



**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, 2003

Institution: Greater Buffalo Savings Bank
2421 Main Street
Buffalo, NY 14214

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 Standards and Assessment Factors	4
Loan-to-Deposit Analysis	
Assessment Area Concentration	
Geographic Distribution of Loans	
Distribution by Borrowers Characteristics	
Action Taken in Response to Written Complaints	
Discrimination or Other Illegal Practices	
Process Factors	
Other Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Greater Buffalo Savings Bank ("GBSB") 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, 2003.

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 ("LMI") areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires the Banking Department to assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate an institution's performance. Section 76.5 further provides that the Banking Department will prepare a written report ("Evaluation") 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 written summary be made available to the public. Evaluations of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 of the regulation and detailed in Section 76.12. These 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

Greater Buffalo Savings Bank is rated "2," indicating a satisfactory record of helping to meet community credit needs. However, the bank's performance is only marginally adequate and management should address the areas that need improvement, as noted below. This rating is based on the following factors:

- **Loan-to-Deposit ("LTD") Ratio:** "Satisfactory"

GBSB's LTD ratio is reasonable given the bank's size, financial condition and the credit needs of the assessment area. The bank's average LTD ratio for the eight quarters ended December 31, 2003, was 69.5%, which is lower than the national peer group's average ratio of 77.8%. GBSB's LTD ratio peaked at almost 82% in March 2002; however, the ratio had declined to 62.6% as of the evaluation date. Even so, the bank's average LTD ratio has improved since the previous evaluation.

- **Assessment Area Concentration:** "Outstanding"

During the evaluation period, the bank originated a substantial majority of its HMDA-reportable loans within the assessment area. In 2002, the bank originated 92.2% of its loans within the assessment area. In 2003, the bank's assessment area penetration ratio was almost unchanged at 92.0%.

- **Geographic Distribution of Loans:** "Needs to Improve"

The geographic distribution of the bank's HMDA-reportable loans reflects poor dispersion among census tracts of different income levels.

In 2002, the bank was unable to penetrate low-income geographies; however, 1.3% of its loans (6 loans) were originated in moderate-income geographies. This was substantially lower than the market aggregate's LMI penetration ratio of 7.9% for that year. In 2003, GBSB's penetration ratio of 4.0% (26 loans) was still significantly below the 9.2% achieved by the aggregate.

- **Distribution by Borrowers Characteristics:** "Needs to Improve"

The distribution of GBSB's HMDA-reportable loans based on borrower characteristics reflects poor penetration among customers of different income levels.

In 2002, the bank extended 8.3% of its loans (37 loans) to LMI borrowers, substantially underperforming the market aggregate's ratio of 25.8%. In 2003, the bank's ratio increased to 11.6% (75 loans), but remained substantially below the market aggregate's LMI borrower penetration ratio of 24.1%.

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- Neither the bank nor the New York State Banking Department received any complaints with respect to GBSB's CRA performance during the evaluation period.

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:

GBSB is a New York State chartered, stockholder-owned savings bank that commenced operations in November 1999. The bank provides a broad range of loan and deposit products to consumers and small business clients in Western New York. GBSB is an FDIC-insured institution and a member of the Federal Home Loan Bank of New York.

The bank operates six full-service banking offices, including its main office. Five of these offices are located in Erie County, while the sixth branch is located in Niagara County. All six offices are equipped with 24-hour Automated Teller Machines ("ATMs"). The bank has a single LMI-area branch, which is located on Court Street in downtown Buffalo.

During the evaluation period, GBSB relocated its headquarters to 2421 Main Street in Buffalo. This site falls within an Empire Zone and became Buffalo's first Banking Development District. The bank's former head office at 47 Court Street remains open as a branch office. During the evaluation period, GBSB also opened a branch office in an upper-income census tract in the suburb of Amherst.

According to its year-end Call Report for 2003, GBSB has total assets of \$386.1 million, including \$226 million in net loans and leases. The bank also holds \$360.8 million in deposits, resulting in a Loan-to-Deposit ratio of 62.6%.

According to the FDIC's latest Deposit Market Share Report, compiled as of June 30, 2003, GBSB ranked 9th out of 19 deposit-taking institutions in its assessment area by capturing a market share of 1.3%. The bank obtained approximately 89% of its deposits in Erie County, where it ranked 10th among 19 deposit-taking institutions.

The following table summarizes the bank's loan portfolio based on Schedule RC-C of its year-end Call Reports for calendar years 2001, 2002 and 2003:

GROSS LOANS OUTSTANDING						
Loan Type	12/31/2001		12/31/2002		12/31/2003	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	59,506	84.7	123,102	85.7	193,635	85.0
Commercial & Industrial Loans	3,995	5.7	5,211	3.6	9,449	4.1
Commercial Mortgage Loans	3,094	4.4	10,079	7.0	16,850	7.4
Construction Loans	551	0.8	268	0.2	1,481	0.7
Consumer Loans	1,174	1.7	503	0.4	1,235	0.5
Multi-family Mortgages	1,906	2.7	3,528	2.5	4,005	1.8
Other Loans	0	0.0	1,010	0.7	1,139	0.5
Gross Loans	70,226	100.0	143,701	100.0	227,794	100.0

As illustrated above, GBSB is primarily a residential real estate lender. For the past three years, approximately 85% of its loan portfolio has been secured by 1-4 family residential

properties and another 2% by multi-family residential properties.

GBSB's asset size and loan portfolio size are increasing rapidly. During its first four full years of operations, the bank's assets have grown to \$386.1 million and its loan portfolio has reached \$227.8 million.

According to a 2002 Market Share Report from CRA Wiz[®], GBSB originated 1.6% of all HMDA-reportable loans generated within the assessment area and ranked 15th among 237 HMDA-reporting institutions. Based on dollar volume (rather than loan count), the bank's market share was 2.4% and its market rank was 11th.

GBSB participates in government-insured, -guaranteed or -sponsored loan programs through the Federal Home Loan Bank of New York's Affordable Housing Program and by originating loans through the U.S. Small Business Administration ("SBA").

The bank also participates in Fannie Mae's "Community 97" program that helps first-time homebuyers who are purchasing single-family, owner-occupied residences. The maximum loan-to-value ("LTV") under this program is 97%, with a combined maximum LTV of 105%. Borrowers are required to contribute the lesser of 1% or \$500 of their own funds as a down payment, with the remainder coming from a variety of possible funding sources. The program requires participants to complete a homebuyer education class. In 2003, GBSB originated one loan for \$33 thousand under this program.

At its prior Performance Evaluation, conducted by the New York State Banking Department as of December 31, 2001, the bank received a rating of "2," reflecting a "Satisfactory" record of helping to meet community credit needs.

There are no known financial or legal impediments affecting the bank's ability to meet the credit needs of its community.

Assessment Area:

Management has expanded the bank's assessment area since the previous evaluation. The assessment area now includes Erie County in its entirety, as well as the City of North Tonawanda and the towns of Pendleton and Wheatfield in Niagara County. The assessment area is part of MSA 1280 (Buffalo/Niagara Falls). The following table shows the distribution of census tracts by geographic income level in each part of the assessment area, as well as the percentage of LMI geographies in each portion of the assessment area:

Distribution of Assessment Area Census Tracts by Income Level							
County	Zero	Low	Moderate	Middle	Upper	Total	LMI %
Erie	10	25	51	106	51	243	31.3
Niagara	0	0	1	6	4	11	9.1
Total	10	25	52	112	55	254	30.3

According to data from the 2000 U.S. Census, the bank's assessment area contains 254 census tracts, including 10 (3.9%) zero-income tracts and 77 (30.3%) LMI tracts. At the previous evaluation, which was based on 1990 Census data, the bank's smaller assessment area comprised 189 census tracts, including five (2.6%) zero-income tracts and 65 (34.4%) LMI tracts.

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

Details of the Assessment Area

As of the 2000 U.S. Census, the population of Erie County had declined to approximately 950 thousand persons from about 968 thousand in 1990. Within the total current population, 15.9% of residents were over 65 years old and 21.5% were under the age of 16. Among the 244 thousand families in Erie county, 38.2% were LMI families, 21.9% were middle-income families and 40.0% were upper-income families.

According to the New York State Department of Labor, the average unemployment rates for MSA 1280 were 5.6% in 2002 and 6.0% in 2003. Within Erie County, the average unemployment rates were 5.5% in 2002 and 5.8% in 2003. These figures were lower than the statewide average rates of 6.2% and 6.4%, respectively. Within the City of Buffalo, the second largest city in New York State, the average unemployment rates exceeded the statewide averages at 6.8% in 2002 and 7.3% in 2003.

The following charts provide additional demographic information for the assessment area:

Chart #1: Population and Income

Chart #2: Housing.

CHART # 1

ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY																					
COUNTY	Total Population	Age 65 and over		Age 16 and less		Median Family Income(MFI)	HUD MSA MFI	# of Households	# of HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
Erie	950,265	151,258	15.9	204,451	21.5	51,024	52,500	380,890	47,032	12.3	244,376	49,740	20.4	43,451	17.8	53,482	21.9	97,703	40.0	39,181	42.0
Niagara**	53,398	8,103	15.2	11,289	21.1	55,357	52,500	21,103	1,429	6.8	14,691	1,947	13.3	2,493	17.0	3,474	23.6	6,777	46.1	338	7.6
TOTAL A/A*	1,003,663	159,361	15.9	215,740	21.5	51,270	52,500	401,993	48,461	12.1	259,067	51,687	20.0	45,944	17.7	56,956	22.0	104,480	40.3	39,519	40.5

* Assessment Area; **Partial County

CHART # 2

ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY																			
COUNTY	Total Housing Units	1-4 family Units		Multifamily Units		Owner-Occupied Units (O-O)		O-O Units in Low-income Tracts		O-O Units in Mod-income Tracts		O-O Units in Mid-income Tracts		O-O Units in Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Erie	415,868	363,227	87.3	46,605	11.2	248,780	59.8	11,220	4.5	32,491	13.1	122,101	49.1	82,968	33.4	148,340	35.7	34,995	8.4
Niagara**	22,142	19,984	90.3	1,955	8.8	15,541	70.2	0	0.0	559	3.6	8,383	53.9	6,599	42.5	6,189	28.0	1,050	4.7
TOTAL A/A*	438,010	383,211	87.5	48,560	11.1	264,321	60.3	11,234	4.3	33,040	12.5	130,469	49.4	89,578	33.9	154,529	35.3	36,045	8.2

* Assessment Area; **Partial County

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

GBSB's performance was evaluated according to the small bank performance criteria, which include the following: (1) Loan-to-Deposit Ratio and Other Lending-Related Activities; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Distribution by Borrower Characteristics and (5) Action Taken in Response to Written Complaints Regarding CRA.

The assessment period includes calendar years 2002 and 2003 in their entirety. GBSB is primarily a residential real estate lender. During the past three years, approximately 85% of the bank's loan portfolio was secured by 1-4 family residential properties. Therefore, examiners only considered HMDA-reportable lending in evaluating factors (2), (3) and (4), as identified above.

The demographic data used in this report was obtained from the 1990 and 2000 U.S. Censuses. Updated median family income figures were obtained from U.S. Department of Housing and Urban Development ("HUD") estimates.

- **LTD Ratio Analysis and Other Lending-Related Activities: "Satisfactory"**

GBSB's LTD ratio was reasonable given the bank's age, size, financial condition and the credit needs of the assessment area.

The bank's average LTD ratio was 69.5% for the eight consecutive quarters ended December 31, 2003, which was lower than the national peer group's average ratio of 77.8% for the same timeframe. During the evaluation period, GBSB's LTD ratio peaked at almost 82% in March 2002, but declined to 62.6% as of the evaluation date.

The bank's average LTD ratio has improved since the previous evaluation period, when its average LTD ratio was 52.9% for the four quarters ended September 30, 2001. During calendar year 2000, the bank's average LTD ratio was 25.6% based on quarterly Call Report data. The table below shows the LTD ratios for GBSB and its peer group during the eight quarters included in the current evaluation period:

Loan-to-Deposit Ratios									
	3/31/02	6/30/02	9/30/02	12/31/02	3/31/03	6/30/03	9/30/03	12/31/03	Average
Bank	81.96	72.85	66.75	72.15	69.35	66.14	64.47	62.64	69.54
Peer	80.16	79.58	78.20	76.77	75.32	74.56	77.83	79.93	77.79

During the evaluation period, GBSB sold loans to Fannie Mae as follows: one loan for \$79 thousand in 2002 and 44 loans totaling \$5.5 million in 2003. While the single loan sale in 2002 was not significant, the loans sold in 2003 help explain the bank's reduced LTD ratio during that year.

As a supplement to its lending activities, GBSB made CRA-qualified charitable donations of \$4 thousand in 2002 and \$6 thousand in 2003.

- **Assessment Area Concentration: “Outstanding”**

During the evaluation period, the bank originated a substantial majority of its HMDA-reportable loans within the assessment area. The following table reflects the concentration of GBSB’s lending in the assessment area:

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2002	447	92.2	38	7.8	485	60,910	93.5	4,234	6.5	65,144
2003	647	92.0	56	8.0	703	78,024	93.1	5,795	6.9	83,819
Total	1,094	92.1	94	7.9	1,188	138,934	93.3	10,029	6.7	148,963

In 2002, the bank originated 92.2% of its 485 HMDA-reportable loans within the assessment area. In 2003, 92.0% of the bank’s 703 HMDA-reportable loans were originated within the assessment area.

- **Geographic Distribution of Loans: “Needs to Improve”**

The geographic distribution of the bank’s HMDA-reportable loans reflects poor dispersion among census tracts of different income levels. The table below details the geographic distribution of loans extended during the evaluation period:

Distribution of HMDA-Reportable Loans by Geography Income Level*								
Geography Income Level	2002							
	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	0	0.0	0	0.0	322	1.2	15,795	0.6
Moderate	6	1.3	349	0.6	1,876	6.7	87,388	3.5
Middle	163	36.5	16,093	26.4	13,302	47.9	987,889	39.5
Upper	278	62.2	44,468	73.0	12,288	44.2	1,408,411	56.4
N/A	0	0.0	0	0.0	7	0.0	570	0.0
Total	447	100.0	60,910	100.0	27,795	100.0	2,500,053	100.0
Geography Income Level	2003							
	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	2	0.3	68	0.1	544	1.5	27,221	0.8
Moderate	24	3.7	1,588	2.0	2,838	7.7	154,723	4.4
Middle	257	39.7	25,292	32.4	17,546	47.7	1,419,566	40.0
Upper	363	56.1	50,878	65.2	15,874	43.1	1,944,927	54.8
N/A	1	0.2	198	0.3	10	0.0	835	0.0
Total	647	100.0	78,024	100.0	36,812	100.0	3,547,272	100.0

* Geography income levels for 2002 are 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% of the MSA median income, middle-income is 80% to <120% and upper-income is at least 120%. Geography income levels for 2003 are based upon 2000 census data.

In 2002, the bank was unable to penetrate low-income areas. Furthermore, among the 447 HMDA-reportable loans originated by the bank in its assessment area that year, only six loans (1.3%) were originated in moderate-income geographies. As a result, GBSB's performance in LMI geographies was substantially below the aggregate's penetration rate of 7.9%.

In 2003, GBSB originated 647 HMDA-reportable loans originated in its assessment area, including 26 loans (4.0%) originated in LMI geographies. In comparison, the market aggregate achieved an LMI penetration rate of 9.2% that year. Although GBSB's lending in LMI areas quadrupled between 20002 and 2003, the bank's LMI penetration ratio remained well below the market aggregate's performance in 2003.

- **Distribution by Borrower Characteristics: "Needs to Improve"**

The distribution of GBSB's loans based on borrower characteristics reflects poor penetration among customers of different income levels. The following table shows the distribution of the bank's lending by borrower characteristics:

Distribution of HMDA-Reportable Loans by Borrower Income Level*								
Borrower Income Level	2002							
	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	7	1.6	320	0.5	1,864	6.7	83,760	3.4
Moderate	30	6.7	2,070	3.4	5,318	19.1	327,053	13.1
Middle	85	19.0	7,812	12.8	7,412	26.7	565,108	22.6
Upper	321	71.8	50,342	82.7	11,459	41.2	1,303,335	52.1
N/A	4	0.9	366	0.6	1,742	6.3	220,797	8.8
Total	447	100.0	60,910	100.0	27,795	100.0	2,500,053	100.0
Borrower Income Level	2003							
	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	11	1.7	558	0.7	2,346	6.4	118,091	3.3
Moderate	64	9.9	4,737	6.1	6,521	17.7	440,642	12.4
Middle	164	25.4	15,074	19.3	9,880	26.8	818,683	23.1
Upper	402	62.1	56,729	72.7	15,497	42.1	1,847,718	52.1
N/A	6	0.9	926	1.2	2,568	7.0	322,138	9.1

* Borrower income levels are based upon HUD's annual estimate of median family income ("MFI") figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA MFI, moderate-income is 50% to <80%, middle-income is 80% to <120% and upper-income is at least 120%.

In 2002, GBSB made 37 loans (8.3%) to LMI borrowers, substantially underperforming the aggregate's ratio of 25.8%. In 2003, GBSB made 75 loans (11.6%) to LMI borrowers but still underperformed the market aggregates penetration ratio of 24.1%.

Although the bank was able to increase its LMI borrower penetration ratio between 2002 and 2003 by doubling the number of HMDA-reportable loans it originated to LMI borrowers, the bank's performance in this area remained significantly below the market aggregate during 2003.

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

Since the prior CRA evaluation, conducted as of December 31, 2001, neither the bank nor the New York State Banking Department has received any written complaints regarding GBSB's CRA performance.

- **Discrimination and Other Illegal Practices**

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

Examiners did not note any practices that would tend 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 and fair lending examinations were conducted concurrently within this evaluation and indicate satisfactory adherence to anti-discrimination and 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.

To ascertain the credit needs of its community, management and staff are involved with various community organizations. Several officers and employees serve on the board of directors of various local community development and nonprofit organizations.

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.

GBSB's marketing program includes newspaper advertisements and direct mailings. Additionally, the bank participates in seminars with various community organizations. Most of these activities specifically target potential LMI homeowners.

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

The bank’s board of directors reviews the bank’s lending activity routinely. In addition, the board conducts an annual review of applicable laws and regulations to determine whether any changes are required in the bank’s compliance policies and procedures.

- **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.

During the evaluation period, GBSB participated in several seminars organized by community organizations. Attendees at these various seminars learned how to identify and avoid unscrupulous lenders. Some of the programs include:

- The FDIC’s “Don’t Borrow Trouble” program, which focuses on financial literacy and assisting individuals who have been victims of predatory lending.
- Participation in the Buffalo Remediation program, designed to assist homeowners victimized by predatory practices. Specifically, the program helps borrowers restructure their indebtedness and remain in their homes.
- Child and Family Services “Ways to Work Family Loan Program,” which provides low-interest rate loans to low-income families, thereby assisting them in purchasing homes, automobiles and other necessities.

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

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- Technical assistance activities to community development organizations such as:
 - Serving on a loan review committee;
 - Developing loan application and underwriting standards;
 - Developing loan processing systems;
 - Developing secondary market vehicles or programs;
 - Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - Furnishing financial services training for staff and management;
 - Contributing accounting/bookkeeping services; and
 - Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act (“HMDA”)

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

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 non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

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 non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

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

Small Business Loans

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