



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, 2005

Institution: Capital Bank & Trust Company
7 Southwoods Boulevard
Albany, NY 12211

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 Capital Bank & Trust Company (“CBT”) 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, 2005.

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 the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. 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

Capital Bank & Trust Company is rated "2," indicating a satisfactory record of helping to meet community credit needs. This rating is based on the following factors:

- ***Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities:*** CBT's LTD ratio is reasonable considering CBT's size, financial condition and the credit needs of its assessment area. CBT made a community development loan and a qualified investment aggregating \$900 thousand.
- ***Assessment Area Concentration:*** CBT originated a majority of its small business loans inside the assessment area.
- ***Geographic Distribution of Loans:*** The geographic distribution of CBT's small business loans reflects reasonable dispersion among census tracts of different income levels.
- ***Distribution by Borrowers Characteristics:*** The distribution of CBT's small business loans reflects reasonable penetration among businesses of different revenue sizes.
- Neither CBT nor the New York State Banking Department received any complaints with respect to CBT'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:

CBT is a commercial bank founded in 1995. CBT is headquartered in the Town of Colonie in Albany County.

CBT operates three banking offices: two are in Albany County and one is in Saratoga County. Supplementing regular teller service, CBT provides automated teller machine ("ATM") services at two of its branch offices. The branch located in Saratoga County, which is equipped with an ATM, was opened in 2005. Additionally, CBT established a loan production office in Saratoga County in 2005.

As per CBT's December 31, 2005 Consolidated Report of Condition (the Call Report) submitted to the Federal Deposit Insurance Corporation ("FDIC"), CBT had total assets of \$155.9 million, of which \$116.2 million were net loans and lease finance receivables. The bank also reported total deposits of \$139.4 million, resulting in a LTD ratio of 83.4%.

According to the latest available comparative deposit data dated June 30, 2005, CBT obtained a market share of 0.77%, or \$127.5 million out of \$16.7 billion inside its market, ranking it 13th among 21 deposit-taking institutions in Albany and Saratoga Counties.

CBT is primarily a commercial lender. As of December 31, 2005, commercial mortgage loans represented 38.8% of CBT's loan portfolio; commercial and industrial loans represented 21.0%. Since the previous evaluation, CBT's commercial mortgage loans increased by 50.7% while commercial and industrial loans decreased by 20.4%.

The 1-4 family residential mortgage loans increased from \$4.1 million in 2003 to \$29.0 million in 2005 because of loans purchased by CBT. While this type of loan accounts for 24.7% of the portfolio, it is not one of CBT's customary loan products.

The following table illustrates CBT's loan portfolio, based on Schedule RC-C of CBT's December 31, 2003, December 31, 2004 and December 31, 2005 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2003		12/31/2004		12/31/2005	
	\$*	%	\$*	%	\$*	%
1-4 Family Residential Mortgage Loans	4,137	6.0	7,470	10.7	29,037	24.7
Commercial & Industrial Loans	31,039	45.3	22,689	32.5	24,708	21.0
Commercial Mortgage Loans	30,240	44.1	32,476	46.4	45,584	38.8
Multifamily Mortgages	1,995	2.9	2,422	3.5	2,087	1.8
Consumer Loans	937	1.4	478	0.7	245	0.2
Construction Loans	194	0.3	4,349	6.2	14,526	12.4
Other Loans	21	0.0	21	0.0	2	0.0
Lease financing	0	0.0	0	0.0	1,409	1.2
Total Gross Loans	68,563	100.0	69,905	100.0	117,598	100.0

*In thousands.

CBT is an approved Small Business Administration (“SBA”) lender, but did not originate any SBA loans during the evaluation period.

CBT received a rating of “2,” reflecting a satisfactory record of helping to meet community credit needs at its prior Performance Evaluation conducted by the New York State Banking Department as of December 31, 2003.

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

Assessment Area:

CBT’s assessment area is comprised of Albany and Saratoga Counties. Saratoga County was added to the assessment area since the previous evaluation. There are 118 census tracts in the assessment area, of which 10 are low-income, 19 are moderate-income, 59 are middle-income, 29 are upper-income and one is zero-income.

The following chart illustrates the distribution census tracts inside the assessment area:

Distribution of Assessment Area Census Tracts by Geography Income Level							
County	Zero	Low	Moderate	Middle	Upper	Total	LMI %
Albany	0	10	10	35	18	73	27.4
Saratoga	1	0	9	24	11	45	20.0
Total	1	10	19	59	29	118	24.6

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

Details of the Assessment Area

Economic and statistical data used in this evaluation were derived from various sources. The demographic data was obtained from the 2000 U.S. Census. The 2002 and 2003 updated median family income figures were obtained from Department of Housing and Urban Development (“HUD”) estimates.

Business Demographics

There were about 36 thousand businesses operating within the assessment area during the evaluation period. Almost 61% of the businesses reported revenues of \$1 million or less, 6% reported revenues greater than \$1 million and 33% did not report their revenues. Approximately three-quarters of all the businesses within the assessment area employed fewer than 50 employees and about 85% operated from a single location.

The following table depicts the distribution of businesses by industry type:

Distribution of Businesses within Assessment Area								
Type	Albany				Saratoga			
	2004		2005		2004		2005	
	Count	% of Total						
Agriculture, Forestry & Fishing	400	1.7	429	1.7	369	3.2	392	3.0
Mining	5	0.0	4	0.0	5	0.0	4	0.0
Construction	1,558	6.8	1,665	6.8	1,117	9.5	1,207	9.4
Manufacturing	651	2.8	667	2.7	425	3.6	444	3.5
Transportation, Communication	795	3.5	815	3.3	391	3.3	399	3.1
Wholesale Trade	964	4.2	953	3.9	416	3.6	418	3.3
Retail Trade	3,547	15.5	3,724	15.2	1,973	16.9	2,066	16.1
Finance, Insurance & Real Estate	1,777	7.8	1,900	7.7	842	7.2	884	6.9
Services	9,790	42.8	10,014	40.8	4,759	40.7	4,912	38.2
Public Administration	937	4.1	958	3.9	174	1.5	184	1.4
Non-Classified Establishments	2,443	10.7	3,437	14.0	1,227	10.5	1,947	15.1
Total	22,867	100.0	24,566	100.0	11,698	100.0	12,857	100.0

Unemployment Statistics

According to the U.S. Department of Labor, Bureau of Labor Statistics, in Albany County, the annual unemployment rate for 2004 was 4.1% and for the month of December 2005, it was 3.7%. In Saratoga County, the annual unemployment rate for 2004 was 3.8% and for December 2005, it was 3.6%. The rates in both counties were lower than New York State's annual rate of 5.8% for 2004 and 5.0% for December 2005.

Additional Information

The following charts show additional demographic data for each county comprising CBT's assessment area.

Chart #1: Population and income

Chart #2: Business demographics

CHART # 1

CAPITAL BANK & TRUST COMPANY

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	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
Albany	294,565	42,594	14.5	58,633	19.9	57,868	64,600	120,645	12,933	10.7	71,266	13,940	19.6	12,487	17.5	15,771	22.1	29,068	40.8	10,012	37.9
Saratoga	200,635	22,984	11.5	44,517	22.2	59,488	64,600	78,226	4,686	6.0	54,000	8,346	15.5	10,158	18.8	12,752	23.6	22,744	42.1	3,602	19.5
TOTAL A/A*	495,200	65,578	13.2	103,150	20.8	58,566	64,600	198,871	17,619	8.9	125,266	22,286	17.8	22,645	18.1	28,523	22.8	51,812	41.4	13,614	30.3

*Assessment Area

CHART # 2

CAPITAL BANK & TRUST COMPANY

BUSINESS DEMOGRAPHICS BY COUNTY (2005)											
COUNTY AND ASSESSMENT AREA(A/A)	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Businesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
Albany	24,566	14,240	58.0	1,551	6.3	8,775	35.7	18,340	74.7	20,312	82.7
Saratoga	12,857	8,283	64.4	633	4.9	3,941	30.7	9,892	76.9	11,504	89.5
Total A/A	37,423	22,523	60.2	2,184	5.8	12,716	34.0	28,232	75.4	31,816	85.0

BUSINESS DEMOGRAPHICS BY COUNTY (2004)											
COUNTY AND ASSESSMENT AREA(A/A)	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Businesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
Albany	22,867	13,543	59.2	1,564	6.8	7,760	33.9	17,344	75.8	18,514	81.0
Saratoga	11,698	7,826	66.9	616	5.3	3,256	27.8	9,359	80.0	10,321	88.2
Total A/A	34,565	21,369	61.8	2,180	6.3	11,016	31.9	26,703	77.3	28,835	83.4

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

CBT'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 evaluation period covered calendar years 2004 and 2005. Examiners selected a sample from CBT's 367 commercial loans originated during 2004 and 2005 to evaluate factors (2), (3) and (4), as noted above. Aggregate data for small business lending for 2004 is shown only for comparative purpose because CBT is not part of the market aggregate. Aggregate small business lending data for 2005 was not available when this evaluation was conducted. HMDA-reportable loans, which consisted primarily of purchased mortgages, were not considered, as they are not CBT's customary loan product.

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

CBT's LTD ratio is reasonable considering CBT's size, financial condition and the credit needs of the assessment area.

CBT's average LTD ratio for the eight quarters that ended December 31, 2005, was 71.36%, which is lower than the peer group's average of 81.39%. These ratios were calculated from information shown in CBT's Uniform Bank Performance Report ("UBPR") prepared by the FDIC. CBT's peer group as of December 31, 2005, includes all commercial banks having assets between \$100 million and \$300 million operating in a metropolitan area and having three or more full service offices.

As the table below shows, CBT's ratios fluctuated widely during the evaluation period, but stabilized towards the end of 2005. The variation in CBT's ratios is attributed to the accumulation of deposits, which were later used to purchase mortgages. CBT was part of three different UBPR peer groups over the two-year evaluation period, which accounts for the fluctuation in the peer group's ratios.

Loan-to-Deposit Ratios									
	2004 3/31	2004 6/30	2004 9/30	2004 12/31	2005 3/31	2005 6/30	2005 9/30	2005 12/31	Average
CBT	81.43	81.51	53.17	59.22	59.12	72.10	80.99	83.35	71.36
Peer	76.57	77.74	83.51	84.00	84.09	81.72	81.77	81.70	81.39

Community Development Activities

CBT enhanced the availability of credit in its assessment area through providing a \$450 thousand unsecured revolving line of credit and a \$450 thousand qualified investment to the Community Preservation Corporation, a community development organization focused

on providing affordable housing.

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

During the evaluation period, CBT originated a majority of its small business loans within the assessment area.

In 2004, 64.9% of the number and 49.1% of the dollar volume of CBT’s small business loans were extended within the assessment area. In 2005, the concentration of small business loans CBT originated within the assessment area decreased slightly to 62.2%, based on number of loans and increased to 59.9% based on dollar volume.

The following table illustrates the distribution of small business loans CBT originated inside and outside of the assessment area during the evaluation period:

Distribution of Loans Inside and Outside of the Assessment Area										
Small Business Loans	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2004	24	64.9	13	35.1	37	3,855	49.1	3,989	50.9	7,844
2005	23	62.2	14	37.8	37	5,721	59.9	3,830	40.1	9,551
Total	47	63.5	27	36.5	74	9,576	55.1	7,819	44.9	17,395

- **Geographic Distribution of Loans: “Satisfactory”**

The geographic distribution of CBT’s small business loans reflects reasonable dispersion among census tracts of different income levels.

In 2004, CBT achieved an LMI-area penetration ratio of 8.4% compared to the market aggregate’s 16.6%. In 2005, CBT extended 30.4% of its small business loans in moderate-income areas, but did not extend any loans within a low-income area.

The following table illustrates the geographic distribution of CBT’s small business loans within the assessment area during the evaluation period:

Distribution of Small Business Loans by Geography Income Level*								
Geography Income Level	2004							
	Bank				Aggregate			
	#	%	\$**	%	#	%	\$**	%
Low	1	4.2	12	0.3	858	6.5	45,170	8.8
Moderate	1	4.2	21	0.5	1,344	10.1	56,178	11.0
Middle	8	33.3	1,836	47.6	6,924	52.0	256,079	50.1
Upper	14	58.3	1,986	51.6	4,183	31.4	154,147	30.1
Total	24	100.0	3,855	100.0	13,309	100.0	511,574	100.0
Geography Income Level	2005							
	Bank							
	#	%	\$**	%				
Low	0	0.0	0	0.0				
Moderate	7	30.4	2,020	35.3				
Middle	12	52.2	2,896	50.6				
Upper	4	17.4	805	14.1				
Total	23	100.0	5,721	100.0				

* Geography income level is based upon 2000 Census data on median family income figure for the MSA where the business is located. 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%.

** In thousands.

- **Distribution by Borrower Characteristics: “Satisfactory”**

The distribution of CBT’s small business loans based on borrower characteristics reflects reasonable penetration among businesses of different sizes.

In 2004, CBT extended 54.1% of its loans to businesses with annual revenues of \$1 million or less, which greatly exceeded the market aggregate’s 31.0% ratio. In 2005, the percentage of small business loans CBT extended to small businesses declined to 34.8%.

The following table illustrates the distribution of CBT’s small business loans among businesses of different sizes:

Distribution of Small Business Loans by Business Revenue Size								
Revenue Size	2004							
	Bank				Aggregate			
	#	%	\$*	%	#	%	\$*	%
\$1million or less	13	54.1	1,018	26.4	4,120	31.0	209,103	40.9
Over \$1 million	10	41.7	2,812	73.0	0	0.0	0	0.0
No Revenue Info	1	4.2	25	0.6	0	0.0	0	0.0
Total	24	100.0	3,855	100.0	13,309	100.0	511,574	100.0
Revenue Size	2005							
	Bank							
	#	%	\$*	%				
\$1million or less	8	34.8	1,606	28.1				
Over \$1 million	15	65.2	4,115	71.9				
No Revenue Info		0.0		0.0				
Total	23	100.0	5,721	100.0				

*In thousands.

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

Since the prior CRA evaluation as of December 31, 2003, neither CBT nor the New York State Banking Department has received any written complaints regarding CBT'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 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 recent regulatory compliance and fair lending examinations, conducted concurrently with this evaluation, 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.

CBT staff and Board of Directors ascertain community credit needs by being active in community organizations. CBT meets with the New York State Business Development Corporation in its efforts to assist small businesses.

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.

CBT did not conduct any marketing activities during the evaluation period.

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.

CBT's board of directors monitors CBT's CRA activities primarily through its audit committee.

- **Other Factors**

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

None noted.

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.