



PUBLIC SUMMARY
COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION
OF
RHINEBECK BANK

As of December 31, 2018

New York State Department of Financial Services
Consumer Protection and Financial Enforcement Division
One State Street, New York NY 10004

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

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RHINEBECK BANK – CRA PERFORMANCE EVALUATION

I - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Rhinebeck Bank (“RB” or the “Bank”), prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2018.

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

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

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

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

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

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II - OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated RB according to the large banking institution performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent (“GRS”). The assessment period included calendar years 2014, 2015, 2016, and 2017 for lending activities and calendar years 2014 through 2018 for community development activities. RB is rated **Satisfactory** or “2”. This rating means that RB had a satisfactory record of helping to meet community credit needs.

This rating is based on the following factors:

A. LENDING TEST: High Satisfactory

RB’s HMDA-reportable, small business, consumer, and modification, extension and consolidation agreement (“MECA”) lending activities were highly satisfactory in light of RB’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

1. Lending Activity: Low Satisfactory

RB’s lending levels were just satisfactory considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

RB’s loan-to-deposit ratio (“LTD”) for the evaluation period was 80.7% as compared to 88.0% for RB’s national peer group.

2. Assessment Area Concentration: High Satisfactory

During the evaluation period, RB originated 79.1% by number and 85.5% by dollar value of its total HMDA-reportable, small business, consumer, and MECA loans within the assessment area. This substantial majority of lending inside of its assessment area reflects a highly satisfactory concentration of lending within RB’s assessment area.

3. Geographic Distribution of Loans: Low Satisfactory

RB’s origination of loans in census tracts of varying income levels demonstrated a just satisfactory distribution of lending.

This rating is based on greater weight given to RB’s just satisfactory distribution of lending for small business and consumer loans, than the Bank’s excellent distribution of lending of HMDA-reportable loans and highly satisfactory distribution of MECA loans.

4. Distribution by Borrower Characteristics: High Satisfactory

RB’s HMDA-reportable (1-4 Family), small business, consumer, and MECA lending

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demonstrated a highly satisfactory distribution of loans among individuals of different income levels and businesses of different revenue sizes.

5. Community Development Lending: Outstanding

During the evaluation period, RB originated \$50.8 million in new community development loans and had \$4.5 million outstanding from prior evaluation periods. This demonstrated an outstanding level of community development lending over the course of the evaluation period.

B. INVESTMENT TEST: Low Satisfactory

RB's qualified investments were adequate considering the assessment area's credit needs.

1. Qualified Investments:

During the evaluation period, RB made \$0.9 million qualified investments and had \$0.1 million outstanding from prior evaluation periods. In addition, RB made \$0.3 million in community development grants. This demonstrated a just satisfactory level of community development investments and grants over the course of the evaluation period.

2. Innovativeness of Community Development Investments:

RB did not use innovative qualified investments to support community development.

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

RB's community development investments exhibited just satisfactory responsiveness to the assessment area's credit and community development needs.

C. SERVICE TEST: Low Satisfactory

1. Retail Banking Services: Low Satisfactory

RB has a just satisfactory branch network, delivery systems, branch hours and services, and alternative delivery systems, particularly as they relate to LMI individuals.

2. Community Development Services: Low Satisfactory

RB provided a just satisfactory level of community development services. The Bank's management is active within the community, serving on various boards and committees of local organizations focused on improving conditions for individuals, families, and small businesses, particularly as they relate to LMI individuals and families.

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

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III - PERFORMANCE CONTEXT

A. Institution Profile

Chartered in 1860, RB is a New York-chartered stock savings bank headquartered in Poughkeepsie, NY. The Bank is a wholly-owned subsidiary of Rhinebeck Bancorp MHC.

Per the Consolidated Report of Condition (the “Call Report”) as of December 31, 2017, filed with the Federal Deposit Insurance Corporation (“FDIC”), RB reported total assets of \$742 million, of which \$564 million were net loans and lease finance receivables. It also reported total deposits of \$660 million, resulting in a LTD of 85.5%. According to comparative deposit data as of June 30, 2018, RB obtained a market share of 3.6%, or \$680 million, in a market of \$19.1 billion, ranking it 9th among 33 deposit-taking institutions in the Bank’s assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2014, 2015, 2016, and 2017 call reports:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2014		2015		2016		2017	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	69,599	14.2	66,090	13.9	71,929	15.1	76,933	13.5
Commercial & Industrial Loans	43,245	8.8	47,867	10.1	59,141	12.4	75,918	13.3
Commercial Mortgage Loans	152,876	31.1	146,071	30.7	159,625	33.5	178,876	31.3
Multifamily Mortgages	6,758	1.4	8,538	1.8	11,411	2.4	18,598	3.3
Consumer Loans	208,809	42.5	191,742	40.3	194,066	40.8	208,930	36.5
Agricultural Loans	814	0.2	895	0.2	368	0.1	809	0.1
Construction Loans	7,897	1.6	13,471	2.8	21,065	4.4	11,028	1.9
Obligations of States & Municipalities	1,244	0.3	1,006	0.2	774	0.2	543	0.1
Other Loans	131	0.0	112	0.0	92	0.0		0.0
Lease financing	0	0.0		0.0		0.0		0.0
Total Gross Loans	491,373		475,792		518,471		571,635	

As illustrated in the above table, RB is primarily a commercial lender. As of December 31, 2017, commercial and industrial loans and commercial mortgages represented a combined total of 44.6% of total gross loans. Consumer loans constitutes a secondary focus with 36.5% of total gross loans. *Examiners did not find evidence of financial or legal impediments that adversely impacted the Bank’s ability to meet the credit needs of its community.*

B. Assessment Area

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

There are 209 census tracts in the assessment area, of which 12 are low-income, 31 are moderate-income, 96 are middle-income, 68 are upper-income and 2 are tracts with no income indicated.

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Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Columbia*				1	3	4	0.0
Dutchess	2	6	13	49	9	79	24.1
Orange		5	11	19	44	79	20.3
Ulster		1	7	27	12	47	17.0
Total	2	12	31	96	68	209	20.6

* Partial county

C. Demographic & Economic Data

The assessment area had a population of 862,979 during the examination period. About 14.1% of the population were over the age of 65 and 19.8% were under the age of 16.

Of the 206,632 families in the assessment area 20.6% were low-income, 15.9% were moderate-income, 20.3% were middle-income and 43.2% were upper-income families. There were 305,211 households in the assessment area, of which 10.6% had income below the poverty level and 2.9% were on public assistance.

The weighted average of median family income in the assessment area was \$80,735.

There were 346,507 housing units within the assessment area, of which 82.5% were one-to-four family units, and 13.6% were multifamily units. A majority (60.8%) of the area's housing units were owner-occupied, while 29.3% were rental units. Of the 210,606 owner-occupied housing units, 11.4% were in LMI census tracts while 88.6% were in middle- and upper-income census tracts. The median age of the housing stock was 50 years and the median home value in the assessment area was \$252,881.

There were 52,239 non-farm businesses in the assessment area. Of these, 84.8% were businesses with reported revenues of less than or equal to \$1 million, 5.1% reported revenues of more than \$1 million and 10.1% did not report their revenues. Of all the businesses in the assessment area, 97.3% were businesses with less than fifty employees while 89.4% operated from a single location. The largest industries in the area were services (44.7%), followed by retail trade (15.6%) and construction (9.5%), while 6.7% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average annual unemployment rate for New York State decreased from 6.3% in 2014 to 4.7% in 2017. All four counties in the assessment area had lower unemployment rates than the statewide average for each year during the evaluation period. Columbia County consistently had the lowest unemployment rate of the counties in the assessment area during the evaluation period.

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Assessment Area Unemployment Rate					
	Statewide	Columbia	Dutchess	Orange	Ulster
2014	6.3%	4.7%	5.3%	5.5%	5.7%
2015	5.3%	4.0%	4.5%	4.7%	4.8%
2016	4.8%	3.7%	4.2%	4.3%	4.4%
2017	4.7%	3.8%	4.3%	4.6%	4.6%

D. Community Information

DFS examiners interviewed representatives from two local non-profit organizations. One organization specializes in community development finance, the other provides homebuyer education and affordable housing programs.

Interviewees made the following statements:

- The Bank's primary market area consists of disparate communities and economies;
- there are pockets of poverty in urban and rural areas;
- there has been some revitalization and increased level of employment;
- there is a considerable number of immigrants;
- the challenges that face the communities include low wages and a high cost of living; and
- there is a need for new affordable housing, financial education in LMI communities, and special loan programs.

Both interviewees stated that there are opportunities for participation by local financial institutions. They stated their desire that banks provide grants and loans to assist in the creation and provision of affordable housing. They stated that there is the need for products and services geared toward LMI individuals and families and a need for financial literacy programs. They stated that small businesses also require more support from financial institutions.

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IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated RB under the large banking institution performance standards in accordance with Sections 76.7, 76.8, 76.9 and 76.10 of the GRS, which consist of the lending, investment and service tests. DFS also considered the following factors 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. 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 New York Banking Law that reasonably bear upon the extent to which RB helps to meet the credit needs of its entire community.

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

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

The evaluation period included calendar years 2014, 2015, 2016, and 2017 for lending activities and January 1, 2014, through December 31, 2018 for community development activities.

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

Consumer loans constituted a substantial portion of RB's business therefore, were given greater weight for this evaluation. Aggregate consumer loan data are not available for comparative purposes.

At its prior Performance Evaluation as of December 31, 2013, DFS assigned RB a rating of "2" reflecting a "Satisfactory" record of helping to meet the credit needs of RB's communities.

Current CRA Rating: Satisfactory

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A. LENDING TEST: High Satisfactory

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.

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

1. Lending Activity: Low Satisfactory

RB's average LTD ratio was just satisfactory considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

As of December 31, 2017, RB had an average LTD ratio of 80.7%, trailing its national peer group average ratio of 88.0%. RB maintained ratios ranging from a high of 86.3% to a low of 74.6% during the evaluation period. While the national peer group's average steadily increased during the evaluation period, RB's LTD ratio showed significant and continuous fluctuations. These fluctuations can be attributed to the sale of the Bank's residential mortgage loans to third parties as a strategy to manage interest rate risk.

The table below shows RB's LTD ratios in comparison with the peer group's ratios for the 16 quarters since the prior evaluation.

Loan-to-Deposit Ratios																	
	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	Avg
Bank	86.3	83.9	84.1	83.4	81.7	78.6	77.6	77.5	77.8	74.6	75.1	79.0	80.5	81.0	83.8	85.8	80.7
Peer	83.4	84.8	85.6	87.5	87.0	87.4	87.8	88.0	88.2	89.4	89.1	89.3	88.6	89.6	90.5	91.5	88.0

2. Assessment Area Concentration: High Satisfactory

During the evaluation period, RB originated 79.1% by number and 85.5% by dollar value of its total HMDA-reportable, small business, consumer, and MECA loans within the assessment area. This substantial majority of lending inside of its assessment area reflects a highly satisfactory concentration of lending.

a. HMDA-Reportable Loans:

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During the evaluation period, RB originated 94.4% by number and 92.0% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an outstanding concentration of lending.

b. Small Business Loans:

RB originated 90.2% by number and 94.0% by dollar value of its small business loans within the assessment area during the evaluation period. This substantial majority of lending inside of its assessment area reflects an outstanding concentration of lending.

c. Consumer Loans:

RB originated 76.8% by number and 75.7% by dollar value of its consumer loans within the assessment area during the evaluation period. This substantial majority of lending inside of its assessment area reflects a highly satisfactory concentration of lending.

d. MECA Loans:

RB originated 99.1% by number and 99.7% by dollar value of its MECA loans within the assessment area during the evaluation period. This substantial majority of lending inside of its assessment area reflects an outstanding concentration of lending.

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

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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										
2014	196	93.3%	14	6.7%	210	33,449	89.9%	3,755	10.1%	37,204
2015	157	92.9%	12	7.1%	169	26,071	89.7%	3,008	10.3%	29,079
2016	214	94.3%	13	5.7%	227	41,679	92.9%	3,193	7.1%	44,872
2017	202	96.7%	7	3.3%	209	43,770	94.4%	2,586	5.6%	46,356
Subtotal	769	94.4%	46	5.6%	815	144,969	92.0%	12,542	8.0%	157,511
Small Business										
2014	476	92.2%	40	7.8%	516	50,421	96.9%	1,599	3.1%	52,020
2015	511	90.4%	54	9.6%	565	49,372	93.1%	3,680	6.9%	53,052
2016	575	89.7%	66	10.3%	641	58,830	96.5%	2,153	3.5%	60,983
2017	782	89.3%	94	10.7%	876	75,560	90.9%	7,596	9.1%	83,156
Subtotal	2,344	90.2%	254	9.8%	2,598	234,183	94.0%	15,028	6.0%	249,211
Consumer										
2014	3,983	77.5%	1,157	22.5%	5,140	73,997	76.4%	22,870	23.6%	96,867
2015	3,012	75.8%	964	24.2%	3,976	54,982	75.4%	17,891	24.6%	72,873
2016	3,487	77.1%	1,038	22.9%	4,525	65,770	75.3%	21,531	24.7%	87,301
2017	3,828	76.6%	1,170	23.4%	4,998	75,748	75.7%	24,344	24.3%	100,092
Subtotal	14,310	76.8%	4,329	23.2%	18,639	270,497	75.7%	86,636	24.3%	357,133
MECA										
2014	18	100.0%	0	0.0%	18	3,183	100.0%	0	0.0%	3,183
2015	34	97.1%	1	2.9%	35	7,297	98.9%	79	1.1%	7,376
2016	42	100.0%	0	0.0%	42	9,485	100.0%	0	0.0%	9,485
2017	21	100.0%	0	0.0%	21	4,338	100.0%	0	0.0%	4,338
Subtotal	115	99.1%	1	0.9%	116	24,303	99.7%	79	0.3%	24,382
Grand Total	17,538	79.1%	4,630	20.9%	22,168	673,952	85.5%	114,285	14.5%	788,237

3. Geographic Distribution of Loans: Low Satisfactory

RB's origination of loans in census tracts of varying income levels demonstrated a just satisfactory distribution of lending.

This rating is based on greater weight given to RB's just satisfactory distribution of lending for small business and consumer loans, than the Bank's excellent distribution of lending of HMDA-reportable loans and highly satisfactory distribution of MECA loans.

a. HMDA-Reportable Loans:

The distribution of RB's HMDA-reportable loans among census tracts of different income levels was outstanding.

RB's rate of lending in LMI geographies outperformed the aggregate's rate during the evaluation period by both number and dollar value of loans. In particular, RB's rate of lending to LMI borrowers was highest in 2017 as the Bank originated 20.8% by number and 25.3% by dollar value of loans in LMI geographies. RB exceeded the aggregate's lending rate of 12.0% and 10.9% respectively.

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In addition, RB's lending rates in LMI geographies during the evaluation period were consistently above the percentage of owner-occupied housing units in both LMI areas. By contrast, the aggregate's lending rates in low-income geographies were slightly above the percent of owner-occupied housing units and lending rates in moderate-income geographies were slightly below the percent of owner-occupied housing units in each year of the evaluation period.

The following table provides a summary of the distribution of RB's HMDA-reportable loans by the income level of the geography where the property was located.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2014									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	2.0%	741	2.2%	289	3.0%	64,429	3.2%	1.6%
Moderate	24	12.2%	3,983	11.9%	824	8.7%	150,664	7.5%	9.7%
LMI	28	14.3%	4,724	14.1%	1,113	11.7%	215,093	10.6%	11.3%
Middle	131	66.8%	20,622	61.7%	4,428	46.6%	882,614	43.7%	48.2%
Upper	37	18.9%	8,103	24.2%	3,952	41.6%	923,303	45.7%	40.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	196		33,449		9,493		2,021,010		
2015									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	3.2%	413	1.6%	282	2.5%	64,065	2.6%	1.6%
Moderate	22	14.0%	2,562	9.8%	977	8.7%	234,154	9.5%	9.7%
LMI	27	17.2%	2,975	11.4%	1,259	11.2%	298,219	12.1%	11.3%
Middle	105	66.9%	17,124	65.7%	5,391	48.0%	1,121,006	45.3%	48.2%
Upper	25	15.9%	5,972	22.9%	4,575	40.8%	1,053,785	42.6%	40.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	157		26,071		11,225		2,473,010		
2016									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	1.4%	411	1.0%	382	2.9%	115,789	3.8%	1.6%
Moderate	22	10.3%	3,605	8.6%	1,127	8.5%	207,249	6.9%	9.7%
LMI	25	11.7%	4,016	9.6%	1,509	11.4%	323,038	10.7%	11.3%
Middle	142	66.4%	25,965	62.3%	6,068	45.8%	1,320,036	43.8%	48.2%
Upper	47	22.0%	11,698	28.1%	5,661	42.8%	1,374,065	45.5%	40.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	214		41,679		13,238		3,017,139		
2017									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	3.0%	877	2.0%	392	2.9%	121,080	3.8%	1.8%
Moderate	36	17.8%	10,209	23.3%	1,208	9.1%	223,091	7.1%	9.6%
LMI	42	20.8%	11,086	25.3%	1,600	12.0%	344,171	10.9%	11.4%
Middle	129	63.9%	25,574	58.4%	6,122	45.9%	1,422,561	45.1%	47.3%
Upper	31	15.3%	7,110	16.2%	5,610	42.1%	1,384,711	43.9%	41.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	202		43,770		13,332		3,151,443		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	18	2.3%	2,442	1.7%	1,345	2.8%	365,363	3.4%	
Moderate	104	13.5%	20,359	14.0%	4,136	8.7%	815,158	7.6%	
LMI	122	15.9%	22,801	15.7%	5,481	11.6%	1,180,521	11.1%	
Middle	507	65.9%	89,285	61.6%	22,009	46.5%	4,746,217	44.5%	
Upper	140	18.2%	32,883	22.7%	19,798	41.9%	4,735,864	44.4%	
Unknown	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Total	769		144,969		47,288		10,662,602		

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b. Small Business Loans:

The distribution of RB's small business loans among census tracts of varying income levels was just satisfactory.

RB's rate of lending in LMI geographies underperformed the aggregate's rate during the evaluation period in both number and dollar value of loans. RB originated 16.3% by number and 20.8% by dollar value of its small business loans in LMI geographies during the evaluation period, while the aggregate originated 24.4% and 23.7% respectively.

During the evaluation period, RB's rates of lending in LMI census tracts were consistently lower than the aggregate's lending rate in LMI geographies. However, the Bank's rates of lending in LMI geographies were comparable to the percentages of businesses in LMI census tracts within the Bank's assessment area.

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

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Distribution of Small Business Lending by Geographic Income of the Census Tract									
2014									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	32	6.7%	7,866	15.6%	1,687	12.1%	42,240	10.3%	5.1%
Moderate	53	11.1%	5,121	10.2%	1,522	10.9%	48,898	11.9%	13.5%
LMI	85	17.9%	12,987	25.8%	3,209	23.0%	91,138	22.2%	18.6%
Middle	276	58.0%	28,984	57.5%	5,706	40.9%	182,157	44.3%	43.5%
Upper	115	24.2%	8,450	16.8%	5,026	36.1%	137,795	33.5%	37.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	476		50,421		13,941		411,090		
2015									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	40	7.8%	5,570	11.3%	2,438	15.9%	53,955	11.7%	5.2%
Moderate	49	9.6%	4,986	10.1%	1,660	10.9%	61,115	13.2%	13.6%
LMI	89	17.4%	10,556	21.4%	4,098	26.8%	115,070	24.9%	18.8%
Middle	284	55.6%	29,950	60.7%	5,928	38.8%	193,278	41.9%	43.4%
Upper	138	27.0%	8,866	18.0%	5,261	34.4%	153,137	33.2%	37.8%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	511		49,372		15,287		461,485		
2016									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	32	5.6%	5,335	9.1%	1,926	11.7%	57,093	11.3%	5.5%
Moderate	61	10.6%	4,279	7.3%	1,828	11.1%	65,457	12.9%	13.9%
LMI	93	16.2%	9,614	16.3%	3,754	22.7%	122,550	24.2%	19.4%
Middle	341	59.3%	37,957	64.5%	6,756	40.9%	212,261	41.9%	43.3%
Upper	141	24.5%	11,259	19.1%	5,997	36.3%	171,725	33.9%	37.3%
Unknown		0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	575		58,830		16,507		506,536		
2017									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	48	6.1%	7,233	9.6%	2,067	11.7%	58,344	10.7%	6.0%
Moderate	67	8.6%	8,359	11.1%	2,319	13.1%	68,880	12.6%	13.7%
LMI	115	14.7%	15,592	20.6%	4,386	24.8%	127,224	23.3%	19.6%
Middle	415	53.1%	41,593	55.0%	6,825	38.6%	230,471	42.2%	43.3%
Upper	252	32.2%	18,375	24.3%	6,457	36.5%	188,102	34.5%	37.1%
Unknown	0	0.0%	0	0.0%		0.0%	0	0.0%	0.0%
Total	782		75,560		17,668		545,797		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	152	6.5%	26,004	11.1%	8,118	12.8%	211,632	11.0%	
Moderate	230	9.8%	22,745	9.7%	7,329	11.6%	244,350	12.7%	
LMI	382	16.3%	48,749	20.8%	15,447	24.4%	455,982	23.7%	
Middle	1,316	56.1%	138,484	59.1%	25,215	39.8%	818,167	42.5%	
Upper	646	27.6%	46,950	20.0%	22,741	35.9%	650,759	33.8%	
Unknown	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Total	2,344		234,183		63,403		1,924,908		

c. Consumer Loans:

The distribution of RB's consumer loans among census tracts of varying income level was just satisfactory.

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During the evaluation period, RB originated 15.5% by number and 13.7% by dollar value of its consumer loans in LMI geographies while the percentage of households in LMI geographies averaged 18.6%.

RB's distribution of consumer loans by the income level of the geography was fairly consistent throughout the evaluation period. Aggregate consumer loans data was not available for comparison.

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

Distribution of Consumer Lending by Geographic Income of the Census Tract					
2014					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	69	1.7%	1,001	1.4%	4.4%
Moderate	509	12.8%	8,589	11.6%	14.0%
LMI	578	14.5%	9,590	13.0%	18.4%
Middle	2,206	55.4%	40,912	55.3%	46.9%
Upper	1,199	30.1%	23,495	31.8%	34.7%
Unknown	0	0.0%	0	0.0%	0.0%
Total	3,983		73,997		
2015					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	66	2.2%	1,037	1.9%	4.4%
Moderate	418	13.9%	6,685	12.2%	14.0%
LMI	484	16.1%	7,722	14.0%	18.4%
Middle	1,688	56.0%	31,249	56.8%	46.9%
Upper	840	27.9%	16,011	29.1%	34.7%
Unknown	0	0.0%	0	0.0%	0.0%
Total	3,012		54,982		
2016					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	73	2.1%	1,078	1.6%	4.4%
Moderate	451	12.9%	7,831	11.9%	14.0%
LMI	524	15.0%	8,909	13.5%	18.4%
Middle	1,915	54.9%	35,550	54.1%	46.9%
Upper	1,048	30.1%	21,311	32.4%	34.7%
Unknown	0	0.0%	0	0.0%	0.0%
Total	3,487		65,770		
2017					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	142	3.7%	2,491	3.3%	4.9%
Moderate	484	12.6%	8,480	11.2%	13.7%
LMI	626	16.4%	10,971	14.5%	18.6%
Middle	1,955	51.1%	38,163	50.4%	45.9%
Upper	1,247	32.6%	26,614	35.1%	35.5%
Unknown	0	0.0%	0	0.0%	0.0%
Total	3,828		75,748		
GRAND TOTAL					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	350	2.4%	5,607	2.1%	
Moderate	1,862	13.0%	31,585	11.7%	
LMI	2,212	15.5%	37,192	13.7%	
Middle	7,764	54.3%	145,874	53.9%	
Upper	4,334	30.3%	87,431	32.3%	
Unknown	0	0.0%	0	0.0%	
Total	14,310		270,497		

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d. MECA Loans:

The distribution of RB's MECA loans among census tracts of varying income level was highly satisfactory.

During the evaluation period, RB refinanced or modified 20.9% by number and 19.6% by dollar value of its MECA loans in LMI census tracts while the average demographic characteristic for LMI geographies averaged 11.4%.

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

Distribution of MECA Lending by Geographic Income of the Census Tract					
2014					
Borrower Income	Bank				OO Hus
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1.6%
Moderate	3	16.7%	533	16.7%	9.7%
LMI	3	16.7%	533	16.7%	11.3%
Middle	13	72.2%	2,272	71.4%	48.2%
Upper	2	11.1%	378	11.9%	40.5%
Unknown	0	0.0%	0	0.0%	0.0%
Total	18		3,183		
2015					
Borrower Income	Bank				OO Hus
	#	%	\$000's	%	%
Low	1	2.9%	160	2.2%	1.6%
Moderate	7	20.6%	1,516	20.8%	9.7%
LMI	8	23.5%	1,676	23.0%	11.3%
Middle	23	67.6%	4,822	66.1%	48.2%
Upper	3	8.8%	799	10.9%	40.5%
Unknown	0	0.0%	0	0.0%	0.0%
Total	34		7,297		
2016					
Borrower Income	Bank				OO Hus
	#	%	\$000's	%	%
Low	1	2.4%	95	1.0%	1.6%
Moderate	8	19.0%	1,784	18.8%	9.7%
LMI	9	21.4%	1,879	19.8%	11.3%
Middle	23	54.8%	6,030	63.6%	48.2%
Upper	10	23.8%	1,576	16.6%	40.5%
Unknown	0	0.0%	0	0.0%	0.0%
Total	42		9,485		
2017					
Borrower Income	Bank				OO Hus
	#	%	\$000's	%	%
Low	1	4.8%	137	3.2%	1.8%
Moderate	3	14.3%	549	12.7%	9.6%
LMI	4	19.0%	686	15.8%	11.4%
Middle	13	61.9%	2,679	61.8%	47.3%
Upper	4	19.0%	973	22.4%	41.3%
Unknown	0	0.0%	0	0.0%	0.0%
Total	21		4,338		
GRAND TOTAL					
Borrower Income	Bank				OO Hus
	#	%	\$000's	%	%
Low	3	2.6%	392	1.6%	
Moderate	21	18.3%	4,382	18.0%	
LMI	24	20.9%	4,774	19.6%	
Middle	72	62.6%	15,803	65.0%	
Upper	19	16.5%	3,726	15.3%	
Unknown	-	0.0%	-	0.0%	
Total	115		24,303		

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4. Distribution by Borrower Characteristics: High Satisfactory

RB's HMDA-reportable, small business, consumer, and MECA lending demonstrated a highly satisfactory distribution of loans among individuals of different income levels and businesses of different revenue sizes.

a. HMDA-Reportable Loans (1-4 Family):

RB's HMDA-reportable lending demonstrated an outstanding distribution of loans among individuals of different income levels.

During the evaluation period, RB's HMDA-reportable distribution among borrowers in LMI census tracts averaged 30.4% by number and 20.1% by dollar value outperforming the aggregate's lending rate.

Throughout the evaluation period, RB's lending rates to low-income borrowers was considerably below the percentage of low-income families in the assessment area. RB originated on average 8.9% of its total number of loans to low-income families. Based on family demographics reported, 20.6% families in the assessment area were low-income.

The Bank's lending rates to moderate-income borrowers generally exceeded the percentage of moderate-income families in the assessment area throughout the evaluation period. RB originated on average 21.4% of total loans to moderate-income borrowers. Based on family demographics reported, 15.9% families in the assessment area were moderate-income.

The following table provides a summary of the distribution of RB's 1-4 family loans by borrower income.

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Distribution of 1-4 Family Loans by Borrower Income									
2014									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	16	8.4%	1,139	3.6%	451	4.8%	45,914	2.4%	18.6%
Moderate	42	22.0%	5,095	16.0%	1,723	18.4%	245,557	13.0%	16.4%
LMI	58	30.4%	6,234	19.5%	2,174	23.2%	291,471	15.4%	35.0%
Middle	49	25.7%	7,379	23.1%	2,477	26.4%	451,376	23.8%	21.4%
Upper	79	41.4%	16,776	52.6%	4,441	47.4%	1,088,678	57.5%	43.6%
Unknown	5	2.6%	1,508	4.7%	280	3.0%	63,273	3.3%	0.0%
Total	191		31,897		9,372		1,894,798		
2015									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	17	10.8%	1,188	4.6%	591	5.3%	59,783	2.6%	18.6%
Moderate	35	22.3%	4,659	17.9%	1,996	18.0%	291,893	12.6%	16.4%
LMI	52	33.1%	5,847	22.4%	2,587	23.4%	351,676	15.2%	35.0%
Middle	39	24.8%	6,146	23.6%	2,882	26.0%	533,589	23.1%	21.4%
Upper	59	37.6%	13,057	50.1%	4,912	44.3%	1,261,486	54.6%	43.6%
Unknown	7	4.5%	1,021	3.9%	698	6.3%	161,644	7.0%	0.0%
Total	157		26,071		11,079		2,308,395		
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	15	7.0%	1,662	4.0%	609	4.7%	67,852	2.4%	18.6%
Moderate	49	23.0%	7,154	17.2%	2,231	17.1%	346,343	12.4%	16.4%
LMI	64	30.0%	8,816	21.2%	2,840	21.7%	414,195	14.8%	35.0%
Middle	47	22.1%	7,708	18.6%	3,503	26.8%	675,960	24.2%	21.4%
Upper	87	40.8%	21,111	50.9%	5,977	45.7%	1,528,711	54.7%	43.6%
Unknown	15	7.0%	3,866	9.3%	754	5.8%	174,611	6.3%	0.0%
Total	213		41,501		13,074		2,793,477		
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	20	10.0%	1,766	4.4%	615	4.7%	65,726	2.3%	20.6%
Moderate	37	18.5%	5,380	13.5%	2,326	17.7%	367,280	13.0%	15.9%
LMI	57	28.5%	7,146	18.0%	2,941	22.4%	433,006	15.3%	36.5%
Middle	55	27.5%	9,485	23.9%	3,639	27.7%	714,229	25.2%	20.3%
Upper	81	40.5%	21,752	54.8%	5,990	45.6%	1,558,194	55.1%	43.2%
Unknown	7	3.5%	1,322	3.3%	578	4.4%	124,323	4.4%	0.0%
Total	200		39,705		13,148		2,829,752		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	68	8.9%	5,755	4.1%	2,266	4.9%	239,275	2.4%	
Moderate	163	21.4%	22,288	16.0%	8,276	17.7%	1,251,073	12.7%	
LMI	231	30.4%	28,043	20.1%	10,542	22.6%	1,490,348	15.2%	
Middle	190	25.0%	30,718	22.1%	12,501	26.8%	2,375,154	24.2%	
Upper	306	40.2%	72,696	52.2%	21,320	45.7%	5,437,069	55.3%	
Unknown	34	4.5%	7,717	5.5%	2,310	4.9%	523,851	5.3%	
Total	761		139,174		46,673		9,826,422		

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b. Small Business Loans:

RB's small business lending demonstrated a less than satisfactory distribution of loans among businesses of different revenue sizes.

During the evaluation period, RB's lending to businesses with revenues of \$1 million or less averaged 32.6% by number and 27.8% by dollar value. RB's lending rate for small businesses underperformed the aggregate's rate of lending in each year of the evaluation period by both number and dollar value of loans. RB's rate of lending during the entire period were well below the percent of businesses, (business demographics) with revenues of \$1 million or less in the assessment area.

The Bank had a significant number of loans (39.2% by number and 21.2% by dollar value) with unknown revenues. This was due to the Bank utilizing only the credit score and personal income of the loan guarantor to underwrite auto loans to small businesses. This large proportion of unknown revenue loans negatively skewed the performance data.

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

Distribution of Small Business Lending by Revenue Size of Business									
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	173	36.3%	13,130	26.0%	6,147	44.1%	148,134	36.0%	74.2%
Rev. > \$1MM	122	25.6%	24,592	48.8%					4.2%
Rev. Unknown	181	38.0%	12,699	25.2%	0				21.6%
Total	476		50,421		13,941		411,090		
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	201	39.3%	14,953	30.3%	7,849	51.3%	171,366	37.1%	79.4%
Rev. > \$1MM	156	30.5%	26,875	54.4%					4.3%
Rev. Unknown	154	30.1%	7,544	15.3%					16.3%
Total	511		49,372		15,287		461,485		
2016									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	183	31.8%	17,669	30.0%	8,115	49.2%	177,797	35.1%	84.8%
Rev. > \$1MM	176	30.6%	30,390	51.7%					5.0%
Rev. Unknown	216	37.6%	10,771	18.3%	0		0		10.2%
Total	575		58,830		16,507		506,536		
2017									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	208	26.6%	19,293	25.5%	9,011	51.0%	194,114	35.6%	84.8%
Rev. > \$1MM	205	26.2%	37,527	49.7%					5.1%
Rev. Unknown	369	47.2%	18,740	24.8%	0		0		10.1%
Total	782		75,560		17,668		545,797		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	765	32.6%	65,045	27.8%	31,122	49.1%	691,411	35.9%	
Rev. > \$1MM	659	28.1%	119,384	51.0%					
Rev. Unknown	920	39.2%	49,754	21.2%					
Total	2,344		234,183		63,403		1,924,908		

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c. Consumer Loans

RB's consumer lending demonstrated an outstanding distribution of loans among borrowers of different income levels.

Overall, RB originated 51.9% by number and 43.7% by dollar value of its consumer loans to LMI borrowers during the evaluation period. Throughout the evaluation period, RB's lending rate to LMI borrowers was significantly greater than the percent of LMI households in the assessment area. Aggregate data for consumer loan originations was not available for comparison purposes.

The following table provides a summary of the distribution of RB's consumer loans by borrower income level.

Distribution of Consumer Lending by Borrower Income					
2014					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	1,050	26.4%	14,249	19.3%	22.4%
Moderate	1,007	25.3%	17,961	24.3%	15.1%
LMI	2,057	51.6%	32,210	43.5%	37.5%
Middle	867	21.8%	17,222	23.3%	18.6%
Upper	1,038	26.1%	24,389	33.0%	43.9%
Unknown	21	0.5%	176	0.2%	0.0%
Total	3,983		73,997		
2015					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	854	28.4%	11,736	21.3%	22.4%
Moderate	785	26.1%	14,168	25.8%	15.1%
LMI	1,639	54.4%	25,904	47.1%	37.5%
Middle	662	22.0%	13,245	24.1%	18.6%
Upper	693	23.0%	15,610	28.4%	43.9%
Unknown	18	0.6%	223	0.4%	0.0%
Total	3,012		54,982		
2016					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	932	26.7%	12,718	19.3%	22.4%
Moderate	893	25.6%	16,058	24.4%	15.1%
LMI	1,825	52.3%	28,776	43.8%	37.5%
Middle	764	21.9%	15,811	24.0%	18.6%
Upper	889	25.5%	20,995	31.9%	43.9%
Unknown	9	0.3%	188	0.3%	0.0%
Total	3,487		65,770		
2017					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	955	24.9%	13,637	18.0%	24.6%
Moderate	948	24.8%	17,761	23.4%	14.8%
LMI	1,903	49.7%	31,398	41.5%	39.4%
Middle	915	23.9%	19,524	25.8%	17.3%
Upper	1,003	26.2%	24,724	32.6%	43.3%
Unknown	7	0.2%	102	0.1%	0.0%
Total	3,828		75,748		
GRAND TOTAL					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	3,791	26.5%	52,340	19.3%	
Moderate	3,633	25.4%	65,948	24.4%	
LMI	7,424	51.9%	118,288	43.7%	
Middle	3,208	22.4%	65,802	24.3%	
Upper	3,623	25.3%	85,718	31.7%	
Unknown	55	0.4%	689	0.3%	
Total	14,310		270,497		

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d. MECA (1-4 Family) Loans:

RB's MECA (1-4 Family) lending demonstrated a just satisfactory distribution of loans among borrowers of different income levels.

During the evaluation period, RB originated 27.0% by number and 20.2% by dollar value of its MECA (1-4 Family) loans to LMI borrowers. Based on family demographics of the assessment area, 36.5% of families were LMI borrowers. Aggregate data for MECA (1-4 Family) loans was not available for comparison purposes.

The following table provides a summary of the distribution of RB's MECA (1-4 Family) loans by borrower income level.

Distribution of MECA 1-4 Family Lending by Borrower Income					
2014					
Borrower	Bank				Fam Dem.
Income	#	%	\$000's	%	%
Low	1	5.6%	172	5.4%	18.6%
Moderate	5	27.8%	1,039	32.6%	16.4%
LMI	6	33.3%	1,211	38.0%	35.0%
Middle	5	27.8%	862	27.1%	21.4%
Upper	7	38.9%	1,110	34.9%	43.6%
Unknown	0	0.0%	0	0.0%	0.0%
Total	18		3,183		
2015					
Borrower	Bank				Fam Dem.
Income	#	%	\$000's	%	%
Low	4	11.8%	563	7.7%	18.6%
Moderate	5	14.7%	1,018	14.0%	16.4%
LMI	9	26.5%	1,581	21.7%	35.0%
Middle	13	38.2%	2,647	36.3%	21.4%
Upper	10	29.4%	2,862	39.2%	43.6%
Unknown	2	5.9%	207	2.8%	0.0%
Total	34		7,297		
2016					
Borrower	Bank				Fam Dem.
Income	#	%	\$000's	%	%
Low	5	11.9%	544	5.7%	18.6%
Moderate	7	16.7%	1,053	11.1%	16.4%
LMI	12	28.6%	1,597	16.8%	35.0%
Middle	7	16.7%	1,438	15.2%	21.4%
Upper	22	52.4%	5,980	63.0%	43.6%
Unknown	1	2.4%	470	5.0%	0.0%
Total	42		9,485		
2017					
Borrower	Bank				Fam Dem.
Income	#	%	\$000's	%	%
Low	1	4.8%	137	3.2%	20.6%
Moderate	3	14.3%	379	8.7%	15.9%
LMI	4	19.0%	516	11.9%	36.5%
Middle	8	38.1%	1,836	42.3%	20.3%
Upper	7	33.3%	1,744	40.2%	43.2%
Unknown	2	9.5%	242	5.6%	0.0%
Total	21		4,338		
GRAND TOTAL					
Borrower	Bank				Fam Dem.
Income	#	%	\$000's	%	%
Low	11	9.6%	1,416	5.8%	
Moderate	20	17.4%	3,489	14.4%	
LMI	31	27.0%	4,905	20.2%	
Middle	33	28.7%	6,783	27.9%	
Upper	46	40.0%	11,696	48.1%	
Unknown	5	4.3%	919	3.8%	
Total	115		24,303		

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5. Community Development Lending: Outstanding

During the evaluation period, RB originated \$50.8 million in new community development loans and had \$4.5 million outstanding from prior evaluation periods. This demonstrated an outstanding level of community development lending over the course of the evaluation period.¹

RB's community development lending consisted primarily of community service activities, which accounted for 69.4% of total RB's community development loans.

Community Development Loans				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
Purpose	# of Loans	\$000	# of Loans	\$000
Affordable Housing	9	\$2,293		
Economic Development	11	\$9,219		
Community Services	50	\$35,286	11	\$4,465
Revitalization/Stabilization	2	\$3,968		
Total	72	\$50,766	11	\$4,465

Below are highlights of RB's community development lending:

Affordable Housing

- In 2018, RB refinanced an existing loan for \$415,000 for multifamily residential properties located in moderate-income census tracts in Orange County. One property consists of eight residential units, and the other, six units. Bank funding allowed for improvements to both properties. The units were leased at below fair market rents, providing affordable housing to LMI individuals and families.

Revitalize and Stabilize

- In 2015, RB originated a \$3.8 million loan for the construction of multifamily residential and commercial units. The construction project is located in a moderate-income census tract in Dutchess County, and was approved by a local industrial development agency, which supports business growth, expansion, and economic development. The project helps retain and create jobs, as well as attract new residents to a moderate-income geography while providing affordable housing. RB's extension of credit helped with economic growth and provided employment opportunities for LMI individuals.

Economic Development

- In 2016, RB originated a \$4.3 million loan for the purchase and renovation of a 95-room hotel and parking spaces for 108 vehicles. The loan was part of the small business

¹ For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the exam.

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administration (“SBA”) loan program and involved the Empire State Certified Development Corporation. Bank funding for this acquisition and renovation project helped retain and create job opportunities for LMI individuals.

Community Services

- In 2014, RB extended a revolving line of credit (“LOC”) for \$1.0 million, which renewed each year of the evaluation period and a term loan of \$300,000 during the evaluation period. The total of both credit facilities was \$6.3 million. The LOC and term loan were extended to a nonprofit organization whose focus is improving lives and empowering abused and neglected children and families in the Hudson Valley and surrounding communities. Services include a young mother’s program, residential care, group homes, and apartments.
- In 2014, RB extended a revolving LOC for \$1.0 million, which renewed each year during the evaluation period, for a total of \$5.0 million. The Bank’s LOC was to a nonprofit organization operating in low-income census tracts that promotes mental wellness, care management, education programs, advocacy, community support, housing and shelter services.
- In 2016, RB originated a loan for \$5.4 million for the refinance of a 76-bed home for adults, where most of the patients are Medicaid recipients. Services include an assisted living program, which offers community based assisted living services to adults, who would otherwise need a nursing home such as, residential care, room, board, housekeeping, meals, medication management, and transportation.

Flexible and/or Innovative Lending Practices:

A local non-profit involved in economic development planning and execution, launched an economic development plan designed to improve the business climate in an approximate six square block radius within the City of Newburgh in Orange County, NY. RB has created its Newburgh Creative Neighborhood Loan fund in support of this effort. Through this fund, the Bank has allocated \$3.0 million of its loan portfolio to fund secured term loans, including commercial express loans, equipment and vehicle purchases, leasehold improvements, and real estate transactions with favorable pricing, advance rates and terms to prospective borrowers in the Newburgh Creative Neighborhood. \$2.8 million of this \$3.0 million has been provided to local businesses or is in the process of review or approval.

The Bank participates in the SBA 504 Loan Program, 7A Program, and SBA Express Program.

In 2014, the Bank began to offer Commercial Express loans to finance the purchase of vehicles or equipment for small business owners. This product has a faster and simpler underwriting process than the Bank’s traditional business term loans and is designed to make it easier for start-up businesses to obtain approval.

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B. INVESTMENT TEST: Low Satisfactory

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

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

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

1. Qualified Investments: Low Satisfactory

During the evaluation period, RB made \$943,000 in new qualified investments and had \$78,000 outstanding from prior evaluation periods. In addition, RB made \$341,000 in community development grants. This demonstrated a just satisfactory 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	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Affordable Housing			1	78
Economic Development	1	\$ 500		
Community Services	2	\$ 443		
Revitalization/Stabilization				
Total	3	\$ 943	1	78
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	41	\$ 60		
Economic Development	18	\$ 64		
Community Services	169	\$ 209		
Revitalization/Stabilization	9	\$ 8		
Total	237	\$ 341		

Below are highlights of RB's community development investments and grants:

Investments

- In 2015, the Bank committed \$500,000 in a CRA-qualified investment to a Small Business Investment Company ("SBIC"). The purpose of a SBIC is to supply small businesses with financing for needs that range from expansion of existing facilities to modernization of operations.
- In 2016, RB purchased two, local school-district general obligation bonds totaling \$443,066. 81.0% of the students in the school district receive free or reduced-price school lunches.

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Grants

- Grants totaling approximately \$21,000 were provided by RB to a local organization which seeks to respond to the demand for quality affordable housing. The organization works to prevent and end homelessness, create, rehabilitate, and manage housing, educate and advocate on affordable housing issues, and revitalize and preserve neighborhoods.
- RB contributed approximately \$20,000 to a non-profit housing organization offering rental and homeownership assistance, home repair grants, and property management services. In-house HUD certified housing counselors provide education and grants to income eligible residents.

2. Innovativeness of Community Development Investments:

RB did not make use of innovative investments to support community development.

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

RB's community development investments exhibited adequate responsiveness to the assessment area's credit and community development needs. RB's purchase of two general obligation bonds benefitting a local school district helped meet a financial need in the local community.

C. SERVICE TEST: Low Satisfactory

DFS evaluated RB's retail service performance pursuant to the following criteria:

- (1) The current distribution of the banking institution's branches;
- (2) The institution's 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.

DFS evaluated RB's community development service performance 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.

1. Retail Banking Services: Low Satisfactory

RB has a just satisfactory branch network, delivery systems, branch hours and services, and alternative delivery systems, particularly as they relate to LMI individuals.

a. Current distribution of the banking institution's branches:

As of the evaluation date, the Bank operated 11 branches in New York State, of which one branch is located in a moderate-income census tract. Nine of the Bank's 11 branches are located in Dutchess County, and one branch each in Orange and Ulster counties.

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All of RB's branches are open Monday through Friday, 8:00am to 5:00pm, except for its Kingston branch (located in a middle-income census tract). All branches are open on Saturdays from 8:30am to 12:30pm and have at least one automatic teller machine ("ATM") that accept deposits. The Bank maintains an off-site ATM that dispenses cash but does not accept deposits, located in Tivoli, NY, in a moderate-income area.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
*Columbia	0	0	0	0	0	-	
Dutchess	0	0	1	7	1	9	11%
Orange	0	0	0	0	1	1	0%
Ulster	0	0	0	1	0	1	0%
Total	-	-	1	8	2	11	9%

**Partial County*

b. Record of opening and closing branches:

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

RB opened a new branch in Goshen, NY, in May 2016. It is located in an upper-income census tract. In January 2015, RB closed its branch located in LaGrangeville, NY in a middle-income census tract.

c. Availability and effectiveness of alternative systems for delivering retail services:

RB's delivery systems are reasonably accessible to significant portions of the Banks' assessment area, particularly LMI geographies and individuals.

The majority of the Bank's alternative delivery systems provide customers access to their accounts, 24 hours per day, seven days per week;

The Bank's alternative delivery systems include the following: Customer Solutions Center, ATM banking, online banking, mobile banking, text banking, EasyLink telephone banking, online loan applications, bank by mail, online account openings, ACH services (business), remote deposit capture, and foreign wire transfers. such products enhance accessibility to financial services for all consumers in the community.

d. Range of services provided:

RB's services meet the convenience and accessibility needs of its assessment area, particularly LMI geographies and individuals. However, there are no branch offices located in Columbia County, part of which is in the Bank's assessment area.

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Traditional personal and business banking products and services offered by the bank include but are not limited to, checking (including basic banking), savings, and money market accounts, debit cards, certificates of deposit and IRAs, certificate of deposit account registry service, consumer loans and lines of credit, mortgages and construction loans, wire transfers, night depository, safe deposit boxes, notary public, and savings bond redemption.

RB offers several products that support LMI needs, including:

- “Electronic Benefit Transfer System”- a program that facilitates access to benefits, such as food stamps and public assistance benefits, through the use of a state-issued debit card at authorized point of sale terminals and ATMs.
- “Priority Statement Savings” - a low cost deposit accounts with features such as low minimum opening deposit requirements, low monthly account fees, monthly account fee waivers, low monthly balance requirements.
- “First Home Club” (in conjunction with the Federal Home Loan Bank New York (“FHLB”))- a program that assist LMI first-time homebuyers establish personal savings accounts. Funds are put towards the purchase of a new home; savings are matched by the FHLB four dollars to every one dollar saved, up to \$7,500.
- The Bank accepts an alternative form of identification to help tax-paying individuals without state identification open bank accounts and obtain other banking services (including loans). By accepting other forms of identification, specifically the Individual Taxpayer Identification Number, the Bank seeks to serve un-banked individuals within its assessment area.

2. Community Development Services: Low Satisfactory

RB provided a just satisfactory level of community development services. RB’s management is active within the community, serving on various boards and committees of local organizations focused on improving conditions for individuals, families, and small businesses, particularly with respect to LMI individuals and families. During the current evaluation period, a total of 23 RB employees provided qualified community development services involving 20 organizations.

Below are highlights of RB’s community development services:

- A senior executive served on the Board and various committees of a regional “think-tank”, which collaborates on regional approaches to affordable and workforce housing, transportation, and other infrastructure issues that most impact the growth and vitality of the Hudson Valley economy.
- A senior vice president served as a board member of an organization which is dedicated to eliminating substandard housing locally and worldwide through constructing, rehabilitating and preserving homes. The senior vice president created a financial budget program to help families develop financial skills.

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- A vice president served as a treasurer of a local organization that provides social services and mental health care to low-income individuals in the area. Services include children in-home care and family support and advocacy.

D. ADDITIONAL FACTORS:

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

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

The Board approves the Bank's community support program and certain large donations and grants, and discusses CRA issues during the CEO Update, Community Involvement, and loan request portions of Board meetings. The Board does not review RB's CRA performance as no such performance analyses are performed within the Bank.

The Bank's audit committee receives compliance reports three times per year which contain a section on CRA highlights, mostly related to community development activities.

2. Discrimination and other illegal practices

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

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

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

On October 5, 2022, DFS and RB entered into a Consent Order to resolve an investigation conducted by the Department into RB's underwriting and pricing of automobile loans arranged by automobile dealers during the time period of January 1, 2017 through December 31, 2021.

The Department's investigation identified statistically significant disparities in interest rates charged to borrowers in the protected classes of race and ethnicity when compared to non-Hispanic white borrowers. The Department found that these statistically significant disparities were a result of the Bank's policy of permitting its contracted automobile dealers to mark-up consumers' interest rates above the Bank's minimum applicable risk-based interest rate, known as the "buy rate".

The Department found that RB's policy permitting its contracted automobile dealers to mark up the affected consumers' interest rates without regard to objective, credit-related factors resulted in a disparate impact on the basis of race or ethnicity, in violation of New York Executive Law Section 296-a. The Department did not find evidence of intentional discrimination.

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Pursuant to the terms of the Consent Order, RB has agreed to provide restitution to Eligible Impacted Borrowers and to pay to the Department a fine of \$275,000.

For additional information, refer to the Consent Order, which may be found on the Department's web site at https://www.dfs.ny.gov/system/files/documents/2022/10/ea20221005_co_rhinebeck.pdf

3. 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.

Bank employee participation on local boards, volunteering for local non-profit organizations, and assisting in fundraising campaigns has helped the Bank in assessing the local credit needs of the community. A number of these organizations are involved in strategic planning, housing, and small business initiatives in the local communities. This provides the Bank with insight into the ongoing development, credit, and other needs of the communities in its assessment area.

- The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution

The Bank utilizes many platforms in its marketing efforts, including traditional marketing methods such as radio, print advertising, billboard advertising, as well as participating in trade shows and local events. The Bank is also expanding its social media presence through Facebook, Instagram, and LinkedIn, as well as utilizing email marketing campaigns.

In 2018, the Bank's "Welcome Home" residential lending campaign and its "I Bank at Rhinebeck" commercial lending campaign were a prominent focus of the Bank's marketing efforts.

- *Action Taken in Response to Written Complaints with Respect to CRA*

Neither RB nor DFS received any written complaints regarding RB's CRA performance during the evaluation period.

3. Other factors that in the judgment of the Superintendent bear upon the extent to which RB is helping to meet the credit needs of its entire community

DFS examiners noted no other factors.

V - GLOSSARY

Aggregate Lending

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

Community Development

“Community development”:

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

Community Development Loan

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

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

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Community Development Service

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

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;
 - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - ❖ Furnishing financial services training for staff and management;
 - ❖ Contributing accounting/bookkeeping services; and
 - ❖ Assisting in fund raising, including soliciting or arranging investments.

Geography

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

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

The income level for borrowers is based on household or family income. A geography’s income is categorized by median family income for the geography. In both cases, the income is

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compared to the Metropolitan Statistical Area (“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

Small Business Loan

A small business loan is a loan less than or equal to \$1 million.

Low or Moderate Income (“LMI”) Geographies

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

LMI Borrowers

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

LMI Individuals/Persons

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

LMI Penetration Rate

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

Low-Income Housing Tax Credit (LIHTC)

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

New Markets Tax Credit (NMTC)

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

Qualified Investment

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

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

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- 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.