



**NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2001

Institution: Walden Savings Bank
2 Bank Street, P.O. Box 152
Walden, New York 12586

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 Banking Department 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 Walden Savings Bank (“Walden” or “WSB” or the “bank”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2001.

Section 28-b of the New York State 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 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 Banking 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 Banking 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 are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Walden Savings Bank is rated "2", indicating a satisfactory record of helping to meet community credit needs. This rating is based upon the following factors:

- *Loan-to-Deposit Ratio and Other Lending-Related Activities:* The bank's loan-to-deposit ("LTD") ratio was reasonable given the bank's size, financial condition and assessment area credit needs. According to the Uniform Bank Performance Reports, the bank's average LTD ratio for the nine consecutive quarters ending December 31, 2001 was 67.2%, substantially lower than 84.5% for the national peer group.

Enhancing credit availability in its assessment area during the evaluation period, the bank had community development commitments totaling \$216.8 thousand with \$12.1 thousand (5.6%) representing new money. The community development commitments were to entities engaged in the creation and/or rehabilitation of affordable housing and economic development activities.

- *Assessment Area Lending:* A substantial majority of HMDA-reportable loans were originated within the assessment area. In 2000, WSB made 94.8% by number and 94.9% by dollar volume of its HMDA-reportable loans within the assessment area. In 2001, the bank's performance in absolute number and dollar volume declined but increased to assessment area ratios of 97.7% and 97.9%, respectively.
- *Geographic Distribution of Lending:* The bank's geographic distribution of loans reflects poor dispersion within the assessment area. In 2000, the bank originated only 4.3% of its HMDA-reportable loans in low- and moderate-income ("LMI") geographies within its assessment area, well below 8.2% for the aggregate. In 2001, the bank's lending penetration in LMI geographies weakened to 0.8%. Aggregate data for 2001 were not available for purposes of this evaluation.
- *Borrower Distribution of Lending:* The bank's lending reflected a reasonable penetration among individuals of different income levels. In 2000, the bank made 14.0% of its HMDA-reportable loans to LMI individuals within its assessment area, somewhat below 17.9% for the aggregate. In 2001, WSB's lending penetration among LMI individuals weakened to 12.8%. Aggregate data for 2001 were not available.
- *Services:* The bank's services and banking hours are tailored to the needs and convenience of its community.
- *Complaints:* Neither the bank nor the New York State Banking Department has received any CRA related complaints since the previous examination.

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's Profile:

Walden Savings Bank, chartered in 1872, is a full-service mutual savings bank headquartered in Walden, Orange County, New York. In addition to its main office in Walden, WSB operates six other full-service branches, one each in Washingtonville, Cornwall, Montgomery, Pine Bush, and New Windsor in Orange County and one in Gardiner in Ulster County. All of the branches are equipped with night depositories and deposit taking Automated Teller Machines ("ATMs") that are linked to the NYCE, Choice, Honor and Cirrus networks.

As of December 31, 2001, according to the Consolidated Reports of Condition and Income, the bank reported total assets of \$165.6 million, consisting of loans and leases of \$100.5 million, securities of \$37.7 million, and cash plus due from banks of \$18.8 million. On the same date, the bank also reported total deposits of \$149.6 million, resulting in a loan-to-deposit ratio of 67.2%. In 2001, the bank had a net income of over one million dollars. WSB continues to be a retail independent community-oriented financial institution with a commitment to local real estate financing.

According to the latest available comparative deposit data, dated June 30, 2001, WSB, with total deposits of \$140.5 million (out of \$5.8 billion), had a market share of 2.4%, ranking the bank 12th out of 171 lenders within its assessment area. In Orange County, the bank had a market share of 3.5% (\$135.4 million), ranking it 10th out of 22 banks in the county. Orange County provided 96.4% of the bank's total deposits as of June 30, 2001.

The bank offers a wide variety of lending products including:

- 1-4 family Residential mortgage loans
- Residential multifamily mortgage loans
- Home Equity loans.
- Home Improvement loans
- Consumer Installment loans
- Commercial mortgage loans
- Industrial and Commercial loans

Based on the FDIC call report, the following table gives details of the loans outstanding on March 31, 2002, as well as at the years-end 2001 and 2000:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2001		12/31/2000		12/31/1999	
	\$000	%	\$000	%	\$000	%
1-4 residential loans	82,691	81.7%	76,663	81.4%	53,322	78.5%
Commercial Mortgage Loans	5,239	5.2%	3,727	4.0%	2,327	3.4%
Multifamily Mortgages	586	0.6%	734	0.8%	761	1.1%
Consumer Loans	4,043	4.0%	4,526	4.8%	3,371	5.0%
Commercial Loans	2,138	2.1%	1,533	1.6%	2,589	3.8%
Other Loans	7	0.0%	9	0.0%	15	0.0%
Construction loans	6,548	6.5%	6,935	7.4%	5,553	8.2%
Total Gross Loans	101,252	100.0%	94,127	100.0%	67,938	100.0%

The above table indicates that between examinations, Walden's gross loan portfolio increased 49.0% and that the bank is primarily a 1-4 family residential lender.

WSB was awarded a rating of "2" at its last Performance Evaluation by the Banking Department as of September 30, 1999, reflecting a Satisfactory record of helping to meet community credit needs.

There are no legal or financial impediments, which would adversely impact the institution's ability to meet credit needs of its assessment area.

Assessment Area:

WSB's assessment area includes the entire Orange County in MSA 5660 (Newburgh) and Ulster County, in a non-MSA area. WSB's entire assessment area forms part of the Hudson Valley Region of the New York State. The area has 85 census tracts and/or block numbering areas ("BNAs"), of which two (2.4%) are low-income tracts, 12 (14.1%) are moderate-income, 37 (43.5%) are middle-income and 33 (38.8%) are upper-income tracts. There is one (1.2%) zero-income tract.

In 1990, according to the U.S. Census Bureau, the assessment area had a population of 381 thousand, of which 40.2 thousand (10.6%) were over the age of 65 and 92 thousand (24.1%) were under the age of 16.

In 1990, there were 96.1 thousand families in the assessment area, of which 15.5 thousand (16.1%) were low-income families, 15.8 thousand (16.4%) were moderate-income, 23.5 thousand (24.4%) were middle-income and 41.3 thousand (43.1%) were upper-income families. Of the 31.3 thousand LMI families, 8.5 thousand (27.2%) lived in LMI tracts and these families accounted for 64.3% of all the families (13.2 thousand) that lived in LMI tracts. There were 126.8 thousand households in the assessment area, of which 10.4 thousand (8.2%) had income below the poverty level.

There were 139.4 thousand housing units in the assessment area, 116.6 thousand (83.6%) of which were 1 to 4 family units, 14.1 thousand (10.1%) were multifamily units and 7.0 thousand

(5.0%) were mobile homes. Eighty-six point seven thousand (62.2%) of the housing units were owner occupied and 7.0 thousand (8.1%) of these were in LMI tracts. A further 40.0 thousand (28.7%) were rental occupied units and 11.9 thousand (29.8%) of these were in LMI tracts. Thirteen point one thousand (9.4%) of all housing units were vacant and/or boarded up. The median housing value was \$134.2 thousand and the median age of the housing was 30 years.

In 1990, the weighted average of median family income of tracts for the assessment area was \$43.8 thousand and the weighted average of MSA/non-MSA's census median family income was \$40.4 thousand. In 2001, HUD's weighted average of MSA/non-MSA's updated median family income was \$55.5 thousand.

In 2001, according to a Dun and Bradstreet survey, there were 19.5 thousand businesses in WSB's assessment area, of which 17.0 thousand (87.2%) had revenues of \$1.0 million or less. One point three thousand (6.8%) had revenues of more than \$1.0 million and 1.2 thousand (6.0%) were businesses on which no revenues were reported. Eighteen point one thousand (92.9%) of all businesses in the assessment area had fewer than 50 employees and 16.6 thousand (85.1%) operated from a single location.

Seventy eight hundred (40.0%) of all firms were service providers, 4.2 thousand (21.6%) were in the retail trade, 2.2 thousand (11.4%) were in construction, 1.4 thousand (7.2%) were in finance, insurance and real estate and 993 (51.%) were in the wholesale trade.

Details of the Assessment Area

Orange County – the county has 67 census tracts, of which 2 (3.0%) are low-income tracts, 12 (17.9%) are moderate-income, 32 (47.8%) are middle-income and 20 (29.9%) are upper-income tracts. There is 1 (1.4%) zero-income tract in the county.

In 1990, according to the U.S. Census Bureau, Orange County had a population of 307.6 thousand and it increased by 41.1 thousand (13.4%) to 348.8 million in 2000. Thirty-two point two thousand (10.5%) of the 1990 population was over the age of 65 and 76.6 thousand (24.9%) were under the age of 16.

In 1990, there were 77.9 thousand families in the county, of which 13.8 thousand (17.7%) were low-income families, 13.5 thousand (17.4%) were moderate-income, 19.6 thousand (25.1%) were middle-income and 31.0 thousand (39.8%) were upper-income families. Of the 27.3 thousand LMI families, 8.5 thousand (31.2%) lived in LMI tracts and these families accounted for 64.3% of all the families (13.2 thousand) that lived in LMI tracts. Four point nine thousand (6.4%) of the total families had income below the poverty level. There were 101.7 thousand households in the county, of which 8.6 thousand (8.4%) had income below the poverty level.

There were 110.8 thousand housing units in Orange County, 92.7 thousand (83.7%) of which were 1 to 4 family units, 12.5 thousand (11.3%) were multifamily units and 4.3 (3.8%) were mobile homes. Sixty-eight point five thousand (61.8%) of the housing units were owner

occupied and 7.0 thousand (10.2%) of these were in LMI tracts. A further 33.0 thousand (29.8%) were rental occupied units and 11.9 thousand (36.0%) of these were in LMI tracts. Nine point six thousand (8.7%) of all the units were vacant and/or boarded up. In 1990, the median housing value was \$136.4 thousand and the median age of the housing was 30 years.

In 1990, the median family income of tracts for the county was \$44.0 thousand and the census MSA median family income was \$42.9 thousand. In 2001, HUD's updated MSA median family income was \$55.8 thousand.

The U.S. Department of Commerce's Bureau of Economic Analysis reported that the largest sources of earnings in the county in 2000 were services 24.9%, state and local government 17.0% and retail trade 11.3%. In 1990, the major sources of earning were services 21.6%, state and local government 17.0% and retail trade 11.6%.

According to a Dun and Bradstreet survey, in 2001, there were 16.2 thousand businesses in Orange County, of which 14.1 thousand (87.4%) had revenues of \$1.0 million or less. One point one thousand (7.0%) had revenues of more than \$1.0 million and 905 (5.6%) were businesses on which no revenues were reported. Two point six thousand (20.7%) of the small businesses were located in LMI census tracts. Fifteen thousand (92.7%%) of all businesses in the county had fewer than 50 employees and 13.6 thousand (84.4%) operated from a single location.

Six point five thousand (40.2%) of all firms were service providers, 3.5 thousand (21.7%) were in the retail trade, 1.8 thousand (11.2%) were in construction, 1.2 thousand (7.6%) were in finance, insurance and real estate and 851 (5.3) were in the wholesale trade.

According to the New York State Department of Labor, the county's average unemployment rates were 3.3% in 2000 and 3.6% in 2001. The county's average unemployment rates were below the state's average rates of 4.6% in 2000 and 4.9% in 2001.

Ulster County - the county has 48 BNAs , of which the bank has chosen to include 18 BNAs within its assessment area. Five (27.8%) BNAs are middle-income and 13 (72.2%) are upper-income BNAs. There are no low-income and moderate-income BNAs within the portion of the county within the bank's assessment area.

In 1990, according to the U.S. Census Bureau, the portion of the county had a population of 73.4 thousand, of which 8.1 thousand (11.0%) were over the age of 65 and 15.3 thousand (20.9%) were under the age of 16.

In 1990, there were 18.2 thousand families in the portion of the county, of which 1.7 thousand (9.5%) were low-income families, 2.2 thousand (12.3%) were moderate-income, 3.9 thousand (21.4%) were middle-income and 10.3 thousand (56.8%) were upper-income families. There were 25.1 thousand households in the portion of the county, of which 1.8 thousand (7.3%) had income below the poverty level.

There were 28.6 thousand housing units in the portion of the county, 23.9 thousand (83.5%) of which were 1 to 4 family units, 1.6 thousand (5.6%) were multifamily units and 2.7 (9.4%) were mobile homes. Eighteen point two thousand (63.7%) of the housing units were owner occupied and 7.0 thousand (24.4%) were rental occupied units. Three point five thousand (12.2%) of all the units were vacant and/or boarded up. In 1990, the median housing value was \$125.5 thousand and the median age of the housing was 30 years.

In 1990, the median family income of tracts for the portion of the county was \$41.7 thousand and the census MSA/non-MSA median family income was \$31.5 thousand. In 2001, HUD's updated MSA/non-MSA median family income was 41.4 thousand.

The U.S. Department of Commerce's Bureau of Economic Analysis reported that the largest sources of earnings in the county in 2000 were services 29.6%, state and local government 23.7% and retail trade 11.1%. In 1990, the major sources of earning were durable goods manufacturing 27.7%, services 20.2% and state and local government 18.7%.

According to a Dun and Bradstreet survey, in 2001, there were 3.4 thousand businesses in the portion of the county, of which 2.9 thousand (86.3%) had revenues of \$1.0 million or less. One hundred and ninety-two (5.7%) had revenues of more than \$1.0 million and 269 (8.0%) were businesses on which no revenues were reported. Three point two thousand (94.1%) of all businesses in the portion of the county had fewer than 50 employees and 3.0 thousand (88.9%) operated from a single location.

One point three thousand (38.6%) of all firms were service providers, 722 (21.4%) were in the retail trade, 418 (12.4%) were in construction, 199 (5.9%) were in agriculture, forestry and fishing, 193 (5.7%) were in finance, insurance and real estate and 178 (5.3) were in manufacturing.

According to the New York State Department of Labor, the county's average unemployment rates were 3.4 in 2000 and 3.5 in 2001. The county's unemployment rates were below the state's average rates of 4.6% in 2000 and 4.9% in 2001.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

WSB's performance for the years 2000 and 2001 was evaluated under the small bank performance criteria, which include the following: (1) Loan-to-Deposit Ratio and other Lending-Related Activities; (2) Proportion of Lending in the Assessment Area; (3) Geographic Distribution of Lending; (4) Distribution of Lending by Borrower Characteristics; and (5) Action Taken in Response to Written Complaints Regarding CRA.

This evaluation focuses primarily on WSB's residential lending, the bank's primary product, as enhanced by its community development lending. Due to data limitations, a review of the bank's small business lending could not be performed. Based on optional information provided by the bank, the bank's services were also considered.

Statistics utilized in this evaluation were derived from various sources. In addition to loan information submitted by the bank, aggregate data for HMDA-reportable loans were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCI Services, Inc. CRA Wiz©, an external vendor. Peer lending comparisons were made to the 2000 aggregate data, as the 2001 data were not available for purposes of this evaluation. The demographic data referred to in this report was obtained from the 1990 U.S. Census along with the updated HUD-estimated median family income.

• **Loan-to-Deposit Analysis and Other Lending Related Activities** – "Satisfactory"

The bank's loan-to-deposit ("LTD") ratio was reasonable given the bank's size, financial condition and assessment area credit needs.

According to the Uniform Bank Performance Reports, the bank's average LTD ratio for the nine consecutive quarters ending December 31, 2001 was 67.2%, substantially lower than 84.5% for the national peer group.

Community Development Loans

Enhancing the availability of credit in WSB's assessment area during the evaluation period, the bank had community development commitments totaling \$216.8 thousand, of which \$12.1 thousand (5.6%) was new money. The community development commitments were to entities engaged in the creation and/or rehabilitation of affordable housing and economic development.

The following is a brief description of the bank's community development loans:

1. *New York Business Development Corporation ("NYBDC")* – WSB committed a \$80 thousand line of credit to NYBDC on August 1, 1999. On August 1, 2000, the bank extended to this organization a \$6.1 thousand loan that matured during the evaluation period. On August 1, 2001, the bank extended a one-year \$6.0 loan, with the entire

amount outstanding as of the evaluation date. The NYBDC is a privately owned entity created by New York State statute and funded by commercial and savings banks under lines of credit that are utilized to provide a broad range of financing to small and mid-sized businesses located in New York State.

2. *Community Preservation Corporation (“CPC”)* – on February 4, 1999, the bank renewed a \$450 thousand line of credit to this entity, of which \$124.7 thousand was outstanding at the evaluation date. CPC is a lending consortium that makes construction and permanent loans for the creation, rehabilitation and preservation of affordable housing throughout the State of New York. CPC’s bank sponsors provide secured financing, under evolving bank lines of credit, for housing construction and rehabilitation. CPC also provides permanent financing through purchases of collateral trust notes backed by CPC mortgages.

- **Proportion of Lending Within Assessment Area** – “Outstanding”

A substantial majority of HMDA-reportable loans were originated within the assessment area.

In 2000, WSB extended 173 HMDA-reportable loans totaling \$23.1 million, of which 164 loans (94.8%) totaling \$21.9 million (94.9%) were originated within the assessment area. In 2001, the bank extended 128 HMDA-reportable loans totaling \$16.9 million, of which 125 loans (97.7%) totaling \$16.5 million (97.9%) were originated within the assessment area. While the assessment area percentages increased slightly in 2001, the data reflect declines of 23.8% in the number and 24.6% in the dollar volume of assessment area loans originated, when compared to the prior years’ levels.

- **Geographic Distribution of Lending** – “Needs to Improve”

The bank’s geographic distribution of loans reflects poor dispersion within the assessment area. WSB has 14 LMI census tracts (16%) in its assessment area, all of which are in Orange County, where the bank is headquartered.

In 2000, the bank originated only seven (4.3%) HMDA-reportable loans in LMI geographies within its assessment area, well below the 8.2% penetration achieved by the aggregate. WSB also originated 80 (48.8%) and 77 (47.0%) loans in middle- and upper-income geographies, respectively, compared with 47.7% and 44.1%, respectively, for the aggregate. In 2001, the bank’s performance weakened, with only one loan (0.8%) loan originated in an LMI geography. WSB originated the majority of its loans 73 (58.4%) and 51 (40.8%) in middle- and upper-income geographies, respectively. Aggregate data for 2001 were not available in connection with this evaluation.

- **Borrower Distribution of Lending** - “Satisfactory”

The bank’s lending demonstrates a reasonable penetration among individuals of different

income levels.

In 2000, the bank made 23 (14.0%) HMDA-reportable loans to LMI individuals within its assessment area, trailing the 17.9% penetration achieved by the aggregate. The bank also made 30 (18.3%) and 111 (67.7%) loans to middle- and upper-income individuals, respectively, compared with 27.1% and 49.7%, respectively, for the aggregate. The bank's lending penetration among LMI individuals weakened in 2001, when WSB originated 16 loans (12.8%) to LMI individuals within its assessment area. The bank also made 33 (26.4%) and 76 (60.8%) loans to middle- and upper-income individuals, respectively. Aggregate data for 2001 were not available in connection with this evaluation.

- **Action Taken In Response to Written Complaints With Respect to CRA**

Neither the bank nor the New York State Banking Department has received any CRA related complaint since the previous CRA examination.

- **Services**

WSB's services and banking hours are tailored to the needs and convenience of the community

The bank operates seven branches, of which five (71.4%) are located in middle-income areas and two (28.6%) are located in upper-income areas. Two branches located in non-LMI areas are located adjacent to LMI areas. All branches are open from 8:30 a.m. to 4:30 p.m., Monday to Wednesday, 8:30 a.m. to 7:00 p.m., Thursdays, and 8:30 a.m. to 6:00 p.m., Fridays. All branches are equipped with night depositories and Automated Teller Machines ("ATMs") capable of accepting deposits. The bank's ATMs are linked to NYCE, Choice, Honor, and Cirrus networks.

Between the examinations, the bank has not opened or closed any branches.

- **Discrimination or Other Illegal Practices**

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

There were no practices noted 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 most recent regulatory compliance report concurrent with this evaluation indicates a satisfactory performance in terms of adherence to anti-discrimination or other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit

practices was noted.

- **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.

The bank ascertains the credit needs of its community through a call program and through participation in community functions such as community appreciation days and chambers of commerce expositions.

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.

The bank continues to market its products and services through print and electronic media. The print media used includes *Times Herald Record*, *The Hudson Valley Business Journal*, *The Hudson Valley Black Press* and *The Senior Citizens Area News*. The electronic media used includes radio stations and televisions stations. In addition, the bank's trustees, officers and employees support the local communities through active participation in community groups, chamber of commerce expositions. These activities also help to promote name recognition in the community.

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

WSB's Board of Trustees exercises oversight through management reports generated by the Sr. Vice President and CRA Officer, as well as through the Compliance Committee. The Compliance Committee meets quarterly, at which time the Compliance Officer reports on all compliance issues that arose during the previous quarter. Senior management, including the President, also participates to gain first-hand knowledge of the issues involved.

- **Other Factors**

Other factors that in the judgement 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.

None noted.

Exhibit 1

Residential Real Estate Loans - Year 2000 - by Borrower Income Level*										
Borrower	Total Lending				Assessment Area Lending				Aggregate**	
Income	Applics.		Originations		Applics.		Originations		Originations	
Level	#	%	#	%	#	%	#	%	#	%
Low	17	6.6	5	2.9	16	6.6	5	3.0	354	3.7
Moderate	34	13.3	18	10.4	32	13.2	18	11.0	1,362	14.2
Middle	51	19.9	33	19.1	48	19.8	30	18.3	2,594	27.1
Upper	153	59.8	117	67.6	146	60.1	111	67.7	4,764	49.7
N/A	1	0.4	-	0.0	1	0.4	-	0.0	502	5.2
Total	256	100.0	173	100.0	243	100.0	164	100.0	9,576	100.0

Borrower income level is based upon the Department of Housing and Urban Development's annual estimate of median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120%.

** The term "Aggregate" refers to loans originated in the bank's assessment area by all HMDA reporting lenders

Exhibit 2

Residential Real Estate Loans - Year 2000 - by Geography Income Level*										
Geo	Total Lending				Assessment Area Lending				Aggregate	
Income	Applics.		Originations		Applics.		Originations		Originations	
Level	#	%	#	%	#	%	#	%	#	%
Low	-	0.0	-	0.0	-	0.0	-	0.0	116	1.2
Moderate	12	4.7	7	4.0	12	4.9	7	4.3	669	7.0
Middle	128	50.0	80	46.2	126	51.9	80	48.8	4,569	47.7
Upper	115	44.9	86	49.7	105	43.2	77	47.0	4,222	44.1
N/A	1	0.4	-	0.0	-	0.0	-	0.0	-	0.0
Total	256	100.0	173	100.0	243	100.0	164	100.0	9,576	100.0

* Geography income level is based upon 1990 Census data on median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120%.

Exhibit 3

Residential Real Estate Loans - Year 2001 - by Borrower Income Level*								
Borrower	Total Lending				Assessment Area Lending			
Income	Applics.		Originations		Applics.		Originations	
Level	#	%	#	%	#	%	#	%
Low	10	5.3	6	4.7	10	5.4	6	4.8
Moderate	20	10.6	10	7.8	19	10.3	10	8.0
Middle	50	26.5	33	25.8	49	26.6	33	26.4
Upper	109	57.7	79	61.7	106	57.6	76	60.8
N/A	-	0.0	-	0.0	-	0.0	-	0.0
Total	189	100.0	128	100.0	184	100.0	125	100.0

* Borrower income level is based upon the Department of Housing and Urban Development's annual estimate of median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120%.

Exhibit 4

Residential Real Estate Loans - Year 2001 - by Geography Income Level*								
Geo	Total Lending				Assessment Area Lending			
Income	Applics.		Originations		Applics.		Originations	
Level	#	%	#	%	#	%	#	%
Low	-	0.0	-	0.0	-	0.0	-	0.0
Moderate	2	1.1	1	0.8	2	1.1	1	0.8
Middle	101	53.4	75	58.6	97	52.7	73	58.4
Upper	86	45.5	52	40.6	85	46.2	51	40.8
N/A	-	0.0	-	0.0	-	0.0	-	0.0
Total	189	100.0	128	100.0	184	100.0	125	100.0

* Geography income level is based upon 1990 Census data on median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120%.

GLOSSARY

Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

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 business 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 (3), 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.

Demand-Adjusted Penetration Rate

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area.

Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

Demand-Adjusted Penetration Ratio

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas. Mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

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.

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 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 nonmetropolitan 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 nonmetropolitan 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

Those individuals, 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 nonmetropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

Small Business Loans

Loans to businesses with original amounts of \$1 million or less.