

PUBLIC DISCLOSURE

February 24, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Greenwich Bank and Trust Company
RSSD No. 2611709**

**115 East Putnam Avenue
Greenwich, Connecticut 06830**

Federal Reserve Bank of New York

**33 Liberty Street
New York, New York 10045**

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

For the examination period of March 2, 1999, through December 31, 2002, the satisfactory performance of the Greenwich Bank & Trust Company with respect to the Community Reinvestment Act ("CRA") is based on the following performance criteria:

- The bank's loan-to-deposit ratio was more than reasonable;
- The majority of loans were made in the assessment area;
- The distribution of loans to borrowers of different income levels, including low- and moderate-income ("LMI") individuals, and to businesses of different sizes was reasonable, and
- The geographic distribution of loans in the assessment area was reasonable.

DESCRIPTION OF INSTITUTION

The Greenwich Bank & Trust Company ("Greenwich"), a subsidiary of Associated Community Bancorp, Inc., was established in 1998 as a full-service, retail-oriented community bank in Greenwich, Connecticut. As of December 31, 2002, the bank had \$76 million in assets. Its head office and two branches all are located in the town of Greenwich, one of the most affluent towns in both the area and nation.

Greenwich offers various personal and business deposit and loan products. Available commercial credit products include term loans, secured demand loans, lines of credit and mortgages. Personal loans include installment loans, overdraft checking and home equity credit lines. Because of recent low interest rates, the bank does not offer fixed rate home mortgages, and there is no demand for adjustable rate mortgages. During the examination period, the bank reported no loans under the Home Mortgage Disclosure Act ("HMDA").

Greenwich has no financial or legal impediments that would prevent it from servicing the credit needs of the consumers and small businesses in its assessment area.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

Greenwich's assessment area consists of the 15 census tracts that make up the town of Greenwich, Connecticut. Encompassing 48 square miles in the southwest corner of Connecticut in Fairfield County, Greenwich is part of Primary Metropolitan Statistical Area ("PMSA") 8040 (Stamford-Norwalk, CT). PMSA 8040 is part of Consolidated Metropolitan Statistical Area ("CMSA") 5602 (New York-Northern New Jersey-Long Island, NY-NJ-CT). A map illustrating the bank's assessment area is on page BB8.

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of Census (1990 and 2000), the U.S. Department of Labor, and the U.S. Department of Housing and Urban Development ("HUD").

Demographic Characteristics

According to the 1990 Census, the assessment area contains 15 census tracts, including 3 moderate-income tracts, 4 middle-income tracts, 8 upper-income tracts, and no low-income tracts. The moderate-income tracts contain 17% of the population and 42% of the non-farm businesses.

According to the 2000 Census, the town of Greenwich has a population of 61,101, a 5% increase since 1990. The Census also indicates that the median age is over 40 and 16% of the population is 65 and older, making for a relatively aging population that typically has unique financial needs. In comparison, the median age in Fairfield County is 37 and 13% of the population is 65 and over. An older population may have less need for home purchase financing.

Income Characteristics

The 2000 Census shows a median family income in Greenwich of \$122,719 and a 2.5% family poverty level. This median family income is significantly higher than the state median of \$65,521 and the Fairfield County median of \$77,690. Connecticut's family poverty rate is 5.6% while Fairfield County's is 5.0%.

The 2002 HUD median family income for PMSA 8040 (Stamford-Norwalk, CT), which includes Greenwich, is \$115,500, the highest income reported for any Connecticut MSA. This represents a 5% increase from the 2001 HUD median of \$109,800.

Housing Characteristics

Housing in Greenwich is very expensive. According to the Connecticut Department of Economic and Community Development, the average residential sales price in 2000 is \$958 thousand in Greenwich compared with \$367 thousand in Fairfield County and \$220 thousand in the state. Indicating that rents are also higher than average, the 2000 Census put the median gross rent at \$1,322.

Most of the housing is owner-occupied. The 2000 Census shows that almost 65% of housing units are owner-occupied.

High housing costs prevent many low-income families from living in Greenwich. According to community contacts, the high housing costs force less affluent families who work in Greenwich to live elsewhere. Developing affordable housing is difficult because of the high cost of property.

Housing in Greenwich tends to be old. The 2000 Census reports that 61% of the housing stock was built before 1960, indicating a need for home improvement loans.

Labor, Employment and Economic Characteristics

Unemployment is low in Greenwich, indicating that the town has been relatively unaffected by the recession. The Department of Labor for the State of Connecticut puts the 2001 unemployment rate for the town of Greenwich at 2.8%. This is lower than the state rate of 3.3%. The state labor department also reports that Greenwich companies in 2001 paid an average annual wage of \$97,245, which is the highest of all 169 cities and towns in the state.

According to 2000 Dun and Bradstreet data, over 83% of the 4,934 non-farm businesses in Greenwich have revenues of \$1 million or less. Suggesting a need for small business loans, almost 67% of businesses have between one and four employees.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Greenwich's satisfactory CRA rating is based on an assessment of the bank's core performance criteria. For the performance levels related to lending, income and geographic distribution, a sample of 137 loans originated between January 1, 2001, and December 31, 2002, was analyzed. The sample includes 75 consumer loans and 62 small business loans. The consumer loans represent home equity lines of credit.

Loan-to-deposit Ratio

Greenwich's loan-to-deposit ratio was more than reasonable given the bank's size, financial condition, and the credit needs of its assessment area. The bank's average loan-to-deposit ratio for the four most recent quarters ending September 20, 2002, was 88%, based on information contained in its *Consolidated Report of Condition and Income*. This ratio is well above the average loan-to-deposit ratio of 69% for similarly sized banks in Fairfield County during the same period.

In addition, the ratio compares favorably with the national peer average of 75% for similarly sized banks within its assessment area, as reported in the *Uniform Bank Performance Reports* for the same four quarters.

Lending in Assessment Area

Greenwich originated the majority of its loans in its assessment area. Overall, 72% of all sampled loans were originated in its assessment area. Specifically 76% of its consumer loans and 66% of its small business loans were made within the assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

EXHIBIT 1 Distribution of Loans in Assessment Area by Income Level of Borrower January 1, 2001 – December 31, 2002	
	CONSUMER LOANS
LOW-INCOME: Less than 50% of Median Income	
Number	5
Percentage	9%
Amount (\$)	\$492,000
Percentage	5%
MODERATE-INCOME: At least 50% & less than 80% of Median Income	
Number	10
Percentage	18%
Amount (\$)	\$740,000
Percentage	7%
MIDDLE-INCOME: At least 80% & less than 120% of Median Income	
Number	15
Percentage	26%
Amount (\$)	\$1,404,700
Percentage	14%
UPPER-INCOME: 120% or more of Median Income	
Number	27
Percentage	47%
Amount (\$)	\$7,358,500
Percentage	74%

The bank's overall record of lending to borrowers of different income levels, including LMI individuals and businesses of different sizes, was reasonable given the demographics of the assessment area.

Consumer Loans

The bank's consumer lending to borrowers of different income levels was good. Exhibit 1 at left shows that LMI borrowers received 27% of the consumer loans sampled. The ratio of lending to LMI families adequately reflects the demographics of the assessment area indicating that 33% of all families are LMI.

Specifically, 9% of the loans sampled were to low-income borrowers compared with low-income families representing 17% of families in the assessment area. Low-income penetration is difficult in this market given the high cost of housing; thus, most low-income borrowers would not be able to afford a home.

Greenwich's lending to moderate-income borrowers exceeded the proportion of moderate-income families in the assessment area. The bank extended 18% of its consumer loans to

moderate-income borrowers while 16% of families are moderate-income.

Small Business Loans

The bank's level of lending to businesses with revenues of \$1 million or less was good. Exhibit 2 on the following page shows that loans to businesses with revenues of \$1 million or less made up 71% of the business loan sample. In comparison, 82% of the businesses in the assessment area have revenues less than \$1 million.

Distribution of Loans in Assessment Area by Size of Business January 1, 2002 to December 31, 2002					
SMALL BUSINESS LENDING SUMMARY					
Number of loans to businesses	Number of loans to <u>small</u> businesses*	% of loans to <u>small</u> businesses*	\$ amount of loans to businesses	\$ amount of loans to <u>small</u> businesses*	% of \$ amount of loans to <u>small</u> businesses*
41	29	71%	\$11,315,895	\$8,315,895	73%

Geographic Distribution of Loans

The bank's overall geographic distribution of loans was considered reasonable given the demographics of the assessment area. The distribution of lending for each loan category is analyzed as follows:

Consumer Loans

The geographic distribution of the bank's consumer loans was adequate, with 7% of consumer loans extended in moderate-income tracts. In comparison, 11% of owner-occupied units are located in moderate-income tracts.

Small Business Loans

The geographic distribution of the bank's small business loans was good, with 39% of these loans extended in moderate-income tracts. This closely reflects the proportion of non-farm businesses located in moderate-income tracts representing 42%.

Response to Complaints

Greenwich received no complaints relating to the bank's CRA performance, and no complaints have been filed with the Federal Reserve Bank of New York since the previous examination.

No credit practices that violated the substantive provisions of the antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, were identified that would impact the bank's CRA rating.

* Businesses with gross annual revenues of \$1 million or less.

CRA APPENDIX A

GLOSSARY

Census tract: A small subdivision 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. Census tracts 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.

Consumer loan(s): A loan(s) 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: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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 householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Geography: A census tract or a block numbering area delineated by the United States 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 income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes 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% tabulations, the count of households always equals the count of occupied housing units.

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

Metropolitan area (“MA”): Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”), or consolidated metropolitan statistical area (“CMSA”), as defined by the Office of Management and Budget, with a population of 250,000 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% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, in the case of a geography.

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

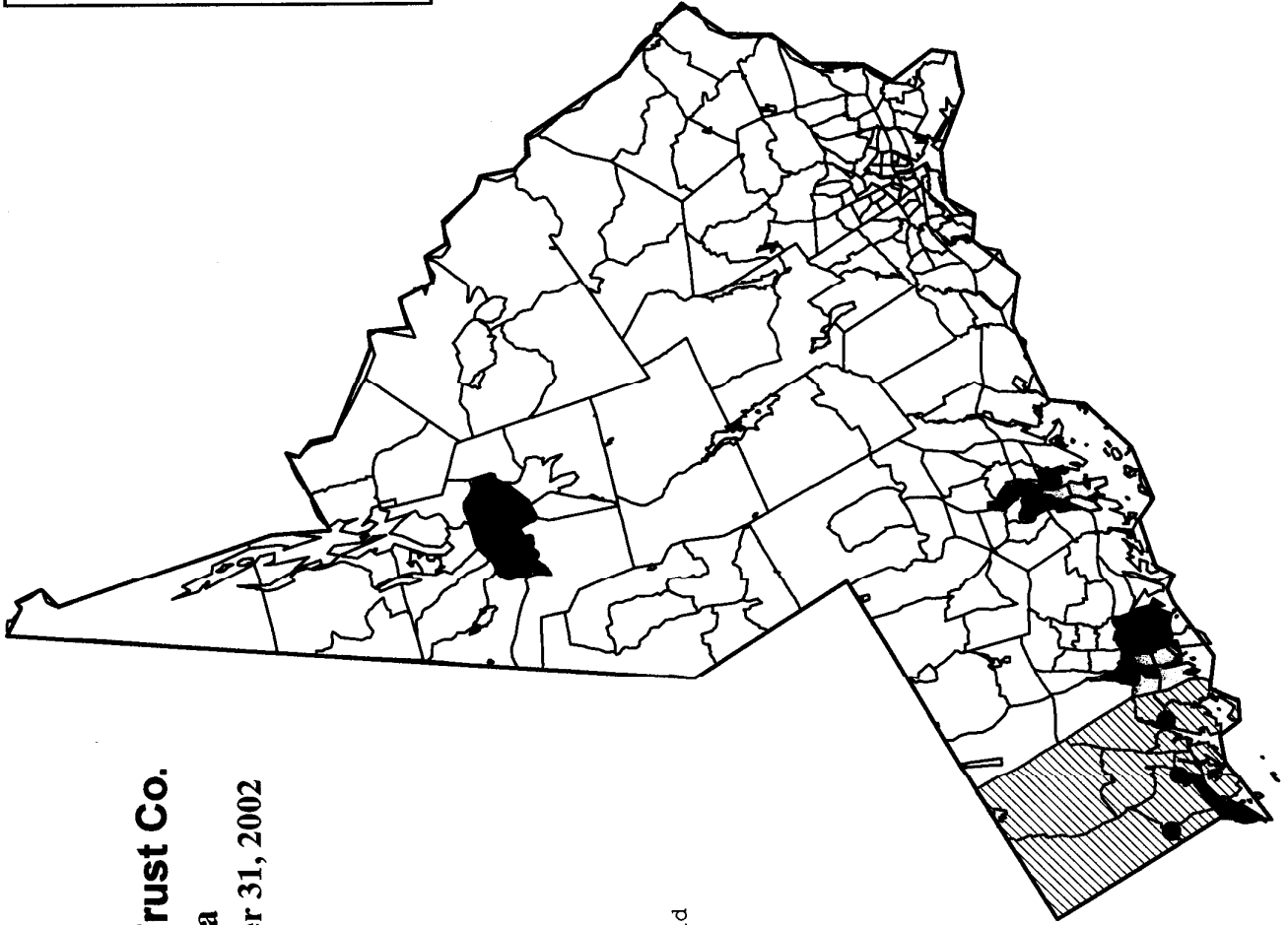
Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Small loan(s) to business(es): A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (“Call Report”) and the Thrift Financial Reporting (“TFR”) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

Greenwich Bank & Trust Co.
Assessment Area
January 1, 2001 - December 31, 2002

Fairfield



Legend

- Low Income Tracts
- Moderate Income Tracts
- Census Tracts
- Counties
- Assessment Area
- Branches

Miles

0 5 10