



**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, 2009

Institution: Alden State Bank
13216 Broadway
Alden, NY 14004

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.

TABLE OF CONTENTS

	Section
General Information	1
Overview of Institution's Performance	2
Performance Context	3
Institution Profile	
Assessment Area	
Demographic & Economic Data	
Community Information	
Performance Standards and Assessment Factors	4
Loan-to-Deposit Analysis and Other	
Lending-Related Activities	
Assessment Area Concentration	
Distribution by Borrowers Characteristics	
Geographic Distribution of Loans	
Action Taken in Response to Written Complaints	
With Respect to CRA	
Additional Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Alden State Bank (“ASB”) prepared by the New York State Banking Department (now the Department of Financial Services). 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, 2009.

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

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the 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 record of meeting community credit needs; and
4. Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations of 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

ASB is evaluated according to the small bank performance criteria pursuant to Part 76.12 of the General Regulations of the Banking Board. This assessment period included calendar years 2006, 2007, 2008, and 2009. ASB is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs.

The rating is based on the following factors:

- **Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities:** "Satisfactory"

ASB's average LTD ratio was reasonable considering its size, business strategy, financial condition and peer group activity. ASB's average LTD ratio for the 16 quarters ending December 31, 2009 was 73.1% which is below the peer group's average of 85.0%. However, ASB's average LTD ratio has improved since the prior evaluation period's average of 70%.

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

During the evaluation period, ASB originated 76.1% by number, and 63.5% by dollar value of all its HMDA-reportable, small business and consumer loans within the assessment area. Because ASB has a majority of lending inside of its assessment area, the Bank received a "Satisfactory" record of lending within ASB's assessment area.

- **Distribution by Borrowers Characteristics:** "Satisfactory"

The distribution of loans based on borrower characteristics demonstrated a reasonable penetration rate of lending among individuals of different income levels and businesses of different revenue sizes. Although ASB's HMDA-reportable loans penetration rates were below its peer and demographics during the evaluation period, its penetration rate of lending to small businesses with revenue sizes less than or equal to \$1 million exceeded the aggregate, and its consumer loan LMI penetration ratio exceeded the demographic.

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

The distribution of loans based on lending in census tracts of varying income levels demonstrated a reasonable rate of lending. There are no low-income census tracts and only one moderate income tract in ASB's assessment area. As a result this analysis is primarily based on ASB's lending in moderate-income census tracts.

During the evaluation period ASB's penetration rate of small business and HMDA-reportable lending in moderate income census tracts underperformed the aggregate rates, but was considered reasonable. However, regarding consumer loans, ASB

demonstrated a poor penetration rate of lending, as no consumer loans were originated in moderate income census tracts, compared to the household demographic of 3.6%.

- **Action Taken in Response to Written Complaints With Respect to CRA:**
“Satisfactory”

Since the latest CRA evaluation as of December 31, 2005, neither ASB nor the New York State Banking Department has received any written complaints regarding ASB’s CRA performance.

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 Profile:

Chartered in New York State in 1916, ASB is a commercial bank located in the Town of Alden, in Erie County. ASB serves the towns of Alden, Lancaster, and the surrounding communities. In addition to its main office, ASB has one branch office which opened in Lancaster in 1995. ASB is the only bank located in the town of Alden.

Per the December 31, 2009 Consolidated Report of Condition (“Call Report”) filed with the Federal Deposit Insurance Corporation (“FDIC”), ASB reported total assets of \$207.2 million, of which \$138.7 million were net loans and lease finance receivables. It also reported total deposits of \$179.0 million, resulting in a loan-to-deposit ratio of 77.5%. According to the comparative deposit data as of June 30, 2009, ASB obtained a market share of 0.57%, or \$174.5 million out of \$30.5 billion inside its market, ranking it 12th among 21 deposit-taking institutions in Erie, Genesee, and Wyoming Counties.

The following is a summary of the bank’s loan portfolio, based on Schedule RC-C of the bank’s December 31, 2006, December 31, 2007, December 31, 2008, and December 31, 2009 Call Reports:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2006		2007		2008		2009	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	73,747	60.5	74,431	62.8	81,947	66.1	95,426	68.1
Commercial & Industrial Loans	10,723	8.8	8,463	7.1	8,851	7.1	8,586	6.1
Commercial Mortgage Loans	21,497	17.6	22,178	18.7	22,027	17.8	24,282	17.3
Multifamily Mortgages	126	0.1	123	0.1	120	0.1	116	0.1
Consumer Loans	6,537	5.4	6,616	5.6	5,812	4.7	5,792	4.1
Agricultural Loans	831	0.7	763	0.6	452	0.4	206	0.1
Construction Loans	8,281	6.8	5,803	4.9	4,723	3.8	5,523	3.9
Obligations of States & Municipalities		0.0		0.0		0.0		0.0
Other Loans	90	0.1	98	0.1	120	0.1	212	0.2
Lease financing		0.0		0.0		0.0		0.0
Total Gross Loans	121,832		118,475		124,052		140,143	

As illustrated in the above chart, ASB is primarily a residential real estate lender, with approximately 68% of its loan portfolio in residential real estate. An additional 17% of loans are commercial mortgages, and 4% are consumer loans. However, ASB originated a significant volume of consumer loans during the evaluation period. Of the combined total dollar value of HMDA-reportable, small business and consumer loans originated by ASB during this period, consumer loans represented approximately

34.4%¹ of these originations (See loan origination table on Page 4-4).

ASB operates two banking offices, which are located in Erie County. Each location has one ATM in its drive thru lane. These are ASB's only ATMs, and neither ATM takes deposits. ASB offers a full range of deposit and fixed rate loan products, safe deposit box rentals, and alternative delivery systems such as bank-by-mail, telephone banking, and on-line banking including bill payment services. Neither of ASB's offices is located in a low- to moderate-income ("LMI") area.

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

Assessment Area:

ASB's assessment area is comprised of portions of Erie, Genesee and Wyoming counties.

There are 18 census tracts in the area, of which none are low-income, one is moderate-income, 11 are middle-income, five are upper-income and two are tracts with no income indicated. The chart below indicates 19 tracts because one census tract (9401) is in both Erie and Genesee counties.

Four census tracts have been added to the assessment area since the prior evaluation period. One middle income census tract in Erie County, and one middle income census tract in Genesee County were added to the assessment area due to the high number of HMDA-reportable loans made in those areas; more than were made in census tracts within ASB's previous assessment area. The third new census tract is for the Village of Akron, while the fourth tract includes the Tonawanda Indian Reservation. Both of these two tracts are immediately adjacent to tracts within ASB's assessment area.

One of the two tracts with no indicated income includes a home for the aged and the Wende State Correctional Facility. The other tract (9401) includes the Tonawanda Indian Reservation.

Assessment Area Census Tracts by Income Level								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Dis-tressed %
Erie*	2		1	8	4	15	6.7	6.7%
Genesee*				2	1	3	0.0	0%
Wyoming*				1		1	0.0	0%
Total	2	0	1	11	5	19	5.3	5.3%

* Partial county

¹ Consumer loan originations during evaluation period of \$62,488 represented 34.4% of total originations of \$181,372 in table on Page 4-4.

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

Demographic & Economic Data

The assessment area had a population of 85,495 during the examination period. About 14.2% of the population were over the age of 65 and 22.2% were under the age of 16.

Of the 23,162 families in the assessment area, 10.2% were low-income, 17.1% were moderate-income, 24.8% were middle-income and 47.9% were upper-income families. There were 31,684 households in the assessment area, of which 4.9% had income below the poverty level and 1.2% were on public assistance.

The MSA median family income within the assessment area was \$47,594. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area was \$61,689 in 2009.

There were 33,021 housing units within the assessment area, of which 94.5% were one- to four-family units, and 5.5% were multifamily units. A majority (77.4%) of the area's housing units were owner-occupied, while 20.1% were rental units. Of the 25,557 owner-occupied housing units, 2.1% were in moderate-income geographies while 53.5% were in middle-income tracts and 44.4% were in upper income tracts. The median age of the housing stock was 45 years and the median home value in the assessment area was \$10,825.

There were 5,416 non-farm businesses in the assessment area. Of these, 78.9% were businesses with reported revenues of less than or equal to \$1 million, 4.9% reported revenues of more than \$1 million and 16.2% did not report their revenues. Of all the businesses in the assessment area, 87.8% were businesses with less than fifty employees while 91.9% operated from a single location. The largest industries in the area were Services (44.5%), followed by Retail Trade (14.1%) and Construction (10.8%), while 5.9% 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 increased significantly between 2008 and 2009, rising 58.5% from 5.3% to 8.4% in one year. The situation was similar for Erie, Genesee and Wyoming Counties. Genesee County fared the best with a 38.2% increase in 2009, while the unemployment rates for Erie and Wyoming Counties rose by 44.6% and 47.5%, respectively, between 2008 and 2009. Erie and Genesee Counties' 2009 unemployment rates were below that of the state-wide rate, while Wyoming County's unemployment rate was higher than the state-wide rate.

Assessment Area Unemployment Rate				
	NYS	Erie	Genesee	Wyoming
2006	4.6	5.0	4.7	5.0
2007	4.5	4.7	4.6	4.9
2008	5.3	5.6	5.5	6.1
2009	8.4	8.1	7.6	9.0

Community Information

Three community contacts were interviewed for this evaluation. One was a local government leader who is also a business owner in the community and the other two were employees of a local faith based organization that provides food to in need residents of Alden and Marilla. This not-for-profit currently serves between 300 and 400 families, representing approximately 1200 individuals, per year.

The contacts interviewed noted that ASB is community oriented and sponsors various activities in the town. They indicated that ASB has been supportive of the local school by making donations to the school board and gymnasium.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

ASB was evaluated under the small banking institution's performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Banking Board. ASB's performance was evaluated according to the small bank performance criteria, which consists of the lending test including:

- 1. Loan-to-deposit ratio and other lending-related activities;*
- 2. Assessment area concentration;*
- 3. Distribution by borrower characteristics;*
- 4. Geographic distribution of loans; and*
- 5. Action taken in response to written complaints regarding CRA*

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.

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the examination process and on its Call Report submitted to the Federal Deposit Insurance Corporation ("FDIC"). Aggregate lending data was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data was obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

The demographic data referred to in this report was derived from the 2000 U.S. Census and HUD. Business demographic data is based on Dun & Bradstreet reports, which are updated annually. Unemployment data was obtained from the New York State Department of Labor. Some non-specific bank data is only available on a county-wide basis, and is used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2006, 2007, 2008, and 2009. HMDA-reportable loans evaluated for year 2006 included originations made during the entire year, while consumer and small business loans evaluated for year 2006 included only those loans originated during the second half of the year, beginning on July 1, 2006.

Examiners considered ASB's small business, HMDA-reportable, and consumer loans in evaluating factors (2), (3) and (4) of the lending test noted above. As ASB made very few small farm loans, these loans were not included in the analyses of the data.

HMDA-reportable loan data evaluated in this performance evaluation represented actual originations. The small business and consumer loan results were extrapolated from a random sample of 128 small business loans and 192 consumer loans.

Consumer data were evaluated due to the high volume of consumer loans originated during the evaluation period. Aggregate consumer data is not available for comparative purposes.

HMDA-reportable lending was given greater weight in this evaluation, as it constitutes the majority of the bank's lending portfolio.

ASB received a rating of "2", reflecting a "Satisfactory" record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2005.

Current CRA Rating: "Satisfactory"

Lending Test: "Satisfactory"

ASB's small business, HMDA-reportable and consumer lending activities are reasonable in light of aggregate and peer group activity and demographics.

Loan-to-Deposit Ratio and other Lending-Related Activities: "Satisfactory"

ASB's average Loan-to-Deposit ("LTD") ratio was reasonable considering its size, business strategy, financial condition, aggregate and peer group activity.

ASB's average LTD ratio during the evaluation period was 73.1%, which is below the peer group's 85% ratio. The peer group is comprised of local, regional, and national banks, many of which are large institutions and not similarly-situated banks. ASB's average LTD ratio has increased since the last evaluation period's average LTD ratio of 70%.

The following chart shows ASB's LTD ratios in comparison with the peer group's ratios for the 16 quarters since the prior evaluation.

Loan-to-Deposit Ratios																	
	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	Avg.
Bank	71.5	74.7	76.2	75.3	73.2	72.7	72.6	69.8	68.9	69.8	71.3	73.1	72.1	74.3	77.1	77.5	73.1
Peer	84.2	85.3	84.9	84.6	84.1	84.8	85.4	86.5	86.6	87.1	87.3	86.3	85.1	83.8	82.8	80.6	85.0

Assessment Area Concentration: “Satisfactory”

During the evaluation period, ASB originated 76.1% by number and 63.5% by dollar value of all HMDA-reportable, small business and consumer loans within the assessment area. This majority of lending inside of its assessment area is a “Satisfactory” record of lending within ASB’s assessment area.

HMDA-Reportable Loans:

During the evaluation period, for HMDA-reportable lending, ASB originated 78.5% by number, and 65.9% by dollar value of its loans within the assessment area. This majority of lending inside of its assessment area is a “Satisfactory” record of lending within ASB’s assessment area.

Small Business Loans:

During the evaluation period, for small business lending, ASB originated 70.3% by number, and 65.9% by dollar value of its loans within the assessment area. This majority of lending inside of its assessment area is a “Satisfactory” record of lending within ASB’s assessment area.

Consumer Loans:

During the evaluation period, for consumer lending, ASB originated 75.5% by number, and 59.1% by dollar value of its loans within the assessment area. This majority of lending inside of its assessment area is a “Satisfactory” record of lending within ASB’s assessment area.

The following table¹ shows the percentages of the ASB’s small business, HMDA-reportable, and consumer loans originated inside and outside of the assessment area:

¹ For small business lending, analysis was performed on a sample of 22 loans in 2006, 36 loans in 2007, 46 loans in 2008 and 24 loans in 2009. For consumer lending, analysis was performed on a sample of 29 loans in 2006, 53 loans in 2007, 44 loans in 2008 and 66 loans in 2009. Number and dollar volume of small business and consumer loans were then extrapolated from the resulting percentages and are not actual results. HMDA-reportable lending analyses were based on actual lending.

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										
2006	198	80.5%	48	19.5%	246	10,267	73.5%	3,701	26.5%	13,968
2007	289	80.7%	69	19.3%	358	13,514	75.9%	4,293	24.1%	17,807
2008	334	81.1%	78	18.9%	412	15,300	64.2%	8,537	35.8%	23,837
2009	343	73.4%	124	26.6%	467	20,111	58.7%	14,123	41.3%	34,234
Subtotal	1,164	78.5%	319	21.5%	1,483	59,192	65.9%	30,654	34.1%	89,846
Small Business										
2006	21	77.3%	6	22.7%	27	2,244	78.0%	635	22.0%	2,879
2007	48	72.2%	19	27.8%	67	3,526	48.5%	3,739	51.5%	7,265
2008	56	73.9%	20	26.1%	76	6,466	77.8%	1,847	22.2%	8,313
2009	48	62.5%	29	37.5%	76	6,910	65.3%	3,671	34.7%	10,581
Subtotal	173	70.3%	73	29.7%	246	19,147	65.9%	9,891	34.1%	29,038
Consumer										
2006	421	72.4%	160	27.6%	581	9,404	86.2%	1,504	13.8%	10,908
2007	827	79.2%	216	20.8%	1,043	2,871	20.2%	11,327	79.8%	14,198
2008	655	68.2%	305	31.8%	960	7,407	41.9%	10,260	58.1%	17,667
2009	800	80.3%	196	19.7%	996	17,224	87.4%	2,491	12.6%	19,715
Subtotal	2,703	75.5%	878	24.5%	3,580	36,906	59.1%	25,582	40.9%	62,488
Grand Total	4,040	76.1%	1,270	23.9%	5,309	115,245	63.5%	66,127	36.5%	181,372

Distribution by Borrower Characteristics: "Satisfactory"

The distribution of loans based on borrower characteristics demonstrated a reasonable penetration rate of lending among individuals of different income levels and businesses of different revenue sizes.

HMDA-Reportable Loans:

ASB's HMDA-reportable lending demonstrated a reasonable penetration rate of lending among individuals of different income levels.

During the evaluation period, ASB's penetration rate to LMI borrowers of 22.3% by number of loans and 11.2% by dollar value was below the aggregate penetration rates of 25.4% and 16.7%, respectively. ASB also trailed the LMI family demographic of 27.3%.

However, ASB's penetration rate improved dramatically in 2009 from prior years, at 36.7% by number and 20.3% by dollar value. Both rates surpassed the aggregate LMI penetration rates for that year of 25.9% and 17.5%, respectively.

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

Distribution of HMDA-Reportable Lending by Borrower Income									
2006									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	22	11.1%	367	3.6%	138	5.7%	7,418	3.0%	10.2%
Moderate	17	8.6%	478	4.7%	454	18.7%	32,723	13.2%	17.1%
LMI	39	19.7%	845	8.2%	592	24.4%	40,141	16.1%	27.3%
Middle	23	11.6%	1,378	13.4%	656	27.0%	59,268	23.8%	24.8%
Upper	25	12.6%	3,072	29.9%	1,106	45.6%	133,046	53.5%	47.9%
Unknown	111	56.1%	4,972	48.4%	74	3.0%	16,200	6.5%	
Total	198		10,267		2,428		248,655		
2007									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	27	9.3%	224	1.7%	128	6.0%	5,530	2.4%	10.2%
Moderate	14	4.8%	426	3.2%	391	18.2%	30,630	13.2%	17.1%
LMI	41	14.2%	650	4.8%	519	24.2%	36,160	15.6%	27.3%
Middle	24	8.3%	1,481	11.0%	609	28.4%	60,417	26.0%	24.8%
Upper	19	6.6%	1,569	11.6%	938	43.7%	125,195	53.8%	47.9%
Unknown	205	70.9%	9,814	72.6%	79	3.7%	10,762	4.6%	
Total	289		13,514		2,145		232,534		
2008									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	24	7.2%	352	2.3%	98	6.5%	5,553	3.1%	10.2%
Moderate	30	9.0%	710	4.6%	319	21.3%	26,715	14.7%	17.1%
LMI	54	16.2%	1,062	6.9%	417	27.8%	32,268	17.8%	27.3%
Middle	23	6.9%	1,239	8.1%	410	27.4%	47,447	26.1%	24.8%
Upper	32	9.6%	3,021	19.7%	624	41.7%	95,255	52.5%	47.9%
Unknown	225	67.4%	9,978	65.2%	47	3.1%	6,601	3.6%	
Total	334		15,300		1,498		181,571		
2009									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	54	15.7%	1,318	6.6%	108	5.2%	6,335	2.3%	10.2%
Moderate	72	21.0%	2,760	13.7%	426	20.7%	41,169	15.2%	17.1%
LMI	126	36.7%	4,078	20.3%	534	25.9%	47,504	17.5%	27.3%
Middle	90	26.2%	4,699	23.4%	582	28.2%	69,628	25.7%	24.8%
Upper	113	32.9%	9,685	48.2%	851	41.3%	139,972	51.6%	47.9%
Unknown	14	4.1%	1,649	8.2%	94	4.6%	14,048	5.2%	
Total	343		20,111		2,061		271,152		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	127	10.9%	2,261	3.8%	586	5.8%	11,896	2.7%	10.2%
Moderate	133	11.4%	4,374	7.4%	1,276	19.6%	100,417	14.1%	17.1%
LMI	260	22.3%	6,635	11.2%	2,062	25.4%	156,072	16.7%	27.3%
Middle	160	13.7%	8,797	14.9%	1,609	27.8%	164,112	25.4%	24.8%
Upper	189	16.2%	17,347	29.3%	4,119	43.3%	539,473	52.8%	47.9%
Unknown	555	47.7%	26,413	44.6%	1,617	3.6%	31,675	5.1%	
Total	1,164		59,192		7,209		1,003,643		

Small Business Loans:

The distribution of small business loans based on the revenue size of the business demonstrated an excellent penetration rate of lending among businesses of different revenue sizes.

During the evaluation period, in the assessment area, ASB's lending to small businesses with revenue sizes less than or equal to \$1 million was 79.6% by number of loans and 75.7% by dollar value, significantly outperforming the aggregate ratios of 36.4% and 27.9%, respectively.

Additionally, ASB's lending to small businesses with revenue sizes less than or equal to \$1 million during 2006 and 2007 greatly exceeded the business demographic, then underperformed the demographic in 2008, and slightly outperformed it in 2009.

The following chart provides a summary of the ASB's small business lending distribution based on revenue size during the evaluation period:

Distribution of Small Business Lending by Revenue Size of Business									
2006									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	17	82.4%	1,992	88.8%	973	38.2%	22,200	24.3%	63.2%
Rev. > \$1MM	4	17.6%	252	11.2%					5.6%
Rev. Unknown	-	0.0%	-	0.0%					31.2%
Total	21		2,244		2,545		91,249		
2007									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	42	88.5%	3,286	93.2%	1,083	37.9%	25,445	30.8%	62.7%
Rev. > \$1MM	6	11.5%	240	6.8%					5.4%
Rev. Unknown	-	0.0%	-	0.0%					31.9%
Total	48		3,526		2,861		82,615		
2008									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	40	70.6%	3,511	54.3%	753	34.1%	20,070	30.5%	61.6%
Rev. > \$1MM	16	29.4%	2,955	45.7%					5.1%
Rev. Unknown	-	0.0%	-	0.0%					33.3%
Total	56		6,466		2,205		65,894		
2009									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	38	80.0%	5,712	82.7%	316	32.6%	10,208	25.7%	78.9%
Rev. > \$1MM	10	20.0%	1,198	17.3%					4.9%
Rev. Unknown	-	0.0%	-	0.0%					16.2%
Total	48		6,910		968		39,766		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	138	79.6%	14,501	75.7%		36.4%		27.9%	
Rev. > \$1MM	35	20.4%	4,645	24.3%					
Rev. Unknown	-	0.0%	-	0.0%					
Total	173		19,146						

For small business lending, analysis was performed on a sample of 22 loans in 2006, 36 loans in 2007, 46 loans in 2008 and 24 loans in 2009. Number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results.

Consumer Loans:

The distribution of consumer loans based on the income of the borrowers demonstrated an excellent penetration rate of lending among borrowers of different income levels. ASB's LMI penetration ratio of 61.9% for the four year evaluation period exceeded the household demographic ratio of 30.4%.

The following chart provides a summary of ASB's consumer lending distribution based on borrowers of different income levels during the evaluation period:

Distribution of Consumer Lending by Borrower Income					
2006					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	160	38.1%	535	5.7%	15.8%
Moderate	80	19.0%	306	3.3%	14.6%
LMI	241	57.1%	841	8.9%	30.4%
Middle	140	33.3%	2,115	22.5%	18.9%
Upper	40	9.5%	6,448	68.6%	50.7%
Unknown	0	0.0%	0	0.0%	0.0%
Total	421		9,404		
2007					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	315	38.1%	691	24.1%	15.8%
Moderate	276	33.3%	905	31.5%	14.6%
LMI	591	71.4%	1,596	55.6%	30.4%
Middle	177	21.4%	643	22.4%	18.9%
Upper	59	7.1%	631	22.0%	50.7%
Unknown	0	0.0%	0	0.0%	0.0%
Total	827		2,871		
2008					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	197	30.0%	310	4.2%	15.8%
Moderate	131	20.0%	464	6.3%	14.6%
LMI	328	50.0%	774	10.4%	30.4%
Middle	153	23.3%	818	11.0%	18.9%
Upper	175	26.7%	5,815	78.5%	50.7%
Unknown	0	0.0%	0	0.0%	0.0%
Total	655		7,407		
2009					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	347	43.4%	1,927	11.2%	15.8%
Moderate	166	20.8%	1,226	7.1%	14.6%
LMI	513	64.2%	3,153	18.3%	30.4%
Middle	226	28.3%	11,502	66.8%	18.9%
Upper	60	7.5%	2,569	14.9%	50.7%
Unknown	0	0.0%	0	0.0%	0.0%
Total	800		17,224		
GRAND TOTAL					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	1,019	37.7%	3,462	9.4%	
Moderate	653	24.2%	2,902	7.9%	
LMI	1,672	61.9%	6,364	17.2%	
Middle	697	25.8%	15,079	40.9%	
Upper	334	12.4%	15,463	41.9%	
Unknown	0	0.0%	0	0.0%	
Total	2,703		36,906		

2

² For consumer lending, analysis was performed on a sample of 29 loans in 2006, 53 loans in 2007, 44 loans in 2008 and 66 loans in 2009. Number and dollar volume of consumer loans were then extrapolated from the resulting percentages and are not actual results.

Geographic Distribution of Loans: “Satisfactory”

The distribution of loans based on lending in census tracts of varying income levels demonstrated a reasonable penetration rate of lending.

There are no low-income census tracts in ASB’s assessment area, and only one moderate-income tract. As a result this analysis is primarily based on ASB’s lending in the one moderate-income census tract.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated a reasonable penetration rate of lending.

During the evaluation period, ASB originated 1.0% by number and 0.9% by dollar value of its HMDA-reportable loans within moderate geographies, which was less than the aggregate rates of 2.1% and 1.3%, respectively. ASB also trailed the demographics for owner occupied homes in moderate census tracts.

The following chart provides a summary of the ASB’s HMDA-reportable lending distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract

2006									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	1	0.5%	17	0.2%	54	2.2%	3,722	1.5%	2.1%
LMI	1	0.5%	17	0.2%	54	2.2%	3,722	1.5%	2.1%
Middle	161	81.3%	7,233	70.4%	1,173	48.3%	113,308	45.6%	53.5%
Upper	36	18.2%	3,017	29.4%	1,200	49.4%	131,608	52.9%	44.4%
Unknown	0	0.0%	0	0.0%	1	0.0%	17	0.0%	0.0%
Total	198		10,267		2,428		248,655		
2007									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	4	1.4%	152	1.1%	45	2.1%	3,507	1.5%	2.1%
LMI	4	1.4%	152	1.1%	45	2.1%	3,507	1.5%	2.1%
Middle	234	81.0%	10,659	78.9%	1,057	49.3%	100,852	43.4%	53.5%
Upper	51	17.6%	2,703	20.0%	1,042	48.6%	128,147	55.1%	44.4%
Unknown	0	0.0%	0	0.0%	1	0.0%	28	0.0%	0.0%
Total	289		13,514		2,145		232,534		
2008									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	5	1.5%	249	1.6%	36	2.4%	2,894	1.6%	2.1%
LMI	5	1.5%	249	1.6%	36	2.4%	2,894	1.6%	2.1%
Middle	250	74.9%	10,753	70.3%	711	47.5%	76,553	42.2%	53.5%
Upper	79	23.7%	4,298	28.1%	750	50.1%	102,094	56.2%	44.4%
Unknown	0	0.0%	0	0.0%	1	0.1%	30	0.0%	0.0%
Total	334		15,300		1,498		181,571		
2009									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	2	0.6%	102	0.5%	32	1.6%	2,456	0.9%	2.1%
LMI	2	0.6%	102	0.5%	32	1.6%	2,456	0.9%	2.1%
Middle	246	71.7%	13,473	67.0%	946	45.9%	113,371	41.8%	53.5%
Upper	95	27.7%	6,536	32.5%	1,083	52.5%	155,325	57.3%	44.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	343		20,111		2,061		271,152		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	12	1.0%	520	0.9%		2.1%		1.3%	
LMI	12	1.0%	520	0.9%		2.1%		1.3%	
Middle	891	76.5%	42,118	71.2%		47.8%		43.3%	
Upper	261	22.4%	16,554	28.0%		50.1%		55.4%	
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
Total	1,164		59,192						

Small Business Loans:

The distribution of small business loans based on the income level of the geography of the business demonstrated a reasonable penetration rate of lending

During the evaluation period, ASB's penetration rate of lending in moderate-income census tracts of 3.0% by number of loans and 2.7% by dollar value underperformed the aggregate rates of 3.7% and 5.2%, respectively.

The following chart provides a summary of the ASB's small business lending distribution based on the income level of the geography.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2006									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	98	3.9%	4,784	5.2%	4.5%
LMI	0	0.0%	0	0.0%	98	3.9%	4,784	5.2%	4.5%
Middle	19	88.2%	2,125	94.7%	1,271	49.9%	47,482	52.0%	55.8%
Upper	2	11.8%	119	5.3%	1,176	46.2%	38,983	42.7%	39.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.2%
Total	21		2,244		2,545		91,249		
2007									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	2	3.8%	147	4.2%	101	3.5%	3,141	3.8%	4.5%
LMI	2	3.8%	147	4.2%	101	3.5%	3,141	3.8%	4.5%
Middle	33	69.2%	1,428	40.5%	1,418	49.6%	43,125	52.2%	54.5%
Upper	13	26.9%	1,951	55.3%	1,342	46.9%	36,349	44.0%	40.8%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.2%
Total	48		3,526		2,861		82,615		
2008									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	3	5.9%	365	5.6%	85	3.9%	3,554	5.4%	4.6%
LMI	3	5.9%	365	5.6%	85	3.9%	3,554	5.4%	4.6%
Middle	41	73.5%	5,130	79.3%	1,075	48.8%	29,263	44.4%	53.6%
Upper	12	20.6%	972	15.0%	1,045	47.4%	33,077	50.2%	41.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.2%
Total	56		6,466		2,205		65,894		
2009									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	30	3.1%	3,115	7.8%	4.5%
LMI	0	0.0%	0	0.0%	30	3.1%	3,115	7.8%	4.5%
Middle	35	73.3%	5,704	82.5%	473	48.9%	19,382	48.7%	54.1%
Upper	13	26.7%	1,206	17.5%	465	48.0%	17,269	43.4%	41.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.2%
Total	48		6,910		968		39,766		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	5	3.0%	512	2.7%		3.7%		5.2%	
LMI	5	3.0%	512	2.7%		3.7%		5.2%	
Middle	128	74.1%	14,386	75.1%		49.4%		49.8%	
Upper	40	23.0%	4,248	22.2%		47.0%		45.0%	
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
Total	173		19,146						

Consumer Loans:

The distribution of consumer loans based on the income of the borrowers demonstrated a poor penetration rate of lending among borrowers of different income levels.

The vast majority of the consumer loans originated by ASB were in middle-income census tracts. No consumer loans were originated in moderate income census tracts, compared to the household demographic of 3.6%.

The following chart provides a summary of the ASB's consumer lending distribution based on borrowers of different income levels during the evaluation period:

Distribution of Consumer Lending by Geographic Income of the Census Tract					
2006					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	3.6%
LMI	0	0.0%	0	0.0%	3.6%
Middle	321	76.2%	8,920	94.9%	54.9%
Upper	100	23.8%	484	5.1%	41.4%
Unknown	0	0.0%	0	0.0%	0.1%
Total	421		9,404		
2007					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	3.6%
LMI	0	0.0%	0	0.0%	3.6%
Middle	610	73.8%	2,001	69.7%	54.9%
Upper	217	26.2%	870	30.3%	41.4%
Unknown	0	0.0%	0	0.0%	0.1%
Total	827		2,871		
2008					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	3.6%
LMI	0	0.0%	0	0.0%	3.6%
Middle	546	83.3%	2,720	36.7%	54.9%
Upper	109	16.7%	4,687	63.3%	41.4%
Unknown	0	0.0%	0	0.0%	0.1%
Total	655		7,407		
2009					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	3.6%
LMI	0	0.0%	0	0.0%	3.6%
Middle	725	90.6%	15,044	87.3%	54.9%
Upper	75	9.4%	2,180	12.7%	41.4%
Unknown	0	0.0%	0	0.0%	0.1%
Total	800		17,224		
GRAND TOTAL					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	
Moderate	0	0.0%	0	0.0%	
LMI	0	0.0%	0	0.0%	
Middle	2,202	81.4%	28,685	77.7%	
Upper	501	18.6%	8,221	22.3%	
Unknown	0	0.0%	0	0.0%	
Total	2,703		36,906		

Action Taken In Response to Written Complaints With Respect to CRA: “Satisfactory”

Since the latest CRA evaluation as of December 31, 2005, neither ASB nor the New York State Banking Department has received any written complaints regarding ASB’s CRA performance.

Additional Factors

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 Community Reinvestment Act

ASB’s board of directors reviews and approves the bank’s CRA statement on an annual basis and discusses various CRA issues as they are brought up at various board meetings.

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

The New York State Banking Department noted no practices that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

The New York State Banking Department noted no evidence of prohibited discriminatory or other illegal practices.

Record of opening and closing offices and providing services at offices

ASB’s main office is located in Alden, NY and its only branch is approximately eight miles away in Lancaster, NY. Each office is in a different middle income census tract.

Distribution of Branches within the Assessment Area						
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #
Erie*				2		2
Genesee*						-
Wyoming*						-
Total	-	-	-	2	-	2

*Partial County

There have not been any branch openings or closings during the period covered by this evaluation. Both offices have a non-deposit taking ATM located in the drive-through lane. The bank has no other ATMs. Both offices are open from 9 am – 4:30 pm Monday, Tuesday and Wednesday; and from 9 am – 5 pm on Thursday. The Alden office is open until 7 pm on Friday, while the Lancaster branch is open until 6 pm on

Friday, and from 9 am to noon on Saturday. The Alden office is not open on Saturday. Drive-through tellers at both offices operate Monday through Friday, and open at 8 am.

ASB offers the following services: consumer and business checking accounts; NOW accounts; Savings accounts; CDs; health savings accounts; IRAs; personal mortgage and home equity loans; commercial real estate loans; other commercial loans; and, safe deposit box rentals.

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.

The bank ascertains its community's credit and other banking needs through regular contact between the bank's board of directors, officers and employees with local government and school officials, local business persons, farmers, officers and members of local not-for-profit organizations, and through contact with the general public.

- 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's credit and deposit products, including low cost checking accounts and no-fee checking accounts for senior citizens, are marketed to the general public throughout the bank's assessment area by means of advertising in local community newspapers and other local publications and on local radio stations. Statement stuffers and advertisements on community event programs supplement the bank's media marketing efforts.

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

No other factors were considered in this examination.

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

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 businesses 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 (4) above.

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

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

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

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

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

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

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

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

The income level of the person, family or household is based on the income of person, family or household. 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 (“GAR”) of \$1 million or less (“< = \$ 1MM”).

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would

relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

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 depicts the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Small Business Loans

Loans to businesses with original amounts of \leq \$1MM.