



**NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2010

Institution: Cattaraugus County Bank
120 Main Street
Little Valley, NY 14755-1292

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

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Cattaraugus County Bank (“CCB”) prepared by the New York State Banking Department (now the Department of Financial Services). The evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2010.

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

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

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

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

CCB is evaluated according to the small bank performance criteria pursuant to Part 76.12 of the General Regulations of the Banking Board. This assessment period included calendar years 2008, 2009 and 2010. CCB is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs.

The rating is based on the following factors:

- **Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities:** "Satisfactory"

CCB's average LTD ratio was reasonable considering its size, business strategy, financial condition, aggregate and peer group activity. CCB's average LTD ratio for the examination period of 69.1% was below its peer group average of 79.0%.

CCB enhanced the availability of credit in the assessment area by extending a total of \$1.1 million in community development loans to various nonprofit organizations.

- **Assessment Area Concentration:** "Outstanding"

During the evaluation period, for HMDA-reportable lending, CCB originated 92.3% by number, and 89.9% by dollar value of its loans within the assessment area. This substantial majority of lending inside of its assessment area is an "Outstanding" record of lending.

- **Distribution by Borrowers Characteristics:** "Satisfactory"

The distribution of loans based on borrower characteristics demonstrated a reasonable penetration rate of lending among individuals of different income levels.

Although the data reflected low LMI penetration rates, other mitigating factors were considered, such as high unemployment rates, and the nationwide recession which contributed to the decline in the general demand for 1-4 family residential mortgage loans.

- **Geographic Distribution of Loans:** "Outstanding"

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated an excellent penetration rate of lending.

Although CCB did not lend in low-income census tracts in the assessment area, the aggregate's penetration rate in these census tracts was also limited. CCB's LMI penetration rate during the evaluation period was higher than the aggregate rate.

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

Since the previous CRA evaluation as of December 31, 2007, neither CCB nor the New York State Banking Department has received any written complaints regarding CCB's CRA performance.

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

PERFORMANCE CONTEXT

Institution Profile:

Chartered in 1902 by New York State Banking Department (“the Department”), Cattaraugus County Bank (“CCB”) is wholly-owned by C.C. Bancorp., a one bank holding company. CCB is headquartered in the town of Little Valley, in Cattaraugus County, New York. CCB’s lending activities are generally limited to the immediate surrounding area.

Per the Consolidated Report of Condition (the Call Report) as of December 31, 2010 filed with the Federal Deposit Insurance Corporation (“FDIC”), CCB reported total assets of \$173.6 million, of which \$100.8 million were net loans and lease finance receivables. It also reported total deposits of \$155.1 million, resulting in a loan-to-deposit ratio of 65.0%. According to the latest available comparative deposit data as of June 30, 2010, CCB obtained a market share of 0.45% or \$145.4 million in a market of \$32.1 billion inside its market, ranking it 14th among 19 deposit-taking institutions in Cattaraugus, Chautauqua and Erie Counties.

The following is a summary of CCB’s loan portfolio, based on Schedule RC-C of CCB’s December 31, 2008, December 31, 2009 and December 31, 2010’s Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2008		2009		2010	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	45,839	48.7	48,316	47.1	47,796	46.6
Commercial & Industrial Loans	18,041	19.2	17,213	16.8	16,293	15.9
Commercial Mortgage Loans	19,139	20.3	25,678	25.0	29,285	28.6
Multifamily Mortgages	4,075	4.3	4,768	4.7	4,265	4.2
Consumer Loans	3,463	3.7	3,151	3.1	2,504	2.4
Agricultural Loans	378	0.4	854	0.8	1,015	1.0
Construction Lns & Lns Sec by Farmland	3,012	3.2	2,414	2.4	1,230	1.2
Obligations of States & Municipalities	0	0.0	0	0.0	0	0.0
Other Loans	255	0.3	140	0.1	113	0.1
Lease financing	0	0.0	0	0.0	0	0.0
Total Gross Loans	94,202		102,534		102,501	

As illustrated in the above chart, CCB is primarily a residential mortgage lender. However, as noted by management, CCB’s lending method is dictated by market demands in the assessment area. Residential real estate lending exhibited a slight, increase (4.3%) between year-end 2008 and year-end 2010 and commercial mortgage loans (“CML”) increased considerably, by 53%, during the same period.

CCB operates nine banking offices in three counties located in Western New York. Five offices are located in Cattaraugus County: one in a moderate-income census tract, and four in middle-income census tracts that are designated as distressed. The three Chautauqua County branches and one Erie County branch are located in middle income census tracts. Supplementing the branch offices is an automated teller machine (“ATM”) network consisting of seven ATMs. Each branch, except for the Cherry Creek branch (in Chautauqua County) and the South Dayton branch (in Cattaraugus County), has an ATM. All ATMs have only withdrawal and account inquiry capabilities.

There are no known financial or legal impediments that adversely impacted CCB’s ability to meet the credit needs of its community.

Assessment Area:

CCB’s assessment area is comprised of all of Cattaraugus and Chautauqua Counties, and the southern part of Erie County.

There are 66 census tracts in the assessment area, of which three are low-income, 11 are moderate-income, 48 are middle-income and four are upper-income. Income is indicated for all tracts in the assessment area. Sixteen of the middle income tracts are designated as distressed, all located in Cattaraugus County.

Assessment Area Census Tracts by Income Level								
County	Low	Mod	Middle	Upper	Total	LMI %	Dis-tressed & Under-served	LMI & Dis-tressed %
Cattaraugus*	1	3	16	1	21	19.0	16	95%
Chautauqua	2	5	22	3	32	21.9		22%
Erie**	0	3	10	0	13	23.1		23%
Total	3	11	48	4	66	21.2	16	45%

* All Middle Income Tracts of Cattaraugus County are listed as Distressed Tracts according to Federal Financial Institute of Examination Council (“FFIEC”) for years 2008, 2009 and 2010.

** Partial county-consisting primarily of the southern parts of the county bordering Cattaraugus and Chautauqua Counties.

The assessment area appears reasonable based upon the location of the bank’s offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Demographic & Economic Data

The assessment area had a population of 260,000 during the examination period. About 14.9% of the population were over the age of 65, and 21.9% were under the age of 16.

Of the 67,045 families in the assessment area, 19.3% were low-income, 20.1% were

moderate-income, 24.1% were middle-income and 36.5% were upper-income families. There were 98,587 households in the assessment area, of which 11.7% had income below the poverty level and 3.7% were on public assistance.

The MSA median family income within the assessment area was \$43,200. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area was \$57,000 in 2010.

There were 118,066 housing units within the assessment area, of which 83.3% were one-to-four-family units, and 6.0% were multifamily units. A majority (60.7%) of the assessment area's housing units were owner-occupied, while 26.1% were rental units. Of the 71,689 owner-occupied housing units, 9.7% were in low and moderate-income census tracts while 90.3% were in middle and upper-income census tracts. The median age of the housing stock was 58 years and the median home value in the assessment area was \$63,600.

There were 14,821 non-farm businesses in the assessment area. Of these, 75.6% were businesses with reported revenues of less than or equal to \$1 million, 4.1% reported revenues of more than \$1 million and approximately 20.2% did not report their revenues. Of all the businesses in the assessment area, 88.6% were businesses with less than fifty employees and 88.3% operated from a single location. The largest industries in the area were services (46.3%), followed by finance, insurance and real estate (15.9%) and construction (7.1%), while 4.7% of businesses in the assessment area were not classified.

The 2009 Mortgage Foreclosure law, approved in December 2009, requires that a pre-foreclosure notice be sent, at least 90 days, before the lender commences legal action against the borrower. Between February 2010 and August 2010, 134,000 90-day pre-foreclosure notices were mailed to borrowers with mortgages on owner-occupied 1-to-4 family residential properties in New York State. Out of these notices, CCB's assessment area - Erie, Chautauqua and Cattaraugus Counties - received 4.6%, 0.6% and 0.4% respectively. These percentages generally correspond with the population breakdown of New York State. Erie, Chautauqua and Cattaraugus Counties represent approximately 5.0%, 0.7% and 0.4%, respectively of New York State's entire population.

According to the New York State Department of Labor, the state-wide average unemployment rate increased to 8.6% in 2010 from 5.3% in 2008. Of the three counties that make up CCB's assessment area, only Erie County had an unemployment rate lower than the state-wide rate at any time during the three year evaluation period, as it was lower than the state-wide rate during 2009 and 2010. Cattaraugus County had the highest unemployment rate at 9.1% in 2010.

Assessment Area Unemployment Rate				
Year	Statewide	Cattaraugus	Chautauqua	Erie
2008	5.3%	6.1%	5.5%	5.7%
2009	8.4%	8.8%	8.5%	8.3%
2010	8.6%	9.1%	8.8%	8.2%

Community Information

Cattaraugus County is located in the “enchanted Mountains” in the Chautauqua-Allegheny region of Western New York State. The region contains Allegany State Park, the largest state park in New York, and the third largest in the United States. During the winter months, the area is a prime destination for skiers who come to Ellicottville, Holiday Valley, and Holimont. The City of Olean is Cattaraugus County’s industrial and retail hub. Employers in the area include the CUTCO Cutlery International Headquarters and the St. Bonaventure University Campus.

However, the county also has been experiencing population loss and, except for one upper income tract, all of Cattaraugus County’s income tracts were identified as LMI or “distressed” by the Federal Financial Institutions Examination Council (“FFIEC”).

Three community contacts serving the assessment area were interviewed for this evaluation. One nonprofit organization acts as a fundraising and allocating agency, funding a wide variety of social and human service organizations, with a mission to improve people’s lives by mobilizing resources to meet the needs of its community. Another nonprofit is concentrated in economic development by supporting workforce development, and small businesses and other corporate entities in Cattaraugus County. The third nonprofit organization is involved in providing affordable housing in Cattaraugus County.

Two community contacts noted that local banks meet the credit needs of the community, and one contact mentioned that unemployment is a major challenge in the assessment area.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

CCB was evaluated under the small banking institution's performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Banking Board. CCB's performance was evaluated according to the small bank performance criteria, which consists of the lending test including

- (1) Loan-to-deposit ratio and other lending-related activities*
- (2) Assessment area concentration*
- (3) Distribution by borrower characteristics*
- (4) Geographic distribution of loans and*
- (5) Action taken in response to written complaints regarding CRA*

The following factors were also considered in assessing the bank's record of performance:

- The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance*
- Any practices intended to discourage credit applications*
- Evidence of prohibited discriminatory or other illegal credit practices*
- Record of opening and closing offices and providing services at offices and*
- Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs*

Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the examination process and on its Call Report submitted to the Federal Deposit Insurance Corporation ("FDIC"). Aggregate lending data were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data were obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

The demographic data referred to in this report is derived from the 2000 U.S. Census and the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report provides information on US businesses, based on Dun & Bradstreet reports which are updated annually. Unemployment data were obtained from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and is used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2008, 2009 and 2010.

Examiners considered CCB's HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test as noted above.

CCB received a rating of "2", reflecting a "Satisfactory" record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2007.

Current CRA Rating: "Satisfactory"

Lending Test: "Satisfactory"

Loan-to-Deposit Ratio¹ and other Lending-Related Activities: "Satisfactory"

CCB's average LTD ratio was reasonable considering its size, business strategy, financial condition, aggregate and peer group activity. CCB's peer group comprised of insured commercial banks having assets between \$100 million and \$300 million with three or more full service banking offices and not located in a metropolitan statistical area. During the evaluation period, CCB's average ratio of 69.1% trailed its peer group average of 79.0%, fluctuating from a low of 58.2% in the first quarter of 2008 to a high of 74.6% in 2009.

The chart below shows CCB's LTD ratios in comparison with the peer group's ratios for the 12 quarters since the prior evaluation.

	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	Avg.
Bank	58.2	64.0	68.8	72.8	71.8	71.6	74.3	74.6	70.9	69.9	67.1	65.0	69.1
Peer	79.6	81.3	82.9	82.0	79.3	80.1	79.8	77.6	76.4	77.2	76.6	74.8	79.0

Community Development Loans

CCB enhanced the availability of credit in the assessment area by extending a total of \$1.1 million in community development loans to the following nonprofit organizations:

Economic Development

- Cattaraugus Local Development Corporation ("CLDC") – Lines of credit totaling \$399,000 was extended to CLDC for working capital. CLDC's mission is to ensure the long-term viability of the area by creating opportunities for economic and community development.

¹ The LTD ratios are calculated by dividing loans and leases, net of unearned income and allowance for loan and lease losses, by total deposits.

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- Cattaraugus County Agricultural Society (“CCAS”) – CCB extended a \$60,000 loan to CCAS to fund construction of a new horse barn. CCAS’ purpose is to educate and instruct the community on agricultural matters through its annual fairs and exhibitions.
 - City of Salamanca Industrial Development Agency (“SIDA”) – Salamanca is one of the two main cities in Cattaraugus County. SIDA’s mission is to foster growth of private sector employment and investment in the city, and to support the economic development of the region. SIDA received two commercial mortgage loans totaling \$319,000.
 - New York Business Development Corporation (“NYBDC”) – NYBDC works in partnership with banks to provide term loans to small businesses that do not meet the requirements for traditional financing. CCB participated in three lines of credit during the evaluation period totaling \$48,000.
 - Southern Tier West Regional Planning and Development Board (“SRPD”) – SRPD was created in 1969 by a resolution of the County Legislatures of Allegany, Cattaraugus, and Chautauqua Counties in New York State. Its mission is to help coordinate and enhance planning and development activities in these counties, so as to promote social, physical, and economic development. CCB extended a \$100,000 working capital line of credit to SRPD.

Community Service

- A \$55,000 commercial loan was extended to New Directions Youth and Family Services Inc. (New Directions) to purchase a property to be used as a group home for unwed mothers. New Directions addresses the challenges of juvenile delinquencies, substance abuse and other family and youth problems in Western New York.
- A \$75,000 loan was extended to the Coldspring Volunteer Fire Company Inc. to construct enhancements to the fire hall social club located in Steamburg, in a middle-income distressed tract, in Cattaraugus County.
- An \$89,000 loan was extended to Hughes Skiba Post 535 American Legion Inc., to repair a portion of the American Legion club roof. The American Legion provides services to veterans in the moderate-income tract in Salamanca, NY.

Assessment Area Concentration: “Outstanding”

During the evaluation period, for HMDA-reportable lending, CCB originated 92.3% by number, and 89.9% by dollar value, of its loans within the assessment area. This

substantial majority of lending inside of its assessment area is an “Outstanding” record of lending.

The following table shows the percentages of CCB’s HMDA-reportable loans originated inside and outside of the assessment area

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2008	141	94.0%	9	6.0%	150	11,296	88.3%	1,495	11.7%	12,791
2009	135	90.6%	14	9.4%	149	9,596	89.9%	1,084	10.1%	10,680
2010	96	92.3%	8	7.7%	104	6,860	92.8%	536	7.2%	7,396
Subtotal	372	92.3%	31	7.7%	403	27,752	89.9%	3,115	10.1%	30,867
Grand Total	372	92.3%	31	7.7%	403	27,752	89.9%	3,115	10.1%	30,867

Distribution by Borrower Characteristics: “Satisfactory”

CCB’s HMDA-reportable loans demonstrated a reasonable penetration rate of lending among individuals of different income levels.

During the evaluation period, CCB’s penetration rate to LMI borrowers trailed the aggregate peer group and was also below the family demographic ratio. CCB originated 29% by number and 10.7% by dollar value of its 372 total loans to LMI borrowers, which trailed the aggregate ratio by number (33.2%) and by dollar value (19.8%), while also trailing the family demographic of 39.4%.

Although the data reflected low LMI penetration rates, these results are mitigated by the continued designation of all middle-income tracts in Cattaraugus County as distressed due to population loss; higher unemployment rates in Cattaraugus and Chautauqua Counties compared to the state-wide rates; and, the nationwide recession during the evaluation period. These factors contributed to the decline in the general demand for 1-4 family residential mortgage loans. This decline in demand is reflected in CCB’s HMDA-reportable loan originations which declined by 31.9%, from 141 loans in 2008 to 96 loans in 2010.

The following chart provides a summary of the HMDA-reportable lending distribution based on borrower income.

Distribution of HMDA-Reportable Lending by Borrower Income									
2008									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	5.7%	153	1.4%	355	9.6%	13,857	4.7%	19.3%
Moderate	31	22.0%	987	8.7%	921	25.0%	47,796	16.3%	20.1%
LMI	39	27.7%	1,140	10.1%	1,276	34.6%	61,653	21.0%	39.4%
Middle	24	17.0%	1,116	9.9%	967	26.2%	65,295	22.3%	24.1%
Upper	78	55.3%	9,040	80.0%	1,375	37.3%	160,382	54.7%	36.5%
Unknown	0	0.0%		0.0%	68	1.8%	5,711	1.9%	
Total	141		11,296		3,686		293,041		
2009									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	15	11.1%	403	4.2%	339	9.7%	14,896	4.7%	19.3%
Moderate	33	24.4%	899	9.4%	853	24.3%	49,078	15.4%	20.1%
LMI	48	35.6%	1,302	13.6%	1,192	34.0%	63,974	20.1%	39.4%
Middle	21	15.6%	926	9.6%	924	26.3%	71,989	22.6%	24.1%
Upper	66	48.9%	7,368	76.8%	1,287	36.7%	172,355	54.1%	36.5%
Unknown	0	0.0%		0.0%	108	3.1%	10,237	3.2%	
Total	135		9,596		3,511		318,555		
2010									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	3.1%	45	0.7%	282	9.2%	10,933	3.9%	19.3%
Moderate	18	18.8%	483	7.0%	665	21.6%	39,160	14.1%	20.1%
LMI	21	21.9%	528	7.7%	947	30.8%	50,093	18.1%	39.4%
Middle	23	24.0%	1,022	14.9%	784	25.5%	57,143	20.6%	24.1%
Upper	51	53.1%	5,288	77.1%	1,247	40.6%	158,514	57.2%	36.5%
Unknown	1	1.0%	22	0.3%	96	3.1%	11,521	4.2%	
Total	96		6,860		3,074		277,271		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	26	7.0%	601	2.2%		9.5%		4.5%	
Moderate	82	22.0%	2,369	8.5%		23.7%		15.3%	
LMI	108	29.0%	2,970	10.7%		33.2%		19.8%	
Middle	68	18.3%	3,064	11.0%		26.0%		21.9%	
Upper	195	52.4%	21,696	78.2%		38.1%		55.3%	
Unknown	1	0.3%	22	0.1%		2.6%		3.1%	
Total	372		27,752						

Geographic Distribution of Loans: "Outstanding"

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated an excellent penetration rate of lending.

Although CCB did not lend in low-income census tracts in the assessment area, the aggregate's penetration rate in these census tracts was also limited, with an average rate during the evaluation period of only 0.4% by number and 0.3% by dollar value. In

addition, the demographic, owner occupied housing units, was also below one per cent.

The overall penetration rate of lending in low and moderate income tracts of 15.6% by number and 8.3% by dollar value compared favorably to aggregate data in the assessment area of 6.6% by number and 3.5% by dollar value. The LMI demographic was 9.7%.

In addition, all middle-income census tracts in Cattaraugus County have been designated as “distressed middle-income tracts” due to population loss. As noted in the “Assessment Area Census Tracts by Income Level” table on page 3-2 of the “Performance Context” section of this report, the combination of CCB’s LMI and distressed census tracts represented 45.0% of its total census tracts. As a result, CCB’s combined LMI and distressed census tract penetration rates would be considerably higher than the rates noted above.²

The following chart provides a summary of CCB’s HMDA-reportable lending distribution based on the income level of the geography.

² CCB’s combined LMI and distressed census tract penetration rates for the evaluation period were 77.7% by number of loans and 57.1% by dollar value, which compared favorably to the combined aggregate data in the assessment area of 38.2% by number of loans and 31.9% by dollar value.

2008									
Geographic Income	Bank				Aggregate				OO Hus*
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	17	0.5%	1,526	0.5%	0.4%
Moderate	24	17.0%	987	8.7%	259	7.0%	11,331	3.9%	9.3%
LMI	24	17.0%	987	8.7%	276	7.5%	12,857	4.4%	9.7%
Middle	116	82.3%	10,191	90.2%	3,201	86.8%	259,129	88.4%	85.6%
Upper	1	0.7%	118	1.0%	209	5.7%	21,055	7.2%	4.7%
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
Total	141		11,296		3,686		293,041		
2009									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	12	0.3%	622	0.2%	0.4%
Moderate	24	17.8%	1,013	10.6%	212	6.0%	9,260	2.9%	9.3%
LMI	24	17.8%	1,013	10.6%	224	6.4%	9,882	3.1%	9.7%
Middle	109	80.7%	7,963	83.0%	3,107	88.5%	287,998	90.4%	85.6%
Upper	2	1.5%	620	6.5%	180	5.1%	20,675	6.5%	4.7%
Unknown	0	0.0%		0.0%	0	0.0%	0	0.0%	
Total	135		9,596		3,511		318,555		
2010									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%		0.0%	8	0.3%	390	0.1%	0.4%
Moderate	10	10.4%	293	4.3%	175	5.7%	7,744	2.8%	9.3%
LMI	10	10.4%	293	4.3%	183	6.0%	8,134	2.9%	9.7%
Middle	84	87.5%	6,321	92.1%	2,729	88.8%	252,987	91.2%	85.6%
Upper	2	2.1%	246	3.6%	162	5.3%	16,150	5.8%	4.7%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	96		6,860		3,074		277,271		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.4%		0.3%	
Moderate	58	15.6%	2,293	8.3%	688	6.3%	30,871	3.2%	
LMI	58	15.6%	2,293	8.3%	688	6.6%	30,871	3.5%	
Middle	309	83.1%	24,475	88.2%	3,417	88.0%	283,858	90.0%	
Upper	5	1.3%	984	3.5%	1,051	5.4%	47,750	6.5%	
Unknown	-	0.0%	-	0.0%		0.0%		0.0%	
Total	372		27,752		4,166		362,350		

* Owner Occupied Housing Units as a percentage of all housing units in the AA

Action Taken In Response to Written Complaints With Respect to CRA: "Satisfactory"

Since the latest CRA evaluation as of December 31, 2007, neither CCB nor the New York State Banking Department has received any written complaints regarding CCB's CRA performance.

Additional Factors

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

The board of directors reviews CCB's policies and performance through CRA self-assessments performed by CCB's CRA officer every 18 months. Although there were no changes to the CRA policy in years 2008 and 2009, in 2010 CCB amended the policy to require that CRA self-assessments be performed not more than 18 months apart. The board reviewed and re-affirmed CCB's CRA policies and CRA Statement in those years.

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

New York State Banking Department noted no practices that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

New York State Banking Department noted no evidence of prohibited discriminatory or other illegal practices.

Record of opening and closing offices and providing services at offices

The distribution of branches and ATM networks are reasonable in the assessment area. All of CCB's branches in Cattaraugus County are located in moderate or distressed areas. In March 2008, CCB opened two new branches; one in Jamestown and the other in Dunkirk. Both branches are located in middle-income tracts in Chautauqua County. CCB's ATM network is comprised of seven machines with withdrawal capabilities only. Two branches do not have an ATM - the Cherry Creek and South Dayton branches, both located in middle-income tracts. There is no evidence that LMI areas have been arbitrarily excluded.

Distribution of Branches within the Assessment Area									
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %	Distressed or Underserved	LMI and Distressed or Underserved
Cattaraugus		0	1	4		5	20%	4	100%
Chautauqua				3		3	0%		0%
Erie*				1		1	0%		0%
Total	-	-	1	8	-	9	11%	4	56%

*Partial County

Process Factors

- Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution

Senior bank officers and members of the board are involved in various local nonprofit and civic and business organizations in CCB's assessment area. Through these associations and interactions with leaders of its communities, CCB is able to ascertain the credit needs of its assessment area.

Most notably, CCB's president is a director and member of the audit committees of the Cattaraugus County Industrial Development Agency ("CCIDA") and the New Directions for Youth and Family Services Foundation.

Another senior officer is: chairman of the Advisory Council of the SUNY Fredonia-School of Business; a loan committee member of the Revolving Loan Fund of Western Region Corporation; chairman of the Investment Committee of the Chautauqua Region Community Foundation; and, secretary of the board of directors and a member of the Personnel Committee of the Jamestown Center City Development Corporation.

CCB's board members are also active members of local chambers of commerce, and foundations.

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

CCB advertises its products and services regularly through local major newspapers and billboard spaces in the assessment area, highlighting its products and services. In addition to print advertising, CCB also regularly buys air time on eight local radio stations which promotes CCB's banking services and loan products.

Other factors that in the judgment of the Superintendent and Banking Board bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community

CCB has extended its loan underwriting policy for 1-4 family residential mortgage loans to accommodate customers from the Amish or Mennonite communities. CCB extends mortgage loans despite the fact that properties in these communities do not have running water and electricity as is normally required. Due to the nature of the property

and its limited marketability, loan-to-value is limited to 50%. In addition, in lieu of standard hazard insurance, CCB accepts a general aid form that must be completed by a representative of the church. This form documents that the borrower is in good standing with the church, and that any change in relationship will be brought to CCB's attention.

GLOSSARY

Aggregate Penetration Rate

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

Community Development

The term “community development” is defined to mean:

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

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

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

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

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

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

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;

- ❖ Developing secondary market vehicles or programs;
- ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

The income level of the person, family or household is based on the income of person, family or household. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Loans to Small Businesses

Small business loans to businesses with gross annual revenues (“GAR”) of \$1 million or less (“< = \$ 1MM”).

Low or Moderate Income (“LMI”) Geographies

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

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would

relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

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

LMI Penetration Rate

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

Small Business Loans

Loans to businesses with original amounts of \leq \$1MM.