



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2011

Institution: Bank of Akron

ADDRESS: 46 Main Street
Akron, NY 14001

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.

TABLE OF CONTENTS

	Section
General Information	1
Overview of Institution's Performance	2
Performance Context	3
Institution's Profile	
Assessment Area	
Demographic & Economic Data	
Performance Standards and Assessment Factors	4
Loan-to-Deposit Analysis and Other	
Lending-Related Activities	
Assessment Area Concentration	
Distribution by Borrowers Characteristics	
Geographic Distribution of Loans	
Action Taken in Response to Written Complaints	
With Respect to CRA	
Additional Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Bank of Akron (“BOA”) prepared by the New York State Department of Financial Services (“Department”). 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, 2011.

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 (“Evaluation”) be made available to the public. 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 State 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

BOA 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, 2010 and 2011. BOA 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"

BOA's average LTD ratio was reasonable considering its size, business strategy, financial condition, and peer group activity. Its average LTD ratio for the evaluation period was in line with its market aggregate level.

- **Assessment Area Concentration:** "Satisfactory"

During the evaluation period, BOA originated 55.1% by number, and 47.1% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This volume of loans within its assessment area is considered a reasonable record of lending.

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

The distribution of loans based on borrower characteristics demonstrated an excellent penetration rate of lending among individuals of different income levels and businesses of different revenue sizes. BOA's HMDA-reportable loans penetration rates were higher than its peer group's penetration. Small business loans penetration rates to businesses with annual revenues of less than \$1 million were 100%, significantly outperformed its aggregate level and the business demographics.

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

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated an adequate penetration rate of lending, due to the limited lending opportunities and number of entities competing in the assessment area.

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

Since the latest CRA evaluation as of December 31, 2007, New York State Department of Financial Services has not received any written complaints against BOA'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 State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution Profile:

Bank of Akron (BOA) was founded in 1900 as Wickware National Bank of Akron. In 1919, the bank converted to a state charter and was renamed Bank of Akron. BOA is a community oriented commercial bank with its main office located in Erie County.

BOA has five full-service banking offices, of which all are located in Erie County. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of six machines, including one at each banking office and one at an off-site location. The off-site ATM is at Jan’s Smoke Shop, 383 Bloomingdale Road, Akron, NY 14001, a middle income area in Erie County.

BOA has not opened any new office or closed any existing offices during the evaluation period.

As per the Consolidated Report of Condition (the Call Report) as of December 31, 2011, filed with the Federal Deposit Insurance Corporation (“FDIC”), BOA reported total assets of \$223.6 million of which \$148.2 million were net loans and lease finance receivables. It also reported total deposits of \$188.8 million, resulting in a loan-to-deposit ratio of 78.5%. According to the latest available comparative deposit data as of June 30, 2011, BOA obtained a market share of 0.70%, or \$190.6 million in a market of \$27.3 billion inside its market, ranking it 12th among 20 deposit-taking institutions in the assessment area of Erie, Genesee and Niagara Counties.

The following is a summary of BOA’s loan portfolio, based on Schedule RC-C¹ of BOA’s December 31, Years 2008, 2009, 2010 and 2011 Call Reports:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2008		2009		2010		2011	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	52,113	41.5	49,538	37.6	47,275	34.0	46,414	30.6
Commercial & Industrial Loans	11,312	9.0	11,254	8.5	12,995	9.3	14,309	9.4
Commercial Mortgage Loans	42,969	34.2	54,926	41.7	62,419	44.8	78,747	52.0
Multifamily Mortgages	3,597	2.9	2,632	2.0	2,989	2.1	2,856	1.9
Consumer Loans	5,444	4.3	5,398	4.1	4,605	3.3	4,201	2.8
Agricultural & Farmland Loans	529	0.4	507	0.4	541	0.4	513	0.3
Construction Loans	9,511	7.6	7,542	5.7	8,417	6.0	4,407	2.9
Total Gross Loans	125,475		131,797		139,241		151,447	

As illustrated in the above chart, BOA is primarily a commercial mortgage lender, with 52.0% of its loan portfolio made in commercial mortgage loans as of 12/31/2011. This strategy has changed from the end of prior evaluation, when BOA was primarily a 1-4 family residential mortgage lender with 47.4% of its portfolio in residential mortgage loans as of 12/31/2007.

There are no known financial or legal impediments that adversely impacted BOA’s ability to

¹ Total Gross Loans outstanding should be the amount as indicated on Lines 1 through 10.

meet the credit needs of its community.

Assessment Area:

BOA's assessment area is comprised of portions of Erie, Genesee and Niagara Counties. The assessment area was expanded from 20 census tracts at prior evaluation period to 28 census tracts this evaluation. In particular, the expanded area included Buffalo-Niagara MSA (1280), Genesee County MSA (6840), Village of Corfu, and town of Alabama.

There are 28 census tracts in the area, of which four are moderate-income, 13 are middle-income, and 11 are upper-income tracts. The new assessment area represents an increase from one moderate-income tract in the previous assessment area. There are no tracts without income indicated.

Assessment Area Census Tracts by Income Level								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Distressed %
Erie			2	10	11	23	8.7	9%
Genesee				1		1	0.0	0%
Niagara			2	2		4	50.0	50%
Total	0	0	4	13	11	28	14.3	14%

**Partial county*

The assessment area appears reasonable based upon the location of BOA'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 142,323 during the examination period. About 13.4% of the population was over the age of 65 and 23.3% was under the age of 16.

Of the 39,409 families in the assessment area, 11.1% were low-income families, 15.8% were moderate-income, 21.7% were middle-income and 51.4% were upper-income families. There were 53,324 households in the assessment area, and 5.5% had income below poverty level, and 1.6% on public assistance.

Median family income within the assessment area was \$62,826. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area to be \$64,971 in 2011.

There were 55,752 housing units within the assessment area, of which 94.3% were one- to four-family units, and 5.7% were multifamily units. A majority (78.3%) of the area's housing units were owner-occupied, while 17.5% were rental units. Of the 43,646 owner-occupied housing units, 6.3% were in moderate-income census tracts while 93.7% were in middle- and upper-income census tracts. The median age of the housing stock was 24 years and the median home value in the assessment area was \$113,551.

There were 12,104 non-farm businesses in the assessment area in 2011. Of these, 69.0%

were businesses with reported revenues of less than or equal to \$1 million, 3.3% reported revenues of more than \$1 million and 27.7% did not report their revenues. Of all the businesses in the assessment area, 76.9% were businesses with less than fifty employees while 93.5% operated from a single location. The largest industries in the area were services industry (42.4%), followed by retail trade (11.7%) and construction industry (8.1%), while 18.5% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate of New York State was higher than that of Erie and Genesee Counties. Niagara County's average unemployment rate was the highest throughout the entire evaluation period. In 2011 the average unemployment rate was 7.9% in Erie County, 7.5% in Genesee County, 8.4% in Niagara County, while the statewide average was 8.2%.

Assessment Area Unemployment Rate				
	Statewide	Erie County	Genesee County	Niagara County
2008	5.4%	5.7%	5.6%	6.7%
2009	8.3%	8.2%	7.7%	9.4%
2010	8.6%	8.3%	7.8%	9.2%
2011	8.2%	7.9%	7.5%	8.4%

Community Information

Examiners conducted a community contact with a local business organization whose mission is to support and strengthen businesses in the community. The organization promotes local economic growth by providing services, resources, information, and networking opportunities to the local businesses. BOA is deemed actively reaching out to meet the needs of the communities it serves, and it was not mentioned in any negative context during the interview.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

BOA 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. BOA'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 FDIC. Aggregate lending data was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and the deposit data was 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 were derived from the 2000 U.S. Census ("Census") and the U.S Department of Housing and Urban Development ("HUD"). Business demographic data used in this report is based on Dun & Bradstreet reports which are updated annually. Unemployment data was obtained from the New York State Department of Labor. Some non-specific bank data is only available on a county-wide basis, and was used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2008, 2009, 2010 and 2011.

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

BOA 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”

BOA’s small business and HMDA-reportable activities are reasonable in light of aggregate and peer group activity and demographics.

Loan-to-Deposit Ratio and other Lending-Related Activities: “Satisfactory”

BOA’s average LTD ratio was reasonable considering its size, business strategy, financial condition, and peer group activity. Its average LTD ratio for the evaluation period was in line with its market aggregate level.

The chart below shows BOA’s LTD ratios in comparison with the peer group’s ratios for the 16 quarters since the prior evaluation.

Loan-to-Deposit Ratios																	
	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	Avg.
Bank	76.4	75.7	79.8	85.5	82.5	81.7	84.8	84.3	83.0	77.7	75.3	75.0	71.2	73.3	74.4	78.5	78.7
Peer	86.6	87.1	87.3	86.3	85.1	83.8	82.9	80.6	80.1	78.9	77.6	77.0	76.0	75.8	74.9	75.0	80.9

Assessment Area Concentration: “Satisfactory”

During the evaluation period, BOA originated 55.1% by number, and 47.1% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This volume of loans within its assessment area is considered a reasonable record of lending.

HMDA-Reportable Loans:

For HMDA-reportable lending, BOA originated 59.2% by number, and 52.4%% by dollar value of its loans within the assessment area. This majority number of loans inside of BOA’s assessment area is a reasonable record of lending.

Small Business Loans:

For small business lending, BOA originated 51.9% by number, and 43.1% by dollar value of its loans within the assessment area. This quantity of loans inside of BOA’s assessment area is a reasonable record of lending.

The table on next page shows the percentages of BOA’s small business and 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	45	55.6%	36	44.4%	81	4,333	51.0%	4,170	49.0%	8,503
2009	64	61.5%	40	38.5%	104	6,353	55.0%	5,203	45.0%	11,556
2010	45	56.3%	35	43.8%	80	5,455	53.3%	4,774	46.7%	10,229
2011	39	63.9%	22	36.1%	61	5,724	50.0%	5,718	50.0%	11,442
Subtotal	193	59.2%	133	40.8%	326	21,865	52.4%	19,865	47.6%	41,730
Small Business										
2008	52	52.5%	47	47.5%	99	5,916	46.2%	6,878	53.8%	12,794
2009	47	54.7%	39	45.3%	86	6,597	46.4%	7,624	53.6%	14,221
2010	45	48.9%	47	51.1%	92	6,744	38.4%	10,815	61.6%	17,559
2011	43	51.8%	40	48.2%	83	5,043	42.9%	6,710	57.1%	11,753
Subtotal	187	51.9%	173	48.1%	360	24,300	43.1%	32,027	56.9%	56,327
Grand Total	380	55.4%	306	44.6%	686	46,165	47.1%	51,892	52.9%	98,057

Distribution by Borrower Characteristics: "Outstanding"

The distribution of loans based on borrower characteristics demonstrated an excellent penetration rate of lending among individuals of different income levels and businesses of different revenue sizes.

HMDA-Reportable Loans

The BOA's HMDA-reportable loans demonstrated an excellent penetration rate of lending among individuals of different income levels.

BOA achieved an average penetration ratio to low-income borrowers for the evaluation period of 10.5% by loan number and 5.8% by dollar value, outperformed the aggregate level of 5.1% and 2.2%, respectively. The average penetration ratio to moderate-income borrowers was 21.5% by loan number and 13.5% by dollar value, again compared favorably to its peer group's performance of 18.1% by loan number and 11.4% by dollar value, respectively.

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

Distribution of 1-4 Family Loans by Borrower Income									
2008									
Borrower Income	Bank				Aggregate (peer)				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	4.9%	61	1.4%	165	5.9%	9,282	2.4%	11.1%
Moderate	10	24.4%	607	14.1%	548	19.7%	47,592	12.4%	15.8%
LMI	12	29.3%	668	15.5%	713	25.7%	56,874	14.8%	26.9%
Middle	6	14.6%	538	12.5%	701	25.2%	83,748	21.8%	21.7%
Upper	16	39.0%	2,288	53.0%	1,267	45.6%	228,643	59.5%	51.4%
Unknown	7	17.1%	819	19.0%	97	3.5%	14,963	3.9%	
Total	41		4,313		2,778		384,228		
2009									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	10.2%	177	3.0%	171	4.7%	11,612	2.1%	11.1%
Moderate	11	18.6%	969	16.5%	689	18.9%	67,913	12.5%	15.8%
LMI	17	28.8%	1,146	19.5%	860	23.6%	79,525	14.7%	26.9%
Middle	14	23.7%	1,211	20.6%	907	24.9%	113,291	20.9%	21.7%
Upper	25	42.4%	3,210	54.7%	1,698	46.6%	322,294	59.5%	51.4%
Unknown	3	5.1%	305	5.2%	179	4.9%	26,252	4.8%	
Total	59		5,872		3,644		541,362		
2010									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	11.4%	381	7.0%	178	5.3%	11,329	2.3%	11.1%
Moderate	11	25.0%	823	15.1%	552	16.5%	48,178	9.9%	15.8%
LMI	16	36.4%	1,204	22.1%	730	21.8%	59,507	12.3%	26.9%
Middle	9	20.5%	990	18.2%	795	23.8%	95,691	19.7%	21.7%
Upper	17	38.6%	2,742	50.4%	1,686	50.4%	309,360	63.8%	51.4%
Unknown	2	4.5%	508	9.3%	132	3.9%	20,559	4.2%	
Total	44		5,444		3,343		485,117		
2011									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	16.2%	616	10.8%	146	4.6%	9,359	2.0%	11.1%
Moderate	7	18.9%	483	8.5%	544	17.3%	50,086	11.0%	15.8%
LMI	13	35.1%	1,099	19.3%	690	21.9%	59,445	13.0%	26.9%
Middle	6	16.2%	738	12.9%	746	23.7%	88,406	19.3%	21.7%
Upper	18	48.6%	3,869	67.8%	1,559	49.6%	285,931	62.6%	51.4%
Unknown	0	0.0%	0	0.0%	150	4.8%	23,133	5.1%	
Total	37		5,706		3,145		456,915		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	19	10.5%	1,235	5.8%		5.1%		2.2%	
Moderate	39	21.5%	2,882	13.5%		18.1%		11.4%	
LMI	58	32.0%	4,117	19.3%	3,001	23.2%	255,351	13.7%	
Middle	35	19.3%	3,477	16.3%		24.4%		20.4%	
Upper	76	42.0%	12,109	56.8%		48.1%		61.4%	
Unknown	12	6.6%	1,632	7.6%		4.3%		4.5%	
Total	181		21,335			100.0%			

Small Business Loans:

The distribution of small business loans based on the revenue size of the business demonstrated an excellent rate of lending among businesses of different revenue sizes.

BOA extended 100% of its small business loans to business with revenues of \$1 million or less for all years during the evaluation period, significantly outperformed its aggregate level and the business demographics.

The following chart provides a summary of BOA's small business lending distribution based on revenue size during the evaluation period:

Distribution of Small Business Lending by Revenue Size of Business									
2008									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	52	100.0%	5,916	100.0%	1,356	32.4%	37,519	30.9%	63.2%
Rev. > \$1MM		0.0%		0.0%					4.9%
Rev. Unknown		0.0%		0.0%					32.0%
Total	52		5,916		4,183		121,426		
2009									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	47	100.0%	6,597	100.0%	612	31.6%	22,813	27.1%	78.7%
Rev. > \$1MM		0.0%		0.0%					4.7%
Rev. Unknown		0.0%		0.0%					16.6%
Total	47		6,597		1,936		84,275		
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	45	100.0%	6,744	100.0%	548	29.2%	26,154	29.4%	79.7%
Rev. > \$1MM		0.0%		0.0%					4.4%
Rev. Unknown		0.0%		0.0%					15.9%
Total	45		6,744		1,875		88,990		
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	43	100.0%	5,043	100.0%	943	39.7%	28,307	29.7%	69.0%
Rev. > \$1MM		0.0%		0.0%					3.3%
Rev. Unknown		0.0%		0.0%					27.7%
Total	43		5,043		2,378		95,447		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	187	100.0%	24,300	100.0%	3,459	33.3%	114,793	29.4%	
Rev. > \$1MM	-	0.0%	-	0.0%					
Rev. Unknown	-	0.0%	-	0.0%					
Total	187		24,300		10,372		390,138		

Geographic Distribution of Loans: “Satisfactory”

The distribution of loans based on lending in census tracts of varying income levels demonstrated an adequate rate of lending, due to the limited lending opportunities and number of entities competing in the assessment area.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated an adequate penetration rate of lending, due to the limited lending opportunities and number of entities competing in the assessment area.

BOA did not lend in low-income census tracts because there were no low-income census tract in the assessment area.

BOA's assessment area consists of four moderate-income census tracts, of which housing demographics for this geography was 6.3%, and the aggregate lending level for the moderate-income census tracts was 2.3% by loan number and 1% by dollar value, respectively. BOA had no lending in moderate-income geography with the exception of 2009, when it made one loan. The average of BOA's penetration ratios for the moderate-income census tracts during the evaluation period were 0.5% by loan number and 0.3% by dollar value, underperforming its peers.

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

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2008									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	90	3.2%	5,523	1.4%	6.3%
LMI	0	0.0%	0	0.0%	90	3.2%	5,523	1.4%	6.3%
Middle	34	75.6%	2,959	68.3%	1,009	35.8%	101,531	25.9%	42.2%
Upper	11	24.4%	1,374	31.7%	1,723	61.1%	284,686	72.7%	51.6%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	45		4,333		2,822		391,740		
2009									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	1	1.6%	74	1.2%	71	1.9%	4,391	0.8%	6.3%
LMI	1	1.6%	74	1.2%	71	1.9%	4,391	0.8%	6.3%
Middle	44	68.8%	4,072	64.1%	1,249	34.0%	139,946	24.8%	42.2%
Upper	19	29.7%	2,207	34.7%	2,355	64.0%	419,042	74.4%	51.4%
Unknown		0.0%		0.0%	2	0.1%		0.0%	
Total	64		6,353		3,677		563,379		
2010									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	0	0.0%	0	0.0%	0.0%
Moderate		0.0%		0.0%	69	2.1%	4,482	0.9%	6.3%
LMI	0	0.0%	0	0.0%	69	2.1%	4,482	0.9%	6.3%
Middle	27	60.0%	2,644	48.5%	1,206	35.9%	128,610	26.3%	42.2%
Upper	18	40.0%	2,811	51.5%	2,087	62.1%	356,201	72.8%	51.4%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	45		5,455		3,362		489,293		
2011									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	63	2.0%	4,238	0.9%	6.3%
LMI	0	0.0%	0	0.0%	63	2.0%	4,238	0.9%	6.3%
Middle	28	71.8%	3,737	65.3%	1,103	35.1%	113,020	24.7%	42.2%
Upper	11	28.2%	1,987	34.7%	1,979	62.9%	339,657	74.3%	51.6%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	39		5,724		3,145		456,915		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	1	0.5%	74	0.3%		2.3%		1.0%	
LMI	1	0.5%	74	0.3%		2.3%	18,634	1.0%	
Middle	133	68.9%	13,412	61.3%		35.1%		25.4%	
Upper	59	30.6%	8,379	38.3%		62.6%		73.6%	
Unknown	-	0.0%	-	0.0%		0.0%		0.0%	
Total	193		21,865						

Small Business Loans

The distribution of small business loans based on the income level of the geography of the business demonstrated an adequate rate of lending, due to the limited lending opportunities and number of entities competing in the assessment area.

There were no low-income census tracts in BOA's assessment area. BOA did not extend any small business loans in the moderate-income census tract during the evaluation period. The market aggregate level achieved an average penetration ratio to the moderate-income census tract of 4.9% by loan number and 8.9% by dollar value, respectively.

The following chart provides a summary of BOA's small business lending distribution based on the income level of the geography.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2008									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	200	4.8%	9,828	8.1%	6.7%
LMI	0	0.0%	0	0.0%	200	4.8%	9,828	8.1%	6.7%
Middle	36	69.2%	3,788	64.0%	1,418	33.9%	34,580	28.5%	36.9%
Upper	16	30.8%	2,128	36.0%	2,565	61.3%	77,018	63.4%	56.4%
Unknown		0.0%		0.0%		0.0%		0.0%	0.0%
Total	52		5,916		4,183		121,426		
2009									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	89	4.6%	9,828	11.7%	6.5%
LMI	0	0.0%	0	0.0%	89	4.6%	9,828	11.7%	6.5%
Middle	33	70.2%	2,984	45.2%	636	32.9%	22,267	26.4%	36.7%
Upper	14	29.8%	3,613	54.8%	1,211	62.6%	52,180	61.9%	56.8%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	47		6,597		1,936		84,275		
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	90	4.8%	7,259	8.2%	6.3%
LMI	0	0.0%	0	0.0%	90	4.8%	7,259	8.2%	6.3%
Middle	29	64.4%	3,640	54.0%	628	33.5%	26,117	29.3%	37.6%
Upper	16	35.6%	3,104	46.0%	1,157	61.7%	55,614	62.5%	56.2%
Unknown		0.0%		0.0%		0.0%		0.0%	0.0%
Total	45		6,744		1,875		88,990		
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	126	5.3%	7,755	8.1%	6.0%
LMI	0	0.0%	0	0.0%	126	5.3%	7,755	8.1%	6.0%
Middle	17	39.5%	1,074	21.3%	744	31.3%	28,621	30.0%	37.4%
Upper	26	60.5%	3,969	78.7%	1,508	63.4%	59,071	61.9%	56.6%
Unknown		0.0%		0.0%		0.0%		0.0%	0.0%
Total	43		5,043		2,378		95,447		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	0	0.0%	0	0.0%		4.9%		8.9%	
LMI	0	0.0%	0	0.0%		4.9%		8.9%	
Middle	115	61.5%	11,486	47.3%		33.0%		28.6%	
Upper	72	38.5%	12,814	52.7%		62.1%		62.5%	
Unknown	-	0.0%	-	0.0%		0.0%		0.0%	
Total	187		24,300						

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

Since the latest CRA evaluation as of December 31, 2007, New York State Department of Financial Services has not received any written complaints against BOA'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

BOA's Board of Directors reviews and approves CRA policy, participates in loan committee and loan review committee

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

DFS 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.

DFS noted no evidence of prohibited discriminatory or other illegal practices.

Record of opening and closing offices and providing services at offices

As shown in the following chart, BOA has five branch offices in Erie County. Three offices including the main office are located in middle income census tracts and the other two offices are located in upper income census tracts. All offices have ATMs that accept deposits. BOA also operates an off-site ATM at Jan's Smoke Shop, 383 Bloomingdale Road, Akron, NY 14001 which is located in a middle income census tract. No deposits are accepted at that ATM. In addition, the BOA customers have free access to ATMs operated by M&T bank and Evans Bank.

BOA did not close or open any banking offices during the evaluation period.

Distribution of Branches within the Assessment Area							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI
	#	#	#	#	#	#	%
Erie				3	2	5	0%
Total	-	-	-	3	2	5	0%
*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.

BOA ascertains the credit needs of its community through the involvement of its management and employees in a variety of governmental and civic organizations. BOA's president is a member of the Village of Akron Board of Trustees. BOA employees are actively involved in leadership positions in organizations such as Akron Chamber of Commerce, Consumer Counseling Services of Buffalo, and the Clarence Senior Center.

In addition, BOA uses annual community events to communicate with members of its community regarding the credit services offered by the bank. One such event is the annual customer appreciation day, which was also used to raise funds for a local charity.

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

BOA uses its website to market its products to the community. In addition, BOA uses radio and local newspapers for advertisement of its 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

DFS noted no other factors.

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

“Community development”:

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 business 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 (3) above.

Community Development Loan

A loan that has 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.

Community Development Service

Service that has community development as its *primary purpose*, 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.

Geography

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

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 for borrowers is based on household or family income. 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 of \$1 million or less.

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas where, according to the 2000 U.S. 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 cases 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 represents 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.

Low-Income Housing Tax Credit (LIHTC)

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

New Markets Tax Credit (NMTC)

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Qualified Investment

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. 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.