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: The Warwick Savings Bank
18 Oakland Avenue
Warwick, NY 10990

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.

TABLE OF CONTENTS

	Section
General Information	1
Overview of Institution's Performance	2
Performance Context	3
Institution's Profile	
Assessment Area	
Performance Tests and Assessment Factors	4
Lending Test	
Investment Test	
Service Test	
Discrimination or Other Illegal Practices	
Process Factors	
Other Factors	
Exhibits	5
Glossary	6

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of The Warwick Savings Bank ("WSB") 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 an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating

The WSB 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"

- *Lending Activity:* The bank's lending levels, particularly of Home Mortgage Disclosure Act ("HMDA")-reportable loans, reflect good responsiveness to community credit needs.

- *Assessment Area Concentration:* A reasonably high percentage of HMDA-reportable and small business loans were made in the bank's assessment area.

    - In 2000, the bank originated 76.3% of the number and 70.2% of the dollar volume of HMDA-reportable loans inside the assessment area. WSB's assessment area concentrations were relatively unchanged in 2001, at 76.0% for the number and 68.1% for dollar volume, respectively, although the absolute number and dollar volume of loan originations increased significantly over the prior year's levels.

    - In 2000, WSB extended 62.5% of the number and 76.5% of the dollar volume of small business loans inside the assessment area. The bank's assessment area concentration increased in 2001 to 88.9% and 91.7%, respectively.

- *Geographic Distribution:* The bank's geographic distribution of loans based on census tract income reflects adequate dispersion throughout the assessment area.

    - In 2000, the bank extended 5.7% by number and 4.1% by dollar volume of its HMDA loans in low- to moderate-income ("LMI")tracts, comparing unfavorably with LMI penetration rates of 7.0% and 4.6%, respectively, for the aggregate. The bank's LMI penetration rates of 5.3% and 4.3% for 2001 show little change from the prior year. While still below the aggregate's penetration rate of 6.3% for the number of loans, WSB slightly exceeded the aggregate's 4.1% penetration rate for the dollar volume of loans extended in LMI areas.

    - In 2000, the bank did not originate any small business loans in LMI geographies within the assessment area, while the aggregate's LMI penetration rates were 10.5% by number and 14.6% by dollar volume. In 2001, the bank's LMI penetration rates improved to 5.4% and 1.5%, respectively, but were still well below 9.8% and 8.6%, respectively, for the aggregate.

- *Borrower's Profile:* The bank's lending distribution according to borrower's profile reflects excellent penetration among customers of different income levels and businesses of different sizes.

    - In 2000, the bank extended 18.3% by number and 11.1% by dollar volume of its HMDA loans to LMI borrowers, compared to 16.6% and 9.9%, respectively, for the aggregate. While relatively unchanged in 2001, the bank's LMI penetration rates of 18.5% and 10.6% were more significantly above the corresponding aggregate penetration rates of 13.9% and 8.1%, respectively.

    - In 2000, WSB originated 73.3% of the number and 43.3% of the dollar volume of its assessment area small business loans in origination amounts of $100 thousand or less, comparing unfavorably to 96.4% and 49.2%, respectively, for the aggregate. The bank's penetration rates for this loan size category improved significantly in 2001, to 89.3% and 62.5%, respectively. While still below the corresponding aggregate penetration rate of 96.4% for the number of loans, the bank's penetration rate exceeded the aggregate's 46.5% rate for the dollar volume of loans.

      Of the 15 small business loans originated in the assessment area in 2000, only six had revenue information. All six loans were extended to businesses with gross annual revenues of $1 million or less, compared with 38.2% for the aggregate. In 2001, all (56 loans) of the bank's small business loans were extended to businesses with gross annual revenue of $1 million or less, compared with 39.3% for the aggregate.

- *Community Development Lending:* The bank made a relatively high level of community development loans. WSB's total commitments during the evaluation period amounted to $4.3 million, with $3.8 million or 88.3%, considered new money. The total at this evaluation represents more than a three-fold increase from the level reported at the last evaluation.

- *Innovative/Flexible Products:* WSB makes adequate use of government-sponsored residential mortgage programs to help meet the needs of LMI borrowers.

<u>Investment Test:</u> "Outstanding"

WSB's qualified investment activity shows outstanding responsiveness to the needs of the assessment area.

- *W*SB had an excellent level of qualified community development investments and grants, given its size, financial condition and assessment area credit needs. The bank's qualified investment commitments and grants totaled $3.3 million, with all considered new money.

- With substantially all of its qualified investments in the form of municipal bonds, the bank's activities were considered neither innovative nor complex. The level of grants was reasonable for an institution of WSB's size. However, the overwhelming increase in qualified investments over past performance levels supports an "outstanding" rating at this evaluation.

Services Test: "**Low Satisfactory"**

WSB's retail delivery systems and services show good responsiveness to the needs of the assessment area.

- *Retail Services:* WSB's retail delivery systems and services show good responsiveness to the needs of the assessment area. The bank's delivery systems are accessible to essentially all portions of the assessment area. As of December 31, 2001, WSB operated six branch offices within the assessment area. None were located in LMI geographies but three were located adjacent to an LMI tract.

- During the period between evaluations, WSB opened a new branch in Newburg (Orange County) and purchased the Carmel branch (Putnam County) of Country Bank. Neither branch was located in an LMI area.

- The bank's business hours and services are tailored to the convenience and needs of the assessment area.

- *Community Development Services:* The bank provided an adequate level of community development services. Many of the officers and employees serve in various capacities with community organizations. Additionally the bank participates in homebuyer education program seminars with the Cornell Cooperative Extension and at least annually sponsors a homebuyer seminar with a representative from SONYMA participating.

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:

Founded in 1875, WSB is a community-oriented savings bank offering a variety of financial services to meet the needs of its communities. The bank maintains its headquarters in the village of Warwick in Orange County and operates additional banking offices in the village of Monroe, the towns of Woodbury, Newburg and Wallkill in Orange County, and the town of Carmel in Putnam County. Supplementing the banking offices is an automated teller machine ("ATM") network including eight locations, with at least one ATM at each branch office and two at remote locations. All offsite ATMs are non-deposit taking ATMs and are located inside the assessment area.

The institution is a wholly owned subsidiary of The Warwick Community Bancorp, Inc. ("WCB"), a bank holding company established in September 1997 as part of the bank's conversion from a mutual to a stock form of organization. At the same time, a holding company's subsidiary called The Warwick Savings Foundation was organized for charitable purposes.

WSB has four wholly owned subsidiaries, including Warwick Commercial Bank, WSB Financial, Warsave Development Corp. ("Warsave") and Towne Center Mortgage (formerly WSB Mortgage Company of New Jersey, Inc.). The bank also has a real estate investment trust company, WSB Funding Corp.

The bank has a centralized mortgage department in Newburgh and also operates two Loan Production Offices ("LPOs"), one located in New City in Rockland County and the other in Fishkill in Dutchess County.

Warwick Commercial Bank was formed in 2001 for the purpose of accepting deposits from public entities located in New York State. WSB Financial provides non-deposit products, such as mutual funds and tax-deferred annuities to bank customers and general public. Warsave acquires and holds real estate intended for the bank's future expansion while Towne Center Mortgage engages in mortgage banking operations solely in New Jersey.

As of December 31, 2001, the bank reported total assets of $768.8 million, of which $491.9 million (64.0%) were in net loans and $207.5 million (27.0%) were in securities. The bank also reported total deposits of $401.8 million, resulting in a loan-to-deposit ("LTD") ratio of 122.4%.

The bank offers a wide variety of lending products including the following:

- 1-4 Family Residential Mortgages
- Multifamily Residential Mortgages

- Commercial Mortgages
- Commercial & Industrial Loans
- Construction Loans
- Farm Loans
- Consumer Loans
- Student Loans
- Credit Cards

The following table illustrates the bank's gross loan portfolio during the evaluation period, based on the Consolidated Report of Conditions:

TOTAL GROSS LOANS OUTSTANDING				
	12/31/2001		12/31/2000	
LOAN TYPE	$000	%	$000	%
1-4 family residential Loans	336,506	68.4	324,039	77.2
Commercial Mortgage Loans	49,789	10.1	30,293	7.2
Commercial & Industrial Loans	26,464	5.4	19,565	4.7
Consumer Loans	43,065	8.8	30,750	7.3
Construction Loans	30,494	6.2	12,615	3.0
Multifamily Mortgages	4,205	0.9	1,358	0.3
Farmland Loans	1,370	0.3	1,024	0.2
Other Loans	21	0.0	72	0.0
Total Gross Loans	**491,914**	**100.0**	**419,716**	**100.0**

The bank is primarily a residential real estate lender. In 2001, WSB reported 68.4% of its loan portfolio in 1-4 family residential loans, 10.1% in commercial mortgages, 8.8% in consumer loans, 6.2% in construction loans and 5.4% in commercial and industrial loans. Between year-ends 2000 and 2001, the bank's concentration in 1-4 family residential loans diminished somewhat, in favor of increased concentrations in other types of lending.

WSB's home county provided 87.7% of the bank's deposits according to the latest available comparative FDIC deposit data, dated June 30, 2001. The bank ranked 6th out of 22 deposit-taking institutions in Orange County, with a market share of 8.5%.

County	# Offices	Deposits ($000)	Market Share	Rank
Orange	5	331,057	8.48%	6th out of 22
Putnam	1	46,339	1.27%	9th out of 12
Total	6	377,396	5.01%	7th out of 25

The bank was awarded a rating of “2”, at its last CRA Performance Evaluation by the New York State Banking Department on March 31, 1999, indicating a satisfactory record of helping to meet community credit needs.

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

Assessment Area:

WSB’s assessment area includes the entire counties of Orange and Putnam, where it has a branch presence. Orange County is in metropolitan statistical area (“MSA”) 5660 (Newburgh) while Putnam County is in MSA 5600 (New York). This area consists of 86 census tracts, 14 or 16.3% of which are considered to be LMI, excluding zero income tracts. The following table shows the breakdown of the bank’s assessment area by census tract characteristics:

Census Tract Characteristic	Orange		Putnam		Total	
	#	%	#	%	#	%
Low	2	2.99%	-	0.00%	2	2.33%
Moderate	12	17.91%	-	0.00%	12	13.95%
Middle	32	47.76%	-	0.00%	32	37.21%
Upper	20	29.85%	19	100.00%	39	45.35%
NA	1	1.49%	-	0.00%	1	1.16%
Total	**67**	**100.0%**	**19**	**100.0%**	**86**	**100.0%**

According to the U.S. Census Bureau, in 1990, the bank’s assessment area had a population of 391.6 thousand, of which 39.7 thousand (10.1%)1 were over the age of 65 and 95.9 thousand (24.5%) were under the age of 16.

In 1990, there were 100.5 thousand families in the assessment area, of which 15.1 thousand (15.0%) were low-income, 15.2 thousand (15.1%) were moderate-income, 23.7 thousand (23.6%) were middle-income and 46.5 thousand (46.3%) were upper-income. Of the 30.3 thousand LMI families, 8.5 thousand (28.1%) lived in LMI tracts, accounting for 64.3% of all families (13.2 thousand) living in such tracts. There were 129.7 thousand households in the assessment area, of which 9.7 thousand (7.5%) had incomes below the poverty level.

There were 142.7 thousand housing units in the assessment area, of which122.0 thousand (85.5%) were 1 to 4 family units, 14.4 thousand (10.1%) were multifamily units and 4.5 thousand (3.2%) were mobile homes. About 91.5 thousand (64.1%) housing units were owner-occupied, of which 7.0 thousand (7.6%) were in LMI areas. A further 38.1 thousand

1 While percentage figures are based on exact numbers, population and housing numbers cited above have been rounded to the nearest decimal point.

(26.7%) were renter-occupied units, of which 11.9 thousand (31.2%) were in LMI areas. Almost 13.5 thousand (9.4%) of the units were vacant and/or boarded up. In 1990, the median housing value was $150.1 thousand and the median age of the housing was 30 years.

According to a Dun and Bradstreet survey, in 2001 there were 20.2 thousand businesses in the assessment area, of which 17.7 thousand (87.3%) had revenues of $1.0 million or less. About 1.4 thousand (7.0%) had revenues of more than $1.0 million and 1.1 (5.7%) were businesses on which no revenues were reported. Almost 18.8 thousand (93.0%) businesses in the assessment area had fewer than 50 employees and 17.3 thousand (85.4%) operated from a single location.

Approximately 8.2 thousand (40.3%) firms were service providers, 4.3 thousand (21.0%) were in the retail trade, 2.5 thousand (12.2%) were in construction, 1.5 thousand (7.4%) were in finance, insurance & real estate, 1.0 thousand (5.1%) were in the wholesale trade, 862 (4.3%) were in transportation and communication and 822 (4.1%) were in manufacturing.

Details of the Assessment Area

Orange County (MSA 5660) – The above table shows that the county has 67 tracts, of which two (3.0%) are low-income, 12 (17.9%) are moderate-income, 32 (47.8%) are middle-income, 20 (29.8%) are upper-income and one (1.5%) is a zero-income tract.

According to the U.S. Census Bureau, Orange County had a population of 307.6 thousand in 1990, which increased by 33.7 thousand (11.0%) to 341.4 thousand in 2000. About 32.2 thousand (10.5%) of the 1990 population was over the age of 65 and 76.6 thousand (24.9%) was under the age of 16.

In 1990, there were 77.9 thousand families, of which 13.8 thousand (17.7%) were low-income, 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. Of the 27.3 thousand LMI families, 8.5 thousand (31.2%) lived in LMI areas, accounting for 64.3% of all the families (13.2 thousand) that lived in LMI areas. There were 101.7 thousand households in the county, of which 8.6 thousand (8.5%) had incomes below the poverty level.

In 1990, the median family income for the county was $44.0 thousand and the median family income for the MSA was $42.9 thousand. The updated estimated median family income for the MSA supplied by HUD was $55.8 thousand in 2001.

There were 110.8 thousand housing units in the county, of which 92.7 thousand (83.7%) were 1 to 4 family units, 12.5 thousand (11.3%) were multifamily units and 4.3 thousand (3.8%) were mobile homes. About 68.5 thousand (61.8%) of all the units were owner occupied, of which 7.0 thousand (10.2%) were in LMI areas. A further 33.0 thousand (29.8%) were renter-occupied, of which 11.9 thousand (36.0%) were in LMI areas. About 9.6 thousand (8.7%) of all

housing units were vacant and/or boarded up. The median housing value was $136.4 thousand and median age of housing was 30 years.

The U.S. Department of Commerce's Bureau of Economic Analysis reported that the largest source of earnings in 2000 in the county were services (24.9%), state and local government (17.0%) and retail trade (11.3%). In 1990, the major sources of earnings 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 area, of which 14.1 thousand (87.4%) had revenues of $1.0 million or less. A further 1.1 thousand (7.0%) had revenues of more than $1.0 million and 905 (5.6%) were businesses on which no revenues were reported. About 15.0 thousand (92.7%) businesses in the county had fewer than 50 employees and 13.6 thousand (84.4%) operated from a single location.

Approximately 6.5 thousand (40.2%) 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, 851 (5.3%) were in wholesale trade, 689 (4.3%) were in transportation and communication and 650 (4.0%) were in manufacturing.

According to the New York 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 but in line with the MSA's average rates of 3.3% in 2000 and 3.8% in 2001.

Portions of Orange County have been designated as Empire Zones ("EZ") by the State of New York, based on community economic distress. Newburgh/New Windsor and Stewart Airport have been designated EZs. Firms located in these areas may be eligible for assistance including various tax credits, such as wage tax credits, investment tax credits, zone capital credits, sales tax refunds, real property tax abatements, technical assistance and utility rate savings.

Portions of Orange (Newburgh) and Ulster (Kingston) Counties have been designated a Federal Enterprise Community ("FEC"). This area receives financial and technical support from a multiple of federal agencies, including HUD, USDA, HHS, Treasury, Labor and Justice as well as from the state and local governments. The program's purposes is to increase the employment opportunities of the residents through job training and economic development, to create new jobs and retain current jobs as well as programs for affordable housing, education and childcare. Various federal tax benefits and other assistance are available to businesses that open or employ residents in a FEC.

Putnam County (MSA 5600) – Putnam County has 19 census tracts, all of which are upper income tracts.

According to the U.S. Census Bureau, Putnam County had a population of 83.9 thousand in

1990, which increased by 11.8 thousand (14.1%) to 95.7 thousand in 2000. About 7.6 thousand (9.0%) of the 1990 population were over the age of 65 and 19.2 thousand (22.9%) were under the age of 16.

In 1990, there were 22.6 thousand families in the county, of which 1.4 thousand (6.1%) were low-income, 1.6 thousand (7.2%) were moderate-income, 4.1 thousand (18.1%) were middle-income and 15.5 thousand (68.6%) were upper-income. There were 28.0 thousand households in the county, of which 1.1 thousand (3.9%) had incomes below the poverty level.

In 1990, the median family income for the county was $58.9 thousand and the median family income for the MSA was $37.5 thousand. The estimated median family income updated by HUD for the MSA was $59.1 thousand in 2001.

There were 31.9 thousand housing units in Putnam County, of which 29.3 thousand (91.9%) were 1 to 4 family units and 1.9 thousand (6.0%) were multifamily units. Almost 23.0 thousand (72.1%) units were owner occupied and 5.1 thousand (16.0%) were renter- occupied. About 3.9 thousand (12.1%) units were vacant and/or boarded up. The median housing value was $197.8 thousand and median age of housing was 29 years.

The U.S. Department of Commerce's Bureau of Economic Analysis reported that the largest source of earnings in 2000 in the county were services (32.3%), state and local government (15.1%) and construction (11.8%). In 1990, the major sources of earnings were services (27.3%), state and local government (19.7%) and construction (11.8%).

According to a Dun and Bradstreet survey, in 2001, there were 4 .1 thousand businesses in the Putnam County area, of which 3.6 thousand (86.9%) had revenues of $1.0 million or less. A further 294 (7.2%) had revenues of more than $1.0 million and 241 (5.9%) were businesses for which no revenues were reported. About 3.9 thousand (94.4%) businesses in the county had fewer than 50 employees and 3.7 thousand (89.3%) operated from a single location.

Approximately 1.7 thousand (40.6%) firms were service providers, 751 (18.4%) were in the retail trade, 644 (15.8%) were in construction, 279 (6.8%) were in finance, insurance and real estate, 190 (4.7%) were in wholesale trade, 173 (4.2%) were in transportation and communication, 172 (4.2%) were in manufacturing and 168 (4.1%) were in agriculture, forestry and fishing.

According to the New York Department of Labor, the county's average unemployment rates were 2.4% in 2000 and 2.7% in 2001. The county's average unemployment rates were below both the state average rates of 4.6% in 2000 and 4.9% in 2001, and the MSA average rates of 5.3% in 2000 and 5.6% in 2001.

The assessment area appears reasonable based upon the location of branches and lending patterns. There is no evidence that LMI areas are arbitrarily excluded

PERFORMANCE TESTS AND ASSESSMENT FACTORS

This performance evaluation incorporates a review of the bank's lending, investment and service activities within the assessment area, during 2000 and 2001.

Statistics utilized in this evaluation were derived from various sources. In addition to bank-specific loan information, which was submitted by WSB, aggregate data for HMDA-reportable loans and small business loans was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCI Services, Inc. CRA Wiz, an external vendor. The evaluation of qualified investment activity includes investments made by Warwick Commercial Bank, a wholly owned subsidiary of WSB, and grants awarded by the Warwick Savings Foundation. Demographics are from the 1990 U.S. Census data and the 2001 estimated median family income data supplied by HUD.

Peer comparisons for the bank's HMDA-reportable and small business loans were based upon the 2000 and 2001 aggregates, respectively.

I. Lending Test: "High Satisfactory"

The bank's lending performance is evaluated pursuant to the following criteria: (1) Lending Activity; (2) Assessment Area Lending; (3) Geographic Distribution; (4) Borrower Characteristics; (5) Community Development Lending; and (6) Flexible Lending Practices.

In their analyses of factors (1), (2), and (3) above, examiners considered the bank's HMDA-reportable and small business loans. In arriving at the component ratings, HMDA loans, as the bank's primary product, received greater emphasis.

Lending Activity: "High Satisfactory"

The bank's lending levels reflect good responsiveness to community credit needs. In 2000, WSB originated 782 HMDA-reportable loans totaling $103.6 million. The number of HMDA-reportable loans increased in 2001 by 14.6% to 896, while the dollar volume increased by 29.6% to $134.3 million. These increases are largely attributable to the higher volume in refinancing loans. In 2001, the bank originated 259 refinancing loans totaling $47.3 million, compared with 36 loans for $4.8 million in 2000.

The bank originated 24 small business loans totaling $1.7 million in 2000. In 2001, the number of loan originations increased by 162.5% to 63 loans, while the dollar volume increased by 111.8% to $3.6 million.

Assessment Area Lending: "High Satisfactory"

A reasonably high percentage of loans were made in the bank's assessment area.

HMDA Loans:

A reasonably high percentage of HMDA-reportable loans were made in the bank's assessment area. In 2000, the bank originated 597 loans (76.3%) totaling $72.7 million (70.2%) inside the assessment area. The assessment area concentration was relatively unchanged in 2001, with 681 loan originations (76.0%) totaling $91.4 million (68.1%) extended inside the assessment area.

The chart below illustrates the distribution of HMDA loans in and out of the assessment area during the two-year assessment period:

Assessment Area Lending - HMDA								
	2001				2000			
Geography	#	%	$ 000	%	#	%	$ 000	%
Inside Assessment Area	681	76.0%	91,442	68.1%	597	76.3%	72,702	70.2%
Outside Assessment Area	215	24.0%	42,876	31.9%	185	23.7%	30,854	29.8%
Total Lending	896	100.0%	134,318	100.0%	782	100.0%	103,556	100.0%

Small Business Loans:

A reasonably high percentage of small business loans were made in the bank's assessment area. In 2000, the bank originated 24 small business loans totaling $1.7 million, of which 15 loans (62.5%) totaling $1.3 million (76.5%) were inside the assessment area. The bank's assessment area concentration improved significantly in 2001, with 56 loans (88.9%) for $3.3 million (91.7%) out of 63 small business loans for $3.6 million extended inside the assessment area.

Geographic Distribution of Loans: "Low Satisfactory"

The geographic distribution of loans reflects adequate dispersion throughout the assessment area.

HMDA Loans:

The bank's geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. In 2000, the bank extended 34 loans (5.7%) for $3.0 million (4.1%) in LMI areas, comparing unfavorably with the aggregate's LMI penetration rates of 7.0% and 4.6%, respectively. The bank's LMI penetration rates of 5.3%(36 loans) and 4.3%($3.9 million) for 2001 show little change from the prior year. While still below the aggregate's penetration rate of 6.3% for the number of loans, WSB slightly exceeded the aggregate's 4.1% penetration rate for the dollar volume of loans extended in LMI areas.

The following chart illustrates the geographic distribution of HMDA loans according to census tract income:

Distribution of HMDA Loans by Geography Income								
Geography Income	Bank				Aggregate			
	#	%	$000's	%	#	%	$000's	%
2001								
Low	14	2.1%	1,986	2.2%	233	1.4%	28,348	1.2%
Moderate	22	3.2%	1,928	2.1%	843	4.9%	68,224	2.9%
Total LMI	36	5.3%	3,914	4.3%	1,076	6.3%	96,572	4.1%
2000								
Low	8	1.3%	817	1.1%	116	1.0%	12,298	0.9%
Moderate	26	4.4%	2,178	3.0%	669	6.0%	48,304	3.6%
Total LMI	34	5.7%	2,995	4.1%	785	7.0%	60,602	4.6%

As noted in the Performance Context, above, approximately 7.6% of owner-occupied units within the bank's assessment area were located in LMI tracts.

Small Business Loans:

The bank's geographic distribution of small business loans reflects poor penetration throughout the assessment area. Of the bank's 15 small business loan originations in the assessment area in 2000, none were extended in LMI geographies, compared with 10.5% by number and 14.6% by dollar volume for the aggregate. While in 2001 the bank's LMI penetration rate improved to 5.4% (three loans) for the number of loans and 1.5% ($49 thousand) for their corresponding dollar volume, WSB continued to trail the aggregate's penetration rates of 9.8% and 8.6%, respectively.

Borrower Characteristics: "Outstanding"

The distribution of lending based on borrowers' profile reflects excellent penetration among customers of different income levels and businesses of different sizes.

HMDA Loans

The bank's distribution of HMDA loans reflects excellent penetration among borrowers of different income levels. In 2000, the bank achieved LMI penetration rates of 18.3% (109 loans) for the number and 11.1% ($8.0 million) for the corresponding dollar volume of loans, comparing favorably to the aggregate's penetration rates of 16.6% and 9.9%, respectively. While relatively unchanged from the prior year, the bank's LMI penetration rates of 18.5% (126 loans) and 10.6% ($9.6 million) for year 2001 were more significantly above the corresponding aggregates' ratios of 13.9% and 8.1%, respectively.

The following chart illustrates the distribution of HMDA loans according to borrower's income:

Distribution of HMDA Loans by Borrower's Income								
Borrower's Income	Bank				Aggregate			
	#	%	$000's	%	#	%	$000's	%
2001								
Low	22	3.2%	1,240	1.4%	421	2.5%	25,700	1.1%
Moderate	104	15.3%	8,403	9.2%	1,951	11.4%	165,708	7.0%
Total LMI	126	18.5%	9,643	10.6%	2,372	13.9%	191,408	8.1%
2000								
Low	23	3.9%	948	1.3%	355	3.2%	19,286	1.4%
Moderate	86	14.4%	7,091	9.8%	1,487	13.4%	112,418	8.5%
Total LMI	109	18.3%	8,039	11.1%	1,842	16.6%	131,704	9.9%

Small Business Loans

The bank's distribution of small business loans reflects good penetration among businesses of different sizes. The table below shows that in 2000, the bank originated 73.3% of the number and 43.3% of the dollar volume of assessment area loans in amounts of $100 thousand or less, trailing the aggregate's proportions of 96.4% and 49.2%, respectively. The bank's proportion of lending in the smallest size category improved markedly in 2001, to 89.3% and 62.5%, respectively, while the aggregate proportions were relatively unchanged, at 96.4% and 46.5%, respectively.

DISTRIBUTION OF SMALL BUSINESS LOANS BY LOAN SIZE								
Loan size	2000							
	Bank				**Aggregate**			
$000's	#	#%	$000's	$%	#	#%	$000's	$%
=<$100	11	73.3%	564	43.3%	8,878	96.4%	96,324	49.2%
>$100=<$250	4	26.7%	740	56.7%	188	2.0%	32,837	16.8%
>$250=<$1,000	0	0.0%	0	0.0%	140	1.5%	66,586	34.0%
Total	15	100.0%	1,304	100.0%	9,206	100.0%	195,747	100.0%
Loan size	2001							
	Bank				**Aggregate**			
$000's	#	#%	$000's	$%	#	#%	$000's	$%
=<$100	50	89.3%	2,057	62.5%	8,376	96.4%	86,963	46.5%
>$100=<$250	4	7.1%	535	16.3%	173	2.0%	30,234	16.2%
>$250=<$1,000	2	3.6%	700	21.3%	141	1.6%	69,832	37.3%
Total	56	100.0%	3,292	100.0%	8,690	100.0%	187,029	100.0%

Of the 15 small business loans originated in the assessment area in 2000, only six had revenue information. All six were extended to businesses with gross annual revenue of $1 million or less, compared with 38.2% for the aggregate. In 2001, all of the bank's small business loans were extended to businesses with gross annual revenue of $1 million or less, compared with 39.3% for the aggregate.

Community Development Lending: "High Satisfactory"

The bank made a relatively high level of community development loans, with commitments during the evaluation period totaling $4.3 million, of which $3.8 million or 88.3% were considered new money. This reflects a significant improvement over the total commitment level of $1.3 million at the last evaluation. WSB's commitments include loans and credit facilities to entities that promote economic development (91.0%), community services (7.1%) and affordable housing (1.9%).

The following is a summary of the bank's community development lending for the evaluation period:

Community Development Lending Summary (000's)				
Borrowers	**Type of credit**	**Purpose**	**Loan Amount**	**New Money**
NY Business Dev. Corp	Line of Credit	Economic Development	500	-
Local Development Corp	Mortgage	Economic Development	3,400	3,400
Home Care Council	Line of Credit	Community Service	5	5
Women's Resource Center	Line of Credit	Community Service	75	75
Non-profit Organization	Term Loan	Community Service	225	225
Residential Apartments	Mortgage	Affordable Housing	80	80
Total CD Loans			**4,285**	**3,785**

Flexible Lending Practices: "Low Satisfactory"

WSB uses several government-sponsored residential mortgage programs to help meet the needs of LMI borrowers. The programs are offered according to the guidelines of the sponsoring agencies, including Federal National Mortgage Association ("FNMA"), State of New York Mortgage Agency ("SONYMA"), the Federal Housing Authority Guarantee Program ("FHA") and the Veterans Affair Home Loan Program ("VA"). The chart below illustrates the bank's lending activity during the evaluation period:

Flexible Lending Programs				
	2001		**2000**	
Description	**#**	**$000's**	**#**	**$000's**
SONYMA	54	5,538	86	8,141
FHA	21	3,096	28	3,762
VA	16	2,181	12	1,443
Total	**91**	**10,815**	**126**	**13,346**

A brief description of these government-sponsored programs follows:

- *SONYMA* – The SONYMA programs provide mortgages to qualified LMI households and features low down payment and/or below-market rate financing.

- *FHA* - The FHA mortgage program offers low down payment loans with terms of 15 to 30 years to qualifying homebuyers.

- *VA* – The VA home loan program helps veterans finance the purchase of homes with favorable terms up to 30 years.

The bank is also a participating lender in three community-lending programs offered by FNMA: the Community Home Buyers Program ("CHBP"), the Fannie Neighbors Program and the Fannie 97 Program. Notwithstanding the bank's participation, no loans were originated under these programs during the evaluation period.

II. Investment Test: "Outstanding"

WSB had an excellent level of qualified community development investments and grants, given its size, financial condition and assessment area credit needs. The bank's qualified investment commitments and grants totaled $3.3 million, with all considered new money. With substantially all of its qualified investments in the form of municipal bonds, the bank's qualified investments were considered neither innovative nor complex. The level of grants was reasonable for an institution of WSB's size. However, the overwhelming increase over past performance levels supports an "outstanding" rating at this evaluation.

The following is a brief description of the bank's qualified investments:

- *Town of Newburg* – In November 2001, the bank's subsidiary, Warwick Commercial Bank, invested $1.5 million in Bond Anticipation Notes to finance various town projects. A majority of the town's census tracts are considered LMI.

- *Village of Kiryas Joel* – In July 2001, the bank invested $565 thousand in Serial Bonds issued by the village to finance the construction of a firehouse and street improvements. In December 2000, the bank invested $980 thousand in Bond Anticipation Notes to finance construction of a health center in the Village of Kiryas Joel. The village is located in a LMI census tract.

- *Federal Home Loan Bank of New York ("FHLBNY"):* The bank contributed $130.5 thousand to the Affordable Housing Program ("AHP") sponsored by the FHLBNY. This represents the bank's 2001 pro-rata share of the 10% of earnings set aside by the FHLBNY to fund the AHP program. FHLBNY's Affordable Housing Program advances funds at subsidized rates to member institutions and these funds are passed along to qualified community development groups for the purchase, construction, and/or rehabilitation of (i) owner-occupied housing for low and moderate income households; or (ii) rental housing, where at least 20% of the rental units will be occupied by and affordable for very low-income households for the remaining useful life of such housing or the mortgage terms.

- *Grants:* In 2000 and 2001, the Warwick Savings Foundation made non-recoverable qualified community development grants totaling $40 thousand and $74 thousand, respectively to community development organizations within the assessment area

III. Service Test: "Low Satisfactory"

The service test evaluates a banking institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of a banking institution's systems for delivering both retail banking and community development services.

Retail Banking Services: "High Satisfactory"

WSB's retail delivery systems and services show good responsiveness to the needs of the assessment area.

Accessibility of delivery systems

The bank's delivery systems are accessible to essentially all portions of the assessment area. WSB operates five full-service branch offices in Orange County and a full-service branch office in Putnam County. Although the branch offices are not located in LMI areas, three branch offices are located adjacent to an LMI census tract.

Alternative delivery systems

The bank's alternative delivery systems are accessible to essentially all portions of the bank's assessment area. Supplementing the branch network are ATMs at eight locations, including one drive-up ATM at each branch, one interior ATM in Wallkill and Carmel branches and two non-deposit taking ATMs at a remote location (The Galleria Mall in Middletown). The drive-up ATMs are accessible 24-hours a day 7 days a week, while the ATMs located inside the bank and at the remote location are accessible during the regular banking hours and the mall's operating hours, respectively.

The bank provides the following alternative delivery systems:

- *Good Neighbor Line (telephone banking)* – available 24 hours a day, allows access to deposit and loan account information, transfer of funds between accounts and loan payments from checking or savings accounts.

- *Internet Banking* – allows customers to view their account activity online, transfer funds between accounts and pay bills electronically.

- *Bank-by-Mail*

- *Telecommunication Device for the Deaf* – available 24 hours a day, 7 days a week, includes device equipped with a memory printer that allows hearing-impaired to communicate with the bank through telephone lines.

Record of opening and closing branches

WSB's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or individuals.

WSB opened a new branch in Newburgh (Orange County) in December 1999 and purchased the Carmel branch (Putnam County) from Country Bank on May 11, 2001. The Newburgh branch is located in a middle-income census tract while the Carmel branch is in an upper-income census tract. The bank did not close any branch during the same period.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

The bank's business hours and services are tailored to the convenience and needs of the assessment area. All five branches in Orange County are open Monday through Friday, from 8:30 am to 4:00 pm., with extended hours either on Thursday or Friday until 7:00 pm and on Saturdays from 8:30 am to 12:00 noon. The Carmel branch is open Monday through Friday, from 9:00 am to 3:00 pm with extended hours on Friday up to 6:00 pm and on Saturdays from 9:00 am to 1:00 pm.

All the branches offer a drive-up facility, which opens at 8:00 am and closes at 6:00 pm, with the exception of Carmel branch, which closes at 4:30 pm., Business hours at these facilities are also extended either on Thursday or Friday until 7:00 pm for Orange County branches and on Thursday and Friday up to 6:00 pm for Carmel branch. Likewise, facilities are open on Saturdays at the same time the branches are open.

WSB provides the following services:

- *Basic Banking Account:* the bank offers the account consistent with New York State Banking regulations, which allow a bank to charge a $3 monthly maintenance fee and grants a depositor eight withdrawal transactions before the imposition of additional fees.

- *Senior Checking:* available to customers at least 60 years of age, $0.01 minimum balance requirement and monthly service charge ($5.00) waived with direct deposit of payroll, pension or social security.

Community Development Services: "Low Satisfactory"

The bank provides an adequate level of community development services. Most of the officers and employees serve in various capacities with community organizations, some of which include: Minority & Women in Business Loan Fund, Orange County Business Development Corp., Orange County Cornell Cooperative Extension, Orange County Chamber of Commerce, Community Bankers Association of New York State, Warwick Ecumenical Council-Operation Wheels and the Salvation Army.

The bank participates in homebuyers' education program seminars with the Cornell Cooperative Extension and at least annually sponsors a homebuyer seminar with a representative from SONYMA participating.

As a result of the bank's referral to NYBDC, a local small business was granted a $432 thousand loan in July 2001 allowing the owner to acquire real estate, retain two full-time positions and create two new jobs.

The bank is also a participant in the Electronic Benefit Transfer ("EBT") initiative, foregoing fees associated with the use of New York Benefit Card, which is used by LMI residents receiving cash assistance benefits.

IV. 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 assessment indicates satisfactory performance in terms of adherence to antidiscrimination or other applicable laws and regulations. No evidence of prohibited discrimination or other illegal credit practices was noted.

V. 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 assessment area through involvement of its directors, senior officers and employees with various professional, civic and fraternal organizations. The bank also maintains contacts with local businesses, local government officials, community leaders and nonprofit organizations.

The bank conducted and/or participated in community outreach programs such as Homebuyers Education Program and SONYMA homebuyer seminar.

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.

WSB uses print media to make members of the community aware of its credit services. The bank advertises its products through *Warwick Valley Dispatch, The Advertiser Photo News, The Greenwood Lake News, The Times Herald Record, The Marketplace/ Penny Saver, the Kiryas Joel Bulletin, Poughkeepsie Journal, Rockland Journal News and Putnam Courier.*

The bank runs mortgage advertisements in local newspapers twice a month and distributes fliers to senior citizen centers, churches and synagogues in LMI neighborhoods of Newburgh, Middletown and the Monroe-Woodbury area.

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.

The board of directors and senior management are highly involved in the planning, implementing and monitoring of the institution's CRA-related performance. There is a CRA Committee of the board of directors and there is a CRA discussion at every regular board meeting. The board of directors also approves the bank's CRA Statement annually, most recently at its April 16, 2002 regular meeting.

VI. Other Factors

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.

None noted.

CHARTS FOR REPORTING OF HMDA STATISTICS

Residential Real Estate Loans - Year 2000 - by Borrower Income Level*										
Borrower Income Level	Total Lending				Assessment Area Lending				Aggregate**	
	Applics.		Originations		Applics.		Originations		Originations	
	#	%	#	%	#	%	#	%	#	%
Low	34	3.6	28	3.6	29	4.0	23	3.9	355	3.2
Moderate	150	15.7	112	14.3	116	16.0	86	14.4	1,487	13.4
Middle	230	24.0	187	23.9	181	24.9	147	24.6	2,963	26.8
Upper	515	53.8	435	55.6	386	53.1	331	55.4	5,683	51.3
N/A	28	2.9	20	2.6	15	2.1	10	1.7	584	5.3
Total	**957**	**100.0**	**782**	**100.0**	**727**	**100.0**	**597**	**100.0**	**11,072**	**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.

Residential Real Estate Loans - Year 2000 - by Geography Income Level*										
Geography Income Level	Total Lending				Assessment Area Lending				Aggregate	
	Applics.		Originations		Applics.		Originations		Originations	
	#	%	#	%	#	%	#	%	#	%
Low	17	1.8	9	1.2	15	2.1	8	1.3	116	1.0
Moderate	46	4.8	34	4.3	34	4.7	26	4.4	669	6.0
Middle	379	39.6	318	40.7	296	40.7	250	41.9	4,192	37.9
Upper	515	53.8	421	53.8	382	52.5	313	52.4	5,991	54.1
N/A	-	0.0	-	0.0	-	0.0	-	0.0	104	0.9
Total	**957**	**100.0**	**782**	**100.0**	**727**	**100.0**	**597**	**100.0**	**11,072**	**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%.

Residential Real Estate Loans - Year 2001 - by Borrower Income Level*										
Borrower Income Level	Total Lending				Assessment Area Lending				Aggregate**	
	Applics.		Originations		Applics.		Originations		Originations	
	#	%	#	%	#	%	#	%	#	%
Low	45	4.1	32	3.6	34	4.1	22	3.2	421	2.5
Moderate	165	15.0	136	15.2	127	15.3	104	15.3	1,951	11.4
Middle	239	21.7	185	20.6	185	22.2	142	20.9	4,215	24.7
Upper	622	56.5	520	58.0	474	57.0	403	59.2	9,343	54.7
N/A	30	2.7	23	2.6	12	1.4	10	1.5	1,144	6.7
Total	**1,101**	**100.0**	**896**	**100.0**	**832**	**100.0**	**681**	**100.0**	**17,074**	**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.

Residential Real Estate Loans - Year 2001 - by Geography Income Level*										
Geography Income Level	Total Lending				Assessment Area Lending				Aggregate	
	Applics.		Originations		Applics.		Originations		Originations	
	#	%	#	%	#	%	#	%	#	%
Low	23	2.1	14	1.6	20	2.4	14	2.1	233	1.4
Moderate	40	3.6	29	3.2	31	3.7	22	3.2	843	4.9
Middle	452	41.1	372	41.5	341	41.0	283	41.6	6,430	37.7
Upper	584	53.0	481	53.7	440	52.9	362	53.2	9,474	55.5
N/A	2	0.2	-	0.0	-	0.0	-	0.0	94	0.6
Total	**1,101**	**100.0**	**896**	**100.0**	**832**	**100.0**	**681**	**100.0**	**17,074**	**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.