, consumer and business lending, wire transfers, ACH, SBA Loans, Travelers Checks, certificates of deposit, CDARs, gift cards, and US Savings Bonds. The bulk of RSB's consumer loans are indirect auto loans.

Community Development Services: "High Satisfactory"

RSB provides a relatively high level of community development services.

Below are highlights of RSB's community development services:

- RSB employees assisted a non-profit, affordable housing organization conducting seminars to first time homebuyers. This organization offers several home buyer assistance programs geared toward LMI and lower middle-income individuals in Ulster County.
- RSB participates in the Federal Home Loan Bank of New York's First Home Club, in an effort to assist low and moderate income individuals with the purchase of a first home. The assistance is in the form of matching funds based on the home buyer's savings in a dedicated savings account. The match is \$4 for every \$1 saved up to \$7,500. RSB supports the program as a host bank for the buyer's savings account and works in conjunction with a non-profit organization whose mission is to provide decent, affordable housing for LMI people in the community. This organization provides required counseling and administers the program.
- RSB is involved in the "Teach Children to Save" and "Get Smart About Credit" programs. Both programs are sponsored by American Bankers Association. "Teach Children to Save" partners banks with students for lessons on the importance of savings. The program is a national campaign that raises awareness about the important role that banks and bankers play in helping young people develop lifelong savings habits. The "Get Smart About Credit" program is also a national campaign of volunteer bankers who help young people develop responsible credit habits. In 2008 and 2009, RSB participated at three schools and a Girl Scout Troop in LMI communities.
- During the evaluation period, directors, officers, and other employees of RSB actively served in many community organizations which provide services, education, and aid to LMI individuals and geographies in the assessment area. For example, the senior vice president/CRA officer was on the Board of Directors of a non-profit organization whose mission is to provide decent, affordable housing for LMI people in the community, and RSB's president was on the Board of Directors of a not-for profit organization which brings together business, nonprofit, academic and government leader to collaborate on regional approaches to affordable/workforce housing and other issues. The president is

also on the board of an organization whose goal is to assure that every family and individual in need can receive the service and support necessary to reach their maximum potential. In total, 15 RSB officers and other employees participated in 16 organizations that provided qualified community development services.

Additional Factors

The following factors were also considered in assessing RSB's record of performance.

The extent of participation by the banking institution's board of directors or board of trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act

RSB's Audit Committee of the Board of Directors receives a Compliance Report submitted by the bank's Compliance Committee at each meeting that includes a review of CRA issues and activities. The Compliance Committee, comprised of experienced officers and staff, meets quarterly; discussing CRA issues when relevant to RSB's performance. The Board is also involved in the approval of RSB's larger grants and donations and approves RSB's community support program and CRA Statement.

Discrimination and other illegal practices

- *Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.*

The New York State Department of Financial Services noted no practices that were intended to discourage applications for the types of credit offered by the institution.

- *Evidence of prohibited discriminatory or other illegal credit practices.*

The New York State Department of Financial Services noted no evidence of prohibited discriminatory or other illegal practices.

Process Factors

- *Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.*

As noted earlier, RSB officers and employees are actively involved with many

community organizations, thus enabling RSB to ascertain the credit needs of the community. In addition, RSB's CRA Officer also attends conferences on CRA issues pertinent to the assessment area.

- *The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution*

RSB markets itself through various means. During the evaluation period RSB enacted a campaign to reassure the public trust in banking during the financial crisis. During this period, products were not advertised with the exception of a Certificate of Deposit advertisement in June 2008. RSB placed advertising in local print media such as the Poughkeepsie Journal, weekly publications, business journals, billboards, radio, and ran occasional television spots.

RSB usually runs advertising campaigns semi-annually and supplements its advertising with product pamphlets in the branches, and information on the web-site. Customers may also call RSB's customer service number for details about bank products and services. Although there are no specific efforts to reach LMI individuals or small businesses, they are in no way excluded from RSB's scope of activity.

Other factors that in the judgment of the Superintendent and Banking Board bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community

Since the latest CRA evaluation as of December 31, 2007, neither RSB nor the New York State Department of Financial Services has received any written complaints regarding RSB's CRA performance.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (4) above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A “community development service” is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;

- ❖ Developing secondary market vehicles or programs;
- ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level of the person, family or household is based on the income of person, family or household. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Loans to Small Businesses

Small business loans to businesses with gross annual revenues (“GAR”) of \$1 million or less (“< = \$ 1MM”).

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would

relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that depicts the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Small Business Loans

Loans to businesses with original amounts of \leq \$1MM.