



**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: Riverside Bank
11-13 Garden Street
Poughkeepsie, NY 12601

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 Riverside Bank (“Riverside”) 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 rates 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

Riverside 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:*** Riverside's LTD ratio is reasonable considering its size, financial condition and the credit needs of its assessment area. Riverside's average LTD ratio for the eight consecutive quarters ending December 31, 2005, was 78.9%, which is slightly below the peer group's average of 81.1%. However, Riverside's LTD ratio increased significantly from the prior evaluation's ratio of 63.0%.

Riverside enhanced the availability of credit in its assessment area with a community development standby letter of credit totaling \$122 thousand.

- ***Assessment Area Concentration:*** Riverside originated a substantial majority of its small business loans inside the assessment area. During the evaluation period, Riverside extended 86.4% of the number and 82.7% of the dollar volume of its small business loans within the assessment area.
- ***Geographic Distribution of Loans:*** The geographic distribution of Riverside's small business loans reflects excellent dispersion among census tracts of different income levels.
- ***Distribution by Borrowers Characteristics:*** Riverside's small business lending distribution based on borrower characteristics reflects reasonable penetration among businesses of different revenue sizes.
- Neither Riverside nor the New York State Banking Department received any complaints with respect to its 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

The Institution Profile:

Riverside opened for business in 1988 as a New York State chartered commercial bank located in Poughkeepsie, New York. It is a publicly owned institution with four branches. Riverside provides service within a limited market area to small and medium sized businesses and individuals. Riverside offers basic deposit and loan products.

According to the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition ("Call Report") at December 31, 2005, Riverside reported total assets of \$133.0 million, of which \$109.2 million were net loans and lease finance receivables. It also reported deposits of \$120.2 million, resulting in a loan-to-deposit ratio of 90.9%.

According to the FDIC's latest available comparative deposit data, dated June 30, 2005, Riverside obtained a market share of 1.2% or \$127.8 million out of \$10.8 billion inside its market, ranking it 17th among 34 deposit-taking institutions in its assessment area. Further analysis shows that 79.4% of Riverside's total deposits come from customers located in Dutchess County.

The following table illustrates Riverside's loan portfolio based on Schedule RC-C of the bank's 2003, 2004 and 2005 year-end Call Reports:

GROSS LOANS OUTSTANDING						
LOAN TYPE	2003		2004		2005	
	(\$000's)	%	(\$000's)	%	(\$000's)	%
Commercial & Industrial Loans	41,453	56.4	50,319	53.1	57,127	51.6
Commercial Mortgage Loans	16,041	21.8	24,807	26.2	33,607	30.3
Construction Loans	9,893	13.4	13,510	14.2	10,142	9.2
Consumer Loans	2,182	3.0	2,295	2.4	3,317	3.0
1-4 Family Residential Mortgage Loans	1,981	2.7	2,076	2.2	2,012	1.8
Multifamily Residential Mortgage Loans	1,474	2.0	1,366	1.4	3,368	3.0
Agricultural Loans	0	0.0	469	0.5	510	0.5
Other Loans	484	0.7	0	0.0	718	0.6
Total Gross Loans	73,508	100.0	94,842	100.0	110,801	100.0

As demonstrated in the above table, Riverside is primarily a commercial lender. As of year, ended December 31, 2005, commercial loans comprised 81.9% of Riverside's loan portfolio. Other significant categories include construction loans, which represent 9.2% of the portfolio.

Although Riverside has placed its primary emphasis on commercial loans, it also offers consumer loan products. The type of loans Riverside offers include, but are not limited to the following:

- Corporate Business Loan
- Retail Installment Loan
- Overdraft checking
- Commercial Mortgages
- Residential Construction Loans
- Multi Dwelling Units
- Community Development Loans

Riverside has its main office located in a low-income area in Poughkeepsie. In addition to the main office, Riverside operates three full-service branches that are located in Red Oaks Mills and Fishkill in Dutchess County and Newburgh in Orange County. There were no branches opened or closed during the evaluation period.

Riverside does not operate ATMs at its offices; however, its customers may withdraw funds or make balance inquiries regarding Riverside accounts at any participating ATM without incurring any additional charges.

Riverside does not participate in any governmentally guaranteed or sponsored loan programs.

Riverside 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 for the evaluation period ending December 31, 2003.

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

Assessment Area:

Riverside’s assessment area has not changed since the prior examination; however, reflecting updated census data, the assessment area’s census tracts have been re-distributed. The assessment area is comprised of Dutchess County in its entirety, the northeastern portion of Orange County and the southern portion of Ulster County. The assessment area contains 97 census tracts, including 20 low or moderate-income (“LMI”) tracts, 61 middle-income tracts, 14 upper-income tracts and 2 zero-income tracts.

The following table summarizes the distribution of census tracts within Riverside's assessment area:

Distribution of Assessment Area Census Tracts by Income Level							
	Zero	Low	Moderate	Middle	Upper	Total	LMI %
Census Tracts	2	7	13	61	14	97	20.6
%	2.1	7.2	13.4	62.9	14.4	100.0	

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

Demographic & Economic Data

Economic and statistical data used in this evaluation were from various sources. The demographic data is from the 2000 U.S. Census. The 2004 and 2005 updated median family income figures are from the Department of Housing and Urban Development ("HUD") estimates.

According to 2005 Business Geodemographic Data, total businesses in the assessment area are as follows:

	2005						Total	
	Counties							
	Dutchess		Orange (P)		Ulster (P)		#	%
	#	%	#	%	#	%		
Assessment Area Businesses								
Agriculture, Forestry & Fishing	658	3.5	162	2.1	172	4.8	992	3.3
Mining	12	0.1	4	0.1	0	0.0	16	0.1
Construction	1,972	10.5	680	8.8	396	11.0	3,048	10.1
Manufacturing	591	3.2	243	3.2	112	3.1	946	3.2
Transportation, Communication	610	3.3	360	4.7	136	3.8	1,106	3.7
Wholesale Trade	570	3.0	317	4.1	133	3.7	1,020	3.4
Retail Trade	3,179	17.0	1,441	18.7	571	15.9	5,191	17.3
Finance, Insurance & Real Estate	1,425	7.6	612	7.9	243	6.8	2,280	7.6
Services	7,221	38.6	2,900	37.6	1,309	36.5	11,430	38.1
Public Administration	299	1.6	127	1.6	54	1.5	480	1.6
Non-Classifiable Establishments	2,169	11.6	863	11.2	462	12.9	3,494	11.6
Total Businesses	18,706	100.0	7,709	100.0	3,588	100.0	30,003	100.0

As illustrated above, service business is the dominant business in Riverside's assessment area accounting for approximately 40.0% of total businesses, followed by retail trade, which made up about 18.0% of the total.

Unemployment

According to the New York State Department of Labor, and illustrated in the chart below, the 2004 and 2005 annual average unemployment rate in Riverside’s assessment area is below the statewide rate.

State-wide and County Unemployment Rate				
	State-wide	Dutchess County	Orange County	Ulster County
2004	5.8	4.2	4.6	4.8
2005	5.0	3.9	4.2	4.3

Details of Assessment Area:

The following charts show the demographic and economic data for each county of the bank’s assessment area.

- Chart 1: Shows population and income.
- Chart 2: Shows business demographics.

CHART # 1 - Riverside Bank

ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY																					
COUNTY	Total	Persons		Persons		Median Family	HUD	# of	# of HH below	Total	Low		Moderate		Middle		Upper		LMI families		
	Population	over 65		under 16		Income(MFI)	MSA MFI	Household	poverty level		Families	income		income		income		income		in LMI tracts	
		#	%	#	%	\$	\$		#		%		#	%	#	%	#	%	#	%	#
Orange *	97,455	10,780	11.1	25,486	26.2	54,818	71,650	33,930	3,505	10.3	24,730	6,076	24.6	5,106	20.6	6,067	24.5	7,481	30.3	5,228	46.8
Dutchess	280,150	33,690	12.0	62,129	22.2	63,825	71,650	99,719	7,499	7.5	69,776	12,024	17.2	12,464	17.9	17,299	24.8	27,989	40.1	5,492	22.4
Ulster *	50,515	5,531	10.9	10,274	20.3	56,669	59,950	17,906	1,942	10.8	11,847	1,784	15.1	2,030	17.1	2,775	23.4	5,258	44.4	0	0.0
TOTAL A/A*	428,120	50,001	11.7	97,889	22.9	60,934	70,203	151,555	12,946	8.5	106,353	19,884	18.7	19,600	18.4	26,141	24.6	40,728	38.3	10,720	27.2

*Partial Counties

CHART # 2 - 2005 - Riverside Bank

BUSINESS DEMOGRAPHICS BY COUNTY											
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	
		#	%	#	%	#	%	#	%	#	%
Orange *	7,709	4,898	63.5	435	5.6	2,376	30.8	6,019	78.1	6,681	86.7
Dutchess	18,706	12,550	67.1	876	4.7	5,280	28.2	14,849	79.4	16,627	88.9
Ulster *	3,588	2,480	69.1	157	4.4	951	26.5	2,840	79.2	3,313	92.3
Total A/A	30,003	19,928	66.4	1,468	4.9	8,607	28.7	23,708	79.0	26,621	88.7

* Partial Counties

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

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

The assessment period included calendar years 2004 and 2005. Examiners considered small business lending in evaluating factors (2), (3), and (4), as noted above.

Riverside is a HMDA-reporter, but primarily a small business lender. During the evaluation period, Riverside generated only five HMDA-reportable loans. This insignificant number were not considered in this evaluation. Riverside is considered a small bank and, as such, is not required to report small business loan originations; therefore, the aggregate data was not used for comparison. The performance evaluation is in comparison with the assessment area demographic.

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

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

Riverside's average LTD ratio for the eight consecutive quarters ending December 31, 2005, was 78.9%, which is slightly below the peer group's average of 81.1%. However, Riverside's LTD ratio increased significantly by 15.9 percentage points from 63.0% at the prior evaluation.

Riverside's LTD ratio fluctuated during the eight quarters of the evaluation period. Riverside's LTD ratio experienced its largest quarterly increases in the fourth quarters of 2004 and 2005, increasing 12.5 and 16.7 percentage points from its prior quarter ratio, respectively. Conversely, Riverside's largest quarterly decline was a 4.6 percentage point decline in the second quarter of 2005. In comparison, the peer group's quarterly LTD ratios remained consistent during the evaluation period. The peer group's largest quarterly increase of 1.2 percentage points took place in the third quarter of 2004, while its largest quarterly decline of 0.7 percentage points occurred in the first quarter of 2005.

Riverside is in peer group four, which is comprised of 860 FDIC insured commercial banks. The group is located nationwide with 13 banks in New York State.

Riverside's LTD ratios along with those of the peer group are shown in the following table:

Loan-to-Deposit Ratios									
	3/31/04	6/30/04	9/30/04	12/31/04	3/31/05	6/30/05	9/30/05	12/31/05	Average
Bank	74.4	71.2	73.8	86.3	82.6	78.0	74.2	90.9	78.9
Peer	79.6	80.1	81.3	81.6	80.9	81.8	81.8	81.8	81.1

Community Development Loans

Riverside enhanced the availability of credit in its assessment area by issuing a \$122 thousand standby letter of credit to Hudson River Housing, Inc. ("HRH"), a not-for-profit community service organization. HRH provides affordable housing and support services to members of the Dutchess County community who seek help to improve their quality of life.

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

Riverside originated a substantial majority of its small business loans inside its assessment area.

During the evaluation period, Riverside extended 86.4% of the number and 82.7% of the dollar volume of its small business loans within the assessment area.

Riverside originated 85.8% and 86.9% of its small business loans in the assessment area in 2004 and 2005, respectively. In 2005, the number of small business loans originated by Riverside in its assessment area decreased to 372 from 375 in 2004.

Distribution of Small Business Loans Inside and Outside of the Assessment Area											
Loan Type	Number of Loans					Loans in Dollars (in thousands)					
	Inside		Outside		Total	Inside		Outside		Total	
	#	%	#	%		\$	%	\$	%		
Small Business											
2004	375	85.8	62	14.2	437	51,257	84.7	9,260	15.3	60,517	
2005	372	86.9	56	13.1	428	57,543	81.0	13,467	19.0	71,010	
Total	747	86.4	118	13.6	865	108,800	82.7	22,727	17.3	131,527	

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

The geographic distribution of the bank’s small business loans reflects excellent dispersion among census tracts of different income levels.

In 2004, Riverside extended 24.0% of its small business loans in LMI areas, comparing favorably with the 19.9% of total businesses located in LMI areas. In 2005, Riverside’s ratio of lending to small businesses in LMI areas declined slightly to 22.6%, however, this was still an excellent performance given the assessment areas demographics. Only 19.2 % of total businesses were located in LMI areas in 2005.

The following chart provides a summary of Riverside’s small business lending distribution during the evaluation period:

Distribution of Small Business Loans by Geographic Income Level								
Geography Income Level	2004				2005			
	#	%	(\$000's)	%	#	%	(\$000's)	%
Low	48	12.8	5,185	10.1	41	11.0	8,491	14.8
Moderate	42	11.2	3,900	7.6	43	11.6	4,185	7.3
Middle	227	60.5	30,879	60.3	230	61.8	35,260	61.2
Upper	58	15.5	11,293	22.0	58	15.6	9,607	16.7
Total	375	100.0	51,257	100.0	372	100.0	57,543	100.0

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

Riverside’s small business lending distribution based on borrower characteristics reflects reasonable penetration among businesses of different revenue sizes.

In 2004, Riverside extended 59.5% of its small business loans to businesses with revenues of \$1 million or less. This ratio is reasonable when compared to the 68.0% of businesses classified as small businesses in the assessment area. In 2005, loans distributed to small businesses declined slightly to 56.7%. However, this distribution compared favorably to the demographic rate of 66.4% of small businesses in Riverside’s assessment area.

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

Distribution of Small Business Loans by Business Revenue Size								
Revenue Size	2004				2005			
	#	%	(\$000's)	%	#	%	(\$000's)	%
\$1million or less	223	59.5	28,829	56.2	211	56.7	30,441	52.9
Over \$1 million	85	22.6	17,310	33.8	105	28.2	22,971	39.9
No Revenue Info	67	17.9	5,118	10.0	56	15.1	4,131	7.2
Total	375	100.0	51,257	100.0	372	100.0	57,543	100.0

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

Since the prior CRA evaluation as of December 31, 2003, neither Riverside nor the New York State Banking Department has received any written complaints regarding Riverside'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.

The examiner did not note any practices intended to discourage applications for the types of credit offered by the institution during the evaluation period.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance and fair lending examinations, conducted concurrently with this evaluation, indicates satisfactory adherence to anti-discrimination and other applicable laws and regulations. There is no evidence of prohibited discriminatory or other illegal credit practices 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.

Through discussions with local businesspeople and customers, Riverside is able to ascertain the credit needs of the community in conjunction with Riverside's mission and product base. Its officers and directors are involved in such community organizations as Habitat for Humanity, March of Dimes, United Way of Orange County, and the Orange County Chamber of Commerce.

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.

Riverside advertises its credit services in the regular local newspapers of the surrounding areas.

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

The board of directors play an active role in formulating Riverside's CRA policies. The board reviews and approves the CRA statement annually. In 2004, the board appointed John McGuinness as CRA Officer to oversee the compliance of CRA. The CRA Officer reports to management and the board on a regular basis. All employees are required to cooperate with and support the CRA program and are continuously exposed to the requirements of CRA.

- **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:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A "community development service" is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM "Training Machines" available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;

- ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

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 2000 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.