

PUBLIC DISCLOSURE

June 17, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Tier Bank and Trust
Institution's Identification Number: 601416

129 North Union Street
Olean, NY 14760

Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

NOTE: This document is an evaluation of this 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. 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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INSTITUTION'S RATING

INSTITUTION'S CRA RATING: First Tier Bank and Trust is rated “**OUTSTANDING.**”

The following table indicates the performance level of the institution with respect to the lending, investment and service tests.

PERFORMANCE LEVELS	FIRST TIER BANK AND TRUST		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

The major factors supporting the rating are as follows:

- The bank had an excellent level of qualified investments.
- Delivery systems were readily accessible to geographies and individuals of different income levels, and the bank provided an excellent level of community development services.
- The bank had an excellent level of community development lending.
- The bank's lending activity exhibited good responsiveness to assessment area credit needs when measured in terms of the number and dollar amount of housing-related and small business loans originated by the bank.
- The overall geographic distribution of loans was good.
- The overall distribution of loans to borrowers of different income levels and businesses of different sizes was good. Flexible products targeted to low- and moderate-income (“LMI”) borrowers augmented the bank's lending related to the Home Mortgage Disclosure Act (“HMDA”).

INSTITUTION

DESCRIPTION OF INSTITUTION

First Tier Bank and Trust (“First Tier”) is a full-service community bank headquartered in Olean, New York. First Tier offers various consumer and business checking and deposit accounts, commercial and retail loans, and investment management services. As of December 31, 2001, the bank had total assets of \$161.8 million. Although the size of the bank’s assets falls within the CRA definition of a “small bank” (asset size less than \$250 million), First Tier is a subsidiary of Financial Institutions, Inc., a multi-bank holding company with assets of \$1.8 billion as of December 31, 2001. Because the asset size of the parent company exceeds \$1 billion, First Tier is defined as a “large retail bank” under the CRA and was reviewed under the *Interagency Procedures and Guidelines for Large Retail Institutions*.

As of December 31, 2001, First Tier reported deposits of \$146 million and loans of \$95 million. The loan portfolio primarily consists of real estate-secured loans, both residential and commercial (61 percent). Consumer loans represent 20 percent of the portfolio while commercial loans represent 19 percent.

First Tier operates five full-service branches in the assessment area. In addition to the main office in Olean, branches are located in Allegany, Cuba, Ellicottville and Salamanca. First Tier’s assessment area, which is not part of a metropolitan statistical area (“MSA”), includes the townships of Salamanca, Mansfield, Carrollton, Allegany, Olean, Portville, South Valley, Little Valley, Great Valley, Red House, Ellicottville and Cold Spring in central and southern Cattaraugus County, and Ashford, Franklinville, Randolph, Cuba, New Hudson and Hinsdale in western Allegany County. This assessment area is in compliance with the requirements of Regulation BB and does not arbitrarily exclude any LMI geographies. A map illustrating First Tier’s assessment area appears on page BB19.

First Tier’s primary competitor is Community Bank, National Association (“N.A.”), which maintains a 27 percent deposit market share, compared with First Tier’s 16 percent deposit market share, as of June 30, 2001. Other competitors in the assessment area (and their respective deposit market shares) include HSBC (13 percent), Fleet National Bank (13 percent), Cattaraugus County Bank (11 percent), and Keybank, N.A. (10 percent).

Competition is strong, particularly for HMDA-related loans, because large national lenders such as those mentioned above operate in the assessment area. Larger lenders generally can offer a wider variety of loan products and programs compared with small institutions such as First Tier, making it difficult for smaller banks to compete. In addition, Olean Dresser Credit Union is an active competitor in the assessment area. The credit union, which was once exclusive to Dresser-Rand employees, now serves the entire community. Credit card lenders are major suppliers of small business credit in the market. In First Tier’s assessment area, American Express Centurion holds the highest percentage of reported loans for 2000 with 14 percent, followed by Capital One, Federal Savings Bank (“F.S.B.”), with 11 percent, and Advanta Bank Corporation with 9 percent.

This is First Tier's initial examination under the large retail bank procedures for CRA. At its last examination, dated June 2, 1997, the bank was examined under the small bank procedures and rated "outstanding." There are no legal factors that would prevent First Tier from fulfilling its responsibilities under the CRA. The bank's asset size and its legal lending limit, however, make it difficult for the bank to perform as a large bank under the CRA. The holding company provides assistance to First Tier, but it is generally limited to operations functions. Regarding CRA-related activities, the bank generally operates independently. When evaluating the bank's performance, examiners considered these factors.

The bank's performance is evaluated in terms of the demographic and economic context in which it operates. The information presented below and in Exhibit 1 on page BB5 was obtained from publicly available sources, including the U.S. Census Bureau (1990 and 2000), the New York State Department of Labor, and the U.S. Department of Housing and Urban Development ("HUD"). Examiners also obtained information from an interview conducted with a community contact during the examination.

PERFORMANCE CONTEXT

Demographic Characteristics

Based on the 1990 Census, the total population of the assessment area is approximately 74 thousand, with 84 percent in Cattaraugus County. According to the 2000 Census, population has declined over the decade, particularly in Allegany County, which experienced an overall decline of 1 percent. The assessment area is primarily rural in nature, with the cities of Salamanca and Olean having the only large populations.

According to bank management, a sizeable Amish population resides in Allegany County. Also, a large segment of the population is Native American. The Seneca Nation has three reservations within the bank's assessment area. The Allegany Reservation in Cattaraugus County is one of three moderate-income block numbering areas ("BNAs") in the assessment area and includes most of the city of Salamanca. The second BNA is the Cattaraugus Reservation located in Cattaraugus County as well as in Erie and Chautauqua Counties. The third BNA, the Oil Springs Reservation on the border of Allegany and Cattaraugus Counties, has no permanent residences.

Of the Native American population in the assessment area, 85 percent are defined as moderate-income. However, not all represent a potential opportunity for the bank to lend. Many of the Native Americans obtain loans from their tribal government instead of a bank. Similarly, the Amish population in Allegany County does not traditionally engage in HMDA-related lending with a bank. Bank management indicated that if the Amish use conventional lending, it tends to be for a home purchase product.

As in many rural communities in the northeastern U.S., the counties' population is aging as economic opportunities wane. As of 2000, 15 percent of Cattaraugus County's population and 14 percent of Allegany County's both are in the 65 years and older age bracket. For the state as a whole, 13 percent of the population is 65 and older. In this age bracket, the needs of the older borrowers tend to shift from home purchase to home improvement products.

Income Characteristics

In 1990 the median family income for the assessment area was \$28,000, and the 2001 HUD updated median family income for non-MSA areas in New York State is \$41,400.

Five (26 percent) of the 19 BNAs in the bank's assessment area are defined as LMI. The two low-income BNAs are located on the Oil Spring Reservation; one has no population and the other contains four persons, according to the 1990 Census. Therefore, almost no opportunities for lending and investing exist in low-income BNAs.

Housing Characteristics

According to the New York State Association of Realtors, as of June 2001 the median sales price of homes in Cattaraugus and Allegany Counties are \$53,250 and \$56,500, respectively. This indicates that housing prices are affordable relative to the median family income of \$41,400. The median age of housing stock is 39 years, indicating that home improvement loans are a likely credit need in the community.

Labor, Employment and Economic Characteristics

While manufacturing has declined in the counties over the past few decades, the large population centers (such as Olean and Salamanca) still have significant business activity. Olean in Cattaraugus County is home to Dresser-Rand, a producer of gas turbines for the energy industry. Dresser-Rand also has a plant in Wellsville in Allegany County. Cattaraugus has several other large industrial machinery and fabricated metal product firms. Other manufacturing in the region includes food processing and plastics. Both counties have productive farming and dairy regions, and as well petroleum and gas fields. Several universities and colleges provide substantial employment and educational opportunities. As in most of upstate New York, economic growth in Allegany and Cattaraugus Counties is slow. Between 1990 and 2000, total jobs increased 4 percent in Allegany County, 6 percent in Cattaraugus County, and 7 percent in New York State, compared with the 20 percent job increase nationwide.

The large number of small businesses in the assessment area provides ample opportunities for the bank's main product line, although the small number of businesses located in LMI BNAs provides limited opportunities geographically. As of 2000, First Tier's assessment area contains 2,876 business establishments, of which 93 percent report gross annual revenues ("GAR") of \$1 million or less. Of these businesses, 673 or 27 percent are located in LMI geographies, providing limited opportunities for the multiple lenders operating in the assessment area.

According to the New York State Department of Labor, the April 2001 unemployment rate was 5.8 percent in Allegany County and 6.1 percent in Cattaraugus County. These numbers have increased since 2001, particularly in Cattaraugus. As of April 2002, the unemployment rate in Allegany County is 6.0 percent and 7.1 percent in Cattaraugus County. Similarly, the New York State unemployment rate increased from 4.2 percent in April 2001 to 5.8 percent as of April 2002. The latest recession has been relatively mild for both counties.

EXHIBIT 1 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	5	2	<1	2	<1	4,207	21
Moderate-income	3	16	3,903	20	593	31	4,230	22
Middle-income	14	74	15,405	80	1,348	69	4,789	25
Upper-income	0	0	0	0	0	0	6,084	32
NA	1	5	0	0	0	0	0	0
Total Assessment Area	19	100.0	19,310	100.0	1,943	100.0	19,310	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied		Rental		Vacant		
		#	%	#	%	#	%	
Low-income	3	1	<1		0	0	2	<1
Moderate-income	7,947	3,684	19		2,471	33	1,792	25
Middle-income	26,261	15,949	81		4,940	67	5,372	75
Upper-income	0	0	0		0	0	0	0
NA	14	0	0		0	0	14	<1
Total Assessment Area	34,225	19,634	100.0		7,411	100	7,180	100
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	764	27	673	27	53	26	38	20
Middle-income	2,111	73	1,814	73	148	74	149	80
Upper-income	0	0	0	0	0	0	0	0
Tract not reported	1		1	0	0	0	0	0
Total Assessment Area	2,876	100.0	2,488	100.0	201	100.0	187	100.0
Percentage of Total Businesses:				6.5		7.0		6.5

SCOPE OF EXAMINATION

A full review of First Tier's CRA performance was conducted for the bank's assessment area using the Federal Financial Institutions Examination Council's ("FFIEC") *Interagency Procedures and Guidelines for Large Retail Institutions*.

The evaluation of First Tier's performance covered the period of January 1, 2001, through December 31, 2001, which is the first year that the bank was required to report small business loans under the CRA. Loan products analyzed include home purchase, refinance, home improvement, and small business loans. No multifamily or small farm loans were originated during the examination period. Because First Tier is not a HMDA reporter, the bank provided the appropriate data for mortgage-related loans in order to complete the analysis.

First Tier's lending was evaluated by weighting the loan products according to their significance in the loan portfolio. The bank's mortgage-related and small business lending was compared with the aggregate of lenders in 2000 reporting HMDA-related and small business loans in the bank's assessment area. The evaluation also included community development loans and qualified investments made since the previous examination.

When conducting the geographic distribution analysis, examiners compared the bank's lending with the percentage of owner-occupied units reported in the 1990 Census as a measure of opportunity for extending credit. Similarly, when conducting the borrower distribution analysis, the bank's level of lending was compared with the percentage of LMI families in the assessment area as reflected by the 1990 Census.

During this examination, examiners conducted one interview with a community contact, who indicated that the bank is closely involved with the community and responds to LMI credit needs through technical assistance and flexible lending standards. Also, the Federal Reserve's Office of Regional and Community Affairs in Buffalo was consulted.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

First Tier's record of meeting the credit needs of its assessment area under the lending test is rated "high satisfactory." Community development lending was excellent, while lending activity, geographic distribution of loans, and distribution of loans among borrowers of different income levels was good. The information used to evaluate the bank's lending performance is found in the Core Tables in Appendix C. Lending activity is shown in Table 1, geographic distribution in Tables 2-7, and borrower characteristics are shown in Tables 8-12.

Lending Activity: First Tier's level of lending activity was good based on the institution's capacity and level of competition, as well as economic conditions, in the assessment area. During the examination period, the bank originated 538 loans for CRA analysis, of which 54 percent were mortgage-related loans. Of these, 44 percent were refinancings. During 2001, interest rates were low, resulting in high levels of refinancings throughout the country.

Assessment Area Concentration: A substantial portion of the bank's originations were made in the assessment area. Specifically, 86 percent of the number and 84 percent of the dollar amount were generated in the assessment area. For details, see Exhibit 2 on the next page. The numbers reflected in the lending volume tables in Appendix C represent assessment area loans only. Geographic and borrower analysis is conducted on assessment area loans only.

EXHIBIT 2								
Lending Inside and Outside the Assessment Area								
January 1, 2001 – December 31, 2001								
	Inside				Outside			
	#	%	\$('000s)	%	#	%	\$('000s)	%
Home purchase	64	89	4,474	90	8	11	525	11
Refinancings	118	92	9,880	91	10	8	1,025	9
Home improvement	78	85	994	88	13	15	131	12
Multifamily	0	0	0	0	0	0	0	0
Total HMDA-related	260	89	15,348	90	31	11	1,681	10
Total small business	206	83	19,680	79	43	17	5,196	21
TOTAL LOANS	466	86%	\$35,028	84%	74	14%	\$6,877	16%

Geographic Distribution of Lending: The overall geographic distribution of loans reflects good loan penetration given the limited opportunities created by the low number of populated LMI geographies (three) and the very low percentage of owner-occupied housing units and businesses within those areas. In fact, no lenders reported HMDA-related or small business loans in the low-income BNAs in 2000.

Home Purchase Loans and Refinancings

When compared with the level of owner-occupied housing units and the lending patterns of the aggregate, the overall geographic distribution of home purchase loans and refinancings across BNAs of different income levels reflects adequate penetration. The number of home purchase loans and refinancings made in moderate-income BNAs was adequate. For details, see Appendix C Tables 2 and 4.

Home Improvement Loans

The overall geographic distribution of home improvement loans across BNAs of different income levels reflects excellent penetration when compared with both the level of owner-occupied housing units and aggregate performance. Home improvement lending in moderate-income geographies was excellent and exceeded the level of owner-occupied housing units and performance of the aggregate in moderate-income BNAs. For details, see Table 3.

Small Loans to Businesses

The overall geographic distribution of small loans to businesses across BNAs of different income levels reflects excellent penetration throughout the assessment area when compared with the number of small businesses located in LMI geographies. The bank's level of lending in moderate-income BNAs was excellent and exceeded the aggregate. Neither the bank nor the aggregate made small business loans in a low-income geography. For details, see Table 6.

Distribution by Borrower Income and Revenue Size of the Business: The overall borrower distribution of loans across borrower income levels and businesses of different sizes reflected good performance.

Home Purchase Loans

The distribution of home purchase loans across borrower income levels reflected adequate distribution. First Tier's home purchase lending to moderate-income borrowers was adequate when compared with the percentage of moderate-income families and with the aggregate. The bank's home purchase lending to low-income borrowers was also adequate when based on a comparison with the aggregate. Neither the bank nor the aggregate's performance compared favorably with the level of low-income families, indicating that lending opportunities are limited. Management indicated that many low-income families in the assessment area do not seek financing from financial institutions, and some of the dwellings for which such families seek financing do not meet basic collateral requirements.

The analysis included the results of flexible mortgage products the bank offers to augment lending to LMI borrowers. The products include:

- The Rural Economic Development Loan, designed for LMI borrowers who do not qualify for conventional financing. It allows borrowers to buy a home with no down payment and offers various other flexible underwriting standards. Five loans were made under this program in 2001.
- The Zero-In option, designed for borrowers with good credit but insufficient cash to cover down payment requirements for typical secondary market loans. The loan allows the borrowers to finance 100 percent of the appraised value or purchase price, whichever is less. Seventeen loans were made under this program in 2001.

Refinancings

First Tier's distribution of refinancings among moderate-income borrowers was poor. The bank's distribution of refinance loans among low-income borrowers was very poor when compared with the percentage of low-income families in the assessment area and with the aggregate performance. The factors that influenced home purchase lending to LMI borrowers had a similar impact here. Lending to moderate-income borrowers was poor and did not compare favorably with the level of low-income families or with the performance of the aggregate.

Home Improvement Loans

The distribution of home improvement loans across borrower income levels reflected good distribution. The percentage of the bank's home improvement loans to moderate-income borrowers was excellent and consistent with that of the aggregate. The bank's home improvement lending to low-income borrowers was adequate, but less consistent with the aggregate's performance.

Loans to Small Businesses

First Tier's percentage of small business loans made to businesses with GAR of \$1 million or less (78 percent) was excellent. The bank's performance compared very favorably with the level of such businesses in the assessment area (86 percent), not all of which would qualify for bank financing. In addition, the bank outperformed the aggregate.

Approximately 78 percent of the small business loans extended in the assessment area were for \$100 thousand or less. The average size was \$39 thousand, an amount that would meet the credit needs of smaller businesses.

Community Development Lending: First Tier's community development lending activity in the assessment area was excellent given the level of opportunities in the assessment area and the bank's size. Community development loans totaled \$627 thousand. Lending for community services totaled \$55 thousand, or 9 percent of all activity, while lending for economic development totaled \$572 thousand, or 91 percent of all activity.

Examples of community development lending in the assessment area include:

- A \$200 thousand loan to an organization in a moderate-income area to facilitate economic development. The organization works with the Olean Chamber of Commerce to train and retain employees in the area, especially unemployed LMI individuals.
- A \$35 thousand loan to an organization located in a moderate-income BNA that assists Native American families by providing support services through counseling and in-home training. This loan was used for working capital.

INVESTMENT TEST

First Tier's investment performance is rated "outstanding" based on the capacity of the institution and the opportunities available in the assessment area. Qualified investments in the assessment area were excellent, totaling \$315 thousand.

The types of investments included municipal bonds to provide basic services to the community. One was a \$138 thousand bond used to purchase a fire truck in a low-income area. Another was a \$60 thousand bond to repair a reservoir in a low-income area, and a third was a \$16 thousand bond to purchase snowplow and sander vehicles in a moderate-income area.

SERVICE TEST

First Tier's "outstanding" rating on the service test is based on excellent accessibility of retail services and a very high level of community development services, in light of the bank's size and capacity. For details, see Table 15.

Retail Services: First Tier's delivery systems are readily accessible to all portions of the bank's assessment area. The bank's distribution of branches was excellent compared with the population and number of businesses in LMI geographies. Of the bank's five branches, two (40 percent) were located in LMI BNAs, compared with 21 percent of the population residing there. In addition, the bank operates an "auto-bank" located adjacent to the bank's Olean branch. This alternative delivery system provides drive-up banking services Monday through Saturday.

All five branches provide extended hours, and three offices have 24-hour automatic teller machines ("ATMs"). First Tier also operates three off-site ATMs, one of which is located in a moderate-income census tract. The bank provides online banking and telephone services free to all customers, and offers the same full range of consumer and commercial deposit and loan services in all branch locations.

No branches were opened or closed during the examination period. In September 2000, First Tier relocated its executive offices from Salamanca to Olean, a move that had no impact on providing banking products and services.

Community Development Services: Considering the bank's size and capacity, First Tier provided a very high level of community development services in the assessment area. The bank held four seminars during the year. Two seminars on homeownership counseling to LMI individuals took place at the Rural Revitalization Corporation. The bank also conducted two financial credit seminars for local college students.

Five First Tier officers and employees provided technical and support services to five community organizations serving community development and small business needs in the assessment area. The groups include:

- The City of Olean Project Loan Committee, which helps LMI individuals obtain mortgage financing and provides grants to improve LMI homes in the Olean area.
- The Finance Committee of the Cattaraugus-Allegany Workforce Investment Board whose mission is to train and retain employees in the area, especially unemployed LMI individuals.
- The City of Olean Revolving Loan Fund, which provides small business loans in the area.
- The Rural Revitalization Corporation, which assists LMI individuals with their banking needs, especially obtaining mortgages.
- The City of Salamanca Industrial Development Agency, which encourages and promotes economic development in Salamanca (located in a moderate-income BNA).

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

No credit practices that violated the substantive provisions of the antidiscrimination laws and regulations, including the Equal Credit Opportunity Act (Regulation B) and the Fair Housing Act, were identified that would have an impact on First Tier's CRA rating.

CRA APPENDIX A

SCOPE OF EXAMINATION

Details concerning the scope of examination are found on page BB5.

CRA APPENDIX B

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Block numbering area (“BNA”): Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals, activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Consumer loan: A loan to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, home equity, other secured loan, and other unsecured loan.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family

or other family, which is further classified into “male householder” (a family with a male household and no wife present) or “female householder” (a family with a female householder and no husband present).

Full review: Performance under the lending, investment, and service tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography: A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Limited review: Performance under the lending, investment, and service tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments, branch distribution).

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Metropolitan area: Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”), or consolidated metropolitan area (“CMSA”), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a geography.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Optional loans: Includes any unreported category of loans for which the institution collects and maintains data for consideration during a CRA examination. Also includes consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small loans to business: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small loans to farms: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

CRA APPENDIX C

CRA CORE TABLES

Table 1. Lending Volume

LENDING VOLUME		Geography: FIRST TIER BANK				Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2001						
Metropolitan Area ("MA")/ Assessment Area ("AA")	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:												
First Tier Bank & Trust	100.00	260	15,348	206	19,680	0	0	7	627	473	35,655	100.00

* Loan data as of December 31, 2001. Rated area refers to either the state or multistate MA rating area.

** The evaluation period for community development loans is from January 1, 2001, to December 31, 2001.

*** Deposit data as of December 31, 2001. Rated area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: FIRST TIER BANK				Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2001								
Metropolitan Area/ Assessment Area	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner- Occupied Units***	% Bank Loans	% Owner- Occupied Units***	% Bank Loans	% Owner- Occupied Units***	% Bank Loans	% Owner- Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
Full Review:														
First Tier Bank & Trust	64	100.00	0.01	0.00	18.76	12.50	81.23	87.50	0.00	0.00	0.00	18.44	81.56	0.00

* Based on 2000 Peer Mortgage Data: Northeast Region.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of owner-occupied units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: FIRST TIER BANK					Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2001							
Metropolitan Area/ Assessment Area	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
Full Review:														
First Tier Bank & Trust	78	100.00	0.01	0.00	18.76	21.79	81.23	75.64	0.00	0.00	0.00	15.36	84.64	0.00

* Based on 2000 Peer Mortgage Data: Northeast Region.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of owner-occupied units is the number of owner-occupied housing units in a particular geography divided by number of owner-occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans ("Refinancings")

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: FIRST TIER BANK					Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2001							
Metropolitan Area/ Assessment Area	Total Refinancings		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
Full Review:														
First Tier Bank & Trust	118	100.00	0.01	0.00	18.76	9.32	81.23	90.68	0.00	0.00	0.00	17.97	82.03	0.00

* Based on 2000 Peer Mortgage Data: Northeast Region.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of owner-occupied units is the number of owner-occupied housing units in a particular geography divided by number of owner-occupied housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: FIRST TIER BANK					Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2001							
Metropolitan Area/ Assessment Area	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	Low	Mod	Mid	Upper
Full Review:														
First Tier Bank & Trust	206	100.00	0.00	0.00	26.56	34.47	73.40	65.05	0.00	0.00	0.00	12.69	77.87	2.85

* Based on 2000 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source data - Dun and Bradstreet (2001).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: FIRST TIER BANK					Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2001							
Metropolitan Area/ Assessment Area	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid	Upper
Full Review:														
First Tier Bank & Trust	64	100.00	21.79	9.52	21.91	14.29	24.80	28.57	31.51	47.62	10.15	20.73	30.02	39.09

* Based on 2000 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 1.56% of loans originated and purchased by the bank.

*** Percentage of families is based on the 1990 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: FIRST TIER BANK					Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2001							
Metropolitan Area/ Assessment Area	Total HI Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid	Upper
Full Review:														
First Tier Bank & Trust	78	100.00	21.79	6.76	21.91	20.27	24.80	24.32	31.51	48.65	8.56	20.62	28.40	42.41

* Based on 2000 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 5.13% of loans originated and purchased by the bank.

*** Percentage of families is based on the 1990 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: FIRST TIER BANK					Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2001							
Metropolitan Area/ Assessment Area	Total Refinancings		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid	Upper
Full Review:														
First Tier Bank & Trust	118	100.00	21.79	3.54	21.91	9.73	24.80	23.89	31.51	62.83	12.02	22.68	31.15	34.15

* Based on 2000 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 4.24% of loans originated and purchased by the bank.

*** Percentage of families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: FIRST TIER BANK				Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2001			
Metropolitan Area/ Assessment Area	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% Bank Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Revenues of \$1 Million or Less
Full Review:									
First Tier Bank & Trust	206	100.00	86.51	77.67	77.67	14.08	8.25	1,261	731

* Based on 2000 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: FIRST TIER BANK				Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2001			
Metropolitan Area/ Assessment Area	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
First Tier Bank & Trust	0	0	7	315	7	315	100.00	0	0

* "Prior Period Investments" means investments made in a previous evaluation period that are outstanding as of the examination date.

** "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS		Geography: FIRST TIER BANK				Evaluation Period: JANUARY 1, 2001, TO DECEMBER 31, 2001											
Metropolitan Area/ Assessment Area	Deposits	Branches				Branch Openings/Closings				Population							
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper
Full Review:																	
First Tier Bank & Trust	100.00	5	100	0.00	40.00	60.00	0.00	0	0	0	0	0	0	0.01	20.80	79.20	0.00

INSERT MAP OF ASSESSMENT AREAS