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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 **The Greenwich Bank & Trust Company** prepared by the **Federal Reserve Bank of New York** on behalf of the Board of Governors of the Federal Reserve System, the institution's supervisory agency, as of **March 1, 1999**. 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 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 CFR Part 228.*

INSTITUTION

INSTITUTION'S CRA RATING: The Greenwich Bank & Trust Company is rated “**SATISFACTORY.**”

This was the first examination of The Greenwich Bank & Trust Company's performance under the CRA since the bank commenced operations on February 6, 1998. The examination review period is February 6, 1998, through March 1, 1999. The determination of the bank's satisfactory performance with regard to the CRA is based on the following performance criteria:

- a reasonable loan-to-deposit ratio;
- a substantial majority of the bank's loans in its assessment area;
- a reasonable geographic distribution of loans within the bank's assessment area; and
- a reasonable distribution of loans to individuals of different income levels, including low- and moderate-income (“LMI”) individuals and businesses of different sizes.

DESCRIPTION OF INSTITUTION

The Greenwich Bank & Trust Company (“Greenwich Bank”) is a retail commercial bank offering basic checking and savings accounts and variable rate products such as certificates of deposits, money market deposit accounts and stratified NOW accounts. The bank also offers consumer installment loans; overdraft checking credit; commercial loans including demand loans, term loans, commercial lines of credit, single payment notes, and standby letters of credit; residential and commercial mortgage loans; and home equity lines of credit. Greenwich Bank intends to offer trust services in the area of real estate settlements, personal trusteeships, corporate agencies, employee benefit trusts and charitable trusts.

Greenwich Bank is a small community bank serving the needs of Greenwich, Connecticut, where it has two branches and is in the process of opening a third. The branches contain automated teller machines (“ATMs”) connected to a nationwide electronic ATM network.

As of December 31, 1998, Greenwich Bank reported \$22.8 million in total assets. Net loans accounted for \$8.8 million (38.6 percent), and total deposits were \$13.2 million.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is the town of Greenwich, which is located in the southwest corner of Connecticut in Fairfield County. The demographic and economic information used in this evaluation was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of the Census, the U.S. Department of Labor, the Greenwich Planning and Zoning Commission, and the United Way of Greenwich's 1997 Needs Assessment Survey. The map on page BB6 illustrates Greenwich Bank's assessment area.

Performance Context

Demographic Characteristics

The town of Greenwich has a residential community of 59 thousand and extends over 15 square miles that comprise 15 census tracts. Three of the census tracts are moderate-income, four are middle-income, and eight are upper-income. There are no low-income census tracts in the town. Greenwich Bank's main branch on 115 East Putnam Avenue is located in a moderate-income census tract. Seventeen percent of Greenwich's population (10,205) resides in the three moderate-income census tracts. The town encompasses the distinct neighborhoods of Back County, Cos Cob, Old Greenwich, Riverside, Byram, Mianus, and Glenville.

Income Characteristics

The 1990 area median income for the assessment area is \$81,819. According to a community contact at the United Way of Greenwich, however, a significant disparity in income exists among Greenwich residents, and the median income figure gives a misleading impression of affluence. According to the 1990 census, LMI families constituted 33 percent of all families in Greenwich.

Based on the 1990 Census, the percentage and number of families with low, moderate, middle, and upper income are as follows:

Income Level	Number of Families	% of Population
Low	2,717	17
Moderate	2,616	16
Middle	2,747	17
Upper	7,852	50

Housing Characteristics

The town of Greenwich has very high land and housing costs. In 1990, the median value of a home was \$499,900. The median rent was \$875. The Greenwich Association of Realtors reported the 1996 median sales price for a single-family home in Greenwich as \$725 thousand. Two-thirds of all homes in the town are single-family homes. In 1997, approximately 850 single-family homes were sold in Greenwich. According to the Town of Greenwich Planning and Zoning Commission, the dollar value of permits for total residential construction doubled from \$48 million to \$99 million between 1991 and 1995. The average annual increase in the value of homes in Greenwich is 9.1 percent.

Only 11 percent of all owner-occupied units in the assessment area are located in the moderate-income tracts. The largest concentration of rental units in the bank's assessment area is in these tracts. Forty-two percent of all renter-occupied units are located in the moderate-income tracts.

According to the 1997 Needs Assessment Survey performed by the United Way of Greenwich, 32.5 percent of all renters pay more than 30 percent of their annual household income for rent. Affordable housing is a major need of LMI residents in Greenwich. Developing affordable housing has been difficult because of the high cost of property in the town. In 1997, the Greenwich Housing Authority managed 1,290 subsidized housing units and 220 Section 8 units.

Labor, Employment and Economic Characteristics

More than 50 financial firms and approximately 600 retail and service businesses are based in Greenwich. There are also 2,839 small businesses located in town. These businesses are concentrated in the same moderate-income census tract as the bank's headquarters. The town is also the headquarters of many corporations including United States Tobacco and Fortune Brands. The labor force is over 30 thousand, and most of the workers commute to Greenwich from outside the community.

SCOPE OF EXAMINATION

The examination of Greenwich Bank for compliance with the CRA covered the period February 6, 1998, through January 31, 1999. Conclusions regarding the bank's CRA performance are based on the lending activity that occurred during this time.

For the lending, income, and geographic distribution performance levels, this examination analyzed 18 residential mortgage loans, 26 consumer loans, and 7 commercial loans. This represents all lending done since the bank commenced operations.

INSERT MAP OF ASSESSMENT AREAS

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-deposit Ratio

Greenwich's loan-to-deposit ratio is reasonable. Based on its December 31, 1998 Consolidated Report of Income and Condition for the full three quarters in which the bank has been in operation (April 1, 1998-December 31, 1998), Greenwich's average loan-to-deposit ratio was 68 percent. This exceeds the loan-to-deposit ratio for similarly situated local institutions, which is 65 percent, but is below the national peer group of 76 percent.

Lending Activity

Greenwich Bank originated most of its loans in its assessment area during the review period. Separating the bank's loans into three major product categories shows that a substantial majority of housing-related, consumer, and business loans were made within the assessment area, as shown in the following chart:

Loan Type	Loans Made in Assessment Area	Total Loans	% of Loans in Assessment Area
Housing-related	14	18	78
Consumer	21	26	81
Small Business	5	7	71
TOTALS	40	51	78

Geographic Distribution of Loans

Given the demographics of its assessment area, Greenwich Bank's geographic distribution of loans is reasonable. Overall, the bank extends loans in all parts of its assessment area, including the three moderate-income census tracts. Fourteen percent of consumer loans (3 of 21 loans) and 7 percent of the residential mortgage loans (1 of 14 loans) were extended in moderate-income census tracts. In addition, 40 percent of the commercial loans (2 of 5 loans) were extended in moderate-income census tracts. As noted previously, there are no low-income census tracts in the town of Greenwich.

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

Greenwich Bank's record of lending to borrowers of different income levels (including LMI individuals) and small businesses is reasonable given the demographics of the assessment area.

Of all consumer loans sampled in the assessment area, 38 percent (or 8 of 21 consumer loans) were made to LMI borrowers. This compares favorably with the demographics of the assessment area which show that 33 percent of families are LMI. Seven percent of residential mortgage loans (or 1 of 14 such loans) were made to LMI borrowers. As previously noted, the high costs of land and housing in the town of Greenwich are barriers to homeownership for LMI families. All business loan originations within the assessment area (5 of 5) were to small businesses with gross annual revenues ("GAR") of \$1 million or less. The distribution of loans for each major category of income for businesses and farms of different sizes is analyzed in Exhibits 1 and 2.

EXHIBIT 1			
Distribution of Loans in Assessment Area by Borrower Income Levels			
February 6, 1998-January 31, 1999			
	HOUSING-RELATED	Consumer	TOTALS
LOW INCOME			
Less than 50% of Median Income			
Number	1	4	5
Percentage	7	19	14
Amount	\$50,000	\$22,000	\$72,000
Percentage	1	1	1
MODERATE INCOME			
50-79% of Median Income			
Number	0	4	4
Percentage	0	19	12
Amount	0	\$15,000	\$15,000
Percentage	0	1	0
MIDDLE INCOME			
80-119% of Median Income			
Number	2	3	5
Percentage	14	14	14
Amount	\$410,000	\$31,000	\$441,000
Percentage	7	1	6
UPPER INCOME			
120% or more of Median Income			
Number	11	10	21
Percentage	79	48	60
Amount	\$5,026,800	\$2,291,000	\$7,317,800
Percentage	92	97	93

EXHIBIT 2

**Distribution of Loans in Assessment Area by
Size of Business**

February 6, 1998-January 31, 1999

Small Business and Small Farm Lending Summary

# of loans to businesses	# of loans to <i>small</i> businesses*	% of loans to small businesses	\$ amount of loans to businesses	\$ amount of loans to small businesses*	% of \$ amount of loans to <i>small</i> businesses*
5	5	100	\$1,795,000	\$1,795,000	100

* Businesses with GAR of \$1 million or less.

Response to Complaints

Greenwich Bank received no complaints relating to its CRA performance and none have been filed with the Federal Reserve Bank of New York.

COMPLIANCE WITH FAIR LENDING LAWS

No credit practices were identified that violated the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity Act (Regulation B), the Fair Housing Act, the Home Mortgage Disclosure Act (Regulation C), and all relevant agency regulations pertaining to nondiscriminatory treatment of credit applicants.

CRA APPENDIX

GLOSSARY

AREA MEDIAN INCOME: (1) The median family income for the MSA, if a person or geography (block numbering area or census tract) is located in an MSA; or (2), if a person or geography (census tract or block numbering area) is located outside an MSA, the statewide non-metropolitan median family income.

ATM: Automated teller machine.

CONSUMER LOANS: Loans made to one or more individuals for household, family, or other personal expenditures. Consumer loans do not include HMDA loans.

CRA: Community Reinvestment Act.

GAR: Gross annual revenues.

LMI: Low- and moderate-income, as in LMI census tracts.

LOW-INCOME: An individual income that is less than 50 percent of the area median income (i.e., of the median family income for the MSA, if the individual is located in an MSA, or, if the individual is located outside an MSA, of the statewide non-metropolitan median family income), or a BNA or census tract median family income that is less than 50 percent of the area median income. Accordingly, a low-income census tract is one in which the median family income is less than 50 percent of the area median income.

MIDDLE-INCOME: An individual income that is at least 80 percent and less than 120 percent of the area median income, or a BNA or census tract median family income that is at least 80 percent and less than 120 percent of the area median income.

MODERATE-INCOME: An individual income that is at least 50 percent and less than 80 percent of the area median income, or a BNA or census tract median family income that is at least 50 percent and less than 80 percent of the area median income.

PEERS: Similarly situated banks.

PERFORMANCE CONTEXT: The economic and demographic characteristics of a bank's assessment area(s). The following information is considered to help understand the context in which an institution's performance should be evaluated: (1) the economic and

demographic characteristics of the assessment area(s); (2) lending, investment, and service opportunities in the assessment area(s); (3) the institution's product offerings and business strategy; (4) the institution's capacity and constraints; (5) the prior performance of the institution, and in appropriate circumstance, the performance of similarly situated institutions; and (6) other relevant information.

SMALL BUSINESS LOANS: Such loans are defined in Regulation BB, Section 228.12 (u) with reference to the definition of such loans in the instructions for preparation of the Consolidated Report of Condition and Income. These instructions define small business loans as loans with original amounts of \$1 million or less that have been reported in Schedule RC-C, Part 1, (1.e)(4) of the report.

UPPER-INCOME: An individual income that is 120 percent or more of the median family income in an MSA or a census tract in which the median family income is 120 percent or more of the median family income in an MSA.