



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street Plaza
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2007

Institution: **Rhinebeck Savings Bank**
2 Jefferson Plaza
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 Rhinebeck Savings Bank ("RSB") 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, 2007.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution's record of helping to meet the credit needs of its entire community, including low and moderate income areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

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

Section 76.5 further requires that the CRA rating and the written summary be made available to the public ("Evaluation"). Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For 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

RSB is rated "2," indicating a satisfactory record of helping to meet community credit needs.

Lending Test - "High Satisfactory"

- Lending Activity – RSB's lending levels reflect adequate responsiveness to its community credit needs.
- Assessment Area Concentration – RSB originated a substantial majority of its consumer loans within the assessment area.
- Geographic Distribution Of Loans – RSB's distribution of consumer, HMDA-reportable and small business loans reflected an adequate penetration across different geographic income levels within the assessment area.
- Borrower Characteristics - The distribution of borrowers reflects an excellent penetration among customers of different Income levels and businesses of different sizes.
- Community Development Lending – RSB made a relatively high level of community development loans. During the evaluation period, community development loans totaled \$7.25 million, all generated during the evaluation period. RSB made four community development loans to three different organizations which engage in community services to the LMI population and other disadvantaged individuals.
- Innovative or Flexible Lending Practices - RSB made limited use of innovative and/or flexible lending practices in serving assessment area credit needs. The bank used government-sponsored loan programs to help meet the needs of LMI borrowers and small businesses.

Investment Test: "Low Satisfactory"

RSB's had an adequate level of qualified community development investments. RSB's qualified community development investments, including grants, totaled \$593.5 thousand, of which \$93.5 thousand (16%) was new money. While RSB's qualified investments were not particularly innovative or complex, they demonstrated adequate responsiveness to credit and community development needs.

Service Test: “High Satisfactory”

- Accessibility of Delivery Systems - The bank’s retail delivery system was accessible to all portions of its assessment area. A total of eight branches were located within the bank’s assessment area, of which two are adjacent to LMI geographies.
- Alternative Delivery Systems - Alternative delivery systems were accessible to all portions of the assessment area.
- Record Of Opening And Closing Of Branches - The bank’s record of opening and closing of branches improved the accessibility of its delivery systems. Since the prior evaluation, the bank opened two branches, one in Ulster and the other in Dutchess County, both located in middle- or upper-income geographies.
- Reasonableness of Business Hours and Services - The bank’s business hours and services were tailored to the needs and convenience of all portions of the assessment area.
- Community Development Services - RSB provided a relatively high level of community development services. The board of directors, bank management and employees helped provide technical, educational, and financial assistance to organizations and projects that promote affordable housing, economic development and community services throughout the assessment area.

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:

Chartered in 1860, RSB is a mutual savings bank located in the town of Poughkeepsie in Dutchess County, New York.

RSB operates eight full-service branches and one off-site ATM. All of the bank's branches and ATMs are located in New York State. Seven branches and the off-site ATM are located in Dutchess County. One branch is located in the Town of Kingston, Ulster County. The corporate headquarters are located in Poughkeepsie, Dutchess County.

As per the FDIC's Consolidated Report of Condition ("Call Report") as of December 31, 2007, RSB reported total assets of \$465.1 million, of which \$370.3 million or 79.6% was allocated to net loans and leases. As of the same date, RSB held deposits totaling \$392.3 million, resulting in a loan-to-deposit ratio of 94.4%.

The following is a summary of RSB's loan portfolio, based on Schedule RC-C of the bank's year-end Call Reports for 2005, 2006, and 2007:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2005		12/31/2006		12/31/2007	
	\$(000s)	%	\$(000s)	%	\$(000s)	%
Commercial Mortgage Loans	107,039	32.4	119,800	31.9	133,968	35.8
Consumer Loans	107,721	32.7	117,480	31.2	102,905	27.5
1-4 Residential Mortgage Loans	74,228	22.5	80,769	21.5	88,100	23.5
Commercial & Industrial Loans	25,553	7.7	29,894	7.9	26,494	7.1
Construction Loans	8,518	2.6	21,895	5.8	13,676	3.6
Multifamily Mortgage Loans	5,222	1.6	4,795	1.3	8,783	2.3
Agricultural Production Loans	1,572	0.5	1,447	0.4	808	0.2
Obligations of States and subdiv.	25	0.0	13	0.0	0	0.0
Total Gross Loans	329,878	100.0	376,093	100.0	374,734	100.0

As demonstrated above, RSB is primarily a commercial mortgage lender, with 35.8% of its loan portfolio comprised of commercial mortgages as of December 31, 2007. It is also active in consumer lending (27.5%) and 1-4 family residential mortgage loans (23.5%).

RSB participates in several government-guaranteed or sponsored loan programs. RSB offer programs from FHLMC, FHLB, SONYMA, and the SBA.

Based on the FDIC's deposit market share report as of June 30, 2007, RSB held a deposit market share of approximately 3.8% of the \$10.9 billion deposit pool within Dutchess, Orange and Ulster Counties. This deposit market share placed RSB 10th among 33 deposit-taking institutions operating in the three counties.

RSB received a rating of “2”, indicating a satisfactory record of helping to meet community credit needs, at its prior Performance Evaluation as of December 31, 2004 by the New York State Banking Department.

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

Assessment Area:

RSB's assessment area includes Dutchess, Orange and Ulster Counties in their entirety and four census tracts within Columbia County that are adjacent to Dutchess and/or Ulster Counties. Orange County was added to the assessment area as of January 1, 2007 due to a high volume of consumer loans generated within that area. Orange and Dutchess Counties form the Poughkeepsie-Newburgh-Middletown Metropolitan Statistical Area (“MSA”) while Ulster County makes up its own MSA known as Kingston. All three counties belong to the New York-Northern New Jersey-Long Island Combined Statistical Area (“CSA”). Columbia County falls outside of the CSA.

RSB's assessment area consists of 186 census tracts, 38 (20.4%) of which are considered low- or moderate-income tracts. The following chart shows census tract distribution by county.

Assessment Area - Distribution of Census Tracts by Counties												
County	Geography Income Level										Total	
	Low		Moderate		Middle		Upper		N/A**			
	#	%	#	%	#	%	#	%	#	%	#	%
Columbia*	0	0.0	0	0.0	2	50.0	2	50.0	0	0.0	4	2.2
Dutchess	5	7.6	7	10.6	43	65.2	9	13.6	2	3.0	66	35.5
Orange	5	7.5	14	20.9	35	52.2	13	19.4	0	0.0	67	36.0
Ulster	0	0.0	7	14.3	35	71.4	7	14.3	0	0.0	49	26.3
Total	10	5.4	28	15.1	115	61.8	31	16.7	2	1.1	186	100.0

* partial county

**information not available

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

Details of the Assessment Area

According to the U.S. Census Bureau, the assessment area had a population of 807.9 thousand in 2000. About 11.7% of the area's population was over 65 years of age, and about 23.4% was under 16.

There were 200.9 thousand families in the area, of which 19.1% (38.3 thousand) were low-income families, 18.1% (36.3 thousand) were moderate-income, 24.3% (48.8 thousand) were middle-income, and 38.6% (77.5 thousand) were upper-income

families. Of the 74.6 thousand LMI families, 26.9% (20.1 thousand) lived in LMI areas. There were 285.4 thousand households in the assessment area, of which 8.9% (25.2 thousand) had income below the poverty level.

There were 310.8 thousand housing units in the assessment area, of which 88.6% (275.4 thousand) were 1-4 family units, 11.4% (35.3 thousand) were multifamily units, and 4.7% (14.6 thousand) were mobile homes or trailers. Owner-occupied units made up 62.4% of the total housing units (194 thousand), rental units accounted for 29.3%, with 8.2% of the housing units vacant. The median age of the housing units was 37 years, and the median value was \$137.8 thousand.

In 2000, the assessment area's median family income was \$60 thousand. The U.S. Department of Housing and Urban Development's ("HUD") estimated median family income for the area was \$72.5 thousand in 2007.

The largest industry in the assessment area was retail trade, comprising 35.2% of the total businesses. The other industries included: transportation/communication 16.3%, services 15.9%, public administration 15.9%, agriculture, forestry & fishing 10.2%, with the remaining 15.9% non-classified.

For the years 2005, 2006, and 2007, yearly average unemployment rates for New York State were 5.0%, 4.6% and 4.5% respectively, which suggests a favorable trend during the evaluation period. During the same period, average unemployment rates for the assessment area were slightly lower. Thus, the 2005, 2006 and 2007 averages for the Kingston MSA were 4.4%, 4.2% and 4.4% respectively. The corresponding unemployment rates for the Poughkeepsie-Newburgh-Middletown MSA were 4.1%, 4.1% and 4.2%.

The following charts provide detailed information of the demographics for each county or partial county in the assessment area:

Chart 1 – Population and Income Characteristics by County

Chart 2 – Housing Characteristics by County

Chart 3 – Business Demographics by County

CHART # 1

RHINEBECK SAVINGS BANK - 2007																					
ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY & MSA																					
COUNTY	Total Population	Age 65 and over		Age 16 and less		Median Family Income(MFI)	HUD MSA MFI	Total Households	Total HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
	#	#	%	#	%	\$	\$	#	#	%	#	#	%	#	%	#	%	#	%	#	%
COLUMBIA (P*)	8,667	1,521	17.5	1,823	21.0	46,969	50,900	3,375	237	7.0	2,306	265	11.5	394	17.1	603	26.1	1,044	45.3	-	0.0
DUTCHESS	280,150	33,690	12.0	62,129	22.2	63,825	76,400	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
ORANGE	341,367	35,185	10.3	88,699	26.0	61,313	76,400	114,809	10,461	9.1	85,028	17,610	20.7	15,465	18.2	20,475	24.1	31,478	37.0	11,861	35.9
ULSTER	177,749	23,711	13.3	36,734	20.7	52,019	63,500	67,501	7,084	10.5	43,790	8,422	19.2	7,971	18.2	10,394	23.7	17,003	38.8	2,736	16.7
TOTAL A/A	807,933	94,107	11.6	189,385	23.4	59,995	72,453	285,404	25,281	8.9	200,900	38,321	19.1	36,294	18.1	48,771	24.3	77,514	38.6	20,089	26.9

CHART # 2

RHINEBECK SAVINGS BANK - 2007 ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY																				
COUNTY	Total Housing Units	1-4 family Units		Multifamily Units		Owner-Occupied Units (O-O)		O-O Units in Low-income Tracts		O-O Units in Mod-income Tracts		O-O Units in Mid-income Tracts		O-O Units in Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units		Median House Value
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	\$
COLUMBIA (P*)	4,273	4,183	97.9	90	2.1	2,545	59.6	0	0.0	0	0.0	1,485	58.4	1,060	41.7	901	21.1	908	21.2	115,716
DUTCHESS	106,103	92,003	86.7	14,100	13.3	68,628	64.7	1,091	1.6	4,118	6.0	48,191	70.2	15,235	22.2	32,925	31.0	6,567	6.2	147,659
ORANGE	122,754	107,886	87.9	14,868	12.1	76,948	62.7	1,916	2.5	8,087	10.5	48,754	63.4	18,191	23.6	40,353	32.9	7,966	6.5	146,546
ULSTER	77,656	71,371	91.9	6,285	8.1	45,916	59.1	0	0.0	3,829	8.3	35,309	76.9	6,777	14.8	23,413	30.1	10,157	13.1	111,549
TOTAL A/A	310,786	275,443	88.6	35,343	11.4	194,037	62.4	3,008	1.6	16,027	8.3	133,730	68.9	41,272	21.3	97,592	31.4	25,598	8.2	137,757

CHART # 3

<i>RHINEBECK SAVINGS BANK - 2007 BUSINESS DEMOGRAPHICS BY COUNTY</i>											
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	
		#	%	#	%	#	%	#	%	#	%
COLUMBIA (P*)	659	445	67.5	26	3.9	188	28.5	488	74.1	630	95.6
DUTCHESS	20,805	14,277	68.6	1,003	4.8	5,525	26.6	16,291	78.3	18,799	90.4
ORANGE	27,494	18,910	68.8	1,365	5.0	7,239	26.3	21,633	78.7	24,846	90.4
ULSTER	14,488	10,001	69.0	631	4.4	3,856	26.6	11,245	77.6	13,270	91.6
TOTAL A/A	63,446	43,633	68.8	3,025	4.8	16,808	26.5	49,657	78.3	57,545	90.7

PERFORMANCE TESTS AND ASSESSMENT FACTORS

This Performance Evaluation is based on a review of RSB's lending, investment and service activities within the assessment area under the performance tests and standards for large banks (as opted by the institution) in accordance with Parts 76.8, 76.9, and 76.10 of the General Regulations of the Banking Board. The evaluation covers the years from 2005 to 2007.

Statistics used in this evaluation were derived from various sources. The demographic data was obtained from the 2000 U.S. Census data. The 2007 updated median family income figures were obtained from HUD estimates. In addition to specific loan information provided by the bank, aggregate data for HMDA-reportable loans was obtained from the Federal Financial Institution Examination Council ("FFIEC") and PCI Services, Inc.'s CRA WIZ, an external contractor.

I. Lending Test: "High Satisfactory"

RSB'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. HMDA-reportable, small business and consumer loans are the three loan products that were analyzed for the Lending Test.

Because RSB is not required to report consumer loan data, the information for data analysis had to be collected manually. Samples of 44 loans for 2006 and 2007 originations were used. The sample size was selected to meet a 90% confidence level. The universe of loans consisted of 4,081 originations in 2006 and 2,765 originations in 2007.

Lending Activity: "Low Satisfactory"

RSB's lending levels demonstrated adequate responsiveness to assessment area credit needs.

HMDA-Reportable Loans

The level of RSB's HMDA-reportable lending demonstrated adequate responsiveness to the credit needs of the assessment area.

In 2006 and 2007, RSB's HMDA-reportable lending decreased by 27.4% in the number of loans originated, but increased 13.6% in the dollar volume, when compared to the previous evaluation period of 2003 and 2004,.

In 2006, RSB originated 210 HMDA-reportable loans inside the assessment area totaling \$24.8 million. According to the 2006 Market Share Report, RSB ranked 43rd in

the number of originated mortgages among 430 HMDA-reporting lenders in the assessment area, held a market share of 0.6% in the number of loan originations and a market share of 0.4% by dollar volume.

The bank's performance during the prior evaluation period was better. In 2004, RSB ranked 34th in the number of originated mortgages among 418 HMDA-reporting lenders in the assessment area, with a market share of 0.7% in the number of originations and a market share of 0.3% by the dollar volume.

In 2007, RSB's performance improved as it originated 220 HMDA-reportable loans totaling \$32.5 million inside the assessment area. As a result, the bank ranked 29th among the 392 HMDA-reporting lenders in the assessment area, with a market share of 0.9% by number of originations and 0.7% by dollar volume.

Small Business Loans

The level of RSB's small business lending demonstrated adequate responsiveness to the credit needs of the assessment area.

The level of originations of small business and small farm loans in 2006 and 2007 was similar to that in 2003 and 2004 – 378 loans compared to 377 loans at the prior evaluation. However, the dollar volume of the loans made increased from \$41.9 million during 2003 and 2004 to \$60 million during 2006 and 2007 .

In 2006, RSB originated 198 small business loans inside the assessment area totaling \$34.6 million. In 2007, the number of originations declined slightly to 180 with a dollar value of \$25.3 million.

The bank's ranking among other small business lenders in the area was similar throughout the evaluated years: it ranked 19th out of 80 lenders in 2006 and 19th out of 86 lenders in 2007. While in the previous evaluation years of 2003 and 2004, it ranked 14th out of 95 and 19th out of 98 respectively.

However, RSB's market share for small business loans within the assessment area declined from the previous evaluation. The following chart illustrates the bank's market share in terms of the number of originations, and the corresponding dollar volume during 2006 and 2007 and the prior period of 2003 and 2004 :

RSB's market share in the AA origination of SBLs				
	2003	2004	2006	2007
# of loans	1.05%	0.83%	0.47%	0.40%
\$-volume	5.14%	3.95%	4.87%	3.29%

Loan-To Deposit Ratio

RSB's LTD ratio was excellent considering its size, financial condition and the credit needs of the assessment area.

RSB's average LTD ratio for the eight quarters ending December 31, 2007, was 94.8%, which was higher than the peer group's 90.6%¹.

This chart illustrates RSB's and its peer group's LTD ratios for the eight quarters ending December 31, 2007:

Loan-to-Deposit Ratios									
	2006	2006	2006	2006	2007	2007	2007	2007	Average
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	LTD
Bank	96.43	96.51	98.84	96.35	92.68	92.00	90.92	94.65	94.80
Peer	88.67	89.74	90.33	90.44	89.98	90.31	91.67	93.78	90.62

Assessment Area Concentration: "Outstanding"

RSB originated a substantial majority of its loans within its assessment area.

During 2006, RSB originated 81.8% of its consumer loans, 95% of its HMDA-reportable loans and 96.1% of its small business loans within its assessment area. In 2007, 88.6% of consumer loans, 95.7% of HMDA-reportable loans and 98.9% of small business loans were originated in the assessment area, which represented a slight improvement from the prior year.

For 2006 and 2007 combined, RSB originated 85.2% by number and 85.7% by dollar volume of its consumer loans within the assessment area. The corresponding percentages for HMDA-reportable loans are 95.3% and 96.5%. These percentages were higher than the corresponding 79.5% and 79.2% achieved in the prior evaluation period (2003 and 2004). RSB loaned 97.4% by number and 95.2% by dollar volume of its small business loans inside the assessment area, which was higher than its performance from the prior evaluation period (78.7% in 2003 and 80.1% in 2004). These numbers represent a favorable trend for RSB's assessment area lending.

The following table illustrates the distribution of loans originated inside and outside of the assessment area.

¹ These ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as prepared by the FDIC. The bank's peer group includes all insured commercial banks having assets between \$300 million and \$1 billion. The UBPR peer group is a national peer group and includes banks that may be operating in very different economic environments.

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 -2006	210	95.0	11	5.0	221	24,838	95.8	1077	4.2	25,915
HMDA -2007	220	95.7	10	4.3	230	32,484	97.1	973	2.9	33,457
2-year total	430	95.3	21	4.7	451	57,322	96.5	2,050	3.5	59,372
SBL -2006	198	96.1	8	3.9	206	34,622	93.6	2380	6.4	37,002
SBL -2007	180	98.9	2	1.1	182	25,343	97.6	620	2.4	25,963
2-year total	378	97.4	10	2.6	388	59,965	95.2	3,000	4.8	62,965
Cons. -2006	36	81.8	8	18.2	44	610	80.2	151	19.8	761
Cons. -2007	39	88.6	5	11.4	44	678	91.4	64	8.6	742
2-year total	75	85.2	13	14.8	88	1,288	85.7	215	14.3	1,503

Geographic Distribution of Loans: “Low Satisfactory”

The distribution of RSB’s loans reflects an adequate penetration across different geographic income levels within the assessment area.

HMDA-Reportable Loans

The geographic distribution of RSB’s HMDA-reportable loans throughout the assessment area was adequate.

In 2006, RSB originated 9.5% by number and 9.3% by dollar volume HMDA-reportable loans in LMI geographies, which was lower than the aggregate’s lending of 14.9% by number and 12.7% by dollar volume.

In 2007, RSB’s LMI area lending remained at the same level (10.4% by number and 9.2% by dollar volume) while the corresponding aggregate’s lending declined slightly to 13.5% by number and 12.2% by dollar volume.

When compared to the prior evaluation period, RSB’s lending to LMI geographies did show improvement. The 10% 2-year LMI ratio for the period 2006-2007 was better than the 5.9% level for the 2-year period ended December 31, 2004.

The following table illustrates the distribution of HMDA reportable loans by geographic income level for 2006 and 2007 for the entire assessment area.

Distribution of HMDA-reportable Loans by Geographic Income Level								
Geography Income Level	Bank				Aggregate*			
	#	%	\$000's	%	#	%	\$000's	%
Low	4	1.9%	197	0.8%	1,144	3.4%	198,859	3.2%
Moderate	16	7.6%	2,115	8.5%	3,904	11.5%	586,806	9.5%
Middle	172	81.9%	20,099	80.9%	22,271	65.8%	3,971,920	64.0%
Upper	18	8.6%	2,427	9.8%	6,539	19.3%	1,448,611	23.3%
NA					14	0.0%	2,320	0.0%
Total	210	100.0%	24,838	100.0%	33,872	100.0%	6,208,516	100.0%
Geography Income Level	Bank				Aggregate*			
	#	%	\$000's	%	#	%	\$000's	%
Low	4	1.8%	400	1.2%	724	2.9%	138,428	2.8%
Moderate	19	8.6%	2,599	8.0%	2,650	10.6%	468,318	9.4%
Middle	176	80.0%	25,055	77.1%	16,568	66.4%	3,199,737	64.1%
Upper	21	9.5%	4,430	13.6%	5,007	20.1%	1,182,710	23.7%
NA					16	0.1%	3,546	0.1%
Total	220	100.0%	32,484	100.0%	24,965	100.0%	4,992,739	100.0%
LMI 2-year	43	10.0	5,311	9.3	8,422	14.3	1,392,411	12.4
Total	430	100.0	57,322	100.0	58,837	100.0	11,201,255	100.0

* The term "Aggregate" refers to loans originated in the bank's assessment area by all HMDA-reporting lenders.

Small Business Loans

The geographic distribution of RSB's small business loans was adequate. In 2006, the bank's LMI lending was 12.1% by number and 18.1% by dollar volume. This was in line with the aggregate's LMI lending of 13.9% by number and 17.6% by dollar volume.

In 2007 however, RSB's LMI lending was 13.9% by number and 11.3% by dollar volume. This was slightly lower than the aggregate's 14.3% and 16.8%, respectively.

RSB's lending in LMI geographies during the current evaluation period was similar to its performance during the prior evaluation period.

The table illustrates the distribution of small business loans by geographic income level for 2006 and 2007.

Distribution of Small Business Loans by Geographic Income Level								
2006								
Geography Income Level	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	12	6.1	2,935	8.5	1,887	4.8	43,030	6.7
Moderate	12	6.1	3,310	9.6	3,524	9.1	70,458	10.9
Middle	164	82.8	27,332	78.9	25,161	64.6	405,582	62.9
Upper	10	5.1	1,045	3.0	8,344	21.4	125,929	19.5
NA					4	0.0	55	0.0
Total	198	100.0	34,622	100.0	38,920	100.0	645,054	100.0
2007								
Geography Income Level	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	14	7.8	1,489	5.9	2,250	5.6%	48,183	7.0%
Moderate	11	6.1	1,362	5.4	3,506	8.7%	67,764	9.8%
Middle	139	77.2	20,461	80.7	25,286	63.0%	431,548	62.3%
Upper	16	8.9	2,031	8.0	9,105	22.7%	145,048	20.9%
NA					9	0.0%	81	0.0%
Total	180	100.0	25,343	100.0	40,156	100.0%	692,624	100.0%
LMI 2-year	49	13.0	9,096	15.2	11,167	14.1	229,435	17.2
Total	378	100.0	59,965	100.0	79,076	100.0	1,337,678	100.0

Consumer Loans

The geographic distribution of RSB's consumer loans was adequate. In 2006, RSB's consumer lending in LMI geographies was 13.9% by number and 15.9% by dollar volume. In 2007, the same ratio was 10.3% by number and 4.5% by dollar volume. In 2006 no consumer loans were originated within low-income geographies while in 2007 2.6% of the loans were originated in low-income tracts.

Because consumer loans are not required to be reported, no aggregate data is available for comparison. However, the geographic distribution of consumer loans may be compared to the percentage of households residing within geographies of different income levels. The following table illustrates the distribution of consumer loans by geographic income level for 2006 and 2007 within the assessment area, together with the corresponding household distribution.

Distribution of Consumer Loans by Geographic Income Level*						
2006						
Geography Income Level	Loans				Households	
	#	%	\$000's	%		
Low	0	0.0%	0	0.0%	13,312	4.7%
Moderate	5	13.9%	97	15.9%	36,247	12.7%
Middle	23	63.9%	394	64.6%	187,370	65.7%
Upper	8	22.2%	119	19.5%	48,434	17.0%
N/A	0	0.0%	0	0.0%	41	0.0%
Total	36	100.0%	611	100.0%	285,404	100.0%
2007						
Geography Income Level	Loans				Households	
	#	%	\$000's	%		
Low	1	2.6%	17	2.5%	13,312	4.7%
Moderate	3	7.7%	13	2.0%	36,247	12.7%
Middle	30	76.9%	546	80.5%	187,370	65.7%
Upper	5	12.8%	101	15.0%	48,434	17.0%
N/A	0	0.0%	0	0.0%	41	0.0%
Total	39	100.0%	678	100.0%	285,404	100.0%
LMI 2-year	9	12.0	128	9.9		
Total	75	100.0	1,289	100.0		

* Geography income level is based upon 2000 Census data on median tract income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income is at least 120% of the median.

Distribution by Borrower Characteristics: "Outstanding"

The distribution of loans by borrower income reflected an excellent penetration among customers of different income levels and businesses of different sizes.

HMDA-Reportable Loans

The distribution of RSB's HMDA-reportable loans reflected an excellent penetration among borrowers of different income levels.

In 2006, RSB's HMDA lending to LMI borrowers was 18.6% by number and 10.9% by dollar volume, similar to the aggregate's lending of 17.9% by number and 11.7% by dollar volume.

In 2007, RSB's LMI borrower penetration ratio increased to 27.7% by number and to 17.8% by dollar volume, outperforming the aggregate's ratios of 20.2% and 13.2% respectively.

The following table illustrates the distribution of HMDA-reportable loans by borrowers' income level for 2006 and 2007.

Distribution of HMDA-reportable Loans by Borrower Income Level								
2006								
Borrower Income Level	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	9	4.3	790	3.2	1,215	3.6	106,997	1.7
Moderate	30	14.3	1,902	7.7	4,845	14.3	617,985	10.0
Middle	63	30.0	6,041	24.3	10,025	29.6	1,595,287	25.7
Upper	99	47.1	14,110	56.8	16,174	47.8	3,531,622	56.9
N/A	9	4.3	1,995	8.0	1,613	4.8	356,625	5.7
Total	210	100.0	24,838	100.0	33,872	100.0	6,208,516	100.0
2007								
Borrower Income Level	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	18	8.2	1,143	3.5	1,029	4.1	93,668	1.9
Moderate	43	19.5	4,641	14.3	4,030	16.1	563,167	11.3
Middle	59	26.8	7,672	23.6	7,272	29.1	1,272,269	25.5
Upper	93	42.3	15,968	49.2	11,563	46.3	2,733,163	54.7
N/A	7	3.2	3,060	9.4	1,071	4.3	330,472	6.6
Total	220	100.0	32,484	100.0	24,965	100.0	4,992,739	100.0
LMI 2-year	100	23.3%	8,476	14.8%	11,119	18.9%	1,381,817	12.3%
Total	430	100.0%	57,322	100.0%	58,837	100.0%	11,201,255	100.0%

Small Business Loans

The distribution of RSB's business loans demonstrated an excellent penetration among businesses of different sizes.

In 2006, RSB originated 42.9% by number and 32.5% by dollar volume of its small business loans to businesses with gross annual revenues of \$1 million or less. Although the percentage of loans by number was higher than the aggregate's percentage of 34.3%, the bank's performance by dollar volume was lower than the aggregate's 47.3%.

In 2007, the bank's lending was similar to its 2006 performance. It originated 43.9% by number and 35% by dollar volume in loans while the aggregate originated 35.2% by number and 43.3% by dollar volume.

This following table illustrates the distribution of small business loans by borrowers' revenue for 2006 and 2007.

Distribution of Small Business Loans by Business Revenue Size								
2006								
Business Revenue Level	Bank				Aggregate			
	#	%	\$(000's)	%	#	%	\$(000's)	%
\$1million or less	85	42.9	11,248	32.5	13,332	34.3	305,271	47.3
Over \$1 million	38	19.2	7,601	22.0	-	-	-	-
No Revenue Info	75	37.9	15,773	45.6	-	-	-	-
Total	198	100.0	34,622	100.0	38,920	100.0	645,054	100.0
2007								
Business Revenue Level	Bank				Aggregate			
	#	%	\$(000's)	%	#	%	\$(000's)	%
\$1million or less	79	43.9	8,880	35.0	14,125	35.2	299,578	43.3
Over \$1 million	39	21.7	4,754	18.8	-	-	-	-
No Revenue Info	62	34.4	11,709	46.2	-	-	-	-
Total	180	100.0	25,343	100.0	40,156	100.0	692,624	100.0
2 Year Total	378	100.0	59,965	100.0	79,076	100.0	1,337,678	100.0
Total <\$1 million	164	43.4	20,128	33.6	27,457	34.7	604,849	45.2

Consumer Loans

The distribution of RSB's consumer loans reflected an excellent penetration among borrowers of different income levels. In 2006, RSB originated 39.2% by number and 37.9% by dollar volume of its consumer loans to LMI borrowers, with loans equally distributed between low- and moderate-income borrowers.

In 2007, RSB's LMI lending increased to 59% by number of loans and to 40.7% by dollar volume. The increase was particularly significant in lending to moderate-income borrowers, from 19.4% in 2006 to 38.5% in 2007.

In both 2006 and 2007, RSB's LMI borrower lending was higher than the percentage of LMI households residing in the assessment area – 37.4% as per the 2000 Census.

The following table illustrates the distribution of consumer loans by borrowers' income level for 2006 and 2007 and the corresponding distribution of households.

Distribution of Consumer Loans by Borrower Income Level						
2006						
Borrower Income Level	Loans				Households by Income Level	
	#	%	\$000's	%	#	%
Low	7	19.4	88	14.4	61,517	21.6
Moderate	7	19.4	143	23.5	45,169	15.8
Middle	7	19.4	107	17.4	55,479	19.4
Upper	12	33.3	239	39.1	123,239	43.2
N/A	3	8.3	34	5.6		
Total	36	100.0	611	100.0	285,404	100.0
2007						
Borrower Income Level	Loans				Households by Income Level	
	#	%	\$000's	%	#	%
Low	8	20.5	71	10.4	61,517	21.6
Moderate	15	38.5	205	30.3	45,169	15.8
Middle	10	25.6	277	40.8	55,479	19.4
Upper	5	12.8	115	17.0	123,239	43.2
N/A	1	2.6	10	1.5		
Total	39	100.0	678	100.0	285,404	100.0
LMI 2-year	37	49.3	507	39.3		
Total	75	100.0	1,289	100.0		

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

Community Development Lending: "High Satisfactory"

RSB made a relatively high level of community development loans. During the evaluation period, community development loans totaled \$7.25 million, all originated during the evaluation period. No community development loans from the prior evaluation period were considered.

RSB made four community development loans to three different organizations. All three organizations engage in community services to the LMI communities in the assessment area. The following is a description of the borrowers and the loans they received:

- A local mental health association that provides programs in the areas of advocacy, education and other services related to mental health, as well as the care and treatment of people with mental illnesses, often those without home and/or income. *In 2006, RSB made a \$2 million mortgage to the association for purposes of property purchase, renovation and improvements and extended a \$1 million credit line for working capital purposes.*
- The Children's Home of Poughkeepsie., a community-based nonprofit organization primarily engaged in providing traditional mental health and social services, such as, a mother/child shelter program targeted to "at-risk" children and their families. *RSB extended a \$500-thousand working capital credit line in*

2007 in order to allow the organization to borrow against receivables from the state and local governments.

- New Horizons Resources, Inc is “a not-for-profit agency that provides services to children and adults who have developmental disabilities and live in the Hudson Valley region of the State.” Many of its activities are targeted to low-income individuals or those without financial support from their relatives. *In 2007, RSB made a \$3.75 million commercial master commitment to finance the future construction and acquisition of real estate to be used for the organization’s primary activities.*

Innovative or Flexible Lending Practices: “Low Satisfactory”

The bank makes limited use of innovative and/or flexible lending practices in serving assessment area credit needs.

The bank uses government-sponsored loan programs to help meet the needs of LMI borrowers and small businesses, including those sponsored by the Small Business Administration (“SBA”), the Federal Home Loan Bank of New York (“FHLBNY”), and the State of New York Mortgage Agency (“SONYMA”).

Here are examples of programs designed for LMI individuals and small businesses:

SONYMA Low-Interest Rate Program: is a state-sponsored loan program that offers borrowers relaxed underwriting guidelines (e.g., significantly lower down payment requirements) as compared to conventional mortgage financing. First-time home buyers who meet the income limits and the property selling price limits are eligible to participate. SONYMA’s New York Homes program features household income limits that are equivalent to 50% of the median family income, unless the home buyer is purchasing a property in a target area. RSB extended 22 such loans during the evaluation period.

Home Possible Mortgage Program: is designed to help first-time home buyers who are typically cash and/or credit-challenged. It is sponsored by FHLMC (“Freddie Mac”). The most significant feature of the program is the 105% loan-to-value mortgage. During the evaluation period RSB originated 213 eligible loans under the program to FHLMC.

First Home Club: is a matched savings program, designed to assist LMI first-time home buyers. The FHLBNY² provides a five-to-one match in an Individual Development Account up to \$7,500, which is used to fund the down payment. This program creates an incentive for borrowers to save. The required funds are kept in the dedicated savings accounts opened with RSB until the time of closing.

² Federal Home Loan Bank

II. Investment Test: “Low Satisfactory”

The investment 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.

The bank had an adequate level of qualified community development investments. During the evaluation period, RSB’s qualified community development investments, including grants, totaled \$593.5 thousand, of which \$93.5 thousand, or 16%, was new money.

RSB’s largest investment was a \$500,000 commitment to purchase notes issued by the Community Preservation Corporation to support affordable housing in RSB’s assessment area.

While RSB’s qualified investments were not particularly innovative or complex, they demonstrated adequate responsiveness to credit and community development needs. The bank was very active in supporting various community services and economic development projects.

The bank made donations to organizations engaged in providing services to the LMI population and contributing to the area’s economic development, revitalization and stabilization, particularly in the LMI geographies. For example, in 2006, RSB donated \$2.5 thousand to Hudson River Housing to support home buyer education.

The following is a table of the bank’s community development investments:

Qualified Community Development Investments (in \$ thousands)		
Description	Total Commitment	New Money
Contributions to FHLB - AHP ¹	23.1	23.1
CPC ² - Collateralized Notes	500.0	
Grants and donations	70.4	70.4
Totals	593.5	93.5

¹Federal Home Loan Bank - Affordable Housing Program

²Community Preservation Corporation

III. Service Test: “High Satisfactory”

The service test evaluates the 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.

Retail Banking Services: “Low Satisfactory”

Accessibility of Delivery Systems

The bank’s delivery systems were accessible to all portions of the bank’s assessment area. As of December 31, 2007, the bank operated eight full-service banking offices, of which two were located in geographies that are adjacent to one or more LMI tracts. No branch is located in an LMI geography.

Automated teller machines (“ATMs”) were available within all of RSB’s offices. In addition, the bank operated one off-site ATM, located in a middle-income tract within the assessment area. Alternative delivery systems offered by the bank include online banking, bank by mail, bank by phone, and an Internet website – www.rhinebecksavings.com.

RSB makes banking available to ITIN holders. ITINs or Individual Taxpayer Identification Numbers are issued by the Internal Revenue Service to individuals who are required to file taxes but who are not eligible to have a social security number. This service benefits immigrant populations that are often LMI and otherwise have no access to banking.

The bank also offers a Basic Banking checking account with all the applicable features as required by law and with the additional benefit of being offered without a fee to senior citizens.

Changes in Branch Locations

Two full service branches were added subsequent to the prior evaluation: Kingston Branch in Ulster County, opened in January 2006; and East Fishkill Branch in Dutchess County, opened in December 2006. Neither of the branches is located in an LMI geography. The Kingston branch is located in a census tract adjacent to an LMI geography; and as the first branch in Ulster County, it has increased accessibility to the bank’s retail services.

No branch was closed during the evaluation period.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Services do not vary in a way that inconveniences any segment of RSB’s assessment area, particularly LMI geographies and/or individuals. All offices are opened on weekdays until 5 p.m., and all except for the Kingston branch are opened on Saturdays. No branch offers extended hours on any particular day. All ATMs, whether on-site or off-site, are available 24 hours a day, seven days a week.

Community Development Services: “High Satisfactory”

RSB provides a relatively high level of community development services. Bank management and employees help provide technical, educational, and financial assistance to organizations and projects that promote affordable housing, economic development and community services throughout the assessment area.

Directors, officers and other employees of the bank actively serve as members, volunteers, treasurers and directors within many community organizations which provide services, education, and aid to the LMI population and geographies. The senior vice president in charge of CRA compliance is involved with several community-based and other non-profit organizations in different capacities. For example, she is both a board member and an officer for Hudson River Housing Inc., an organization active in affordable housing projects, supportive services and homeownership initiatives. The SVP also volunteers in a homeless outreach organization.

Some of the other organizations where RSB's employees/officers/directors serve important functions are: *REC Prison Outreach, Poughkeepsie Chamber of Commerce, New Horizons Resources, American Heart Association, Dutchess Outreach Food Drive, United Way Loaned Executives and several others.* The bank also helps other organizations directly involved in affordable housing projects to obtain grants from the FHLB and other government-sponsored agencies.

RSB's officers and other staff periodically participate in Financial Literacy Education events, organized in local middle and high schools. These workshops/lectures are primarily targeted at students coming from LMI families and/or neighborhoods. The goal is to educate students in various aspects of banking, credit and saving.

IV. Discrimination or Other Illegal Practices

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

Examiners did not note any 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 examination, conducted concurrently with this CRA performance evaluation, indicates a satisfactory performance in terms of adherence to antidiscrimination or other applicable laws and regulations. No evidence of prohibited discrimination or other illegal credit practices was noted.

V. Process Factors

Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to

communicate with members of its community regarding the credit services being provided by the banking institution.

RSB ascertains the credit needs of its community in two ways: through the regular course of lending and other banking activity, and through its wealth of contacts with local officials, nonprofit groups and community development organizations in which the bank's officers and employees are actively involved. Community based organizations such as Hudson River Healthcare, The Preservation Company, Hudson River Housing and others help the bank respond to community needs. Through those contacts RSB was able to learn about the credit needs of certain LMI immigrant communities, and instituted the ITIN accounts as a result.

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

The bank utilizes various means of marketing credit products and bank services to its community. Local publications like the Poughkeepsie Journal, trade shows, mailings, statement stuffers, and a periodic newsletter to all its customers are some of the means the bank uses to communicate information on the credit products and programs available. The bank's website, www.rhinebecksavings.com, is regularly updated with information on new products and services.

RSB is also a partner in the homeownership education centers of Hudson River Housing in Poughkeepsie and Rural Ulster Preservation Corp. in Kingston, and through these partnerships the centers' clients are made aware of the bank's products and services.

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

RSB's board of directors is ultimately responsible for establishing policies to address the requirements of CRA and the bank's CRA performance. However, the board has formed the Audit Committee that maintains oversight of the bank's CRA performance. The Committee receives a compliance report at each meeting that includes a section on CRA. The Board annually reviews and approves RSB's CRA Statement.

VI. Other Factors

Other factors that in the judgement 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

An organization located in the bank's assessment area and active in community

development, revitalization and stabilization projects was contacted to share information on the credit needs of the area and local banks' CRA performance. RSB was mentioned as a positive example of a bank attempting to meet the area's credit needs.

GLOSSARY

Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

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

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

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

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

Demand-Adjusted Penetration Rate

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area. Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

Demand-Adjusted Penetration Ratio

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas. Mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

Home Mortgage Disclosure Act (“HMDA”)

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

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide nonmetropolitan median family income.

LMI Borrowers

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

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

Small Business Loans

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