



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: Ulster Savings Bank
180 Schwenk Drive
Kingston, NY 12401

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

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Ulster Savings Bank ("USB") 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 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 an institution's 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 ("Evaluation") be made available to the public. Evaluations of large banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8, 76.9, and 76.10. 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

Ulster Savings Bank 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 levels of HMDA-reportable and small business loans reflect good responsiveness to the credit needs of its assessment area.
- *Assessment Area Concentration*: The bank made an adequate percentage of its loans within the assessment area.
- *Geographic Distribution of Loans*: The overall geographic distribution of loans reflects good dispersion among census tracts of different income levels. Because Ulster County does not have any low-income tracts, the analysis of USB's geographic distribution of loans is based on the distribution among moderate-, middle- and upper-income tracts, with an emphasis on moderate- and middle-income tracts.
- *Borrowers' Characteristics*: The bank's distribution of loans based on borrower characteristics reflects good penetration overall among individuals of different income levels and businesses of different sizes, with good distribution for HMDA-reportable loans and excellent penetration for small business loans.
- *Community Development Lending*: The bank made a high level of community development loans, reflecting good responsiveness to the credit and community development needs of its assessment area. At the evaluation date, the bank's community development lending totaled \$4 million, of which \$3.8 million (92.9%) represented new money.
- *Innovative and/or Flexible Lending Practices*: The bank uses flexible lending practices to serve the credit needs of its assessment area.

Investment Test – "High Satisfactory"

- The bank had a significant level of qualified community development investments and grants. The bank provided qualified community development investments and grants totaling \$2.9 million, of which \$2.8 million (98.2%) represented new money.

-
- The bank exhibits a good level of responsiveness to the community development needs of its assessment area.

Service Test – “High Satisfactory”

- The bank’s delivery system is reasonably accessible to essentially all portions of the assessment area, particularly to low- and moderate-income geographies.
- The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery system, particularly to LMI geographies or individuals.
- The branches’ business hours do not vary in a way that inconveniences certain portions of the communities in which the bank operates.
- The bank provides a relatively high level of community development services.

This “on-site” 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:

Chartered in 1851, Ulster Savings Bank is a New York State chartered full-service mutual savings bank headquartered in Kingston, Ulster County. The bank provides a variety of loan and deposit services and is actively involved in mortgage lending. The bank also provides insurance products through an insurance agency subsidiary. USB is subject to competition from other financial services companies, including commercial banks, savings banks, credit unions, mortgage banking companies, and insurance agencies.

In its year-end Call Report for 2003, USB reported total assets of \$554.3 million, including loans and lease finance receivables of \$357.9 million. USB also reported total deposits of \$439.5 million, resulting in a loan-to-deposit ratio of 80.6%, which was above the national peer group's ratio of 79.9%. According to the latest available comparative deposit data, dated June 30, 2003, USB achieved a market share of 4.26%, or \$434.3 million, ranking it 8th among 37 deposit-taking institutions in Dutchess and Ulster Counties. The table below shows USB's deposits by county.

Market Share of Deposits as of June 30, 2003					
County	# of Branches	Deposits (\$000's)	Deposit as % of County Total	Ranking	# of Institutions
Ulster	4	333,928	15.34	2	15
Dutchess	2	100,356	3.06	10	18
Orange	0	0	0	NA	24
Total	6	434,284	4.26	8	37

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

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2001		12/31/2002		12/31/2003	
	\$(000's)	%	\$(000's)	%	\$(000's)	%
1-4 Residential Mortgage Loans	283,634	71.4	255,758	67.0	233,480	65.2
Commercial & Industrial Loans	674	0.2	3,778	1.0	4,964	1.4
Commercial Mortgage Loans	12,412	3.1	27,478	7.2	39,269	11.0
Consumer Loans	6,062	1.5	4,226	1.1	3,158	0.9
Agricultural Loans					360	0.1
Construction Loans	94,670	23.8	89,913	23.6	76,187	21.3
Other Loans			571	0.1	529	0.1
Total Gross Loans	397,452	100.0	381,724	100.0	357,947	100.0

As illustrated above, USB is primarily a residential real estate lender, with 65.2% of its loan

portfolio in 1- to 4-family residential real estate loans.

USB operates seven banking offices, including five offices in Ulster County and two in Dutchess County. Supplementing USB's banking offices are automated teller machines ("ATMs") at six branch locations. In addition, USB has seven loan production offices, with single offices in Ulster, Westchester, Orange, Suffolk County, and Albany Counties and two offices in Dutchess County. These offices are available to help customers complete mortgage loan applications. Furthermore, USB has a wholly owned subsidiary, Ulster Home Mortgage, located in Connecticut. This subsidiary only originates loans for properties located in Connecticut, so its lending activities were not considered as part of USB's performance evaluation.

At its prior Performance Evaluation, conducted by the New York State Banking Department on June 30, 2001, USB received a rating of "2", indicating a satisfactory record of helping to meet the credit needs of its assessment area.

There are no known financial or legal impediments that adversely affected USB's ability to meet the credit needs of its community.

Assessment Area:

The bank's assessment area is comprised of Ulster, Dutchess and Orange Counties. Dutchess County is part of Metropolitan Statistical Area (MSA) 2281 (Dutchess); Orange County is part of MSA 5660 (Newburgh NY-PA) and Ulster County is not part of any MSA.

There are 182 census tracts in the assessment area, of which 10 are low-income and 22 are moderate-income tracts.

Distribution of Assessment Area Census Tracts by Income Level							
County	Zero	Low	Moderate	Middle	Upper	Total	LMI %
Ulster	0	0	2	25	22	49	4.1
Dutchess	2	5	9	41	9	66	24.2
Orange	0	5	11	33	18	67	23.9
Total	2	10	22	99	49	182	18.7

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

Details of Assessment Area:

Chart #1: Shows population and income.

Chart #2: Shows housing demographics.

Chart #3: Shows business demographics.

Ulster County

Unemployment Rates:

According to the New York State Department of Labor, Ulster County's average unemployment rates of 4.2% in 2002 and 4.3% in 2003 were below the state's average rates of 6.1% and 6.3%, respectively.

Business Demographic Data:

According to a Dun and Bradstreet survey, there were approximately 13 thousand businesses in Ulster County in 2003. The major business sectors were Service (39%), Retail Trade (18%) and Construction (9%).

Dutchess County

Unemployment Rates:

According to the New York State Department of Labor, Dutchess County's average unemployment rates of 4.1% in 2002 and 3.8% in 2003 were below the state's average rates of 6.1% and 6.3%, respectively.

Business Demographic Data:

According to a Dun and Bradstreet survey, there were approximately 17 thousand businesses in Dutchess County in 2003. The major business sectors were Service (40%), Retail Trade (17%) and Construction (10%).

Orange County

Unemployment Rates:

According to the New York State Department of Labor, Orange County's average unemployment rates of 4.3% in 2002 and 4.7% in 2003 were below the state's average rates of 6.1% and 6.3%, respectively.

Business Demographic Data:

According to a Dun and Bradstreet survey, there were approximately 23 thousand businesses in Orange County, in 2003. The major business sectors were Service (38%), Retail Trade (18%) and Construction (10%).

CHART # 1

ULSTER SAVINGS BANK

ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY

COUNTY	Total Population	Age 65 and over		Age 15 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	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
ULSTER	177,749	23,711	13.3	36,734	20.7	52,019	47,300	67,501	7,084	10.5	43,790	6,412	14.6	6,265	14.3	8,905	20.3	22,208	50.7	691	5.5
DUTCHESS	280,150	33,690	12.0	62,129	22.2	63,825	67,800	99,719	7,499	7.5	69,776	12,381	17.7	12,791	18.3	17,385	24.9	27,219	39.0	6,866	27.3
ORANGE	341,367	35,185	10.3	88,699	26.0	61,313	63,500	114,809	10,461	9.1	85,028	16,150	19.0	14,389	16.9	19,549	23.0	34,940	41.1	10,004	32.8
TOTAL A/A*	799,266	92,586	11.6	187,562	23.5	60,146	60,698	282,029	25,044	8.9	198,594	34,943	17.6	33,445	16.8	45,839	23.1	84,367	42.5	17,561	25.7

* Assessment Area

CHART # 2

ULSTER SAVINGS BANK ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY																			
COUNTY	Total	1-4 family		Multifamily		Owner-Occupied		O-O Units in		O-O Units in		O-O Units in		O-O Units in		Rental		Vacant	
	Housing Units	Units		Units		Units (O-O)		Low-income Tracts		Mod-income Tracts		Mid-income Tracts		Hpp-income Tracts		Units		Units	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
ULSTER	77,656	65,287	84.1	6,285	8.1	45,916	59.1	0	0.0	891	1.9	21,300	46.4	23,725	51.7	23,413	30.1	10,157	13.1
DUTCHESS	106,103	87,590	82.6	14,100	13.3	68,628	64.7	1,091	1.6	5,957	8.7	46,351	67.5	15,235	22.2	32,925	31.0	6,567	6.2
ORANGE	122,754	104,229	84.9	14,868	12.1	76,948	62.7	1,916	2.5	5,733	7.5	43,776	56.9	25,524	33.2	40,353	32.9	7,966	6.5
TOTAL A/A*	306,513	257,106	83.9	35,253	11.5	191,492	62.5	3,007	1.6	12,580	6.6	111,428	58.2	64,484	33.7	96,691	31.5	24,690	8.1

* Assessment Area

CHART # 3

ULSTER SAVINGS BANK BUSINESS DEMOGRAPHICS BY COUNTY											
COUNTY	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Bussinesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
ULSTER	12,600	8,585	68.1	584	4.6	3,431	27.2	9,962	79.1	11,324	89.9
DUTCHESS	17,260	11,714	67.9	824	4.8	4,722	27.4	13,811	80.0	15,175	87.9
ORANGE	23,149	15,418	66.6	1,153	5.0	6,578	28.4	18,164	78.5	20,424	88.2
Total A/A*	53,009	35,717	67.4	2,561	4.8	14,731	27.8	41,937	79.1	46,923	88.5

* Assessment Area

PERFORMANCE TESTS AND ASSESSMENT FACTORS

The bank's performance was evaluated according to the large bank performance criteria, which include lending, investment, and service activities within the assessment area. In addition, discrimination or other illegal practices, and CRA-related process factors were also considered. The census data referenced in this evaluation is based on the 2000 U.S. Census

The review period included calendar years 2002 and 2003. Examiners considered the bank's HMDA-reportable and small business loans in evaluating its lending activities. Given that USB is primarily a residential mortgage lender, HMDA-reportable products received greater emphasis during the examination.

I. Lending Test: "High Satisfactory"

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

- **Lending Activity: "High Satisfactory"**

The bank's levels of HMDA-reportable and small business loans reflect good responsiveness to the credit needs of its assessment area.

During the evaluation period, USB's total lending activity within its assessment area showed an upward trend in both the number and dollar volume of originations. Refer to the table below for details.

Assessment Area	2002		2003	
	#	\$ (000's)	#	\$ (000's)
HMDA-reportable Loans	1,359	158,807	1,566	212,869
Small Business Loans	153	8,776	164	10,393
Total	1,512	167,583	1,730	223,262

HMDA-Reportable Loans

In 2002, USB originated 1,359 HMDA-reportable loans, totaling \$158.8 million, within its assessment area. In 2003, USB's lending volume increased to 1,566 loans totaling \$212.9 million. According to a Lender Market Share Report for 2002, USB achieved a market share of 3.9%, and ranked 7th out of 379 lenders, in its assessment area based on number of originations. Based on dollar volume, USB ranked 9th, with a market share of 2.7%.

As shown in the table below, the bank's home purchase and refinance loans comprise more than 85% of its total HMDA-reportable activity. The numbers of refinance loans reported in 2003 increased by 53.5% (266 loans) over the 497 loans reported in 2002. This growth was largely the result of a decrease in interest rates.

Summary of HMDA-Reportable Loans								
Loan Type	2002				2003			
	#	%	\$*	%	#	%	\$*	%
Home Purchase	675	49.7	91,908	57.9	649	41.4	104,755	49.2
Refinance	497	36.6	58,117	36.6	763	48.7	100,120	47.0
Home Improvement	177	13.0	5,968	3.8	154	9.8	7,994	3.8
Multifamily	10	0.7	2,814	1.8	0	0.0	0	0.0
Total	1,359	100.0	158,807	100.0	1,566	100.0	212,869	100.0

* Dollar amounts shown in thousands.

Small Business loans

Small business lending increased in absolute number and dollar volume since the prior evaluation. Based on a Lender Market Share Report for 2002, USB achieved a market share of 0.79%, and ranked 18th out of 83 lenders in its assessment area, based on number of originations. Based on dollar volume, USB ranked 19th, with a market share of 2.1%.

- **Assessment Area Concentration:** "Low Satisfactory"

Regarding its lending within New York State, USB originated an adequate percentage of its loans within the assessment area. As illustrated in the table at the top of the next page, USB originated 73.2% of the total number, and 62.5% of the total dollar volume, of its loans within the assessment area.

Residential Mortgages

During the evaluation period, USB made a majority of its residential loans within the assessment area, with 71.3% of the number and 61.5% of the dollar volume of its total originations falling inside the assessment area. The relatively low volume within the assessment area can be attributed to the fact that USB purchases loans from its subsidiary, Ulster Home Mortgage, which originates loans outside USB's assessment area. In addition, USB maintains seven loan production offices, three of which are located outside 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	1,359	69.7	591	30.3	1,950	158,807	58.8	111,298	41.2	270,105	
2003	1,566	72.7	589	27.3	2,155	212,869	63.6	121,617	36.4	334,486	
Subtotal – HMDA	2,925	71.3	1,180	28.7	4,105	371,676	61.5	232,915	38.5	604,591	
Small Business											
2002	153	98.1	3	1.9	156	8,776	89.7	1,005	10.3	9,781	
2003	164	98.2	3	1.8	167	10,393	94.8	571	5.2	10,964	
Subtotal - SB	317	98.1	6	1.9	323	19,169	92.4	1,576	7.6	20,745	
Total	3,242	73.2	1,186	26.8	4,428	390,845	62.5	234,491	37.5	625,336	

Small Business Loans

During the evaluation period, USB originated a high percentage of its small business loans within the assessment area. When measured by number of loans, USB originated 98.1% (317) of its small business loans within the assessment area. Based on dollar volume, USB originated 92.4% (\$19 million) of its small business loans within the assessment area. As shown in the table above, the bank's concentration of loans within the assessment increased slightly by both number and dollar volume in 2003.

- **Geographic Distribution of Loans:** "High Satisfactory"

The overall geographic distribution of loans reflects good dispersion among census tracts of different income levels.

HMDA Loans

The geographic distribution of USB's HMDA-reportable loans reflects good dispersion among census tracts of different income levels.

Please refer to exhibit 5, entitled "HMDA Loan Originations and Purchases – Geography Income Level Distribution," for the loan data used in evaluating the geographic distribution of USB's HMDA-reportable loan originations and purchases. Charts regarding the geographic distribution of owner-occupied housing units across USB's assessment area can be found in the Performance Context section of this Evaluation.

As shown in the table below, the geographic distribution of USB's HMDA-reportable loans among LMI census tracts trailed the aggregate. However, an analysis conducted on a county-by-county basis indicated that USB outperformed the aggregate in Dutchess and

Ulster Counties. Given that, based on number of loans, USB made 65% of its assessment area originations in Ulster County, 21.2% in Orange County and 13.8% in Dutchess County, the bank's performance in Ulster County received more weight for the evaluation.

The following chart summarizes the bank's distribution of HMDA-reportable lending during the evaluation period:

Distribution of HMDA-reportable Loans by Geographic Income Level*								
Geography Income Level	2002							
	Bank				Aggregate			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Low	12	0.9	1,010	0.6	515	1.5	59,969	1.0
Moderate	54	4.0	5,767	3.6	2,161	6.2	300,153	5.1
Middle	631	46.4	74,527	46.9	19,964	57.3	3,433,373	57.9
Upper	662	48.7	77,503	48.8	12,219	35.0	2,136,185	36.0
NA	0	0.0	0	0.0	5	0.0	491	0.0
Total	1,359	100.0	158,807	100.0	34,864	100.0	5,930,171	100.0
Geography Income Level	2003							
	Bank				Aggregate			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Low	20	1.3	1,911	0.9	NA	NA	NA	NA
Moderate	83	5.3	8,417	4.0	NA	NA	NA	NA
Middle	776	49.6	97,818	46.0	NA	NA	NA	NA
Upper	687	43.9	104,723	49.2	NA	NA	NA	NA
NA	0	0.0	0	0.0	NA	NA	NA	NA
Total	1,566	100.0	212,869	100.0	NA	NA	NA	NA

* "Geographic Income Level" for 2002 is based upon data from the 1990 Census. For 2003, geographic income levels were based on data from the 2000 Census.

Ulster County

USB exhibited a good geographic distribution of HMDA-reportable loans in Ulster County. Due to the fact that Ulster County does not have any low-income tracts, the following analysis is based on the distribution of USB's loans among moderate-, middle- and upper-income tracts.

In 2002, USB extended 883 HMDA-reportable loans totaling \$98.8 million in Ulster County. Twenty-eight (3.2%) of these loans, totaling \$2.9 million (3%), were in moderate-income areas, while 343 loans (38.8%) of these loans, totaling \$38.2 million (38.6%), were in middle-income areas. USB's penetration ratio for moderate-income areas exceeded the aggregate's penetration rate of 2.4% based on number of loans, but was somewhat lower than the aggregate's penetration rate of 4.7% based on dollar volume. The same trend was seen in middle-income areas, where USB's penetration rate by number of loans was higher than the aggregate's rate of 34.6%, and its penetration rate by dollar volume fell short of the aggregate rate of 45.5%.

In 2003, USB extended 984 HMDA-reportable loans with a combined value of approximately \$128 million. Forty-three (4.4%) of these loans, totaling \$3.7 million (2.9%),

were in moderate-income areas, while 436 loans (44.3%) of these loans, totaling \$50.3 million (39.3%), were in middle-income areas.

The bank's percentage of lending in moderate-income geographies (4.4% by number, 2.9% by dollar volume) exceeded the percentage of owner-occupied housing units in moderate-income geographies (1.9%). USB's percentage of lending in middle-income census tracts was close to the percentage of owner-occupied housing units in middle-income geographies (46.4%) based on number of originations (44.3%), but fell short of the benchmark by a more significant margin based on dollar volume of loans (39.3%).

In 2003, USB generated 11.4% more loans by number and 29.6% more by dollar volume, than in 2002.

Dutchess County

USB achieved an excellent geographic distribution of HMDA-reportable loans in Dutchess County.

In 2002, the bank originated 188 HMDA-reportable loans totaling \$24.2 million in Dutchess County, of which 22 loans (11.7%) totaling \$2.4 million (9.9%) were extended in LMI geographies. The bank's LMI penetration rates were higher than the corresponding aggregate rates of 8.4% and 7%, respectively.

In 2003, the bank originated 179 HMDA-reportable loans totaling \$26 million, of which 30 loans (16.8%) totaling \$3.6 million (13.7%) were extended in LMI geographies. The bank extended 4.8% fewer loans in 2003; however, the dollar volume of those loans was 7.4% greater than in 2003.

The bank's percentage of lending in LMI geographies was significantly higher than the percentage of the county's owner-occupied housing located in LMI geographies (i.e., 1.6% in low-income areas and 8.7% in moderate-income geographies).

Orange County

USB demonstrated an adequate geographic distribution of HMDA-reportable loans in Orange County.

In 2002, the bank originated 288 HMDA-reportable loans totaling \$35.8 million in Orange County, of which 16 loans (5.6%) totaling \$1.5 million (4.1%) were extended in LMI geographies. The bank's LMI penetration rates were lower than the corresponding aggregate rates of 9% and 5.8%, respectively.

In 2003, the bank originated 403 HMDA-reportable loans totaling \$58.9 million in Orange County, of which 30 loans (7.4%) totaling \$3.1 million (5.3%) were extended in LMI geographies. The bank's percentage of lending in LMI geographies was somewhat below the percentage owner-occupied housing located in LMI geographies (i.e., 2.5% in low-

income areas and 7.5% in moderate-income geographies) in Orange County

In 2003, USB originated 39.9% more loans, and 64.5% greater dollar volume, than it did in 2002.

Small Business Loans

The bank's geographic distribution of small business loans reflects good dispersion among census tracts of different income levels.

The following chart summarizes the bank's small business lending distribution during the evaluation period:

Distribution of Small Business Loans by Geographic Income Level								
Geography Income Level	Year 2002							
	Bank				Aggregate			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Low	0	0.0	0	0.0	542	3.2	15,433	4.0
Moderate	4	2.6	753	8.6	1,536	8.9	38,447	10.0
Middle	59	38.6	3,544	40.4	9,173	53.3	192,273	50.1
Upper	90	58.8	4,479	51.0	5,943	34.6	137,657	35.9
NA	0	0.0	0	0.0	3	0.0	16	0.0
Total	153	100.0	8,776	100.0	17,197	100.0	383,826	100.0
Geography Income Level	Year 2003							
	Bank				Aggregate			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Low	0	0.0	0	0.0	NA	NA	NA	NA
Moderate	8	4.9	1,047	10.1	NA	NA	NA	NA
Middle	77	47.0	4,586	44.1	NA	NA	NA	NA
Upper	79	48.2	4,760	45.8	NA	NA	NA	NA
Total	164	100.0	10,393	100.0	NA	NA	NA	NA

Please refer to exhibit 5, entitled "Small Business Lending," for the county-by-county loan data used in evaluating the geographic distribution of USB's small business lending activity.

Overall, the geographic distribution of USB's small business loans in the assessment area reflects good penetration of LMI areas within Ulster County, and adequate penetration of LMI areas in the remaining portions of USB's assessment area. As shown in exhibit 5, USB originated a substantial majority (90.8% in 2002 and 93.3% in 2003) of its small business loans in Ulster County during the evaluation period. As a result, USB's performance in Ulster County received more weight in this evaluation.

Ulster County

USB achieved a good geographic distribution of small business loans in Ulster County. Since Ulster County has no low-income tracts, the geographic distribution analysis was based on the dispersion of lending across moderate-, middle- and upper-income tracts.

In 2002, the bank extended 139 small business loans totaling \$8.2 million in Ulster County, of which three loans (2.2%) totaling \$752 thousand (9.2%) were originated in moderate-income geographies and 50 loans (36%) totaling \$3.1 million (38%) were originated in middle-income geographies.

The bank's moderate-income penetration rate was in line with the aggregate (2.6%) in terms of number, but was notably higher than the aggregate (2.9%) in terms of dollar volume. USB's middle-income penetration rates exceeded the corresponding aggregate rates of 32.8% by number and 28.7% by dollar.

In 2003, USB extended 153 small business loans, of which six loans (3.9%) totaling \$1 million (10%) were originated in moderate-income geographies, and 72 loans (47.1%) totaling \$4.5 million (44%) were originated in middle-income geographies.

Dutchess County

USB demonstrated an adequate geographic distribution of small business loans in Dutchess County.

In 2002, the bank originated 11 small business loans for \$306 thousand in Dutchess County. One (9.1%) of these loans, for \$1 thousand (0.3%), was extended in a moderate-income geography. Aggregate lending data for the county shows LMI penetration rates of 15% by number and 19% by dollar volume among all lenders, which is stronger performance than achieved by USB.

While USB originated fewer small business loans in Dutchess County during 2003 (9 loans in total), the number of loans the bank originated in the county's moderate-income geographies increased to two loans (22.2%) for a total of \$21 thousand (17.8%).

Orange County

USB demonstrated a poor geographic distribution of small business loans in Orange County.

The bank did not originate any small business loans in LMI geographies in this county. Of the three loans originated by USB in Orange County during 2002, one loan (33.3%) totaling \$150 thousand was originated in a middle-income geography. In 2003, USB made two loans in the county, including one loan (50%) in a middle-income geography for 97.2% of the total amount lent. Although USB does not have a branch presence in Orange County, it does have a loan production office there.

- **Distribution by Borrower Characteristics:** "High Satisfactory"

The distribution of USB's loans based on borrower characteristics reflects good penetration among individuals of different income levels and businesses of different revenue sizes. Overall, USB achieved a good distribution for HMDA loans and an excellent distribution for

small business loans.

HMDA Loans

The bank's distribution of HMDA-reportable loans based on borrower characteristics reflects good penetration among individuals of different income levels.

The following chart summarizes the bank's HMDA lending distribution during the evaluation period:

Distribution of HMDA-reportable Loans by Borrower Income Level								
Borrower Income Level*	2002							
	Bank				Aggregate			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Low	35	2.6	2,170	1.4	1,192	3.4	85,396	1.5
Moderate	170	12.6	14,104	9.0	4,767	13.7	469,623	8.0
Middle	319	23.6	32,958	21.1	9,063	26.0	1,114,251	19.0
Upper	737	54.6	96,539	61.9	17,151	49.3	3,723,106	63.5
NA	88	6.5	10,222	6.6	2,628	7.6	474,176	8.1
Total	1,349	100.0	155,993	100.0	34,801	100.0	5,866,552	100.0
Borrower Income Level*	2003							
	Bank				Aggregate			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Low	47	3.0	3,293	1.5	NA	NA	NA	NA
Moderate	216	13.8	20,309	9.5	NA	NA	NA	NA
Middle	375	23.9	43,857	20.6	NA	NA	NA	NA
Upper	849	54.2	132,435	62.2	NA	NA	NA	NA
NA	79	5.0	12,975	6.1	NA	NA	NA	NA
Total	1,566	100.0	212,869	100.0	NA	NA	NA	NA

* "Borrower income level" is based upon the Department of Housing and Urban Development's annual estimate of median family income ("MFI") for the area in which the mortgaged property is located.

The loan data used in evaluating USB's distribution of HMDA-reportable loan originations and loan purchases can be found in exhibit 5, entitled "1-4 Family HMDA Loan Originations and Purchases – Borrower Income Level Distribution." Demographic data for USB's assessment area can be found in the Performance Context section of this Evaluation.

As shown in the table above, USB had a good distribution of HMDA loans among borrowers of different income levels, including LMI borrowers.

In 2002, the bank originated 1,349 HMDA-reportable loans totaling \$156 million, of which 205 (15.2%) loans totaling \$16.3 million (10.4%) were extended to LMI borrowers. USB's penetration rates were very similar to the aggregate's LMI penetration rates of 17.1% by number of loans and 9.5% by dollar volume. In 2003, the bank's volume of originations increased to 1,566 loans totaling \$212.9 million, of which 263 loans (16.8%) totaling \$23.6 million (11%) were made to LMI borrowers.

A county-by-county analysis of USB's HMDA-reportable lending to LMI borrowers is presented below.

Ulster County

In Ulster County, USB's distribution of HMDA-reportable loans to borrowers of different income levels was good.

In 2002, the bank originated 875 HMDA-reportable loans, of which 108 (12.3%) were extended to LMI borrowers. The bank's penetration rate surpassed the aggregate penetration rate of 9.9%. In 2003, the bank's loan volume increased by 12.5% to 984 loans, of which 138 loans (13.7%) were made to LMI borrowers.

Dutchess County

USB's distribution of HMDA-reportable loans to borrowers of different income levels was also good in Dutchess County.

In 2002, USB originated 187 HMDA-reportable loans, of which 56 (30%) were extended to LMI borrowers. The bank's penetration rate outperformed the aggregate penetration rate of 23.2%. In 2003, the total number of loans extended by USB in Dutchess County declined by 4.3%, to 179 loans. Fifty (27.9%) of these 179 loans were made to LMI borrowers.

Orange County

In Orange County, USB's distribution of HMDA-reportable loans to borrowers of different income levels was good.

In 2002, the bank originated 287 HMDA-reportable loans, of which 41 (14.3%) were extended to LMI borrowers. USB's penetration rate was similar to the aggregate LMI penetration rate of 14.7%. In 2003, the bank's level of originations increased by 40.4% to 403 loans, and included 78 loans (19.4%) to LMI borrowers.

Small Business Loans

The bank's distribution of small business loans based on borrower characteristics reflects excellent penetration among businesses of different sizes.

The following chart provides a summary of the bank's small business lending distribution during the evaluation period based on borrower revenues:

Distribution of Small Business Loans by Business Revenue Size								
Revenue Size	Year 2002							
	Bank				Aggregate			
	#	%	\$(000's)	%	#	%	\$(000's)	%
\$1million or less	89	58.2%	6,981	79.5%	4,750	27.5%	156,215	40.3%
Over \$1 million	17	11.1%	1,695	19.3%	NA	NA	NA	NA
No Revenue Info	47	30.7%	100	1.1%	NA	NA	NA	NA
Total	153	100.0%	8,776	100.0%	17,246	100.0%	387,421	100.0%

Revenue Size	Year 2003							
	Bank				Aggregate			
	#	%	\$(000's)	%	#	%	\$(000's)	%
\$1million or less	88	53.7%	7,903	76.0%	NA	NA	NA	NA
Over \$1 million	18	11.0%	2,432	23.4%	NA	NA	NA	NA
No Revenue Info	58	35.4%	58	0.6%	NA	NA	NA	NA
Total	164	100.0%	10,393	100.0%	NA	NA	NA	NA

In 2002, the bank originated 89 small business loans (58.2%) totaling \$7 million (79.5%) to businesses with gross annual revenues of \$1 million or less. USB's lending percentages to businesses in this size range were significantly higher than the corresponding aggregate ratios of 27.6% by number of loans and 40.7% by dollar volume. In 2003, the bank's volume of small business loans remained steady with 88 loans (53.7%) totaling \$7.9 million (76%) granted to businesses with gross annual revenues of \$1 million or less.

- **Community Development Loans: "Outstanding"**

The bank made a high level of community development loans during the evaluation period, reflecting good responsiveness to the credit and community development needs of its assessment area.

At the evaluation date, USB's community development lending totaled \$4 million, of which \$3.8 million (92.9%) represented new money. Approximately \$2.9 million, or 70.7%, of USB's total community development lending, supported the provision of community services, an area of significant need within the bank's assessment area. About 16.8% of the bank's loan commitments supported affordable housing organizations, 12% funded revitalization or stabilization activities and 0.5% funded economic development efforts.

The following chart shows a distribution of USB's community development lending based on loan purpose:

Summary of Community Development Loans by Categories										
	Affordable Housing		Community Services		Economic Development		Revitalization/ Stabilization		Total	
	Cmm't*	New \$	Cmm't*	New \$	Cmm't*	New \$	Cmm't*	New \$	Cmm't*	New \$
\$	681	416	2,860	2,860	23	0	484	484	4,048	3,760
%	16.8%		70.7%		0.5%		12.0%		100.0%	92.9%

* Cmm't = Loan Commitment. Dollar amounts are expressed in thousands.

The brief descriptions below provide examples of the community development lending initiatives originated by USB since the prior evaluation:

- The bank provided a business loan totaling \$32.5 thousand to a private, non-profit service provider that serves low- and moderate-income households by developing affordable housing in Dutchess County. This organization has developed rental units for seniors and families, as well as single-family homes for sale at subsidized prices.
- During the evaluation period, USB originated four business loans, totaling \$246.3 thousand, and approved a \$350 thousand revolving line of credit to a not-for-profit organization in Ulster County that provides a broad range of services to low- and moderate-income families and individuals. The services provided by the organization include, but are not limited to, shelters for homeless people and victims of domestic violence, a Safety Net intervention program, youth independent living assistance and after-school childcare support.
- In September 2002, USB originated a \$317 thousand refinance loan to a Kingston-based not-for-profit organization. This organization works in conjunction with the City of Kingston to provide home purchase and rental opportunities for low- and moderate-income households by rehabilitating the area's existing housing stock.

- **Innovative or Flexible Lending Practices:** “High Satisfactory”

The bank uses innovative and/or flexible lending practices to serve the credit needs of its assessment area. For example, the bank offers flexible lending programs that are designed to help LMI individuals obtain affordable financing for home ownership, and that respond to the unique credit needs of small businesses.

USB participates in various federal and local housing programs that address the needs of LMI borrowers. The programs are income-restricted and offer flexible credit guidelines and expanded qualifying ratios. Some of the programs offer subsidized interest rates, low down payments, fee waivers and/or homeownership counseling through participating community-based organizations.

The table below summarizes USB's affordable mortgage lending to LMI individuals or in LMI geographies, and is followed by brief descriptions of select programs in which the bank participates.

Special Underwriting Programs				
Program	2003 Originations		2002 Originations	
	#	\$*	#	\$*
First Home Club	29	145.0	37	181.8
USB First Time Homebuyer	7	752.5	6	462.1
Freddie/Fannie Community Lending Products	228	28,085.6	130	13,947.8
Freddie/Fannie 97%	13	1,632.9	5	633.9
Freddie Renovation	3	475.7	9	1,278.5
Energy Smart	3	40.3	2	40.0
Section 8	2	140.4	0	0
NHSA	2	178.4	0	0
FHA	32	3,830.2	54	5,373.7
SONYMA	38	3,290.8	82	7,505.1
Total	594	\$59,852.5	390	\$36,987.8

* Dollars are expressed in thousands.

First Home Club Program – USB participates in the Federal Home Loan Bank of New York’s First Home Club program. This program, developed by the FHLBNY, offers matching funds that provide down payment and closing cost assistance for first-time homebuyers. For each dollar saved by a prospective homebuyer, the FHLBNY will set aside an additional \$3, up to a maximum of \$5 thousand. As a result, qualified borrowers who save \$1,667 of their own money can receive the maximum benefit from the program and have a combined total of \$6,667 to spend toward their down payment and closing costs. The borrower’s own funds must be saved over a minimum of 10 months and a maximum of 30 months. Borrowers also are required to complete a home ownership counseling program to qualify for the matching-funds grant.

USB First Time Homebuyer Program – This program offers home buyers an opportunity to purchase a house with down payments as low as 3%, and permits any third party, including the seller, to pay closing costs.

Section 8 to Homeownership - USB allows borrowers who receive Section 8 housing assistance to qualify for a mortgage using these payments. USB has received approval to sell loans originated under this program to SONYMA, Freddie Mac, Fannie Mae and FHA after origination. To qualify for Section 8 assistance, a person must earn below 50% of the area’s median income, as established by the U.S. Department of Housing and Urban Development (“HUD”).

National Housing Service of America (NHSA) - This program is a partnership between USB and RUPCO, a local non-profit organization. RUPCO counsels borrowers and packages their loan underwriting documents. USB originates the loans and then sells them to NHSA. This program is only available to low- and moderate-income borrowers and offers below-market interest rates.

Federal Housing Administration (FHA) Loan Program - The bank originates residential mortgages under the FHA loan program, which offers low down payments, competitive interest rates and more flexible qualifying ratios.

State of New York Mortgage Agency (SONYMA) - USB is an approved lender under the SONYMA low-interest rate program, which provides qualified LMI households with mortgages on 1- to 4-family dwellings, cooperatives and condominiums at fixed interest rates that are below prevailing conventional rates.

II. Investment Test: “High satisfactory”

This test evaluates the bank's record of helping to meet the needs of its assessment area through qualified investments. Qualified investments are evaluated based on their dollar volume, their innovation or complexity, their responsiveness to community development needs, and the degree to which these investments are not routinely provided by private investors.

Investment Volume – “Outstanding”

During the evaluation period, USB had a significant level of community development investments and grants. The bank provided qualified community development investments and grants totaling \$2.9 million, of which \$2.8 million (98.2%) represented new money. Brief descriptions of USB's new investments for this evaluation period are provided below:

- *CRA Investment Fund* – USB invested \$2.6 million in this fund during the evaluation period. The fund offers banks an opportunity to invest in a highly liquid and diversified portfolio of CRA “qualified investments”.
- *Federal Home Loan Bank of New York's (FHLBNY) Affordable Housing Program* – USB is a member of the FHLBNY and participates in its Affordable Housing Program (“AHP”). The AHP is funded through a 10% set aside of the FHLBNY's annual income. USB's pro rata share of this set aside, which is based upon its percentage of ownership, was \$21.6 thousand for 2002, and \$3.1 thousand for 2003.
- *Grants* – During the evaluation period, USB provided qualified grants totaling \$232.8 thousand. These funds supported a variety of organizations involved in creating affordable housing, promoting economic development, and delivering community services.

Responsiveness to Community Developments Needs – “High Satisfactory”

The bank exhibits a good level of responsiveness but rarely uses innovative or complex investments to serve the community development needs of its assessment area.

The following chart summarizes the types and amounts of qualified investment activity:

Summary of Qualified Investments as of December 31, 2003 (\$ in thousands)						
Type	#	Amount	New Money	Affordable Housing	Community Services	Economic Development
CRA Investment Fund	4	2,585.1	2,585.1	2,585.1	0	0
NYBDC	1	50.8	0	0	0	50.8
Subtotal - Investments	5	2,635.9	2,585.1	2,585.1	0	50.8
Grants	66	232.8	232.8	51.8	164.5	16.5
FHLB of NY (AHP)	2	24.7	24.7	24.7	0	0
Subtotal - Grants	68	257.5	257.5	76.5	164.5	16.5
Total	73	2,893.4	2,842.6	2661.6	164.5	67.3
Percent of Total	--	100.0%	98.2%	92.0%	5.7%	2.3%

III. Service Test: “High Satisfactory”

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

Accessibility of Delivery Systems – “Low Satisfactory”

The bank's delivery system is reasonably accessible to essentially all portions of the assessment area. All seven of the branches are located in middle-income census tracts; however, three branches (42.9%) are adjacent to LMI tracts. Six of USB's seven branches have 24-hour bi-lingual (English and Spanish) Automated Teller Machines (“ATMs”). The Wall Street branch in Kingston does not have a 24-hour ATM.

The following chart shows the distribution of USB branches in the assessment area by county, by census tract income level, and by proximity to LMI geographies.

USB Branch Locations by County and Census Tract as of December 31, 2003				
County	Total Branches	Branches in Middle-Income Tracts	Branches Adjacent to LMI Tracts	County as % of Total
Dutchess	2	2	1	28.6
Ulster	5	5	2	71.4
Bank Total	7	7	3	100.0
% of Total Branches	100.0	100.0	42.9	

Changes in Branch locations – “High Satisfactory”

The bank’s record of opening and closing of branches has not adversely affected the accessibility of its delivery system, particularly to LMI geographies or individuals. USB opened two branches in Ulster County during the evaluation period, both of which were located in middle-income census tracts. The bank has not closed any of its branches since the previous examination.

Business Hours and Services – “High Satisfactory”

The branches’ business hours do not vary in a way that inconveniences certain portions of the communities in which the bank operates. General weekday banking hours start at 9:00AM and end at 4:30 PM or 5:00 PM from Monday through Thursday. Extended evening hours until 5:30 PM are offered on Fridays. Saturday hours are available at five branches. In addition, all branch locations offer drive-up services.

USB provides an array of deposit and loan products. In addition, the bank provides other products and services, including financial planning, annuities, mutual funds and securities. USB also offers insurance products through a subsidiary.

USB offers products and services affordable to low- and moderate-income people, including free basic banking accounts and statement savings accounts with no minimum balance requirements. Furthermore, the bank offers free travelers checks for any person who has social security payments direct-deposited into their accounts.

As alternative delivery systems, USB offers online, telephone and bank-by-mail services. In addition, the bank provides cash management services for small to mid-size businesses.

Online Banking

USB offers an online banking service that allows customers to obtain current account information via the Internet. Using this service, customers can review their accounts, transfer money, and pay bills electronically.

Telephone Banking

USB offers automated telephone banking that allows customers to obtain current account information, transfer funds, check interest rates for deposit and loan products, and make loan payments. This service is available 24 hours per day, 7 days per week.

Bank by Mail

Bank customers can use USB’s bank-by-mail service to make deposits, withdrawals and loan payments.

Community Development Services: “High satisfactory”

USB provides a relatively high level of community development services. Bank management and other staff work with local non-profit organizations that either provide community-based services or promote economic development opportunities for small businesses within USB’s assessment area. These efforts are summarized below.

USB’s senior managers and officers served several community development organizations as board members and in various other capacities. As part of their efforts, these individuals provided technical assistance or financial advice to the organizations. Among the groups served were: Rural Ulster Preservation Company, Mid-Hudson Pattern for Progress Board, Ulster County Workforce Development, The United Way, and the YMCA.

USB sponsored or participated in affordable housing seminars and first-time homebuyer seminars for low- and moderate-income individuals. Each November, USB also sponsors a community luncheon that focuses on community and economic development programs. In addition, USB sponsors and participates in the annual fair housing seminar offered by the Ulster County Board of Realtors. This seminar discusses fair housing issues as well as underwriting criteria for affordable housing loans.

Student Savers Club: In 1998, USB started a school savings program for students. Currently, this program has approximately 1,500 participants. Accounts opened through this program pay interest, do not have any monthly fees, and have a minimum balance of only \$5. As part of the program, participating students and their parents attend presentations that teach them about banking products.

First Home Club: USB offers a First Home Club savings account. This account, which is dedicated to low- and moderate-income individuals, helps people accumulate money toward down payment and closing costs. Once participants meet their savings goal, the Federal Home Loan Bank of New York matches their savings at a ratio of 3:1 to a maximum of \$5,000 in matching funds. Currently USB’s First Home Club has 199 members who are saving to purchase homes. Since the inception of the program, 136 participants have successfully completed the program and purchased a home.

Tax preparation and services: USB routinely provides discounted tax preparation and bookkeeping services for non-profit organizations.

USB has started offering Electronic Transfer Accounts (ETAs), which allow welfare recipients to receive their benefit payments via direct deposit.

- **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 noted no practices that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance and fair lending examinations were conducted concurrently with this evaluation. These examinations indicate that USB has maintained 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.

As part of the bank's efforts to ascertain the credit needs of its local community, USB employees are involved with many local organizations. These organizations, which are involved with affordable housing and other community development activities, include the Ulster County Development Corporation, Rural Ulster Preservation Company, the Shandaken Housing Association to Rehabilitate Phoenicia and the Strand Community Organization to Rehabilitate the Environment, among others.

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.

USB's marketing department conducts extensive outreach to make the community aware of the bank's credit services. USB advertises in newspapers and monthly publications, on radio, cable television and billboards, and on the bank's internet site. In addition, USB sends advertisements via direct mail and participates in numerous business expos and community forums.

To provide additional outreach targeted to low- and moderate-income individuals, a bank officer participates in organizations that provide credit-related seminars and housing assistance programs.

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 bank's Board of Trustees, officers and employees are involved in an ongoing assessment of the bank's market areas. The Board of Trustees exercises oversight of CRA activities and performance through its annual review and approval of the CRA statement that describes USB's CRA policies and programs. The Board also reviews the annual self-assessment prepared by the CRA officer, and receives a quarterly update from USB's CRA committee.

The bank's CRA committee consists of the CRA officer, all three members of the executive management team, the bank auditor, the consumer loan officer, the marketing officer, the compliance officer and two representatives from the loan originations department. The committee meets at least quarterly to develop and review the bank's CRA activities.

- **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.

Ulster Savings Charitable Foundation (USCF)

USCF, established in January 2003, is a charitable foundation that makes grants and donations to local civic and charitable organizations. The foundation was created with an initial deposit of \$500 thousand, and an additional deposit of \$250 thousand was made in January 2004.

Section 5

HMDA LOAN ORIGINATIONS/PURCHASES -- YEAR 2002
GEOGRAPHY INCOME LEVEL DISTRIBUTION -- NUMBER OF LOANS

County/Area % of Total A/A Loans	Geography Income Level	Home Purchase				Refinancing				Home Improvement				Multifamily		Total			
		Bank #	Bank %	Agg. #	Agg. %	Bank #	Bank %	Agg. #	Agg. %	Bank #	Bank %	Agg. #	Agg. %	Bank #	Bank %	Bank #	Bank %	Agg. #	Agg. %
Dutchess	low	4	4.65	69	1.63	3	3.57	89	1.08	2	11.76	22	2.94	1	100.00	10	5.32	183	1.38
	moderate	8	9.30	349	8.23	4	4.76	525	6.39	0	0.00	47	6.28	0	0.00	12	6.38	927	7.00
	middle	63	73.26	3,115	73.42	62	73.81	6,111	74.36	13	76.47	577	77.04	0	0.00	138	73.40	9,817	74.18
	upper	11	12.79	708	16.69	15	17.86	1,491	18.14	2	11.76	102	13.62	0	0.00	28	14.89	2,302	17.39
	zero & NAs	0	0.00	2	0.05	0	0.00	2	0.02	0	0.00	1	0.13	0	0.00	0	0.00	5	0.04
13.8	total	86	100.00	4,243	100.00	84	100.00	8,218	100.00	17	100.00	749	100.00	1	100.00	188	100.00	13,234	100.00
Orange	low	1	0.70	175	2.96	1	0.98	144	1.61	0	0.00	13	1.28	0	0.00	2	0.69	332	2.09
	moderate	9	6.34	544	9.21	3	2.94	482	5.39	2	4.65	67	6.60	0	0.00	14	4.86	1,098	6.92
	middle	79	55.63	3,163	53.54	52	50.98	4,462	49.94	19	44.19	523	51.53	0	0.00	150	52.08	8,155	51.36
	upper	53	37.32	2,026	34.29	46	45.10	3,847	43.06	22	51.16	412	40.59	1	100.00	122	42.36	6,292	39.63
	zero & NAs	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
21.2	total	142	100.00	5,908	100.00	102	100.00	8,935	100.00	43	100.00	1,015	100.00	1	100.00	288	100.00	15,877	100.00
Ulster	low	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	moderate	17	3.80	49	2.51	9	2.89	69	2.14	2	1.71	18	3.23	0	0.00	28	3.17	136	2.36
	middle	171	38.26	735	37.58	118	37.94	1,039	32.28	49	41.88	208	37.28	5	62.50	343	38.84	1,992	34.63
	upper	259	57.94	1,172	59.92	184	59.16	2,111	65.58	66	56.41	332	59.50	3	37.50	512	57.98	3,625	63.01
	zero & NAs	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
65.0	total	447	100.00	1,956	100.00	311	100.00	3,219	100.00	117	100.00	558	100.00	8	100.00	883	100.00	5,753	100.00
A/A Total	low	5	0.74	244	2.02	4	0.80	233	1.14	2	1.13	35	1.51	1	10.00	12	0.88	515	1.48
	moderate	34	5.04	942	7.78	16	3.22	1,076	5.28	4	2.26	132	5.68	0	0.00	54	3.97	2,161	6.20
	middle	313	46.37	7,013	57.93	232	46.68	11,612	57.00	81	45.76	1,308	56.33	5	50.00	631	46.43	19,964	57.26
	upper	323	47.85	3,906	32.26	245	49.30	7,449	36.56	90	50.85	846	36.43	4	40.00	662	48.71	12,219	35.05
	zero & NAs	0	0.00	2	0.02	0	0.00	2	0.01	0	0.00	1	0.04	0	0.00	0	0.00	5	0.01
100.0	total	675	100.00	12,107	100.00	497	100.00	20,372	100.00	177	100.00	2,322	100.00	10	100.00	1,359	100.00	34,864	100.00

Sources of data: Bank (bank loans and assessment area); FFIEC (aggregate loans); and 1990 Census (geography income levels)

HMDA LOAN ORIGINATIONS/PURCHASES -- YEAR 2003									
GEOGRAPHY INCOME LEVEL DISTRIBUTION -- NUMBER OF LOANS									
County/Area % of Total A/A Loans	Geography Income Level	Home Purchase		Refinancing		Home Improvement		Total	
		Bank #	Bank %	Bank #	Bank %	Bank #	Bank %	Bank #	Bank %
Dutchess	low	9	15.00	4	4.04	1	5.00	14	7.82
	moderate	3	5.00	10	10.10	3	15.00	16	8.94
	middle	37	61.67	67	67.68	11	55.00	115	64.25
	upper	11	18.33	18	18.18	5	25.00	34	18.99
	zero & NAs	0	0.00	0	0.00	0	0.00	0	0.00
	11.4	total	60	100.00	99	100.00	20	100.00	179
Orange	low	4	2.84	2	0.90	0	0.00	6	1.49
	moderate	10	7.09	14	6.28	0	0.00	24	5.96
	middle	84	59.57	121	54.26	20	51.28	225	55.83
	upper	43	30.50	86	38.57	19	48.72	148	36.72
	zero & NAs	0	0.00	0	0.00	0	0.00	0	0.00
	25.7	total	141	100.00	223	100.00	39	100.00	403
Ulster	low	0	0.00	0	0.00	0	0.00	0	0.00
	moderate	24	5.36	14	3.17	5	5.26	43	4.37
	middle	219	48.88	179	40.59	38	40.00	436	44.31
	upper	205	45.76	248	56.24	52	54.74	505	51.32
	zero & NAs	0	0.00	0	0.00	0	0.00	0	0.00
	62.8	total	448	100.00	441	100.00	95	100.00	984
A/A Total	low	13	2.00	6	0.79	1	0.65	20	1.28
	moderate	37	5.70	38	4.98	8	5.19	83	5.30
	middle	340	52.39	367	48.10	69	44.81	776	49.55
	upper	259	39.91	352	46.13	76	49.35	687	43.87
	zero & NAs	0	0.00	0	0.00	0	0.00	0	0.00
	100.0	total	649	100.00	763	100.00	154	100.00	1,566

Sources of data: Bank (bank loans and assessment area); and 2000 Census (geography income levels)

HMDA LOAN ORIGINATIONS/PURCHASES -- YEAR 2002
GEOGRAPHY INCOME LEVEL DISTRIBUTION -- VOLUME OF LOANS IN THOUSANDS OF DOLLARS

County/Area % of Total A/A Loans	Geography Income Level	Home Purchase				Refinancing				Home Improvement				Multifamily				Total			
		Bank \$	Bank %	Agg. \$	Agg. %	Bank \$	Bank %	Agg. \$	Agg. %	Bank \$	Bank %	Agg. \$	Agg. %	Bank \$	Bank %	Agg. \$	Agg. %	Bank \$	Bank %	Agg. \$	Agg. %
Dutchess	low	322	2.44	7,558	0.82	234	2.28	8,408	0.61	61	13.38	788	2.89	225	100.00	503	2.34	842	3.48	17,257	0.74
	moderate	963	7.28	53,272	5.79	577	5.62	80,815	5.86	0	0.00	1,212	4.44	0	0.00	12,619	58.83	1,540	6.37	147,918	6.30
	middle	9,931	75.11	712,713	77.46	7,427	72.28	1,066,161	77.37	327	71.71	21,189	77.58	0	0.00	8,212	38.28	17,685	73.15	1,808,275	77.05
	upper	2,006	15.17	146,362	15.91	2,037	19.82	222,377	16.14	68	14.91	4,122	15.09	0	0.00	116	0.54	4,111	17.00	372,977	15.89
	zero & NAs	0	0.00	220	0.02	0	0.00	269	0.02	0	0.00	2	0.01	0	0.00	0	0.00	0	0.00	491	0.02
15.2	total	13,222	100.00	920,125	100.00	10,275	100.00	1,378,030	100.00	456	100.00	27,313	100.00	225	100.00	21,450	100.00	24,178	100.00	2,346,918	100.00
Orange	low	127	0.56	21,761	2.07	41	0.35	20,278	1.57	0	0.00	673	1.75	0	0.00	0	0.00	168	0.47	42,712	1.77
	moderate	922	4.07	51,161	4.86	310	2.68	42,951	3.32	52	3.52	1,672	4.34	0	0.00	661	3.07	1,284	3.58	96,445	4.01
	middle	11,944	52.78	482,471	45.83	6,007	51.86	575,922	44.51	729	49.39	18,503	48.00	0	0.00	12,760	59.27	18,680	52.11	1,089,656	45.28
	upper	9,638	42.59	497,255	47.24	5,225	45.11	654,622	50.60	695	47.09	17,701	45.92	155	100.00	8,107	37.66	15,713	43.84	1,177,685	48.94
	zero & NAs	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
22.6	total	22,631	100.00	1,052,648	100.00	11,583	100.00	1,293,773	100.00	1,476	100.00	38,549	100.00	155	100.00	21,528	100.00	35,845	100.00	2,406,498	100.00
Ulster	low	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	moderate	1,766	3.15	5,094	0.91	1,122	3.09	50,130	8.71	55	1.36	566	2.61	0	0.00	0	0.00	2,943	2.98	55,790	4.74
	middle	21,707	38.72	258,263	46.19	13,009	35.88	266,152	46.27	1,784	44.20	7,468	34.38	1,662	68.28	3,559	17.24	38,162	38.63	535,442	45.50
	upper	32,582	58.13	295,770	52.90	22,128	61.03	258,981	45.02	2,197	54.44	13,690	63.02	772	31.72	17,082	82.76	57,679	58.39	585,523	49.76
	zero & NAs	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
62.2	total	56,055	100.00	559,127	100.00	36,259	100.00	575,263	100.00	4,036	100.00	21,724	100.00	2,434	100.00	20,641	100.00	98,784	100.00	1,176,755	100.00
A/A Total	low	449	0.49	29,319	1.16	275	0.47	28,686	0.88	61	1.02	1,461	1.67	225	8.00	503	0.79	1,010	0.64	59,969	1.01
	moderate	3,651	3.97	109,527	4.33	2,009	3.46	173,896	5.36	107	1.79	3,450	3.94	0	0.00	13,280	20.87	5,767	3.63	300,153	5.06
	middle	43,582	47.42	1,453,447	57.41	26,443	45.50	1,908,235	58.77	2,840	47.59	47,160	53.84	1,662	59.06	24,531	38.56	74,527	46.93	3,433,373	57.90
	upper	44,226	48.12	939,387	37.10	29,390	50.57	1,135,980	34.98	2,960	49.60	35,513	40.55	927	32.94	25,305	39.78	77,503	48.80	2,136,185	36.02
	zero & NAs	0	0.00	220	0.01	0	0.00	269	0.01	0	0.00	2	0.00	0	0.00	0	0.00	0	0.00	491	0.01
100.0	total	91,908	100.00	2,531,900	100.00	58,117	100.00	3,247,066	100.00	5,968	100.00	87,586	100.00	2,814	100.00	63,619	100.00	158,807	100.00	5,930,171	100.00

Sources of data: Bank (bank loans and assessment area); FFIEC (aggregate loans); and 1990 Census (geography income levels).

HMDA LOAN ORIGINATIONS/PURCHASES -- YEAR 2003

GEOGRAPHY INCOME LEVEL DISTRIBUTION -- VOLUME OF LOANS IN THOUSANDS OF DOLLARS

County/Area % of Total A/A Loans	Geography Income Level	Home Purchase		Refinancing		Home Improvement		Total	
		Bank \$	Bank %	Bank \$	Bank %	Bank \$	Bank %	Bank \$	Bank %
Dutchess	low	1,041	9.79	240	1.65	80	9.30	1,361	5.23
	moderate	516	4.85	1,611	11.10	82	9.53	2,209	8.49
	middle	6,868	64.57	9,642	66.42	398	46.28	16,908	65.00
	upper	2,212	20.80	3,023	20.83	300	34.88	5,535	21.28
	zero & NAs	0	0.00	0	0.00	0	0.00	0	0.00
12.2	total	10,637	100.00	14,516	100.00	860	100.00	26,013	100.00
Orange	low	395	1.55	155	0.50	0	0.00	550	0.93
	moderate	1,030	4.04	1,526	4.89	0	0.00	2,556	4.34
	middle	14,192	55.65	15,303	49.01	1,078	49.88	30,573	51.92
	upper	9,886	38.76	14,242	45.61	1,083	50.12	25,211	42.81
	zero & NAs	0	0.00	0	0.00	0	0.00	0	0.00
27.7	total	25,503	100.00	31,226	100.00	2,161	100.00	58,890	100.00
Ulster	low	0	0.00	0	0.00	0	0.00	0	0.00
	moderate	2,346	3.42	1,152	2.12	154	3.10	3,652	2.85
	middle	27,321	39.82	20,936	38.50	2,080	41.83	50,337	39.34
	upper	38,948	56.76	32,290	59.38	2,739	55.08	73,977	57.81
	zero & NAs	0	0.00	0	0.00	0	0.00	0	0.00
60.1	total	68,615	100.00	54,378	100.00	4,973	100.00	127,966	100.00
A/A Total	low	1,436	1.37	395	0.39	80	1.00	1,911	0.90
	moderate	3,892	3.72	4,289	4.28	236	2.95	8,417	3.95
	middle	48,381	46.18	45,881	45.83	3,556	44.48	97,818	45.95
	upper	51,046	48.73	49,555	49.50	4,122	51.56	104,723	49.20
	zero & NAs	0	0.00	0	0.00	0	0.00	0	0.00
100.0	total	104,755	100.00	100,120	100.00	7,994	100.00	212,869	100.00

Sources of data: Bank (bank loans and assessment area); and 2000 Census (geography income levels).

1-4 FAMILY HMDA LOAN ORIGINATIONS/PURCHASES -- YEAR 2002
BORROWER INCOME LEVEL DISTRIBUTION -- NUMBER OF LOANS

County/Area % of Total A/A Loans	Borrower Income Level	Home Purchase				Refinancing				Home Improvement				Total			
		Bank #	Bank %	Agg. #	Agg. %	Bank #	Bank %	Agg. #	Agg. %	Bank #	Bank %	Agg. #	Agg. %	Bank #	Bank %	Agg. #	Agg. %
Dutchess	low	6	6.98	223	5.26	3	3.57	368	4.48	3	17.65	67	8.95	12	6.42	658	4.98
	moderate	24	27.91	835	19.68	18	21.43	1,418	17.25	2	11.76	156	20.83	44	23.53	2,409	18.24
	middle	25	29.07	1,217	28.68	25	29.76	2,304	28.04	3	17.65	210	28.04	53	28.34	3,731	28.24
	upper	27	31.40	1,776	41.86	33	39.29	3,324	40.45	7	41.18	268	35.78	67	35.83	5,368	40.64
	zero & NAs	4	4.65	192	4.53	5	5.95	804	9.78	2	11.76	48	6.41	11	5.88	1,044	7.90
	13.9 total		86	100.00	4,243	100.00	84	100.00	8,218	100.00	17	100.00	749	100.00	187	100.00	13,210
Orange	low	3	2.11	182	3.08	0	0.00	205	2.29	0	0.00	44	4.33	3	1.05	431	2.72
	moderate	19	13.38	841	14.23	16	15.69	922	10.32	3	6.98	130	12.81	38	13.24	1,893	11.94
	middle	45	31.69	1,603	27.13	28	27.45	2,236	25.03	11	25.58	270	26.60	84	29.27	4,109	25.91
	upper	71	50.00	3,037	51.40	56	54.90	4,771	53.40	25	58.14	500	49.26	152	52.96	8,308	52.39
	zero & NAs	4	2.82	245	4.15	2	1.96	801	8.96	4	9.30	71	7.00	10	3.48	1,117	7.04
	21.3 total		142	100.00	5,908	100.00	102	100.00	8,935	100.00	43	100.00	1,015	100.00	287	100.00	15,858
Ulster	low	11	2.46	32	1.64	5	1.61	52	1.62	4	3.42	19	3.41	20	2.29	103	1.80
	moderate	57	12.75	168	8.59	26	8.36	235	7.30	5	4.27	62	11.11	88	10.06	465	8.11
	middle	106	23.71	423	21.63	64	20.58	686	21.31	12	10.26	114	20.43	182	20.80	1,223	21.33
	upper	256	57.27	1,227	62.73	194	62.38	1,947	60.48	68	58.12	301	53.94	518	59.20	3,475	60.61
	zero & NAs	17	3.80	106	5.42	22	7.07	299	9.29	28	23.93	62	11.11	67	7.66	467	8.15
	64.9 total		447	100.00	1,956	100.00	311	100.00	3,219	100.00	117	100.00	558	100.00	875	100.00	5,733
A/A Total	low	20	2.96	437	3.61	8	1.61	625	3.07	7	3.95	130	5.60	35	2.59	1,192	3.43
	moderate	100	14.81	1,844	15.23	60	12.07	2,575	12.64	10	5.65	348	14.99	170	12.60	4,767	13.70
	middle	176	26.07	3,243	26.79	117	23.54	5,226	25.65	26	14.69	594	25.58	319	23.65	9,063	26.04
	upper	354	52.44	6,040	49.89	283	56.94	10,042	49.29	100	56.50	1,069	46.04	737	54.63	17,151	49.28
	zero & NAs	25	3.70	543	4.49	29	5.84	1,904	9.35	34	19.21	181	7.80	88	6.52	2,628	7.55
	100.0 total		675	100.00	12,107	100.00	497	100.00	20,372	100.00	177	100.00	2,322	100.00	1,349	100.00	34,801

Sources of data: Bank (bank loans and assessment area); FFIEC (aggregate loans); and 1990 Census (geography income levels).

1-4 FAMILY HMDA LOAN ORIGINATIONS/PURCHASES -- YEAR 2003									
BORROWER INCOME LEVEL DISTRIBUTION -- NUMBER OF LOANS									
County/Area % of Total A/A Loans	Borrower Income Level	Home Purchase		Refinancing		Home Improvement		Total	
		Bank #	Bank %	Bank #	Bank %	Bank #	Bank %	Bank #	Bank %
Dutchess	low	3	5.00	7	7.07	1	5.00	11	6.15
	moderate	15	25.00	20	20.20	4	20.00	39	21.79
	middle	16	26.67	25	25.25	5	25.00	46	25.70
	upper	20	33.33	40	40.40	7	35.00	67	37.43
	zero & NAs	6	10.00	7	7.07	3	15.00	16	8.94
	11.4 total		60	100.00	99	100.00	20	100.00	179
Orange	low	0	0.00	8	3.59	2	5.13	10	2.48
	moderate	27	19.15	39	17.49	2	5.13	68	16.87
	middle	40	28.37	58	26.01	10	25.64	108	26.80
	upper	73	51.77	114	51.12	17	43.59	204	50.62
	zero & NAs	1	0.71	4	1.79	8	20.51	13	3.23
	25.7 total		141	100.00	223	100.00	39	100.00	403
Ulster	low	16	3.57	6	1.36	4	4.21	26	2.64
	moderate	52	11.61	49	11.11	8	8.42	109	11.08
	middle	99	22.10	101	22.90	21	22.11	221	22.46
	upper	260	58.04	266	60.32	52	54.74	578	58.74
	zero & NAs	21	4.69	19	4.31	10	10.53	50	5.08
	62.8 total		448	100.00	441	100.00	95	100.00	984
A/A Total	low	19	2.93	21	2.75	7	4.55	47	3.00
	moderate	94	14.48	108	14.15	14	9.09	216	13.79
	middle	155	23.88	184	24.12	36	23.38	375	23.95
	upper	353	54.39	420	55.05	76	49.35	849	54.21
	zero & NAs	28	4.31	30	3.93	21	13.64	79	5.04
	100.0 total		649	100.00	763	100.00	154	100.00	1,566

Sources of data: Bank (bank loans and assessment area); and 2000 Census (geography income levels)

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:

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- 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;

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- ❖ 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.