



**NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2013

Institution: Rhinebeck 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 Department of Financial Services 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 Bank (“RB”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). The evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2013.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services 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 Superintendent implements Section 28-b and further requires that the 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 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 in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

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

DFS evaluated Rhinebeck Bank's ("RB") performance according to the large bank performance criteria pursuant to Part 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent ("GRS"). DFS conducted this evaluation for the period of calendar years 2011, 2012 and 2013. RB is rated "2," indicating a "**Satisfactory**" record of helping to meet community credit needs.

This rating is based on the following factors:

Lending Test: "Low Satisfactory"

RB's HMDA-reportable, small business, consumer, and MECA loan activities were adequate in light of RB's size, business strategy, and financial condition, as well as the activity of its peer group and the demographic characteristics and credit needs of its assessment area.

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

RB's lending was reasonable considering its size, business strategy, and financial condition, as well as the activity of its peer group and the demographic characteristics of the assessment area. During the evaluation period, RB had the greatest share of its lending in consumer loans.

RB's loan-to-deposit ("LTD") ratio was higher than its peer group's ratio in 10 out of 12 quarters of the evaluation period. Only in the third quarter of 2012 was RB's ratio slightly lower than the peer group's ratio (80.8% vs. 81.7%). In the fourth quarter of 2011, RB's ratio and its peer group's ratio were both 80.4%.

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

During the evaluation period, RB originated 83.5% by number and 88.3% by dollar value of its total HMDA-reportable, small business, consumer, and MECA loans within its assessment area. This substantial majority was a more than reasonable record of lending inside of its assessment area.

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

RB's lending in low- and moderate-income ("LMI") census tracts was adequate by comparison to aggregate lending in LMI tracts.

RB originated an average of 13.1% by dollar value of its HMDA-reportable loans in LMI tracts in the assessment area, compared to the aggregate's ratio of 9.3% but generally had weaker performance than aggregate lending in low-income census tracts.

RB originated 22.3% by dollar value of its small business loans in LMI tracts in its assessment area, compared to the aggregate's ratio of 19.2%.

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

The distribution of loans by borrower characteristics demonstrated an adequate penetration of lending among individuals of different income levels and businesses of different revenue sizes.

On average, RB originated 16.9% of its 1-4 family loans by dollar value to LMI borrowers in the assessment area during the evaluation period, compared to the aggregate's ratio of 17.7%.

RB originated 35.8% of its small business loans by dollar value to small businesses in the assessment area, compared to the aggregate's ratio of 36.1%.

- **Community Development Lending:** "Low Satisfactory"

During the evaluation period, RB originated \$18.7 million in new community development loans, and still had \$4.4 million outstanding from prior evaluation periods. This demonstrated an adequate level of community development lending over the course of the evaluation period.

Investment Test: "Low Satisfactory"

During the evaluation period, RB made \$208,000 in new community development grants and had \$183,000 of community development investments in affordable housing outstanding from prior evaluation periods. This demonstrated an adequate level of community development grants and investments over the course of the evaluation period.

Service Test: "High Satisfactory"

RB continued to have reasonable delivery systems, branch hours and services, and alternative delivery systems. The bank also provided a relatively high level of community development services.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York Banking Law and Part 76 of the General Regulations of the Superintendent.

PERFORMANCE CONTEXT

Institution Profile

RB located, at 2 Jefferson Plaza, Poughkeepsie, NY 12601 was chartered in 1860 as a mutual savings bank. In March 2012 Rhinebeck Savings Bank became Rhinebeck Bank. Its stock is 100% owned by Rhinebeck Bancorp, MHC, which was formed in 2004.

Per the Consolidated Report of Condition (the "Call Report") as of December 31, 2013, filed with the Federal Deposit Insurance Corporation ("FDIC"), RB reported total assets of \$613 million, of which \$468 million were net loans and lease finance receivables. It also reported total deposits of \$544 million, resulting in a loan-to-deposit ratio of 86.0%. According to the latest available comparative deposit data as of June 30, 2013, RB had a market share of 3.6% or \$528 million in a market of \$14.6 billion, ranking it 11th among 34 deposit-taking institutions in its assessment area.

The following is a summary of the bank's loan portfolio, based on Schedule RC-C of the bank's December 31, 2011, 2012 and 2013 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2011		2012		2013	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	78,385	20.2	76,159	17.7	69,217	14.6
Commercial & Industrial Loans	36,603	9.4	38,928	9.0	35,741	7.5
Commercial Mortgage Loans	139,351	35.9	143,530	33.3	157,954	33.3
Multifamily Mortgages	4,397	1.1	9,659	2.2	6,349	1.3
Consumer Loans	121,260	31.3	150,606	35.0	196,970	41.5
Agricultural Loans	865	0.2	955	0.2	889	0.2
Construction Loans	6,798	1.8	7,002	1.6	4,299	0.9
Obligations of States & Municipalities		0.0	3,583	0.8	3,355	0.7
Other Loans		0.0		0.0		0.0
Lease Financing		0.0		0.0		0.0
Total Gross Loans	387,659		430,422		474,774	

As illustrated in the above table, RB had the greatest share of originations in consumer loans during the evaluation period, with an average of nearly 36.0% of its loan portfolio in consumer loans, followed by commercial mortgage loans with an average of 34.2%.

In terms of new originations, the annual average dollar volume of lending was \$156 million for consumer loans and \$147 million for commercial mortgage loans.

RB operates 11 banking offices, of which 10 are located in Dutchess County, and one is in Ulster County. All banking offices in Dutchess County are open Monday through Friday from 8:00 AM to 5:00 PM and on Saturday from 8:30 AM to 12:30 PM. The branch in Ulster County (located in a middle-income census tract) has the same hours Monday through Friday but is not open on Saturday. Supplementing the banking offices is an automated teller machine (“ATM”) network located at each branch office. All ATMs accept deposits. In addition, RB has one off-site ATM in the Village of Tivoli (51 Broadway, Tivoli, NY 12583) that does not accept deposits but dispenses cash. This location is in a middle-income census tract.

RB opened a branch office in the Village of Fishkill (1022 Main St., Fishkill, NY 12524) on May 14, 2012. This office is located in a middle-income census tract in Dutchess County.

The bank removed the walk-up ATMs from three branches in June 2011. One of these branches is in a moderate-income neighborhood and the other two are in middle-income neighborhoods. The branches continue to operate drive-up ATMs.

Examiners did not find evidence of financial or legal impediments that had an adverse impact on the bank’s ability to meet the credit needs of its community.

Assessment Area

The bank’s assessment area is comprised of Dutchess, Orange, and Ulster counties and four adjacent census tracts in Columbia County.

According to the 2010 census there are 209 census tracts in the area, of which 12 are low-income, 31 are moderate-income, 122 are middle-income, 42 are upper-income and two are in tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Columbia*	0	0	0	2	2	4	0.0
Dutchess	2	5	10	47	15	79	19.0
Orange	0	7	14	40	18	79	26.6
Ulster	0	0	7	33	7	47	14.9
Total	2	12	31	122	42	209	20.6

**Partial county*

Demographic & Economic Data

The assessment area had a population of 862,027 during the evaluation period. Approximately 12.3% of the population were over the age of 65 and 20.8% were under the age of sixteen.

Of the 211,497 families in the assessment area 4.8% were low-income, 13.5% were moderate-income, 58.4% were middle-income, and 23.3% were upper-income. There were 305,466 households in the assessment area, of which 8.7% had income below the poverty level and 1.7% were on public assistance.

The weighted average of median family income in the assessment area was \$80,747.

There were 339,793 housing units within the assessment area, of which 83.1% were one- to four-family units, and 12.9% were multifamily units. A majority (63.6%) of the area's housing units were owner-occupied, while 28.1% were rental units. Of the 216,003 owner-occupied housing units, 13.1% were in LMI census tracts while 87.0% were in middle- and upper-income census tracts. The median age of the housing stock was 48 years and the median home value was \$292,356.

There were 68,407 non-farm businesses in the assessment area. Of these, 74.2% were businesses with reported revenues of less than or equal to \$1 million, 3.8% reported revenues of more than \$1 million, and 21.9% did not report their revenues. Of all the businesses in the assessment area, 81.6% were businesses with less than 50 employees and 92.4% operated from a single location. The largest industries in the area were services (43.7%), retail trade (13.9%), and finance, insurance and real estate (6.1%); approximately 12% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State was 7.7% in 2013. In 2012 the unemployment rate increased to 8.5% from 8.2% in 2011. Only Ulster County had rates higher than the state averages.

	Statewide	Columbia	Dutchess	Orange	Ulster
2011	8.2%	7.4%	7.6%	7.9%	8.3%
2012	8.5%	7.3%	7.8%	8.2%	8.7%
2013	7.7%	6.3%	6.8%	7.2%	7.8%

Community Information

The bank's main office is located at 2 Jefferson Plaza, Poughkeepsie in Dutchess County. In addition to Dutchess County, the bank's assessment area includes Orange and Ulster counties and a part of Columbia County. The average unemployment rate during the evaluation period was less than that of New York State except for Ulster County. A majority of the families in the assessment area were middle-income and the largest employer was IBM's operations in the Hudson Valley.

Examiners contacted two community organizations to obtain their input regarding the community profile and performance of local financial institutions. They were the Poughkeepsie Housing Authority and a nonprofit housing assistance organization.

Only Poughkeepsie Housing Authority responded. Its brief response indicated that it serves LMI members in the community, who do not use banking services because they have poor credit.

No response was received from the housing assistance organization. However, comments received from other similar groups in connection with a different banks operating in the same area indicated that, in general, all banks operating in the area were providing good service to the community.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated RB under the large bank performance standards pursuant to RB's election to be examined as a large bank. DFS applied the large bank criteria in accordance with GRS Parts 76.8, 76.9 and 76.10, which consist of the lending, investment and service tests. The following factors were also considered in assessing the bank's record of performance:

- 1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications;*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.*

Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. The bank submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council (FFIEC) and deposit data from the FDIC. DFS calculated loan-to-deposit ("LTD") ratios from information shown in the bank's Uniform Bank Performance Report submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the U.S. Department of Housing and Urban Development. DFS based business demographic data on Dun & Bradstreet reports which are updated annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data were only available on a county-wide basis, and were used even where the institution's assessment area included partial counties.

The assessment period included calendar years 2011, 2012, and 2013.

Examiners considered RB's HMDA-reportable, small business, MECA and consumer loans in evaluating factors (2), (3) and (4) of the lending test noted below.

DFS evaluated RB's consumer loans because they constituted the greatest share of RB's business. Aggregate consumer data were not available for comparative purposes.

At the bank's request RB's home mortgage loan modification, extension, and consolidation agreements ("MECA") were evaluated. At its **prior** Performance Evaluation,

as of December 31, 2010, DFS assigned RB a rating of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs.

Current CRA Rating: “Satisfactory”

LENDING TEST: “Low Satisfactory”

The bank’s lending performance was evaluated pursuant to the following criteria:

- (1) *Lending Activity*
- (2) *Assessment Area Concentration*
- (3) *Geographic Distribution of Loan*
- (4) *Distribution of Loans by Borrower Characteristics*
- (5) *Community Development Lending, and*
- (6) *Flexible and/or Innovative Lending Practices*

RB’s HMDA-reportable, small business, consumer lending and MECA loan activities were adequate in light of RB’s size, business strategy, and financial condition, as well as its peer group’s activity and the demographic characteristics and credit needs of its assessment area.

Lending Activity: “High Satisfactory”

RB’s lending activity was reasonable level considering RB’s size, business strategy, and financial condition, as well as its peer group’s activity and the demographic characteristics of the assessment area.

RB’s loan to deposit ratio was higher than the peer group’s ratio in 10 out of 12 quarters ending December 31, 2013. In the third quarter of 2012 was RB’s ratio slightly lower than the peer group’s ratio (80.8% vs. 81.7%), and RB’s ratio and its peer group’s ratio were both 80.4% in the fourth quarter of 2011.

RB ranked 11th in total deposits and had a market share of 3.6% among 34 institutions inside of its assessment area in 2013.

Loan-to-Deposit Ratios													
	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Avg.
Bank	85.5	81.4	80.8	80.4	83.1	82.4	80.8	82.3	82.9	84.3	86.2	86.2	83.0
Peer	81.6	80.9	80.0	80.4	80.7	81.2	81.7	81.9	80.8	82.0	82.4	83.5	81.4

Assessment Area Concentration: “High Satisfactory”

During the evaluation period, RB originated 83.5% by number and 88.3% by dollar value of its total HMDA-reportable, small business, consumer and MECA loans within its assessment area. This was a reasonable record of lending inside of RB’s assessment area.

HMDA-Reportable Loans:

During the evaluation period, RB originated 95.7% by number and 94.5% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending was an excellent record of lending inside the assessment area.

Business Loans:

RB originated 97.5% by number and 96.2% by dollar value of its business loans within the assessment area. This was an excellent record of lending inside of the assessment area.

Consumer Loans:

RB originated 82.1% by number and 81.7% by dollar value of its consumer loans within the assessment area. This majority of lending was a reasonable record of lending.

MECA Loans:

During this evaluation period, RB originated 80.3% by number and 80.5% by dollar value of its MECA loans within its assessment area. This majority was a reasonable record of lending inside the assessment area.

The following table shows the volume and percentages of RB’s HMDA-reportable, small business, consumer, and MECA loans originated inside and outside of the assessment area during the evaluation period.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2011	158	96.9%	5	3.1%	163	24,768	93.9%	1,605	6.1%	26,373
2012	235	97.1%	7	2.9%	242	46,749	96.9%	1,520	3.1%	48,269
2013	256	94.1%	16	5.9%	272	45,431	92.4%	3,742	7.6%	49,173
Subtotal	649	95.9%	28	4.1%	677	116,948	94.5%	6,867	5.5%	123,815
Small Business										
2011	277	98.2%	5	1.8%	282	37,207	98.3%	642	1.7%	37,849
2012	304	98.1%	6	1.9%	310	43,418	98.2%	807	1.8%	44,225
2013	339	96.3%	13	3.7%	352	47,378	93.0%	3,583	7.0%	50,961
Subtotal	920	97.5%	24	2.5%	944	128,003	96.2%	5,032	3.8%	133,035
Consumer										
2011*	3,654	90.0%	407	10.0%	4,061	66,131	90.7%	6,755	9.3%	72,886
2012	3,997	81.5%	907	18.5%	4,904	71,475	80.8%	16,954	19.2%	88,429
2013	4,753	77.3%	1,392	22.7%	6,145	88,868	76.8%	26,905	23.2%	115,773
Subtotal	12,404	82.1%	2,706	17.9%	15,110	226,474	81.7%	50,614	18.3%	277,088
MECA										
2011	85	91.4%	8	8.6%	93	15,755	88.8%	1,992	11.2%	17,747
2012	141	84.9%	25	15.1%	166	28,928	84.9%	5,129	15.1%	34,057
2013	67	63.2%	39	36.8%	106	13,182	65.7%	6,895	34.3%	20,077
Subtotal	293	80.3%	72	19.7%	365	57,865	80.5%	14,016	19.5%	71,881
Grand Total	13,973	83.5%	2,758	16.5%	16,731	471,425	88.3%	62,513	11.7%	533,938

*2011 consumer loan data (inside and outside of the assessment area) are not actual amounts. They were arrived at by extrapolation of a sample of 30 loans.

Geographic Distribution of Loans: "Low Satisfactory"

The distribution of loans among census tracts of different income levels, in comparison with aggregate lending, demonstrated an adequate rate of lending.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans, based on the income level of the geography, demonstrated an adequate rate of lending in LMI areas.

On average RB originated 13.1% by dollar value of its HMDA-reportable loans in LMI tracts in the assessment area, compared to the aggregate's rate of 9.3%.

The following table provides a summary of the distribution of RB's HMDA-reportable lending among geographies of different income levels.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2011									
Geographic	Bank				Aggregate				OO HHs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	269	2.3%	47,527	2.1%	1.6%
Moderate	8	5.1%	1,324	5.3%	784	6.7%	125,972	5.5%	8.3%
LMI	8	5.1%	1,324	5.3%	1,053	9.0%	173,499	7.5%	9.9%
Middle	127	80.4%	17,621	71.1%	7,745	65.9%	1,450,095	63.0%	68.9%
Upper	23	14.6%	5,823	23.5%	2,946	25.1%	678,877	29.5%	21.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	158	100.0%	24,768	100.0%	11,744	100.0%	2,302,471	100.0%	
2012									
Geographic	Bank				Aggregate				OO HHs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	1.3%	415	0.9%	291	2.0%	75,786	2.5%	1.9%
Moderate	21	8.9%	8,359	17.9%	1,227	8.4%	198,574	6.5%	11.1%
LMI	24	10.2%	8,774	18.8%	1,518	10.4%	274,360	9.0%	13.0%
Middle	159	67.7%	26,100	55.8%	8,900	60.8%	1,825,853	59.6%	61.3%
Upper	52	22.1%	11,875	25.4%	4,220	28.8%	963,088	31.4%	25.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	235	100.0%	46,749	100.0%	14,638	100.0%	3,063,301	100.0%	
2013									
Geographic	Bank				Aggregate				OO HHs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	2.7%	1,985	4.4%	443	3.2%	95,038	3.3%	1.9%
Moderate	25	9.8%	3,227	7.1%	1,301	9.4%	226,661	7.8%	11.1%
LMI	32	12.5%	5,212	11.5%	1,744	12.6%	321,699	11.1%	13.0%
Middle	170	66.4%	28,901	63.6%	8,261	59.6%	1,672,850	57.8%	61.3%
Upper	54	21.1%	11,318	24.9%	3,850	27.8%	898,682	31.1%	25.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	256	100.0%	45,431	100.0%	13,855	100.0%	2,893,231	100.0%	
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HHs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	1.5%	2,400	2.1%	1,003	2.5%	218,351	2.6%	1.9%
Moderate	54	8.3%	12,910	11.0%	3,312	8.2%	551,207	6.7%	11.1%
LMI	64	9.9%	15,310	13.1%	4,315	10.7%	769,558	9.3%	13.0%
Middle	456	70.3%	72,622	62.1%	24,906	61.9%	4,948,798	59.9%	61.3%
Upper	129	19.9%	29,016	24.8%	11,016	27.4%	2,540,647	30.8%	25.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	649	100.0%	116,948	100.0%	40,237	100.0%	8,259,003	100.0%	

Business Loans:

The distribution of small business loans, based on the income level of the geography where the business was located, demonstrated an adequate rate of lending in LMI census tracts.

On average RB originated 22.3% by dollar value of its small business loans in LMI tracts in its assessment area, compared to the aggregate's ratio of 19.2%.

The following table provides a summary of the distribution of RB's business lending by the income level of the geography where the business was located.

Distribution of Business Lending by Geographic Income of the Census Tract									
2011									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	24	8.7%	2,361	6.3%	840	6.3%	20,903	5.7%	5.8%
Moderate	15	5.4%	2,258	6.1%	1,163	8.7%	41,052	11.2%	10.7%
LMI	39	14.1%	4,619	12.4%	2,003	14.9%	61,955	16.9%	16.5%
Middle	182	65.7%	26,269	70.6%	8,321	62.0%	221,772	60.4%	64.7%
Upper	56	20.2%	6,319	17.0%	3,090	23.0%	83,435	22.7%	18.7%
Unknown	0	0.0%	0	0.0%	3	0.0%	14	0.0%	
Total	277		37,207		13,417		367,176		
2012									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	25	8.2%	5,284	12.2%	1,070	7.8%	24,896	7.2%	5.8%
Moderate	35	11.5%	7,616	17.5%	1,539	11.2%	51,637	15.0%	14.0%
LMI	60	19.7%	12,900	29.7%	2,609	19.0%	76,533	22.3%	19.8%
Middle	172	56.6%	23,415	53.9%	7,701	56.0%	185,196	53.9%	57.5%
Upper	72	23.7%	7,103	16.4%	3,438	25.0%	81,707	23.8%	22.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	304		43,418		13,748		343,436		
2013									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	37	10.9%	5,022	10.6%	1,218	10.1%	24,295	7.0%	5.8%
Moderate	30	8.8%	5,971	12.6%	1,357	11.2%	40,587	11.6%	14.2%
LMI	67	19.8%	10,993	23.2%	2,575	21.2%	64,882	18.6%	20.0%
Middle	185	54.6%	26,749	56.5%	6,700	55.3%	205,916	59.0%	57.6%
Upper	87	25.7%	9,636	20.3%	2,844	23.5%	77,969	22.4%	22.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	339		47,378		12,119		348,767		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	86	9.3%	12,667	9.9%	3,128	8.0%	70,094	6.6%	5.8%
Moderate	80	8.7%	15,845	12.4%	4,059	10.3%	133,276	12.6%	14.2%
LMI	166	18.0%	28,512	22.3%	7,187	18.3%	203,370	19.2%	20.0%
Middle	539	58.6%	76,433	59.7%	22,722	57.8%	612,884	57.9%	57.6%
Upper	215	23.4%	23,058	18.0%	9,372	23.9%	243,111	22.9%	22.4%
Unknown	0	0.0%	0	0.0%	3	0.0%	14	0.0%	
Total	920	100.0%	128,003	100.0%	39,284	100.0%	1,059,379	100.0%	

Consumer Loans:

The distribution of RB's consumer loans, by the income level of the geography of the borrower, demonstrated an adequate rate of lending in LMI geographies.

The following table provides a summary of RB's consumer lending distribution based on the income level of the geography where the borrower resides.

Distribution of Consumer Lending by Geographic Income of the Census Tract					
2011*					
Geographic	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	135	3.7%	1,896	2.9%	5.4%
Moderate	541	14.8%	5,452	8.2%	15.1%
LMI	676	18.5%	7,348	11.1%	20.5%
Middle	2,572	70.4%	51,317	77.6%	61.8%
Upper	406	11.1%	7,466	11.3%	16.7%
Unknown	0	0.0%	0	0.0%	1.1%
Total*	3,654	100.0%	66,131	100.0%	
2012					
Geographic	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	89	2.2%	1,285	1.8%	5.7%
Moderate	494	12.4%	8,377	11.7%	14.8%
LMI	583	14.6%	9,662	13.5%	20.5%
Middle	2,611	65.3%	46,616	65.2%	58.4%
Upper	803	20.1%	15,197	21.3%	20.1%
Unknown	0	0.0%	0	0.0%	1.0%
Total	3,997	100.0%	71,475	100.0%	
2013					
Geographic	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	113	2.4%	1,879	2.1%	5.7%
Moderate	658	13.8%	11,811	13.3%	14.8%
LMI	771	16.2%	13,690	15.4%	20.5%
Middle	3,055	64.3%	57,012	64.2%	58.4%
Upper	926	19.5%	18,135	20.4%	20.1%
Unknown	1	0.0%	31	0.0%	1.0%
Total	4,753	100.0%	88,868	100.0%	
GRAND TOTAL					
Geographic	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	337	2.7%	5,060	2.2%	5.7%
Moderate	1,693	13.6%	25,640	11.3%	14.8%
LMI	2,030	16.4%	30,700	13.6%	20.5%
Middle	8,238	66.4%	154,945	68.4%	58.4%
Upper	2,135	17.2%	40,798	18.0%	20.1%
Unknown	1	0.0%	31	0.0%	1.0%
Total	12,404	100.0%	226,474	100.0%	

*2011 numbers are extrapolated from a sample of 30 loans.

Distribution by Borrower Characteristics: “Low Satisfactory”

The distribution of loans, based on borrower characteristics, demonstrated adequate rates of lending among individuals of different income levels and businesses of different revenue sizes.

HMDA-Reportable Loans:

RB’s HMDA-reportable lending demonstrated an adequate rate of lending among individuals of different income levels.

On average RB originated 16.9% by dollar value of its 1-4 family loans to LMI borrowers during the evaluation period, compared to the aggregate’s ratio of 17.7% to the same individuals.

The following table provides a summary of the HMDA-reportable lending distribution based on borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2011									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	18	11.5%	1,200	5.0%	757	6.5%	77,931	3.4%	19.1%
Moderate	31	19.7%	3,290	13.6%	2,410	20.8%	352,212	15.6%	18.1%
LMI	49	31.2%	4,490	18.5%	3,167	27.3%	430,143	19.0%	37.2%
Middle	41	26.1%	5,120	21.1%	3,370	29.1%	621,197	27.5%	24.3%
Upper	63	40.1%	13,222	54.6%	4,684	40.4%	1,130,049	50.0%	38.6%
Unknown	4	2.5%	1,383	5.7%	379	3.3%	79,221	3.5%	0.0%
Total	157	100.0%	24,215	100.0%	11,600	100.0%	2,260,610	100.0%	
2012									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	16	6.9%	1,267	3.1%	898	6.2%	100,539	3.5%	20.2%
Moderate	43	18.5%	5,152	12.5%	2,657	18.4%	397,009	13.7%	17.8%
LMI	59	25.4%	6,419	15.6%	3,555	24.6%	497,548	17.1%	38.0%
Middle	68	29.3%	10,607	25.8%	4,192	29.0%	782,383	26.9%	22.6%
Upper	99	42.7%	22,363	54.4%	6,124	42.4%	1,492,874	51.4%	39.4%
Unknown	6	2.6%	1,717	4.2%	581	4.0%	132,090	4.5%	0.0%
Total	232	100.0%	41,106	100.0%	14,452	100.0%	2,904,895	100.0%	
2013									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	17	6.7%	1,515	3.4%	866	6.3%	99,961	3.6%	20.2%
Moderate	52	20.4%	6,056	13.8%	2,572	18.8%	376,795	13.7%	17.8%
LMI	69	27.1%	7,571	17.2%	3,438	25.1%	476,756	17.3%	38.0%
Middle	68	26.7%	11,605	26.4%	3,875	28.3%	716,797	26.0%	22.6%
Upper	115	45.1%	23,374	53.1%	5,815	42.4%	1,421,773	51.6%	39.4%
Unknown	3	1.2%	1,456	3.3%	584	4.3%	138,502	5.0%	0.0%
Total	255	100.0%	44,006	100.0%	13,712	100.0%	2,753,828	100.0%	
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	51	7.9%	3,982	3.6%	2,521	6.3%	278,431	3.5%	20.2%
Moderate	126	19.6%	14,498	13.3%	7,639	19.2%	1,126,016	14.2%	17.8%
LMI	177	27.5%	18,480	16.9%	10,160	25.6%	1,404,447	17.7%	38.0%
Middle	177	27.5%	27,332	25.0%	11,437	28.8%	2,120,377	26.8%	22.6%
Upper	277	43.0%	58,959	53.9%	16,623	41.8%	4,044,696	51.1%	39.4%
Unknown	13	2.0%	4,556	4.2%	1,544	3.9%	349,813	4.4%	0.0%
Total	644	100.0%	109,327	100.0%	39,764	100.0%	7,919,333	100.0%	

Small Business Loans:

The distribution of RB's business loans among businesses of different revenue sizes demonstrated an adequate rate of lending to small businesses.

On average RB originated 35.8% by dollar value of its total business loans to small businesses in the assessment area, compared to the aggregate's ratio of 36.1%.

The following table provides a summary of distribution of RB's business lending by the revenue size of the business.

Distribution of Business Lending by Revenue Size of Business									
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	128	46.2%	11,290	30.3%	5,299	39.5%	125,729	34.2%	69.1%
Rev. > \$1MM	114	41.2%	22,327	60.0%					2.8%
Rev. Unknown	35	12.6%	3,590	9.6%					28.1%
Total	277		37,207		13,417		367,176		
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	151	49.7%	14,247	32.8%	5,509	40.1%	124,683	36.3%	72.9%
Rev. > \$1MM	119	39.1%	23,970	55.2%					3.5%
Rev. Unknown	34	11.2%	5,201	12.0%					23.6%
Total	304		43,418		13,748		343,436		
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	185	54.6%	20,343	42.9%	5,691	47.0%	131,515	37.7%	73.7%
Rev. > \$1MM	134	39.5%	24,494	51.7%					3.6%
Rev. Unknown	20	5.9%	2,541	5.4%					22.7%
Total	339		47,378		12,119		348,767		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	464	50.4%	45,880	35.8%	16,499	42.0%	381,927	36.1%	73.7%
Rev. > \$1MM	367	39.9%	70,791	55.3%					3.6%
Rev. Unknown	89	9.7%	11,332	8.9%					22.7%
Total	920		128,003		39,284		1,059,379		

Consumer Loans:

The distribution of RB's consumer loans by household income level demonstrated an adequate rate of lending to LMI households.

The following table provides a summary of RB's consumer lending distribution based on borrowers of different income levels.

Distribution of Consumer Lending by Borrower Income					
2011*					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	812	22.2%	5,807	8.8%	30.7%
Moderate	677	18.5%	12,444	18.8%	16.5%
LMI	1,489	40.7%	18,251	27.6%	47.2%
Middle	1,354	37.0%	26,310	39.8%	17.3%
Upper	812	22.2%	21,570	32.6%	35.5%
Unknown	0	0.0%	0	0.0%	0.0%
Total*	3,655	100.0%	66,131	100.0%	
2012					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	1,123	28.1%	15,743	22.0%	32.8%
Moderate	1,036	25.9%	17,488	24.5%	16.0%
LMI	2,159	54.0%	33,231	46.5%	48.8%
Middle	960	24.0%	18,426	25.8%	17.0%
Upper	868	21.7%	19,630	27.5%	34.2%
Unknown	10	0.3%	188	0.3%	0.0%
Total	3,997	100.0%	71,475	100.0%	
2013					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	218	4.6%	2,038	2.3%	32.8%
Moderate	554	11.7%	7,879	8.9%	16.0%
LMI	772	16.2%	9,917	11.2%	48.8%
Middle	1,920	40.4%	37,828	42.6%	17.0%
Upper	1,984	41.7%	40,704	45.8%	34.2%
Unknown	77	1.6%	419	0.5%	0.0%
Total	4,753	100.0%	88,868	100.0%	
GRAND TOTAL					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	2,153	17.4%	23,588	10.4%	32.8%
Moderate	2,267	18.3%	37,811	16.7%	16.0%
LMI	4,420	35.6%	61,399	27.1%	48.8%
Middle	4,234	34.1%	82,564	36.5%	17.0%
Upper	3,664	29.5%	81,904	36.2%	34.2%
Unknown	87	0.7%	607	0.3%	0.0%
Total	12,405	100.0%	226,474	100.0%	

*2011 numbers are extrapolated from a sample of 30 loans in the assessment area.

Community Development Lending: "Low Satisfactory"

During the evaluation period, RB originated \$18.7 million in new community development loans and had \$4.4 million outstanding from prior evaluation periods. This demonstrated an adequate level of community development lending.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	3	1,956		
Economic Development	6	6,840		
Community Services	17	9,872	8	4,447
Other (Please Specify)				
Total	26	18,668	8	4,447

The following are highlights of RB's community development lending.

RB originated three loans for two multifamily buildings that contained 46% affordable housing units.

RB originated six economic development loans to businesses that were involved in projects that helped create or maintain jobs in moderate-income areas.

The seventeen community services loans originated by RB went to organizations that provide mental health, substance abuse and other similar services to children and their parents who are in need of such services.

Flexible and/or Innovative Lending Practices:

RB participates in the State of New York Mortgage Assistance, the Federal Housing Administration, and the Federal Home Loan Bank programs.

INVESTMENT TEST: "Low Satisfactory"

RB's investment performance is evaluated pursuant to the following criteria:

- (1) The dollar amount of qualified investments;*
- (2) The innovativeness or complexity of qualified investments; and*
- (3) The responsiveness of qualified investments to credit and community development needs.*

RB's community development investments were adequate in light of the assessment area's credit needs.

Amount of Community Development Investments:

During the evaluation period, RB made \$208,000 in new community development grants

and had \$183,000 of affordable housing community development investments outstanding from prior evaluation periods. This demonstrated an adequate level of community development investments and grants.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing			1	183
Economic Development				
Community Services				
Other (Please Specify)				
Total	0	0	1	183
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing	24	27		
Economic Development	9	8		
Community Services	114	173		
Other (Please Specify)				
Total	147	208		

Below are highlights of RB's community development grants.

RB made grants of \$27,000 to affordable housing organizations in the bank's assessment area. The economic development grants of \$8,000 were made mostly to nonprofit businesses for business development needs. Community services grants of \$173,000 were made to charitable and nonprofit organizations for various community services, such as mental health, child care, domestic violence, substance abuse, etc.

Innovativeness of Community Development Investments:

This evaluation did not note innovative practices in RB's community development investments.

Responsiveness of Community Development Investments to Credit and Community Development Needs:

RB's community development investments exhibited adequate responsiveness to credit and community development needs.

SERVICE TEST: “High Satisfactory”

RB’s retail service performance is evaluated pursuant to the following criteria:

- (1) The current distribution of the banking institution’s branches;*
- (2) The institutions record of opening and closing branches;*
- (3) The availability and effectiveness of alternative systems for delivering retail services;*
and
- (4) The range of services provided.*

RB’s community development service performance is evaluated pursuant to the following criteria:

- (1) The extent to which the banking institution provides community development services; and*
- (2) The innovativeness and responsiveness of community development services.*

Retail Banking Services: “Low Satisfactory”

RB continued to have adequate delivery systems, branch hours and services, and alternative delivery systems.

Current distribution of the banking institution’s branches:

Since the prior evaluation, RB opened a full service branch office in the Village of Fishkill in Dutchess County. That office increased RB’s network of branch offices to eleven. Seven branches are located adjacent to one or more LMI census tracts. All branch offices have 24 hour ATMs that accept deposits. However, the walk-up ATMs at 1898 South Road, Poughkeepsie (middle-income), 708 Dutchess Turnpike, Poughkeepsie (moderate-income) and 3432 North Road, Poughkeepsie (middle- income) were removed in June 2011. Each of these branches continues to operate a drive-up ATM.

RB also operates one off-site ATM at 51 Broadway, Tivoli, NY 12583. This ATM dispenses cash but does not accept deposits. This ATM is located in a middle- income census tract in Dutchess County. Also, many branches and the corporate office building at 2 Jefferson Plaza, Poughkeepsie, NY 12601 offer night depository service where customers can make deposits and loan payments.

All branches are open from 8:00 AM to 5:00 PM, Monday through Friday, and from 8:30 AM to 12:30 PM on Saturday, except the Kingston branch at 27 Main Street in Kingston NY, which is not open on Saturday. This office is located in a middle-income census tract.

RB does not operate any branches in Columbia or Orange counties which are in the bank’s assessment area.

Distribution of Branches within the Assessment Area							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI
	#	#	#	#	#	#	%
*Columbia	0	0	0	0	0	0	0%
Dutchess	0	0	1	6	3	10	10%
Orange	0	0	0	0	0	0	0%
Ulster	0	0	0	1	0	1	0%
Total	0	0	1	7	3	11	9%

*Partial county

Record of opening and closing branches:

The new branch office opened during this evaluation period in the Village of Fishkill is in a middle-income census tract. The opening of this branch did not have a significant impact on the accessibility of the bank's delivery systems for LMI geographies or individuals.

Availability and effectiveness of alternative systems for delivering retail services:

RB's delivery systems continue to be readily accessible to significant portions of the bank's assessment area, particularly LMI geographies and individuals. All ATMs are open 24 hours a day seven days a week. RB provides online banking, telephone banking, bank by mail, ACH and remote deposit capture services for business accounts.

Effective March 2012 RB began offering insurance and investment products and services through its subsidiaries.

Range of services provided:

RB's services continue to meet the convenience and other needs of its assessment area, particularly of LMI geographies and individuals. However, there are no branch offices in Orange and Columbia counties which are part of the bank's assessment area. Some of the banking products RB offers are: checking (including Basic Banking), savings and money market accounts, Visa debit and gift cards, CDs, IRAs, CDARS, mortgage loans, construction and consumer loans, line of credit services, wire transfer, night depository, safe deposit boxes, notary public, travelers cheques and redemption of savings bonds.

Community Development Services: "High Satisfactory"

RB provided a relatively high level of community development services. The following are highlights of RB's community development services.

During the evaluation period, RB's executive and other officers and staff worked with

affordable housing and other community organizations, which provide services such as food pantries, housing, and education classes for the homeless, and assistance for domestic violence victims and other needy individuals and families.

- An executive officer served on the finance and investment committee of a local hospital.
- Another executive officer served on the homeless committee of a nonprofit housing organization.
- A staff member served with a domestic violence shelter and was on a fundraising committee for a group that builds homes for the needy.

RB participated in the Federal Home Loan Bank of New York's First Home Club which assists low- and moderate-income first-time homebuyers. RB offered the following:

- \$500 First Step Grant awarded at closing for down payment or closing costs
- Waiver of Rhinebeck processing and underwriting fees of \$325
- Interest Bearing Priority Savings Account for deposits to the First Home Club Account

Additional Factors

The following factors were also considered in assessing RB's record of performance.

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

RB's audit committee receives a compliance report at each meeting which includes a section on CRA. RB's board approves RB's community support program and RB's large grants and donations but does not actively participate in RB's CRA processes, including reviewing RB'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.*

DFS examiners did not note evidence of practices by RB intended to discourage applications for the types of credit offered by RB.

- *Evidence of prohibited discriminatory or other illegal credit practices.*

DFS examiners did not note evidence that RB engaged in prohibited discriminatory or other illegal practices.

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.

Several officers and employees of the bank work in various capacities at affordable housing and other community organizations. This active involvement of bank staff helps RB ascertain the credit needs of its community and offers the opportunity to communicate services provided by the bank. Following is a sample of this involvement.

- A senior vice president of the bank served on the board of directors of a nonprofit housing assistance organization.
- Two employees volunteered with an organization which builds homes for the needy.
- The president of the bank served on the board of a regional organization that sponsors yearly affordable housing conferences.
- The bank's president also served on the boards of a chamber of commerce, The United Way, a local board of realtors, and a local food pantry.

- 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.

Several marketing flyers have been provided to disseminate information about credit related programs offered by RB. In addition, the bank's president has participated in homebuyer seminars advertised and promoted by a not-for-profit agency which advocates for, among other services, affordable housing and community development. The bank's security officer gave a presentation in conjunction with the US Postal Service on "fraud aimed at the elderly."

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

Since the prior CRA evaluation neither RB nor DFS received any written complaints regarding RB's CRA performance.

Local businesses were inaccessible when a building in the Village of Wappingers Falls collapsed, resulting in the closure of Main Street for demolition and repair work for several

weeks in November 2012. This negatively affected local businesses. As part of its support for the community, RB contacted all village businesses in the immediate area and offered loan assistance to bridge their loss of business.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

“Community development”:

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.

Community development loan

A loan that has 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.

Community development service

Service that has community development as its *primary purpose*, 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.

Geography

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

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.

Income Level

The income level for borrowers is based on household or family income. A geography's income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

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 where, according to the 2000 U.S. 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 cases 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

Individuals or persons 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 represents 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 in LMI geographies or to LMI borrowers.

Low-Income Housing Tax Credit (LIHTC)

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

New Markets Tax Credit (NMTC)

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Qualified investment

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. 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.