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, 2014

Institution: Bank of Akron
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 Profile	
Assessment Area	
Demographic & Economic Data	
Community Information	
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 ("DFS" or the "Department"). This evaluation represents the Department's current assessment and rating of the institution's CRA performance based on an evaluation conducted as of December 31, 2014.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services 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 Superintendent 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 in 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 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

DFS evaluated BOA according to the small bank performance criteria pursuant to Part 76.7 and 76.12 of the General Regulations of the Superintendent. This assessment period included calendar years 2012, 2013, and 2014. 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. BOA's average LTD ratio for the 12 quarters ending December 31, 2014 was 82.5%, which was above the peer group's average of 75.7%.

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

During the evaluation period, BOA originated 57.0% by number and 51.0% by dollar value of its loans (total HMDA-reportable and small business) within the assessment area. This majority of lending inside of its assessment area is an adequate record of lending within the bank's assessment area.

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

The distribution of loans based on borrower characteristics demonstrated reasonable rates of lending to low- and moderate-income ("LMI") individuals and small businesses with annual revenues of $1.0 million or less.

- **Geographic Distribution of Loans**: "Needs to Improve"

The distribution of loans based on lending in census tracts of varying income levels demonstrated an adequate rate of lending to LMI geographies but a poor rate of lending to businesses located in LMI geographies.

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

Since the prior CRA evaluation as of December 31, 2011, neither the bank nor DFS received any written complaints regarding the bank'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 Superintendent.

PERFORMANCE CONTEXT

Institution Profile:

Founded in 1900 as Wickware National Bank of Akron, the bank became a New York State-chartered bank in 1919 and adopted the name Bank of Akron ("BOA") at the same time. BOA is headquartered in the town of Akron in Erie County, New York, and offers various banking and lending products.

BOA has five full-service banking offices that are all located in Erie County. Three of the offices are in middle-income census tracts and two are in upper-income tracts. Supplementing the banking offices is an automated teller machine ("ATM") network consisting of seven machines, one at each banking office and two at off-site locations.

Per the Consolidated Report of Condition (the "Call Report") as of December 31, 2014, filed with the Federal Deposit Insurance Corporation ("FDIC"), BOA reported total assets of $268.3 million of which $201.1 million were net loans and lease finance receivables. It also reported total deposits of $229.8 million, resulting in a loan-to-deposit ratio of 87.4%. According to the latest available comparative deposit data as of June 30, 2014, BOA had a market share of 0.61%, or $224.6 million in a market of $37.1 billion, ranking it 10th among 19 deposit-taking institutions in its assessment area of Erie, Genesee and Niagara counties.

The following is a summary of BOA's loan portfolio, based on Schedule RC-C of BOA's December 31, Year 2012, 2013, and 2014 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
	2012		2013		2014	
Loan Type	**$000's**	**%**	**$000's**	**%**	**$000's**	**%**
1-4 Family Residential Mortgage Loans	47,316	27.6	54,089	28.7	64,033	31.1
Commercial & Industrial Loans	18,862	11.0	19,557	10.4	28,380	13.8
Commercial Mortgage Loans	84,420	49.2	88,507	46.9	91,896	44.7
Multifamily Mortgages	10,573	6.2	11,116	5.9	9,152	4.5
Consumer Loans	3,826	2.2	3,221	1.7	2,869	1.4
Agricultural Loans	445	0.3	394	0.2	417	0.2
Construction Loans	6,285	3.7	11,756	6.2	8,834	4.3
Other Loans		0.0	53	0.0	25	0.0
Total Gross Loans	**171,727**		**188,693**		**205,606**	

As illustrated in the above table, BOA is primarily a commercial lender with a total of 58.5% of its loan portfolio in commercial mortgage (44.7%) and commercial and industrial loans (13.8%). BOA's secondary lending products are residential lending and multifamily mortgages which represented 31.1% and 4.5% of loans, respectively. BOA's gross loan portfolio trended upward, increasing by $54.1 million or 35.8% from prior period evaluation period, as of December 31, 2011.

There are no known financial or legal impediments that had an adverse impact on BOA's ability to meet the credit needs of its community.

<u>Assessment Area</u>:

BOA's assessment area comprises parts of Erie, Genesee and Niagara counties.

There are 70 census tracts in the assessment area, of which five are moderate-income census tracts, 33 are middle-income, 30 are upper-income, and two are census tracts with no income indicated.

Assessment Area Census Tracts by Income Level								
County	**N/A**	**Low**	**Mod**	**Middle**	**Upper**	**Total**	**LMI %**	**LMI & Dis-tressed %**
Erie	2		4	29	29	64	6.3	6%
Genesse			1	2		3	33.3	33%
Niagara				2	1	3	0.0	0%
Total	**2**	**0**	**5**	**33**	**30**	**70**	**7.1**	**7%**

<u>Demographic & Economic Data</u>

The assessment area had a population of 317,202 during the examination period. About 17.5% of the population were over the age of 65 and 17.8% were under the age of sixteen.

Of the 82,283 families in the assessment area, 13.1% were low-income, 15.6% were moderate-income, 20.9% were middle-income, and 50.5% were upper-income families. There were 124,392 households in the assessment area, of which 7.5% had income below the poverty level and 1.1% were on public assistance.

Median family income within the assessment area was $78,279. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area to be $63,656 in 2014.

There were 131,512 housing units within the assessment area, of which 86.3% were one-to-four family units, and 10.9% were multifamily units. A majority (72.5%) of the area's housing units were owner-occupied, while 22.1% were rental units. Of the 95,364 owner-occupied housing units, 4.8% were in moderate-income census tracts and 95.2% were in middle- and upper-income census tracts. The median age of the housing stock was 46 years and the median home value in the assessment area was

$146,979.

There were 22,647 non-farm businesses in the assessment area. Of these, 69.3% were businesses with reported revenues of less than or equal to $1 million, 7.0% reported revenues of more than $1 million, and 23.7% did not report their revenues. Of all the businesses in the assessment area, 81.6% were businesses with less than fifty employees, and 87.7% operated from a single location. The largest industries in the area were service (45.7%), followed by retail trade (14.0%), and construction (7.3%), while 10.4% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rates for New York State were higher than Erie and Genesee counties during the evaluation period. Niagara County's average unemployment rates were higher than the State averages for the period. Average unemployment rates eased over the course of the evaluation period both for State and for Erie, Genesee, and Niagara counties. In 2014, Genesee County recorded the lowest rate of 5.5%.

Assessment Area Unemployment Rate				
	Statewide	Erie	Genesee	Niagara
2012	8.50%	8.30%	7.90%	9.30%
2013	7.70%	7.40%	6.80%	8.40%
2014	6.30%	6.10%	5.50%	6.90%

Community Information

Two nonprofit community contacts that support economic development were interviewed for this evaluation. One was a local organization whose mission is to support and strengthen business communities, while the other provides financing programs and assistance to small businesses in the 14 westernmost counties of New York State.

Both contacts expressed the view that the local economy has been improving, especially in the Buffalo area where major construction projects are underway or have been completed. Some of these are the waterfront construction; the Buffalo Niagara Medical Campus; and a $5.8 billion solar panel production facility, which has spurred job and housing growth in the downtown area. The community contact also noted an increase in the number of small business loan applications in the area.

Both community contacts had positive comments about BOA as an active participant in the lending and grant giving markets.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated BOA under the small bank performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Superintendent, which consists of the lending test. This test includes (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 also were 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; the institution's 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 New York Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. BOA submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. Aggregate lending data were obtained from the Federal Financial Institutions Examination Council 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 as submitted to the FDIC.

The demographic data referred to in this report were derived from the 2010 U.S. Census and the U.S. Department of Housing and Urban Development. Business demographic data used in this report are 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 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 2012, 2013 and 2014.

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

Small business loan aggregate data are shown for comparative purposes. BOA is not required to report this data and as such is not included in the aggregate data. Since BOA made very few small farm loans, DFS based all analyses only on small business lending.

HMDA-reportable loan data evaluated in this performance evaluation represented actual originations. Small business loan results were extrapolated from a random sample of 105 loans.

Small business lending was given greater weight in this evaluation since it represented 65.2% by number and 67.4% by dollar value of BOA's loan originations submitted for CRA consideration.

At its **prior** Performance Evaluation as of December 31, 2011, DFS assigned BOA a rating of "2," reflecting a "Satisfactory" record of helping to meet community credit needs.

Current CRA Rating: "Satisfactory"

Lending Test: "Satisfactory"

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

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 aggregate and peer group activity.

During the evaluation period, BOA's average LTD ratio of 82.5% was greater than its peer group's average of 75.7%. For all quarters of the evaluation period, BOA's LTD ratios were higher than those of its peer group, peaking in the fourth quarter of 2014 at 87.5%, while its peer group's ratio was 78.4% for the same period.

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

Loan-to-Deposit Ratios													
	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Avg.
Bank	74.3	76.4	79.7	82.7	81.5	82.6	82.8	85.4	85.2	86.0	86.2	87.5	82.5
Peer	73.6	74.6	75.1	73.6	74.4	75.8	75.4	75.6	76.2	77.3	77.7	78.4	75.7

Assessment Area Concentration: **"**Satisfactory"

During the evaluation period, BOA originated 57.0% by number and 51.0% by dollar value of its HMDA-reportable and small business loans within the assessment area. This majority of lending inside of its assessment area is a "Satisfactory" record of lending.

HMDA-Reportable Loans:

During the evaluation period, BOA originated 48.2% by number and 42.9% by dollar value of its HMDA-reportable loans within the assessment area.

While BOA's HMDA-reportable rate of lending inside the assessment area reflected a less than satisfactory rate of lending, it was ranked 12th out of 124 mortgage lenders in its assessment area in 2012. This position improved in 2013 when BOA was ranked 10th out of 128 mortgage lenders, even though BOA faced competition from large national banks. Because of these mitigating factors, BOA's HMDA-reportable rate of lending inside its assessment area, while less than a majority of its loans, is rated satisfactory.

Small Business Loans:

During the evaluation period, BOA originated 63.1% by number and 56.1% by dollar value of its small business loans within its assessment area. This majority of lending inside of its assessment area is a "Satisfactory" record of lending.

The following table 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										
2012	54	52.4%	49	47.6%	103	8,249	41.9%	11,458	58.1%	19,707
2013	72	48.3%	77	51.7%	149	10,292	42.2%	14,123	57.8%	24,415
2014	52	44.4%	65	55.6%	117	8,613	45.1%	10,502	54.9%	19,115
Subtotal	**178**	**48.2%**	**191**	**51.8%**	**369**	**27,154**	**42.9%**	**36,083**	**57.1%**	**63,237**
Small Business*										
2012	106	69.3%	47	30.7%	153	18,504	47.2%	20,698	52.8%	39,202
2013	112	65.1%	60	34.9%	172	18,299	68.3%	8,504	31.7%	26,803
2014	115	56.7%	88	43.3%	203	19,415	56.9%	14,702	43.1%	34,117
Subtotal	**333**	**63.1%**	**195**	**36.9%**	**528**	**56,218**	**56.1%**	**43,904**	**43.9%**	**100,122**
Grand Total	**511**	**57.0%**	**386**	**43.0%**	**897**	**83,372**	**51.0%**	**79,987**	**49.0%**	**163,359**

*For small business lending, analysis was performed on a sample of 29 loans in 2012. 37 loans in 2013, and 39 in 2014. Number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results. HMDA-reportable lending analyses were based on actual lending.

Distribution by Borrower Characteristics: "Satisfactory"

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

HMDA-Reportable Loans:

BOA's HMDA-reportable loans demonstrated a reasonable rate of lending to individuals of different income levels. During the evaluation period, BOA's average rates of lending to LMI borrowers of 23.4% by number and 12.9% by dollar volume of loans, were comparable to its aggregate's average rates of 24.1% and 14.3%, respectively. Both BOA's and its aggregate's rates of lending were below the percentage LMI families in the

assessment area, which was 28.6%.
The following table provides a summary of the HMDA-reportable lending distribution based on borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2012									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	4	8.2%	166	2.5%	435	6.0%	28,136	2.8%	13.1%
Moderate	9	18.4%	694	10.6%	1,306	18.0%	121,647	12.0%	15.6%
LMI	13	26.5%	860	13.2%	1,741	24.0%	149,783	14.7%	28.6%
Middle	9	18.4%	1,211	18.5%	1,918	26.5%	226,836	22.3%	20.9%
Upper	25	51.0%	4,318	66.1%	3,218	44.4%	575,585	56.7%	50.5%
Unknown	2	4.1%	146	2.2%	368	5.1%	63,442	6.2%	
Total	**49**		**6,535**		**7,245**		**1,015,646**		
2013									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	1	1.5%	104	1.0%	320	4.5%	20,439	2.1%	13.1%
Moderate	11	16.2%	1,012	10.1%	1,263	17.9%	109,530	11.1%	15.6%
LMI	12	17.6%	1,116	11.1%	1,583	22.5%	129,969	13.1%	28.6%
Middle	18	26.5%	2,391	23.8%	1,808	25.7%	211,907	21.4%	20.9%
Upper	32	47.1%	6,030	60.1%	3,203	45.5%	578,247	58.5%	50.5%
Unknown	6	8.8%	495	4.9%	444	6.3%	68,676	6.9%	
Total	**68**		**10,032**		**7,038**		**988,799**		
2014									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	1	2.0%	119	1.5%	254	4.9%	15,719	2.2%	13.1%
Moderate	13	26.0%	1,080	13.5%	1,100	21.4%	94,707	13.1%	15.6%
LMI	14	28.0%	1,199	15.0%	1,354	26.3%	110,426	15.3%	28.6%
Middle	8	16.0%	1,077	13.5%	1,231	23.9%	149,317	20.7%	20.9%
Upper	22	44.0%	4,894	61.4%	2,252	43.8%	414,423	57.4%	50.5%
Unknown	6	12.0%	805	10.1%	308	6.0%	47,614	6.6%	
Total	**50**		**7,975**		**5,145**		**721,780**		
GRAND TOTAL									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	6	3.6%	389	1.6%		5.2%		2.4%	
Moderate	33	19.8%	2,786	11.4%		18.9%		12.0%	
LMI	39	23.4%	3,175	12.9%		24.1%		14.3%	
Middle	35	21.0%	4,679	19.1%		25.5%		21.6%	
Upper	79	47.3%	15,242	62.1%		44.6%		57.5%	
Unknown	14	8.4%	1,446	5.9%		5.8%		6.6%	
Total	**167**		**24,542**						

Small Business Loans:

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

BOA's penetration rates of lending to businesses with gross annual revenue of $1.0 million or less surpassed its peer group's rates of lending in all years of the evaluation period, averaging at 69.5% by number and 71.6% by dollar value of loans, while its aggregates were 40.1% and 27.4%, respectively. In 2013 BOA reached its highest rate of lending to these businesses at 75.0% by number and 75.6% by dollar value of loans.

The following table 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									
2012									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. < = $1MM	74	70.0%	14,158	76.5%	1,847	35.3%	57,615	24.3%	68.7%
Rev. > $1MM	32	30.0%	4,346	23.5%					5.9%
Rev. Unknown	-	0.0%	-	0.0%					25.4%
Total	**106**		**18,504**		**5,238**		**236,713**		
2013									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. < = $1MM	84	75.0%	13,827	75.6%	2,032	44.0%	69,926	32.6%	69.7%
Rev. > $1MM	9	8.3%	1,737	9.5%					6.5%
Rev. Unknown	19	16.7%	2,735	14.9%					23.9%
Total	**112**		**18,299**		**4,622**		**214,345**		
2014									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. < = $1MM	73	63.6%	12,270	63.2%	2,096	41.4%	61,868	25.7%	69.3%
Rev. > $1MM	42	36.4%	7,145	36.8%					7.0%
Rev. Unknown	-	0.0%	-	0.0%					23.7%
Total	**115**		**19,415**		**5,058**		**240,455**		
GRAND TOTAL									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. < = $1MM	231	69.5%	40,256	71.6%		40.1%		27.4%	
Rev. > $1MM	83	24.9%	13,227	23.5%					
Rev. Unknown	19	5.6%	2,735	4.9%					
Total	**333**		**56,218**						

For small business lending, analysis was performed on a sample of 29 loans in 2012; 37 loans in 2013; and 39 in 2014. Number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results.

<u>Geographic Distribution of Loans</u>: "Needs to Improve"

The distribution of BOA's loans in census tracts of varying income levels demonstrated an adequate rate of lending to LMI areas. Although the data reflected very poor penetration rates of lending to moderate-income geographies, DFS examiners deemed BOA's rates of lending to be adequate due to increased competition, limited lending opportunities, and the absence of low-income census tracts in BOA's assessment area.

BOA's assessment area is comprised of five moderate-income census tracts, which is 7.0% of all tracts in its assessment area. Four of them are located in Erie County where competition for lending is high. BOA competes with much larger banks and business lenders with regional and national presence such as: M&T Bank, First Niagara Bank, Five Star Bank, Bank of Castile, Bank of America, HSBC and KeyBank.

HMDA-Reportable Loans:

DFS found the distribution of BOA's HMDA-reportable loans by census-tract income level to be adequate. During the evaluation period, BOA extended one HMDA-reportable loan in a moderate-income geography. The percentage of owner-occupied housing units in moderate-income geographies within the assessment area was 4.8%. The aggregate lending penetration to borrowers in that geography was 3.9%, which indicated a limited demand for loans. As a result, DFS found BOA's rate of HMDA-reportable lending by geographic income to be adequate.

The following table provides a summary of BOA's distribution of HMDA-reportable lending by geographic income of the census tract.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2012									
Geographic	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	1	1.9%	8	0.1%	263	3.6%	22,278	2.1%	4.8%
LMI	1	1.9%	8	0.1%	263	3.6%	22,278	2.1%	4.8%
Middle	28	51.9%	3,188	38.6%	2,509	34.3%	263,279	24.9%	41.8%
Upper	25	46.3%	5,053	61.3%	4,544	62.1%	772,427	73.0%	53.5%
Unknown	0	0.0%		0.0%		0.0%		0.0%	
Total	**54**		**8,249**		**7,316**		**1,057,984**		
2013									
Geographic	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	0	0.0%		0.0%	0	0.0%		0.0%	0.0%
Moderate	0	0.0%		0.0%	260	3.7%	25,699	2.4%	4.8%
LMI	0	0.0%	0	0.0%	260	3.7%	25,699	2.4%	4.8%
Middle	42	58.3%	4,942	48.0%	2,614	36.7%	269,423	25.5%	41.8%
Upper	30	41.7%	5,350	52.0%	4,242	59.6%	760,280	72.0%	53.5%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	**72**		**10,292**		**7,116**		**1,055,402**		
2014									
Geographic	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low		0.0%		0.0%	0	0.0%	0	0.0%	0.0%
Moderate		0.0%		0.0%	239	4.6%	27,357	3.1%	4.8%
LMI	0	0.0%	0	0.0%	239	4.6%	27,357	3.1%	4.8%
Middle	29	55.8%	3,444	40.0%	2,039	39.3%	225,150	25.3%	41.8%
Upper	23	44.2%	5,169	60.0%	2,915	56.1%	636,622	71.6%	53.5%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	**52**		**8,613**		**5,193**		**889,129**		
GRAND TOTAL									
Geographic	**Bank**				**Aggregate**				**OO Hus**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	1	0.6%	8	0.0%		3.9%		2.5%	
LMI	1	0.6%	8	0.0%		3.9%		2.5%	
Middle	99	55.6%	11,574	42.6%		36.5%		25.2%	
Upper	78	43.8%	15,572	57.3%		59.6%		72.3%	
Unknown	-	0.0%	-	0.0%		0.0%		0.0%	
Total	**178**		**27,154**						

Small Business Loans:

The distribution of small business loans based on the income level of the geography of the business demonstrated a very poor penetration of lending among businesses of different revenue sizes.

During the assessment period no loans were originated in moderate-income census tracts. The assessment area demographics showed 5.9% of the businesses were located in moderate-income tracts. The aggregate lending penetration in moderate-income tracts was 6.1%. This indicated the presence of a market demand for small business loans. Therefore, DFS deems BOA's lack of small business loans within the moderate-income census tracts to be poor performance.

The following table provides a summary of BOA's small business lending distribution by the income level of the geography.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2012									
Geographic	**Bank**				**Aggregate**				**Bus.Dem.**
Income	#	%	$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%	314	6.0%	19,080	8.1%	5.8%
LMI	0	0.0%	0	0.0%	314	6.0%	19,080	8.1%	5.8%
Middle	42	40.0%	6,081	32.9%	1,880	35.9%	91,172	38.5%	40.2%
Upper	64	60.0%	12,423	67.1%	3,037	58.0%	126,416	53.4%	53.4%
Unknown	0	0.0%	0	0.0%	7	0.1%	45	0.0%	0.6%
Total	**106**		**18,504**		**5,238**		**236,713**		
2013									
Geographic	**Bank**				**Aggregate**				**Bus.Dem.**
Income	#	%	$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%	287	6.2%	21,677	10.1%	6.0%
LMI	0	0.0%	0	0.0%	287	6.2%	21,677	10.1%	6.0%
Middle	47	41.7%	5,658	30.9%	1,656	35.8%	75,477	35.2%	39.8%
Upper	65	58.3%	12,641	69.1%	2,671	57.8%	116,964	54.6%	12.8%
Unknown	0	0.0%	0	0.0%	8	0.2%	227	0.1%	0.7%
Total	**112**		**18,299**		**4,622**		**214,345**		
2014									
Geographic	**Bank**				**Aggregate**				**Bus.Dem.**
Income	#	%	$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%	308	6.1%	26,115	10.9%	5.9%
LMI	0	0.0%	0	0.0%	308	6.1%	26,115	10.9%	5.9%
Middle	42	36.4%	6,400	33.0%	1,812	35.8%	86,142	35.8%	39.5%
Upper	73	63.6%	13,015	67.0%	2,925	57.8%	127,732	53.1%	53.9%
Unknown	0	0.0%	0	0.0%	13	0.3%	466	0.2%	0.7%
Total	**115**		**19,415**		**5,058**		**240,455**		
GRAND TOTAL									
Geographic	**Bank**				**Aggregate**				**Bus.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	0	0.0%	0	0.0%		6.1%		9.7%	
LMI	0	0.0%	0	0.0%		6.1%		9.7%	
Middle	131	39.3%	18,139	32.3%		35.8%		36.6%	
Upper	202	60.7%	38,079	67.7%		57.9%		53.7%	
Unknown	0	0.0%	0	0.0%		0.2%		0.1%	
Total	**333**		**56,218**						

For small business lending, analysis was performed on a sample of 29 loans in 2012. 37 loans in 2013, and 39 in 2014. Number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results.

<u>Action Taken In Response to Written Complaints with Respect to CRA</u>:

Neither DFS nor BOA received any CRA related complaints during the evaluation period.

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 meets monthly to discuss BOA's lending and CRA activities. Current events are reviewed, as well as the assessment area's needs for grants or contributions and other fundraising efforts by the bank.

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

BOA did not open or close any branches during the evaluation period. BOA operates five offices which are all located in Erie County. Three are in middle-income census tracts (two in Akron, including the main office, and one is in Lancaster), and two are in upper-income tracts (both located in Clarence). Hours of operation are generally from 8:00 AM to 4:30 PM, with extended hours on Thursdays and Fridays. These offices are supported by automated teller machines ("ATM"s) with deposit-taking capabilities. BOA also has two off-site, non-deposit taking ATMs located inside each of two local retail establishments in the assessment area that are in moderate-income tracts. In addition, BOA customers can use any M&T Bank or Evans Bank ATM free of charge.

County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
*Erie				3	2	5	0%
Total	**-**	**-**	**-**	**3**	**2**	**5**	0%

*Partial County

Process Factors

- *<u>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</u>*.

BOA's senior bank officers and other employees are involved in local and regional organizations. The president and chief executive officer has served on the board of education in one local central school district and in a cooperative education services. He is also a director and past president of a bankers association in New York State. A senior vice president is chairman of corporate gifts of a local charities organization. Other officers are involved in local Rotary and Lions clubs.

Through these affiliations and involvements in many local organizations, BOA is able to ascertain the credit and banking needs of the assessment area.

- *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 advertises in local and regional newspapers and on the radio. BOA also has a website that lists all of its products and services.

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

None.

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 cleanup 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.