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Comptroller of the Currency  
Administrator of National Banks

**LARGE BANK**

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## **Public Disclosure**

April 6, 1998

### **Community Reinvestment Act Performance Evaluation**

**Wilber National Bank  
Charter Number: 2151**

**245 Main Street  
Oneonta, New York 13820**

**Office of the Comptroller of the Currency  
Syracuse Field Office  
100 Elwood Davis Road  
North Syracuse, New York 13212**

**NOTE:** This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Community development - affordable housing or community services targeted to low or moderate income individuals, activities that promote economic development by financing small businesses or farms, and activities that revitalize or stabilize LMI geographies.

Community development loan - a loan that has its primary purpose in community development, benefits the AA, and has not been reported or collected by the bank for consideration as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling.

Community development service - a service that has its primary purpose in community development, is related to the provision of financial services, and has not been considered in the evaluation of the bank's retail banking services.

Geography - a census tract or block numbering area.

HMDA loan - a "home improvement loan", "refinance loan" or "home purchase loan" that is reported on the Home Mortgage Disclosure Act Report.

Home improvement loan - any loan that is for the purpose in whole or in part of repairing, rehabilitating, remodeling, or improving a dwelling or the real property on which it is located and is classified by the financial institution as a home improvement loan.

Home purchase loan - any loan secured by and made for the purpose of purchasing a dwelling

Low Income - an individual income that is less than 50% of the area median income, or a median family income (MFI) that is less than 50%, in the case of a geography.

Middle Income - an individual income that is at least 80% and less than 120% of the area median income, or a MFI that is at least 80% and less than 120%, in the case of a geography.

Moderate Income - an individual income that is at least 50% and less than 80% of the area median income, or a MFI that is at least 50% and less than 80%, in the case of a geography.

Upper Income - an individual income that is 120% or more of the area median income, or a MFI that is 120% or more, in the case of a geography.

Qualified Community Development Investment - an investment, deposit, membership share, or grant that has as its primary purpose community development.

Qualified investment - a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Refinance loan - any loan in which the existing obligation, involving either a home purchase or a home improvement loan, is satisfied and replaced by a new obligation.

## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Wilber National Bank** (WNB) prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **April 6, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

**Institution's CRA Rating:** This institution is rated "**Satisfactory**".

The primary factors supporting the overall rating are:

- A high percentage of loans were made in the bank's assessment area;
- A good distribution of home loans to borrowers of different income levels;
- A high percentage of loans to small businesses and farms;
- A reasonable geographic distribution of small business loans;
- A service delivery system that brings a variety of banking services to all portions of the assessment area; and,
- A low level of qualified community development investments in relationship to the bank's size and resources.

The following chart indicates the performance level of WNB with respect to the lending, investment, and service tests:

<b>Wilber National Bank Performance Tests</b>			
	<b>Lending Test*</b>	<b>Investment Test</b>	<b>Service Test</b>
Outstanding			
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve		X	
Substantial noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

*Note: Words that first appear in italics are defined in the definitions section of this evaluation which is located at the back of this report.*

### **Description of Institution**

Wilber National Bank is a \$519 million, full service, community bank located in Oneonta, New York. It is owned by The Wilber Corporation, a one bank holding company with total assets of \$520 million. Oneonta is situated in the Catskill region of New York State, and is centrally located between the cities of Albany to the northeast and Binghamton to the southwest.

There are no impediments which would hamper WNB's ability to help meet the credit needs of its assessment area. The bank faces strong competition from other financial institutions, including other community banks, credit unions, branches of regional and multinational banks, mortgage companies, and finance companies. As of December 31, 1997, net loans represented 56% of the bank's average assets. The loan portfolio consisted of 52% residential real estate loans, 19% commercial real estate loans, 17% installment loans, and 12% commercial loans.

## Description of Assessment Areas (AA)

WNB has two assessment areas. One consists of the counties of Otsego, Delaware, and Ulster located in nonmetropolitan areas. Otsego County borders Delaware County to the south which in turn borders Ulster County to the southwest. The other AA consists of Schoharie County located within the Albany-Schenectady-Troy Metropolitan Statistical Area (MSA). Schoharie County borders Otsego County to the west.

The Otsego, Delaware, and Ulster AA is rural and contains a population of 273 thousand. The largest population centers include the city of Kingston in Ulster County, and the city of Oneonta in Otsego County. This AA represents a significant majority of the bank's combined AA, with 91% of the bank's total *geographies*, and 90% of the combined AA's population. The income classifications for the geographies are: 4% *moderate income*, 59% *middle income*, and 37% *upper income*. There are no *low income* geographies. The 1990 US Census Median Family Nonmetro Income for New York State, which is used to income categorize these nonmetropolitan area geographies is \$31,473. The 1997 Updated NonMetro Median Family Income for New York State, which is used to categorize the income level of individual borrowers residing in nonmetropolitan areas, is \$37,100. The Updated Median Family Income is based on information from the Department of Housing and Urban Development (HUD).

The other AA of Schoharie County contains a population of 32 thousand or 10% of the overall AA population. The largest population center is the village of Cobleskill which is located in the center of the county. This AA's eight geographies represent only a small part of the combined AA. Moderate income geographies comprise five geographies, and middle income geographies comprise two geographies. There are no low income geographies. One geography is not income categorized because it consists of Cobleskill Agricultural and Technical College and accordingly has not been included in our lending test evaluation. The 1990 Census Median Family Income for the MSA is \$39,425. The 1997 Updated Median Family Income MSA is \$47,000.

Information concerning the two AAs has been combined for ease of analysis and presentation. This provides a complete picture of the situation and circumstances the bank operates within. Consolidating the information is reasonable due to the AAs geographic proximity, and the common demographic and economic characteristics. There are no salient characteristics in either AA that would require a separate review.

The combined AA contains a population of 305 thousand and 86 geographies. The AA contains 9% (8) moderate income geographies, 56% (48) middle income geographies, 34% (29) upper income geographies, and 1% (1) nonincome categorized geography. There is a total of 140 thousand housing units in the AA, with 56% owner-occupied, 24% rental, and 20% vacant. Eighty-one percent of the housing units are 1 to 4 family occupied, 12% are mobile homes, and 6% are multifamily dwellings of five or more units and 1% condominiums. The median housing value is \$92 thousand. The family breakdown by income levels is 16% low income families, 18% moderate income families, 22% middle income families, and 44% upper income families.

Major industries include services, retail trade, government, and manufacturing. Overall, employment has declined throughout most of the 1990s. Within the different industries, service and retail trade employment has grown while manufacturing employment has declined. Major employers include higher education facilities including State University of New York - Oneonta, Hartwick College, and State University of New York - Cobleskill; SUNY Delhi, medical facilities including Bassett and A. O. Fox Memorial hospitals; and various county school districts and local municipal governments. Major manufacturers include Amphenol Corporation (chemicals), Keith Clark, Inc. (publishing), and Corning Incorporated (speciality glass). The region attracts tourists and vacationers, particularly during the summer months. Major attractions include the Baseball Hall of Fame in Cooperstown and the National Soccer Hall of Fame in Oneonta. Agriculture (dairy and timber) is also important to the region. Two percent of area workers are employed in farming. The February, 1998 unemployment rate in the Albany-Schenectady-Troy MSA was 4.9%, which compares favorably to the New York State average of 6.8% for the same period.

Business demographic data for 1997 shows there are 8,172 businesses and 321 farms, that reported annual sales, located in the combined AA. Small businesses, defined as businesses with annual revenues of \$1million or less, represent 93% or 7,595 of the businesses. Small farms, defined as farms with annual revenues of \$1million or less, represent 96% or 307 of the farms. Approximately 90% of these businesses employ fewer than 10 persons.

Our community contacts confirmed the bank's assessment that small business and home loans are the primary credit needs in the AA.

## **Conclusions with Respect to Performance Tests**

### **Scope of Review**

This review covers the calendar years 1996 and 1997. The market share and peer lender comparisons contained in the Lending Test are based on information contained in the aggregate Home Mortgage Disclosure Act Report (*HMDA*), and Small Business/Small Farm Reports for 1996. This information will not be available for 1997 activities until sometime later in 1998. The *HMDA* reports and Small Business/Small Farm Reports are available for public review.

It should be noted that the bank's 1996 *HMDA* report only contains information on the loans made in the Albany/Schenectady/Troy MSA. WNB did not identify the geographic location of loans which were located outside an MSA as required by the regulation. The vast majority (over 90%) of the bank's *HMDA* loans were made in nonmetropolitan areas located outside MSAs. During our examination the bank provided us with the geographic location of these loans, therefore allowing us to include them in our analysis of the bank's performance.

From this point forward all information presented represents activities which occurred in the bank's combined AA unless otherwise noted. The information contained in the Albany-Troy-Schenectady MSA Conclusion section of this report represents the activities of the bank within its AA portion of the MSA.

# Lending Test

## Assessment Area Concentration of Lending Activity

WNB's lending levels show good responsiveness to meeting the credit needs for home, small business, and small farm loans. WNB originated 1,010 home loans, 1,008 small business loans, and 42 small farm loans during the two-year examination period. WNB has an excellent concentration of loans inside its AA. Table I below shows the number and dollar amount of HMDA, small business, and small farm loans originated in 1996 and 1997. The bank made a very high percentage of these loans ( 94%) inside its AA.

Table I Ratio of Loans Originated Inside the Assessment Area - 1996-1997				
	HMDA	Small Business	Small Farm	Total
<b>Number</b>				
Number of loans inside the AA	948	940	41	1,929
Total number of Loans	1,010	1,008	42	2,060
% of Loans Inside/Total # of Loans	94%	93%	98%	94%
<b>Dollars (in 000's)</b>				
\$ of Loans Inside the AA	37,509	42,751	1,155	81,415
Total \$ of Loans	40,001	45,607	1,159	86,767
% of Loans Inside/Total \$ of Loans	94%	94%	100%	94%

Source: 1996, 1997 HMDA LAR, and Small Business/Small Farm Data Collection Register

In 1996, the bank ranked first with respect to market share percentage (12%) of all HMDA reportable loans made in its AA. Within the HMDA loan group, the bank ranked first for *refinance* loans and second place for both *home purchase* and *home improvement* loans. It ranked third for market share percentage of small business and small farm loans, with a 12% share of the small business loan market and an 11% share of the small farm loan market.

## Borrower Characteristics

WNB has a good distribution of HMDA loans to borrowers with low or moderate income. Table II below shows the bank's distribution of HMDA loans to low income borrowers far exceeds the average for all lenders, and is reasonably close to the percentage of low income families in the AA. WNB's distribution of loans to moderate income borrowers equaled the average lender distribution and the percentage of moderate income families in the AA.

WNB's performance for each of the three HMDA products was consistent with its overall HMDA borrower distribution performance. The bank's distribution of home purchase loans to low income borrowers was 14% compared to the average lender distribution of 5%, and 18% for moderate income borrowers compared to the 20% average lender distribution. For home improvement loans, WNB's distribution to low income borrowers was 15% compared to the 11% average lender distribution, and 20% for moderate income borrowers compared to the 14% average lender distribution. Refinance loans were 11% to low income borrowers compared to a 5% average lender distribution, and 16% for moderate income borrowers compared to a 14% average lender distribution.

<b>Table II</b> <b>Borrower Distribution of HMDA Loans - 1996</b> <b>Originations</b>			
<b>Income Level of Families</b>	<b>% of Families by Income Level</b>	<b>% of WNB HMDA Loans</b>	<b>Average % Distribution by all Lenders</b>
Low	16	13	6
Moderate	18	18	18
Middle/Upper	66	69	76
Total	100	100	100

Source: 1996 HMDA Aggregate Lending Data

For 1997, the bank's distribution of loans to moderate income borrowers continued to be strong, increasing from 18% to 19%. The distribution of loans to low income borrowers decreased by 4% from 13% to 9%, still well above the 6% average lender distribution in 1996. The distribution of home purchase and home improvement loans to moderate income borrowers decreased slightly, while the distribution to refinance borrowers increased moderately. The distribution of home purchase loans went from 18% to 17%; home improvement loans went from 20% to 17%; and refinance loans from 16% to 20%. The distribution to both low income home purchase borrowers and refinance borrowers decreased to 5% from their prior levels of 14% and 11% respectively. Home improvement loans to low income borrowers increased to 17% from 15%.

## Small Business and Small Farm Lending

In 1996, WNB made the vast majority (91%) of its small business loans to small sized businesses. All of the bank's small farm loans were made to small size farms. This pattern continued in 1997, with 95% of the small business loans going to small size businesses and 100% of the small farm loans going to small size farms. This compares very favorably to the aggregate percentages for all lenders. In 1996, 69% of the small business loans made by all lenders were made to small size businesses, and 49% of the small farm loans were made to small size farms. Small businesses represent 93% of businesses and small farms represent 96% of the farms in the AA that reported sales.

The vast majority of WNB's small business and small farm loans are for dollar amounts less than \$100,000. Tables III and IV show the percentage distribution of WNB's small business loans for less than \$100,000 in 1996 and 1997 as about equal to the average lender distribution, and 100% of the bank's small farm loans made in 1996 representing dollar amounts less than \$100,000, compared to a 91% average distribution for all lenders.

<b>Table III</b> <b>Small Business Loan Originations</b> <b>by Dollar Loan Size</b>			
Origination Amount \$	WNB 1997 Distribution %	WNB 1996 Distribution %	Average Lender Distribution 1996 %
Less Than 100,000	90	88	90
100,000 - 250,000	5	10	6
Greater Than 250,000	5	2	4
Total	100	100	100

Source: Aggregate 1996 Small Business/Small Farm Data Collection Register, and WNB 1997 Small Business/Small Farm Register

<b>Table IV Small Farm Originations By Dollar Loan Size</b>			
<b>Origination \$ Amount</b>	<b>WNB 1997 Distribution %</b>	<b>WNB 1996 Distribution %</b>	<b>Average Lender Distribution 1996 %</b>
Less Than 100,000	86	100	91
100,000-250,000	0	0	7
250,000-500,000	14	0	2
Total	100	100	100

Source: Aggregate 1996 Small Business/Small Farm Data Collection Register, and WNB 1997 Small Business/Small Farm Register

## Geographic Distribution

Table V below shows WNB's distribution of HMDA loans to moderate income geographies (5%) is significantly less than the average distribution by other lenders (11%) operating in the same area and to the percentage of owner occupied housing contained in the moderate tracts (8%). All three HMDA loan products (home purchase, home improvement and refinances) lagged behind the market averages and the percent of owner occupied housing. Home purchase loans were at 5% compared to the market average of 12%; home improvement loans were very low at 2% compared to the market average of 10%; and refinance loans of 7% were closest to the market average of 10% and the percentage of owner occupied housing.

<b>Table V Geographic Distribution of HMDA Loans - 1996 Originations</b>				
<b>Geography Income Level</b>	<b>% of Total Geographies</b>	<b>% of Owner Occupied Housing</b>	<b>1996 Average % Distribution by all Lenders</b>	<b>WNB % of Total # of Loans</b>
Moderate	9%	8%	11%	5%
Middle/Upper	91%	92%	89%	95%
Total	100%	100%	100%	100%

Source: 1996 Aggregate HMDA Data

WNB's distribution of HMDA loans to the moderate income tracts declined in 1997 to 3%. The breakdown of HMDA products showed home purchase loans declining from 5% to 1%; home improvement loans remaining at 2%; and refinance loans declining from 7% to 6%.

### Small Business and Farm Loans

Tables VI and VII show the geographic distribution of the bank's small business and small farm loans for 1996 compared to the geographic distribution of small businesses and small farms, as well as the average distribution of these loans by all lenders operating in the AA. WNB's distribution of small business loans in moderate income geographies is reasonable compared to the distribution of small businesses and the average distribution of small business loans made by all lenders. WNB's distribution of small farm loans in moderate income geographies is reasonable compared with the distribution of small farms operating in the AA, but well below the average distribution of loans by all lenders. WNB's distribution of both small business and small farm loans to upper income geographies is well below the distribution of small businesses and farms and the average lender distributions in these areas.

<b>Table VI</b> <b>Geographic Distribution of Small Business Loans - 1996</b> <b>Originations</b>				
<b>Geography Income Level</b>	<b>% of total geographies</b>	<b>% of WNB Small Business Loans</b>	<b>Average % Distribution by all lenders</b>	<b>% of Small Businesses</b>
Moderate	9	4	5	5
Middle	57	95	58	59
Upper	34	1	37	36
Total	100	100	100	100

Source: 1996 Small Business/Small Farm Data Collection Register

<p style="text-align: center;"><b>Table VII</b>  <b>Geographic Distribution of Small Farm Loans - 1996</b>  <b>Originations</b></p>				
<b>Geography Income Level</b>	<b>% of total geographies</b>	<b>% of WNB Small Farm Loans</b>	<b>Average % Distribution by all lenders</b>	<b>% of Small Farms</b>
Moderate	9	4	12	6
Middle	57	96	81	49
Upper	34	0	7	45
Total	100	100	100	100

Source: 1996 Small Business/Small Farm Data Collection Register

In 1997, the distribution of small business loans in moderate income geographies went down slightly to 3%, but represented a higher number of actual loans (18 vs. 14) than were made in 1996. The higher number of loans resulted from the very large increase (66%) in small business loan originations in 1997 compared to 1996. WNB made all 14 of its small farm loans in middle income geographies.

## **Community Development Lending**

WNB does not have any loans which are separately distinguished as *community development loans*. We do not view this negatively since the vast majority of the bank's commercial loans are included within the small business and small farm loan data, and therefore not separately distinguished as community development loans. Several of the bank's small business loans have a community development purpose.

## **Innovative or Flexible Lending Practices**

Oneonta First-Time-Homeownership Project - WNB participates in this program which is targeted to low and moderate income individuals and families. The homes are 1-3 family residences in the City of Oneonta which are priced for less than \$80,000. Qualified individuals receive a second mortgage (normally with an interest rate of 3% for up to 20 years) from the City of Oneonta, which all or a portion of it may be deferred. Applicants must obtain a mortgage from a participating lender such as WNB. Applicants may use a portion of the deferred second mortgage as a downpayment on the residence, or for closing and rehabilitation costs. WNB requires only a 10% downpayment (\$1,500 must be from the individual's personal funds per program requirements), and waives the one point it normally charges on loans with downpayments less than 20%.

Small Business Administration Loans (SBA) - WNB is active in several SBA loan programs, including the LowDoc program which features a one page quick turnaround application for loans of \$100,000 or less. The bank ranked seventh out of 77 lenders in the SBA's Syracuse District for lending activity during the SBA's 1996-1997 fiscal year. WNB's 34 loans for \$2.8 million was surpassed only by much larger financial institutions.

City of Oneonta Downtown Revolving Loan Fund - WNB is involved in this special loan program along with the City of Oneonta. The bank provides one dollar of financing at the prevailing interest rate for every two dollars provided by the city fund. A business may obtain up to \$100,000, provided it meets the bank's standards for credit history and collateral. WNB will finance up to 90% of a project associated with this program, as opposed to its usual 70%, and works with businesses to arrange additional financing through the SBA and other programs if necessary. An applicant must have a minimum 10% owner equity in a project.

## Service Test

### Retail Banking Services

WNB operates 16 full service branches. There are eight, 24 hour automatic teller machines (ATMs) located at various branches as well as two other ATMs located at the State University at Oneonta and Hartwick College in Oneonta. Table VIII below shows the distribution of branches and ATMs is reasonable compared to the distribution of moderate and middle income geographies. The two ATMs on college campuses are not included in the chart since these primarily serve the student population. The bank has not opened or closed any branch offices or ATMs during the assessment period.

Table VIII Geographic Distribution of Branches					
Income Level of Geography	# of Branches	% of Total Branches	# of ATMs	% of Total ATMs	% of Total Geographies
Moderate	1	6	1	12	9
Middle	15	94	7	88	57
Upper	0	0	0	0	34
Total	16	100	8	100	100

Source: Bank CRA Public File

The business hours of the bank's branch offices meet the needs of each of their respective neighborhoods, and do not vary in a way which inconveniences any segment of the population. The one branch office located in a moderate income geography is one of the five offices that have Saturday morning hours. This branch also has extended lobby hours on Thursdays and Fridays. The drive-up is open for longer hours than the branch lobby on weekdays.

Each branch office has extended banking hours which are based on the needs of its customers. For example, some branches are open later on Thursday, others on Friday, and others on both days. The drive-ups, which are located at nine branch locations, all have longer hours than the branch lobby.

WNB offers a wide range of products and services at all its branches. These include several checking options, savings plans, and electronic banking services. Basic Checking is a low cost checking product with no minimum balance requirements. The product is designed for individuals with limited checking needs. Other checking options are available for individuals, businesses, and nonprofit organizations. These options include online personal checking, money market checking, and NOW checking. Small Business Checking is a low cost basic checking account designed for unincorporated businesses with low checking account activity. Several savings plans are available such as passbook savings, certificates of deposits, Christmas club accounts, online statement savings, and a variety of retirement plans.

WNB has been an innovator in employing the latest technology to serve its customers. The bank was one of the first banks in the area to go “online” when it opened its website ([www.wilberbank.com](http://www.wilberbank.com)). The services available via telephone or personal computer include LoanLine, Information Line, Wilber Online, and Wilber Information Network (WIN). LoanLine allows customers to apply for a loan 24 hours a day from any touch-tone phone. Information Line allows customers access to their accounts 24 hours a day by touch-tone phone for inquiries and transfers. Wilber Online allows customers to pay bills, transfer funds, and check account information 24 hours a day from a screen phone, or computer. WIN allows customers to access their accounts for inquiries and transfers via a personal computer.

## **Community Development Services**

WNB employees provide a high level of community development services through participation in several projects and programs. The following describe the projects and programs and the role of bank employees in these programs:

Downtown Oneonta Investment Program - WNB took a leadership role in the development of this program. The Downtown Oneonta Investment Program is part of HUD's Community Development Block Grant - Small Cities Program. Major objectives include revitalization of downtown Oneonta, retention and creation of new employment opportunities particularly for persons of low and moderate income, and provision of low rate revolving loans for small businesses.

The program is supervised by the Downtown Oneonta Investment Program Committee which consists of four members, including a loan officer at WNB. The grant organizers attribute the program's success, in part, due to WNB's in-depth involvement, commitment, and willingness to take a leadership role in all aspects of downtown development efforts. A pilot Demonstration Revolving Loan Program was run to test the feasibility of the program. During the demonstration phase the bank's staff provided a key role in organizing the loan administration function. Two bank representatives took care of arranging all loan committee meetings.

M-Ark Project - This Delaware County-based project is currently in the developmental stages. The purpose of the project is to obtain funding to develop loan programs for small businesses similar to the Oneonta program described above. The WNB loan officer, who serves as a project committee advisor, brings crucially needed banking knowledge as well as his experience with the Oneonta program to the table.

Oneonta First-Time-Homeownership Project - The Oneonta First-Time Home Ownership Project is a joint effort between the City of Oneonta and Opportunities for Otsego, Inc. that was previously mentioned earlier under the Innovative/Flexible Lending section of this report. The purpose of the program is to assist low and moderate income first-time homebuyers in the purchase of targeted affordable homes in the City of Oneonta. A WNB loan officer sits on a loan underwriting and a credit counseling committee of this project and provides advice in setting loan terms and conditions and evaluating loan candidates.

Executive Services Corps - Executive Services Corporation of Otsego-Delaware, Inc. is a non profit agency of management consultants for small business, government, and nonprofit organizations. The agency promotes economic development in Otsego and Delaware Counties by providing business consulting services to new or potential startup businesses and struggling businesses. A WNB loan officer serves as treasurer to the organization. An executive officer of WNB lends his financial expertise by serving as one of the business consultants. Another WNB lending officer is a member of the Corp's Small Business Council.

SHARP Committee Inc. - A bank officer has served on this committee for several years. This nonprofit organization's purpose is to provide low cost housing for low income families and senior citizens. The organization also applies for grant monies that are used to make low interest rate loans to nonbankable businesses, which the Committee believes have the potential for maintaining or increasing jobs in the area. The most recent project of the Committee (1996 & 1997) was a \$1.6 million dollar 19 unit housing complex for very low income senior citizens. In 1996, the Committee obtained \$47 thousand in federal disaster funding to aid the flood damaged town of Shandaken. Shandaken, a moderate income geography, is one of the three townships served by the Committee.

## **Investment Test**

WNB's *qualified community development investments* and grants are low in relationship to its size, resources, and available investment opportunities. Management has not investigated the availability of qualified investments. WNB's qualified investments consist of several small donations totaling \$6 thousand, made to community organizations which provide services that primarily benefit low and moderate income individuals.

## **Fair Lending Review**

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.

## **Albany-Schenectady-Troy MSA Performance Conclusion**

WNB's performance in this MSA is consistent with its performance in its combined AA.

### **Description of the Institution's Operations in the MSA (0160)**

The bank's operations in this MSA are limited to one full service branch office located in Cobleskill, NY, in Schoharie County. The branch is located in a middle income geography.

### **Description of the MSA**

WNB operates in only one of the six counties comprising this MSA. The county population of 32 thousand represents only 4% of the 861 thousand population of the entire MSA. The MSA includes the New York State capital City of Albany. Accordingly, government is the largest industry in the MSA, followed by service, retail, and manufacturing.

## Lending Test

Only 6% of the bank's lending occurred in this portion of the AA during the two-year review period. This is a reasonable distribution since the one branch office located here represents only 6% of the bank's branch facilities. Table IX shows the representation of the loan products discussed within this report. The 66 HMDA loans consisted mainly of refinances (44), followed by 15 home purchase loans and 7 home improvement loans.

<b>Loan Products</b>	<b>#</b>	<b>% of Total AA Loans</b>	<b>\$ (000)</b>	<b>% of Total AA Loans</b>
HMDA	66	7	3,758	10
Small Business	49	5	3,134	7
Small Farm	2	5	13	1
Total	117	6	6,905	8

Source: 1996, 1997 HMDA LAR, and Small Business/Small Farm Data Collection Register

Despite what appears to be a small number of HMDA loans, WNB ranked fourth in this area for HMDA lending activity compared to all lenders operating in the area. One half of the HMDA (33) loans were originated in 1996. By HMDA product, the bank was in fifth place for home purchase and home improvement loans, and third place for refinance loans.

### Borrower Characteristics

WNB's distribution of HMDA loans based on borrower income was less favorable in this MSA as compared to the combined AA. The percentage of loans to low income borrowers was only half that of the average for other lenders. The opposite was true for the combined AA, where WNB's distribution was more than double the average lender distribution. The bank did outperform the average lender for moderate income borrowers, which was better than its performance in the overall, AA where it tied the average.

The large disparity with low income borrowers is somewhat attributable to the large number of refinance loans included in the HMDA numbers. Refinance loans accounted for 19 or 58% of the loans made. None of these loans were made to low income borrowers, while 37% were made to moderate income borrowers. The distribution of home purchase loans consisted of 10% to low income and 30% to moderate income, while home improvement loans were equally distributed amongst the four income categories.

<b>Table X</b> <b>Borrower Distribution of HMDA Loans - 1996</b> <b>Originations</b>			
<b>Income Level of Families</b>	<b>% of Families by Income Level</b>	<b>% of WNB HMDA Loans</b>	<b>Average % Distribution by All Lenders</b>
Low	27	7	14
Moderate	26	33	30
Middle/Upper	47	60	56
Total	100	100	100

Source: 1996 HMDA LAR

### Small Business and Small Farm Loans

As was the case with the combined AA, the vast majority of WNB's small business loans were made to small size businesses. Loans to small businesses represented 88% of the small business loans made in this MSA over the two-year examination period.

The vast majority of the bank's small business loans were for amounts less than \$100,000 as can be seen in Table XI. The bank's distribution of loans in this category was slightly higher than the average distribution of other lenders.

<b>Table XI</b> <b>Small Business Loan Originations</b> <b>by Dollar Loan Size</b>			
<b>Origination Amount \$</b>	<b>WNB 1997 Distribution %</b>	<b>WNB 1996 Distribution %</b>	<b>Average Lender Distribution 1996 %</b>
Less Than 100,000	90	90	88
100,000 - 250,000	3	10	8
Greater Than 250,000	7	0	4
Total	100	100	100

Source: 1996, 1997 Small Business/Small Farm Data Collection Register

## Geographic Distribution of Loans

Table XII below shows WNB's distribution of 1996 HMDA loans in moderate income geographies to be slightly ahead of the average distribution for other lenders in the market, and well in line with the distribution of owner occupied housing in this market. This is a much better showing than the bank had for its combined AA. There was no significant variation in distribution for any of the three HMDA products.

<b>Table XII</b>				
<b>Geographic Distribution of HMDA Loans - 1996 Originations</b>				
<b>Geography Income Level</b>	<b>% of Total Geographies</b>	<b>% of Owner Occupied Housing</b>	<b>1996 Average % Distribution of All Lenders</b>	<b>WNB% of Total # of Loans</b>
Moderate	71	67	58	61
Middle	29	33	42	39
Total	100	100	100	100

Source: 1996 HMDA LAR

This lending pattern did not carry into 1997, as WNB's percentage distribution of HMDA loans to moderate income tracts declined to 27%. When combined with 1996, the distribution percentage is 44%. Significant variations amongst the individual HMDA products did occur in 1997. There were only five home purchase loans made, all in middle income tracts. The bulk of the loans (76%) were refinances, with only 28% of them made in moderate income tracts. Two of the three home improvement loans made were in moderate income tracts.

## Small Business and Small Farm Loans

Table XIII below shows WNB's distribution of small business loans to moderate income geographies is excellent when compared to the percentage of small businesses in the area and the average distribution by all lenders. WNB's distribution of small business loans to moderate tracts decreased to 38% in 1997, but was still at a good level when compared to the distribution of small businesses in the area. Small farm loans were not analyzed due to their small number.

<b>Table XIII Geographic Distribution of Small Business Loans - 1996 Originations</b>				
<b>Geography Income Level</b>	<b>% of Total Geographies</b>	<b>% of WNB Small Business Loans</b>	<b>Average % Distribution by All Lenders</b>	<b>% Small Businesses</b>
Moderate	71	60	53	42
Middle	29	40	47	58
Total	100	100	100	100

Source: 1996 Small Business/Small Farm Data Collection Register

## Community Development Lending

WNB does not have any loans which are separately distinguished as community development loans. Please refer to the Community Development Lending section appearing earlier in this report for further details.

## Innovative or Flexible Lending Practices

Of the three flexible lending programs mentioned earlier in this report in the Innovative and Flexible Lending Practices section, only the Small Business Administration Loan (SBA) loan programs would be applicable to this MSA. Please refer to the prior comment for further information.

## Investment Test

None of the bank's \$6 thousand in qualified community development investments were made in this MSA.

## **Service Test**

All of the retail services mentioned under the prior Services Test section of this report pertain to this MSA. On the other hand, none of the Community Development Services mentioned are conducted in this MSA.

# Appendix

## Scope of Examination

The table below lists the scope of the examination. Specifically, it lists the lending products reviewed, Wilber National Bank’s branches visited, and the time period covered in the review.

Scope of Examination			
<b>Time Period Reviewed</b>	1996 - 1997		
<b>Financial institution</b>	<b>Products Reviewed</b>		
Wilber National Bank, Oneonta, NY	Home loans reported on the HMDA LAR, small business and small farm, loans.		
List of Assessment Areas and Type of Examination			
Assessment Areas	Type of Exam	Branches Visited	Other Information
1. Otsego, Delaware, and Ulster Counties, NY 2. Schoharie County - Schenectady-Albany-Troy MSA	On-site	Main Office	See “Description of Assessment Area”