



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

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2009

Institution: Fulton Savings Bank
75 South First Street
Fulton, New York 13069

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Fulton Savings Bank (“FSB”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of 12/31/2009.

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

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

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

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations of large banking institutions are primarily based on a review of performance tests and standards described in Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

FSB's performance was evaluated according to the large bank performance criteria pursuant to Part 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board. This assessment period included calendar years 2007, 2008 and 2009. FSB is rated "1," indicating an "**Outstanding**" record of helping to meet community credit needs. The bank received a rating of "1," reflecting an "outstanding" 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, 2006.

I. **Lending Test – "Outstanding"**

- FSB's lending levels were excellent considering its size, business strategy and financial condition, as well as peer group activity and demographics.

FSB's net loan to deposit ratio as of December 31, 2009 was 125.07%, compared to the peer group at 87.56%. Since the prior evaluation, FSB has been consistently above the peer group. The bank extended a high level of loans compared to deposits. To do so, the bank supplemented its core deposits with non-core deposits and borrowings. The bank monitored its dependence on these non-core funding sources through a dependency ratio, its capital ratio and limitations set for each area of funding.

- During the evaluation period, FSB originated 82.2% by number, and 75.6% by dollar value of its HMDA-reportable, and small business loans within the assessment area. This level of lending inside of its assessment area demonstrated a "High Satisfactory" record of lending within FSB's assessment area.
- The distribution of loans based on lending in census tracts of varying income levels demonstrated an excellent penetration rate of lending in LMI census tracts.
- The distribution of loans based on borrower characteristics demonstrated a good penetration rate of lending among individuals of different income levels and businesses of different revenue sizes.
- During the evaluation period, FSB originated \$544 thousand in new community development loans. This demonstrated an adequate level of community development lending over the course of the evaluation period.

FSB indicated that the lower volume of community development lending was attributable to the economic downturn, including the loss of manufacturing jobs, which drove both unemployment and population migration, as well as high New York State taxes.

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- During the evaluation period, FSB made an extensive use of flexible loan products and participated in several loan programs designed to help low and moderate-income individuals and small businesses.

II. Investment Test-“Low Satisfactory”

FSB's community development investments were reasonable in light of the assessment area's needs. During the evaluation period, FSB made \$460 thousand in new community development investments, and still had \$446 thousand outstanding from prior evaluation periods. In addition, FSB made \$67 thousand in community development grants. This demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

III. Service Test-“Outstanding”

FSB had and continues to have excellent delivery systems, branch network, branch hours and services, and alternative delivery systems. FSB's delivery systems were accessible to significant portions of the banks' assessment area, particularly LMI geographies and individuals.

FSB demonstrated an outstanding level of community development services during the evaluation period.

- Neither the Bank nor the New York State Banking Department has received any written complaints regarding the Bank's CRA performance.

PERFORMANCE CONTEXT

Institution Profile:

Chartered in 1871, FSB is a mutually owned savings association located in Fulton, New York.

As per the Consolidated Report of Condition (the Call Report) of December 31, 2009, filed with the Federal Deposit Insurance Corporation (“FDIC”), FSB reported total assets of \$401.3 million, of which \$277.3 million were net loans and lease finance receivables. It also reported total deposits of \$221.7 million, resulting in a loan-to-deposit ratio of 125.1%. According to the latest available comparative deposit data as of June 30, 2009, FSB obtained a market share of 2.4%, or \$221 million out of \$9,245 million inside its market, ranking it 12th among 21 deposit-taking institutions in the assessment area.

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

Loan Type	2007		2008		2009	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	247,254	85.8	256,382	86.4	240,467	86.3
Commercial & Industrial Loans	2,553	0.9	3,334	1.1	3,133	1.1
Commercial Mortgage Loans	28,771	10.0	26,914	9.1	24,628	8.8
Multifamily Mortgages	4,283	1.5	4,065	1.4	3,814	1.4
Consumer Loans	4,039	1.4	5,010	1.7	5,613	2.0
Agricultural Loans	0	0.0	0	0.0	16	0.0
Construction Loans	973	0.3	849	0.3	797	0.3
Obligations of States & Municipalities	0	0.0	0	0.0	0	0.0
Other Loans	306	0.1	328	0.1	236	0.1
Lease financing		0.0		0.0		0.0
Total Gross Loans	288,179		296,882		278,704	

As illustrated in the above chart, FSB is primarily a residential real estate lender, with 86.3% of its loan portfolio in residential real estate, while commercial and industrial and commercial mortgage loans combined comprised 9.9% of its loan portfolio.

FSB operates seven banking offices. Five branches are located in Oswego County and two branches are in Onondaga County. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of six machines. In addition, FSB has six off-site ATMs at remote locations within its assessment area. All ATMs are accessible on a 24-hour basis. In addition to the ATMs owned and

operated by the bank, all FSB customers are allowed to use any HSBC ATM at no charge. This allows FSB customers to have worldwide access to ATMs.

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:

The bank's assessment area comprises portions of Oswego and Onondaga Counties. These counties are part of the Syracuse Metropolitan Statistical Area in Central New York State. There are 56 census tracts in the area, of which eight are moderate-income, 33 are middle-income and 15 are upper-income. There are no low or zero-income tracts.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Oswego	0	0	7	16	2	25	28.0
Onondaga	0	0	1	17	13	31	3.2
Total	0	0	8	33	15	56	14.3

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 227.7 thousand during the examination period. About 10.8% of the population were over the age of 65 and 24.1% were under the age of 16.

Of the 60,304 families in the assessment area, 17.5% were low-income, 18.4% were moderate-income, 23.2% were middle-income and 40.9% were upper-income families. There were 85,800 households in the assessment area, of which 9.2% had income below the poverty level and 2.2% were on public assistance.

The MSA median family income within the assessment area was \$50 thousand. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area was \$64 thousand in 2009.

There were 92,626 housing units within the assessment area, of which 88.4% were one- to four-family units and 11.6% were multifamily units. A majority (68.6%) of the

area's housing units were owner-occupied, while 26.7% were rental units. Of the 63,525 owner-occupied housing units, 10.5% were in moderate-income geographies while 63.1% were in middle-income tracts. The median age of the housing stock was 42 years and the median home value in the assessment area was \$79 thousand.

There were 15,129 non-farm businesses in the assessment area. Of these, 77.4% were businesses with reported revenues of less than or equal to \$1 million, 3.7% reported revenues of more than \$1 million and 18.9% did not report their revenues. Of all the businesses in the assessment area, 87.2% were businesses with less than fifty employees while 89.6% operated from a single location. The largest industries in the area were services (46.0%), followed by retail trade (16.6%) and construction (9.3%); 6.5% of businesses in the assessment area were not classified.

The average unemployment rates for New York State, as reported by the New York State Department of Labor are listed in the table below. The three-year comparison indicated that Oswego County was above the statewide rates, while Onondaga County was below. These statistics can be attributed to a substantial loss in manufacturing jobs and other employment due to the closing of a number of corporations in the area, and the stagnant economy.

Assessment Area Unemployment Rate			
	Statewide	Oswego	Onondaga
2007	4.5	5.7	4.1
2008	5.3	6.9	5.1
2009	8.4	9.7	7.6

Community Contacts Information

A community contact was reviewed as part of the CRA evaluation. The contact represented a membership organization advancing the business and community interests of the region. This organization works closely with legislators to monitor key issues that impact businesses within the community. Business seminars are offered to the community on a continual basis.

The contact stated that the area has encountered the hardship of the economic downturn and high taxes. In addition, over the past years there have been closings of various manufacturing firms.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

FSB was evaluated under the large banking institution's performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board. FSB's performance was evaluated according to the large bank performance criteria, which consists of the lending, investment and service tests. The following factors were also considered in assessing the bank's record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications, evidence of prohibited discriminatory or other illegal credit practices; record of opening and closing offices and providing services at offices; and 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 were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data were 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 were derived from the 2000 U.S. Census and the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report provide information on US businesses, enhanced by Dun & Bradstreet reports and updated annually. Unemployment data were obtained from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and were used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2007, 2008, and 2009.

Examiners considered FSB's small business, and HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test as noted above.

As FSB did not make any small farm loans, all analyses was based on small business lending only.

HMDA-reportable lending was given greater weight in this evaluation, because the bank's concentration is in loans secured by 1-4 family residential real estate.

FSB received a rating of "1," reflecting an "Outstanding" 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, 2006.

Current CRA Rating: “Outstanding”

LENDING TEST: “Outstanding”

The bank’s lending performance was evaluated pursuant to the following criteria: (1) Lending Activity; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Borrower Characteristics; (5) Community Development Lending and (6) Flexible and/or Innovative Lending Practices.

FSB’s small business and HMDA-reportable lending activities were more than reasonable in light of size, business strategy and financial condition, as well as peer group activity, demographics, and its assessment area’s credit needs.

Lending Activity: “Outstanding”

FSB’s lending levels were excellent considering its size, business strategy and financial condition, as well as peer group activity and demographics.

FSB’s net loan to deposit ratio as of December 31, 2009 was 125.07%, compared to the peer group at 87.56%. Since the prior evaluation, FSB has been consistently above the peer group. The bank extended a high level of loans compared to deposits. To do so, the bank supplemented its core deposits with non-core deposits and borrowings. The bank monitored its dependence on these non-core funding sources through a dependency ratio, its capital ratio and limitations set for each area of funding.

Assessment Area Concentration: “High Satisfactory”

During the evaluation period, FSB originated 82.2% by number, and 75.6% by dollar value of its HMDA-reportable, and small business loans within the assessment area. This level of lending inside of its assessment area demonstrated a “High Satisfactory” record of lending within FSB’s assessment area.

HMDA-Reportable Loans: “High Satisfactory”

During the evaluation period, for HMDA-reportable lending, FSB originated 82.1% by number, and 75.2% by dollar value of its loans within the assessment area. This level of lending inside of its assessment area indicated a “High Satisfactory” record of lending within FSB’s assessment area.

FSB is one of the largest residential mortgage lenders (in number of loans) within its assessment area. To date, the bank has been able to fund the loans and avoid selling loans on the secondary mortgage market. This enabled the bank to provide unique and flexible loan programs, tailored to the needs of its communities.

Small Business Loans: “High Satisfactory”

During the evaluation period, for small business lending, FSB originated 84.1% by number, and 79.1% by dollar value of its loans within the assessment area. This level of lending inside of its assessment area demonstrated a “High Satisfactory” record of lending within FSB’s assessment area.

The following table shows the percentages of FSB’s small business and HMDA-reportable loans originated inside and outside of the assessment area

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										
2007	213	84.2%	40	15.8%	253	15,389	79.9%	3,879	20.1%	19,268
2008	297	82.5%	63	17.5%	360	26,600	73.7%	9,490	26.3%	36,090
2009	179	79.2%	47	20.8%	226	14,145	73.5%	5,107	26.5%	19,252
Subtotal	689	82.1%	150	17.9%	839	56,134	75.2%	18,476	24.8%	74,610
Small Business										
2007	18	78.3%	5	21.7%	23	2,886	82.7%	605	17.3%	3,491
2008	25	89.3%	3	10.7%	28	2,371	82.0%	521	18.0%	2,892
2009	15	83.3%	3	16.7%	18	1,140	67.0%	562	33.0%	1,702
Subtotal	58	84.1%	11	15.9%	69	6,397	79.1%	1,688	20.9%	8,085
Grand Total	747	82.2%	161	17.8%	908	62,531	75.6%	20,164	24.4%	82,695

Geographic Distribution of Loans: “Outstanding”

The distribution of loans based on lending in census tracts of varying income levels demonstrated an excellent penetration rate of lending in LMI census tracts.

HMDA-Reportable Loans: “Outstanding”

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated an excellent penetration rate of lending. For every year of the evaluation period, FSB’s lending penetration ratio for number of loans was almost double that of the aggregate, while in dollars lent, FSB’s lending penetration ratio was more than double that of the aggregate. In addition, FSB’s lending penetration ratio exceeded the marketplace demographics.

The following chart provides a summary of the FSB’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									
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	40	18.8%	3,329	21.6%	639	9.7%	47,815	7.7%	10.5%
LMI	40	18.8%	3,329	21.6%	639	9.7%	47,815	7.7%	10.5%
Middle	152	71.4%	10,534	68.5%	3,967	59.9%	360,245	58.0%	63.1%
Upper	21	9.9%	1,526	9.9%	2,015	30.4%	213,524	34.4%	12.8%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	213		15,389		6,621		621,584		
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	53	17.9%	3,319	12.5%	516	9.2%	31,672	5.6%	10.5%
LMI	53	17.9%	3,319	12.5%	516	9.2%	31,672	5.6%	10.5%
Middle	196	66.2%	17,501	65.8%	3,411	60.7%	323,681	57.3%	63.1%
Upper	47	15.9%	5,777	21.7%	1,692	30.1%	209,768	37.1%	26.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	296		26,597		5,619		565,121		
2009									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%					0.0%
Moderate	29	16.2%	1,765	12.5%					10.5%
LMI	29	16.2%	1,765	12.5%					10.5%
Middle	123	68.7%	9,914	70.1%					63.1%
Upper	27	15.1%	2,466	17.4%					26.3%
Unknown	0	0.0%	0	0.0%					0.0%
Total	179		14,145						
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	122	17.7%	8,413	15.0%		9.4%		6.7%	
LMI	122	17.7%	8,413	15.0%	1,155	9.4%	79,487	6.7%	
Middle	471	68.5%	37,949	67.6%		60.3%		57.6%	
Upper	95	13.8%	9,769	17.4%		30.3%		35.7%	
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
Total	688		56,131						

Small Business Loans: "Outstanding"

The distribution of small business loans based on the income level of the geography of the business demonstrated an excellent penetration of lending. For every year of the evaluation period, FSB's lending penetration ratio for number of loans was almost more than double that of the aggregate, while in dollars lent, FSB's lending penetration ratio, was frequently more than double that of the aggregate. In addition, FSB's lending

penetration ratio exceeded the business demographics.

The following chart provides a summary of the FSB'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									
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	5	27.8%	1,415	49.0%	867	12.3%	30,430	18.7%	15.8%
LMI	5	27.8%	1,415	49.0%	867	12.3%	30,430	18.7%	15.8%
Middle	11	61.1%	1,286	44.6%	4,318	61.4%	89,436	54.9%	62.1%
Upper	2	11.1%	185	6.4%	1,846	26.3%	42,955	26.4%	12.8%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	18		2,886		7,031		162,821		
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	7	28.0%	724	30.5%	718	13.6%	29,914	21.6%	16.0%
LMI	7	28.0%	724	30.5%	718	13.6%	29,914	21.6%	16.0%
Middle	16	64.0%	1,536	64.8%	3,186	60.5%	76,928	55.4%	61.8%
Upper	2	8.0%	111	4.7%	1,363	25.9%	31,908	23.0%	22.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	25		2,371		5,267		138,750		
2009									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0%	0	0.0%	Data Not Available				0.0%
Moderate	6	40.0%	526	46.1%					15.5%
LMI	6	40.0%	526	46.1%					15.5%
Middle	8	53.3%	571	50.1%					61.7%
Upper	1	6.7%	43	3.8%					22.8%
Unknown	0	0.0%	0	0.0%					0.0%
Total	15		1,140						
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	18	31.0%	2,665	41.7%		12.9%		20.0%	
LMI	18	31.0%	2,665	41.7%		12.9%		20.0%	
Middle	35	60.3%	3,393	53.0%		61.0%		55.2%	
Upper	5	8.6%	339	5.3%		26.1%		24.8%	
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
Total	58		6,397						

Distribution by Borrower Characteristics: "High Satisfactory"

The distribution of loans based on borrower characteristics demonstrated a good

penetration rate of lending among individuals of different income levels and businesses of different revenue sizes.

HMDA-Reportable Loans: "High Satisfactory"

The FSB's HMDA-reportable lending demonstrated a good rate of lending among individuals of different income levels. FSB's lending penetration ratios were particularly strong in 2007, where it exceeded the market aggregate. Its lending penetration ratios declined in 2008, but were still relatively comparable to the market. The 2009 aggregate data were not available for comparison, but FSB's lending penetration ratios have largely returned to its 2007 levels. In 2007 and 2009, lending penetration ratios were also comparable to the demographics of the assessment area. The following chart provides a summary of the HMDA-reportable lending distribution based on household income.

Distribution of HMDA-Reportable Lending by Borrower Income									
2007									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	29	13.7%	830	5.8%	415	6.5%	20,670	3.5%	17.5%
Moderate	45	21.3%	2,108	14.7%	1,300	20.2%	87,273	14.7%	18.4%
LMI	74	35.1%	2,938	20.4%	1,715	26.7%	107,943	18.2%	35.9%
Middle	49	23.2%	3,439	23.9%	1,906	29.7%	165,553	28.0%	23.2%
Upper	85	40.3%	7,799	54.2%	2,689	41.8%	305,359	51.6%	12.8%
Unknown	3	1.4%	203	1.4%	118	1.8%	13,194	2.2%	0.0%
Total	211		14,379		6,428		592,049		
2008									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	31	10.5%	1,073	4.1%	388	7.1%	20,644	3.9%	17.5%
Moderate	47	16.0%	2,764	10.5%	1,113	20.4%	83,045	15.8%	18.4%
LMI	78	26.5%	3,837	14.6%	1,501	27.6%	103,689	19.7%	35.9%
Middle	92	31.3%	7,619	28.9%	1,590	29.2%	146,147	27.8%	23.2%
Upper	124	42.2%	14,891	56.5%	2,264	41.6%	266,700	50.7%	40.9%
Unknown	0	0.0%	0	0.0%	90	1.7%	9,241	1.8%	0.0%
Total	294		26,347		5,445		525,777		
2009									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	24	13.5%	831	5.9%	Data Not Available				17.5%
Moderate	35	19.7%	1,746	12.4%					18.4%
LMI	59	33.1%	2,577	18.3%					35.9%
Middle	50	28.1%	3,846	27.3%					23.2%
Upper	68	38.2%	7,562	53.7%					40.9%
Unknown	1	0.6%	84	0.6%					0.0%
Total	178		14,069						
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	84	12.3%	2,734	5.0%		6.8%		3.7%	
Moderate	127	18.6%	6,618	12.1%		20.3%		15.2%	
LMI	211	30.9%	9,352	17.1%	3,216	27.1%	211,633	18.9%	
Middle	191	28.0%	14,904	27.2%		29.4%		27.9%	
Upper	277	40.6%	30,252	55.2%		41.7%		51.2%	
Unknown	4	0.6%	287	0.5%		1.8%		2.0%	
Total	683		54,795						

Small Business Loans: "Outstanding"

The distribution of small business loans based on the revenue size of the business demonstrated an excellent penetration rate of lending among individuals of different income levels and businesses of different revenue sizes. 100% of FSB's lending went to businesses with revenues of \$1 MM or less.

The following chart provides a summary of the FSB's small business lending distribution

based on revenue size during the evaluation period:

Distribution of Small Business Lending by Revenue Size of Business									
2007									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	18	100.0%	2,886	100.0%	2,791	39.7%	65,316	40.1%	62.7%
Rev. > \$1MM	-	0.0%	-	0.0%					4.0%
Rev. Unknown	-	0.0%	-	0.0%					33.2%
Total	18		2,886		7,031		162,821		
2008									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	25	100.0%	2,371	100.0%	1,760	33.4%	50,017	36.0%	61.1%
Rev. > \$1MM	-	0.0%	-	0.0%					3.9%
Rev. Unknown	-	0.0%	-	0.0%					35.0%
Total	25		2,371		5,267		138,750		
2009									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	15	100.0%	1,140	100.0%	Data Not Available				77.4%
Rev. > \$1MM	-	0.0%	-	0.0%					3.7%
Rev. Unknown	-	0.0%	-	0.0%					18.9%
Total	15		1,140						
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	58	100.0%	6,397	100.0%		37.0%		38.2%	
Rev. > \$1MM	-	0.0%	-	0.0%					
Rev. Unknown	-	0.0%	-	0.0%					
Total	58		6,397						

Community Development Lending: "Low Satisfactory"

During the evaluation period, FSB originated \$544 thousand in new community development loans. This demonstrated an adequate level of community development lending over the course of the evaluation period.

FSB indicated that the lower volume of community development lending was attributable to the economic downturn, including the loss of manufacturing jobs, which drove both unemployment and population migration, as well as high New York State taxes.

Community Development Loans		
	This Evaluation Period	
Purpose	# of Loans	\$000
Affordable Housing	4	544
Economic Development		
Community Services		
Other (Please Specify)		
Total	4	544

Below are highlights of FSB's community development lending:

- Fulton Community Revitalization Corporation ("FCRC") – FCRC is a not-for-profit corporation established for the purpose of improving the housing and economic conditions and providing opportunities to LMI residents seeking decent affordable housing. The organization plans and implements projects and activities in cooperation and in conjunction with governmental agencies and other community organizations. During the evaluation period, the bank provided the organization with loans totaling \$202 thousand for the construction of affordable housing.
- Community Preservation Corporation (CPC) – CPC is a lending consortium that makes construction and permanent loans for the development, rehabilitation and preservation of affordable housing throughout the State of New York. CPC's bank sponsors provide secured financing and revolving lines of credit for housing construction and rehabilitation. As of December 31, 2009, the bank had a share of \$341,700 in a revolving line totaling \$340,000,000.

Flexible and/or Innovative Lending Practices: "Outstanding"

- Fulton Savings Bank Affordable Mortgage Housing Program – This program includes special features such as: free appraisal, free credit report, free flood certification, maximum \$300 document preparation fee, and a 30-year fixed term using a lower 20-year rate. During the evaluation period, the bank originated six loans for \$229,720 in the assessment area.
- The bank participated in the State of New York Mortgage Agency (SONYMA) Loan Program. This program offers borrowers higher debt qualifying ratios, fixed rates at 30-year terms, minimum down payment requirements of 3% or less, and reduced closing costs. SONYMA is dedicated to providing affordable home ownership opportunities to low- and moderate-income families in the State of New York by offering competitively-priced mortgages. Since the previous evaluation, the bank originated 12 loans through this program within this assessment area, totaling \$1,110,548.

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- The City of Fulton Community Development Agency (FCDA) and The City of Oswego Community Development (OCDA) are government and non-profit organizations that administer Federal and State grants for community development. During the evaluation period, nine loans totaling \$411,775 were originated through FCDA and two loans through OCDA for \$85,600. These programs concentrate on low- and moderate-income individuals, and assist in paying the mortgage closing costs incurred.
 - FSB is a lending partner of New York Business Development Corporation (NYBDC). Since FSB does not have the personnel or expertise to be fully knowledgeable of the SBA loan requirements, the bank has an arrangement with the NYBDC for the purposes of loan application, underwriting, closing and servicing, whereby FSB participates up to 75% in these loans. Since the evaluation period, one referral resulted in a loan origination of \$135,000. The outstanding principal balance of loans originated prior to this evaluation was \$67,500.
 - The purpose of the USDA Business & Industry Guaranteed Loan Program is to improve, develop, or finance businesses to improve the economic and environmental climate in rural communities. This purpose is achieved by bolstering the existing private credit structure through the guarantee of quality loans which will provide lasting community benefits. FSB originated one loan through this program for \$100,000.
 - The US Small Business Administration 504 Loan program is designed to provide financing for the purchase of fixed assets, (which usually means real estate, buildings and machinery, at below market rates. Three loans were originated by FSB, totaling \$303,695.
 - The bank participated in the Federal Housing Administration (FHA) Loan Guaranty Program. FHA provides government assistance through home guarantees which are less restrictive than conventional mortgage financing. One loan was originated during the evaluation period in the amount of \$82,348.
 - FSB participated in the Veterans Administration (VA) Loan Guaranty Program. This loan program offers qualified veterans flexible credit policies in reference to underwriting guidelines. Three loans were originated during the evaluation period, totaling \$371,271.

INVESTMENT TEST: “Low Satisfactory”

FSB’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; (3) the responsiveness of qualified investments to credit and community development needs; (4) the degree to which the qualified investments are not routinely

provided by private investors.

FSB's community development investments were reasonable in light of the assessment area's credit needs.

Amount of Community Development Investments: "Low Satisfactory"

During the evaluation period, FSB made \$460 thousand in new community development investments, and still had \$446 thousand outstanding from prior evaluation periods. In addition, FSB made \$67 thousand in community development grants. This demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	1	\$ 460	1	6
Economic Development			3	440
Community Services				
Other (Please Specify)				
Total	1	\$ 460	4	446
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	1	\$ 25		
Economic Development				
Community Services	62	\$ 42		
Other (Please Specify)				
Total	63	\$ 67		

Below is a description of FSB's community development investments and grants.

Community Preservation Corporation (CPC) - The CPC is a lending consortium that makes construction and permanent loans for the development, rehabilitation and preservation of affordable housing throughout the State of New York. CPC's bank sponsors provide secured financing under revolving bank lines of credit for housing construction and rehabilitation, as well as permanent financing through purchases of collateral trust notes backed by CPC mortgages. The bank committed \$607,246 in collateral trust note agreements and as of the evaluation date the bank had invested \$459,896.

Statewide Zone Capital Corporation of New York (SZCC) – The SZCC was formed to promote the development of new businesses, the expansion of existing businesses, and

the development of human resources within the participating economic development zones created under the New York State Economic Development Zones Act. The bank maintains a capital investment of shares of stock in this corporation worth \$400,000.

New York Business Development Corporation (NYBDC) – The NYBDC is a privately-owned entity created by New York State statute and funded by commercial and savings banks under lines of credit – typically at a LIBOR based rate – that are utilized to provide a broad range of financing to small and mid-sized businesses located in New York State. The bank committed \$83,000 towards the purchase of a collateral trust note agreement issued by the agency and, as of the evaluation date, the bank had a \$3,932 balance on this commitment. In addition, the bank maintains a \$36.3 thousand equity investment in this institution.

Community Lending Corporation (CLC) The Bank maintains a \$6,000 investment in this organization.

The bank provided grants or contributions totaling \$42 thousand to various organizations engaged in community services programs in the assessment area. In addition a grant of \$25 thousand was given to the City of Fulton Community Development Agency for new and affordable housing. FSB also provided the mortgage loan financing for the new and affordable homes.

SERVICE TEST: “Outstanding”

FSB’s retail service performance is evaluated pursuant to the following criteria: (1) the current distribution of the banking institutions 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. FSB’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: “Outstanding”

FSB’s continues to have excellent delivery systems, branch network, branch hours and services, and alternative delivery systems.

Current distribution of the banking institutions branches: “Outstanding”

FSB’s branches constituted and continue to constitute an excellent distribution of branches within its assessment area in relation to the number of low- and moderate income census tracts. FSB operates seven offices offering a diverse array of products and services throughout the assessment area. Two of the seven offices (29%), are located in moderate areas. The assessment area has eight moderate-income census tracts (14.3%) and no low-income census tracts.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Oswego			2	3		5	40%
Onondaga				2		2	0%
Total	-	-	2	5	-	7	29%

Record of opening and closing branches: "Satisfactory"

The branch in River Glen Square, located in a middle-income census tract was closed during the evaluation period. This branch was closed because of lack of significant opportunity for growth. The factors attributable to this decision were:

- Stagnant Population in the Fulton area;
- Negligible business development in Fulton; and
- Negligible housing development in Fulton

FSB's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals.

Availability and effectiveness of alternative systems for delivering retail services: "Outstanding"

FSB's delivery systems were accessible to significant portions of the banks' assessment area, particularly LMI geographies and individuals.

FSB's business hours for all offices are from 9:00AM to 4:00PM on Mondays, Tuesdays and Wednesdays with drive-up tellers available from 8:00AM to 5:00PM. Also, these offices have extended hours from 9:00AM to 5:00PM on Thursdays and Fridays with the drive-up tellers from 8:00AM to 6:00PM. Saturday hours are from 9:00AM to 12:00PM.

FSB made its ATM network effectively operate as a worldwide network with free access for its customers to HSBC ATMs, whereby all Fulton Savings Bank customers are allowed to use any HSBC ATM anywhere at no charge.

In 2007, FSB introduced a debit card rewards program, which targets present and new bank customers. In addition to the extensive ATM network, FSB offers the following non-branch delivery systems:

- telephone banking
- internet banking

Range of services provided: “Outstanding”

FSB’s services met the convenience and needs of its assessment area, particularly LMI geographies and individuals.

FSB offers the following banking services:

- Totally-Free Checking - This is an approved alternative to the basic banking account with no minimum balance requirement, unlimited check writing, and no monthly service charge;
- Automated Teller Machines (ATM);
- Express Banking Lines/Telephone Transfers;
- Wire Transfer Services;
- Bank-By-Mail services at every branch;
- Drive-Up Windows;
- Night Depository – at each branch office;
- Internet Banking/Bill Pay;
- Two loan originators that provide customers the option of meeting offsite or after hours; and
- Direct deposit by ACH and by mail from small companies that do not have ACH capabilities.

Community Development Services: “Outstanding”

Below are highlights of FSB’s community development services.

FSB has a close working relationship with various government funding sources, including but not limited to the City of Fulton Community Development Agency; City of Oswego Community Development Agency; Operation Oswego County, Inc., and the United States Department of Agriculture (Rural Development).

FSB is a member of the Greater Oswego Fulton Chamber of Commerce, Inc. that conducts seminars designed to help small business grow and prosper. The Chamber’s business seminars address pertinent issues facing these entities.

FSB’s officers served as board members of various community organizations to provide technical and financial expertise. The following are examples of some of the organizations where these bank officers have rendered their assistance:

An executive vice president served as board vice chairman of the Fulton Community Revitalization Corporation, which promotes economic development within the City of Fulton.

A senior vice president was the president of the Oswego Housing Development Council, which is a non-profit organization that seeks to provide affordable housing opportunities

to low-income residents in Oswego County.

A trustee was the chairperson for the Oswego County Industrial Development Agency, which promotes economic development in Oswego County.

FSB is a sponsor of the annual Fulton Home Show whereby they provide information to prospective home buyers.

Additional Factors

The following factors were also considered in assessing FBS'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 Community Reinvestment Act

At the monthly board meeting, the board of trustees reviewed the schedule of all loans made during the previous month. All members of the board of trustees and officers/managers received CRA training in January and November of each year.

Discrimination and other illegal practices

NYSBD noted no practices that were intended to discourage applications for the types of credit offered by the institution.

NYSBD noted no evidence of 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.

FSB's involvement with local realtors, the City of Fulton Community Development Agency, Fulton Community Revitalization Corporation, City of Oswego Community Development Office, Oswego County Department of Planning and Community Development, and the Oswego Housing Development Council, Inc. are methods to both, outreach their services and understand the credit needs of the community.

- 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

FSB utilizes newspaper advertisements, brochures, flyers, statement stuffers, seminars and home shows to make members of the community aware of their credit services.

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

Since the latest CRA evaluation as of December 31, 2006, neither FSB nor the New York State Banking Department has received any written complaints regarding FSB's CRA performance.

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 business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3) above.

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

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

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

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

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

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

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

Home Mortgage Disclosure Act (“HMDA”)

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

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.