NEW YORK STATE BANKING DEPARTMENT

CONSUMER SERVICES DIVISION
One State Street
New York, NY 10004

PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Date of Evaluation: December 31, 2005

Institution: Genesee Regional Bank
3380 Monroe Avenue
Rochester, New York 14618

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 Banking Department 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 Genesee Regional Bank ("GRB") prepared by the New York State Banking Department. The evaluation represents the Banking Department's current assessment and rating of the institution's CRA performance based on an evaluation conducted as of December 31, 2005.

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 Banking 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 Banking 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 small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. 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

Genesee Regional Bank is rated "2," indicating a satisfactory record of helping to meet community credit needs. This rating is based on the following factors:

- ***Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities:*** GRB's LTD ratio is more than reasonable in light of GRB's size, financial condition and the credit needs of its assessment area. GRB's average LTD ratio for the eight quarters since the prior evaluation was 82.5%, which is higher than the peer group's average of 74.7%.

- ***Assessment Area Concentration:*** GRB extended a substantial majority of its loans in the assessment area. Of the combined total of small business and home improvement loans extended by GRB during the evaluation period, 85.5% were originated within the assessment area. Small business lending is GRB's primary loan product and 86.0% of GRB's lending in this category was in the assessment area.

  GRB's HMDA-reportable lending consists entirely of home improvement loans. During the evaluation period, 82.4% of GRB's lending in this category was in the assessment area.

- ***Geographic Distribution of Loans:*** The geographic distribution of GRB's loans reflects reasonable dispersion among census tracts of different income levels.

  In 2004, GRB extended 27.7% of its small business loans in LMI areas. In comparison, the aggregate's LMI-area penetration rate for small business lending in 2004 was 22.8%. In 2005, GRB's LMI-area penetration rate for its small business lending declined to 17.0%.

  GRB originated 10.6% of its home improvement loans in LMI areas in 2004 and 13.0% in 2005. While GRB's 2004 ratio is lower than the LMI penetration ratio of 20.5% for the aggregate in 2004, the improvement in GRB's ratio in 2005 is noted, as GRB's ratio is consistent with the demographics of the assessment area.

- ***Distribution by Borrowers Characteristics:*** The distribution of GRB's lending in the assessment area reflects reasonable penetration among businesses of different revenue sizes and consumers of different income levels.

  GRB extended 32.8% of its small business loans to businesses with gross annual revenues ("GAR") of $1 million or less. In 2004, the percentage of loans made by the aggregate to businesses in this category was 33.1%.

During the evaluation period, GRB extended almost 31% of its home improvement loans to LMI borrowers as compared to only 21.8% during the prior evaluation period. For comparison, the aggregate's LMI penetration ratio was 44.1% in 2004.

- Neither GRB nor the New York State Banking Department received any complaints with respect to GRB's CRA performance during the evaluation period.

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's Profile:

GRB was chartered in 1985 as Lyndon Guaranty Bank of New York. In 2000, the institution's name was changed to Genesee Regional Bank. GRB is a commercial bank based in Pittsford, a suburb of the City of Rochester in Monroe County, New York. Initially, established as a limited-service bank with non-demand deposit activity, GRB was a wholly owned subsidiary of ITT Financial Corporation ("ITTFC"). In 1996, private investors acquired GRB from ITTFC, and later that year, the New York State banking department granted GRB approval to operate as a full service institution.

Since the previous evaluation, GRB closed two of its four branches. The downtown Rochester branch was closed in August 2004 and the East Rochester branch was closed in February 2005. The remaining offices are the main office in Pittsford, which is in an upper-income census tract and the branch located in a middle-income census tract in Greece, a northern suburb of Rochester. Supplementing the banking offices are two automated teller machines. One is located at its Greece branch and one is at the site of the closed Reynolds Arcade branch in downtown Rochester, which is now being maintained as an offsite ATM facility.

As per the December 31, 2005 Consolidated Report of Condition (the Call Report) that GRB submitted to the Federal Deposit Insurance Corporation's ("FDIC"), GRB reported total assets of $64.8 million, of which $49.0 million were net loans and lease finance receivables. GRB also reported total deposits of $58.8 million, resulting in a LTD ratio of 83.4%. According to the latest available comparative deposit data dated June 30, 2005, GRB obtained a market share of 0.5%, or $46.6 million out of $9.4 billion inside its market, ranking it 12th among 14 deposit-taking institutions in its assessment area.

The following is a summary of GRB's loan portfolio, based on Schedule RC-C of GRB's December 31, 2003, December 31,2004, and December 31, 2005 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
	12/31/2003		12/31/2004		12/31/2005	
LOAN TYPE	$*	%	$*	%	$	%
1-4 Residential Mortgage Loans	1,834	5.7	1,986	5.7	2,243	4.5
Commercial & Industrial Loans	10,457	32.7	13,640	39.4	25,337	50.9
Commercial Mortgage Loans	10,531	33.0	13,326	38.5	17,754	35.7
Multifamily Mortgages	3,331	10.4	2,110	6.1	1,519	3.1
Consumer Loans	4,171	13.1	2,366	6.8	1,841	3.7
Construction Loans	635	2.0	773	2.2	242	0.5
Other Loans	1,000	3.1	0	0.0	0	0.0
Agricultural Loans	0	0.0	385	1.1	813	1.6
Total Gross Loans	31,959	100.0	34,586	100.0	49,749	100.0

* In thousands.

As illustrated in the above chart, GRB is primarily a commercial lender, with the majority of its loan portfolio in commercial and industrial loans and commercial mortgage loans. The portion of the loan portfolio comprised of commercial and industrial loans increased considerably to 50.9% from 32.7% at the prior evaluation. However, the portion representing commercial mortgage loans only increased slightly to 35.7% from 33.0%.

GRB operates in a highly competitive market with the presence of large regional and national banks in its assessment area. These banks include HSBC Bank, JPMorgan Chase, Citibank, Manufacturers & Traders Trust Co., Bank of America and Key Bank National Association.

GRB is a participating lender in the Small Business Administration ("SBA") guaranteed loan program. During the period from January 1, 2004 through September 30, 2005, GRB originated 11 SBA loans totaling $1.9 million.

GRB received a rating of "1," reflecting an outstanding record of helping to meet community credit needs at its prior Performance Evaluation conducted by the New York State Banking Department as of January 1, 2004.

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

<u>Assessment Area</u>:

GRB's assessment area is comprised of Monroe County in its entirety.

According to the 2000 U.S. Census, there are 186 census tracts in the area, of which 37 (19.9%) are low-income, 32 (17.2%) are moderate-income, 63 (33.9%) are middle-income, 51 (27.4%) are upper-income and three (1.6%) are zero-income tracts.

The total population of the assessment area was 735 thousand, of which 13.0% were over the age of 65 and 22.8% were under the age of 16.

There were 186 thousand families in the assessment area, of which 19.7% were low-income, 17.2% were moderate-income, 21.7% were middle-income and 41.4% were upper-income families. Based on data reported by the U.S. Department of Housing and Urban Development ('HUD"), the MSA median family income was $54 thousand as reported for the 2000 U.S. Census, and the weighted average of the HUD updated MSA median family income was $63 thousand for 2005.

There were 287 thousand households in the assessment area, of which about 11.0% had incomes below the poverty level and about 5.0% were on public assistance.

There were 304 thousand housing units in the assessment area, of which 83.0% were 1-to-4 family units and 17.0% were multifamily units. Of the total number of housing units, 61.0% were owner-occupied, 33.0% were rental-occupied and 6.0% were vacant. The median age of housing was 31 years and the median home value was $99 thousand.

According to the 2005 Business Geodemographic Data report, there were approximately 46 thousand businesses in the assessment area, of which 97.9% were non-farm businesses. Of the non-farm businesses, 64.2% had annual revenues of $1 million or less, 6.5% had annual revenues of more than $1 million and 29.3% did not report the amount of their revenues. There were 36 thousand (78.5%) businesses with less than 50 employees and 40 thousand (86.2%) businesses operating from a single location. The two largest industries were services with 42.9% of the businesses and retail trade with 15.6% of the businesses. Non-classifiable establishments accounted for 10.5% of the businesses in the assessment area.

According to the U.S. Department of Labor, Bureau of Labor Statistics, the average unemployment rate for Monroe County was 5.2% in 2004, compared with 5.8% for New York State.

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

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

GRB's performance was evaluated according to the small bank performance criteria, which include the following: (1) Loan-to-Deposit Ratio and Other Lending-Related Activities; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Distribution by Borrower Characteristics; and (5) Action Taken in Response to Written Complaints Regarding CRA.

The evaluation period covers calendar years 2004 and 2005. GRB's small business and home improvement loans were considered in evaluating factors (2), (3) and (4), as noted above. Since GRB is primarily a commercial lender, greater emphasis was placed on GRB's small business lending in determining the ratings assigned to each of the aforementioned factors.

Data employed in this evaluation were derived from various sources. In addition to bank specific loan information submitted by GRB, aggregate data for small business and HMDA-reportable home improvement lending activity during 2004 were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCI Services, Inc.'s CRA Wiz ®, an external vendor. Aggregate data for 2005 was not available when this evaluation was conducted.

A small bank is not required to submit data on its small businesses lending activity. Therefore, aggregate small business loan data discussed in this report is shown for reference only as it does not include GRB's activity.

- **<u>Loan-to-Deposit Ratio Analysis and Other Lending-Related Activities</u>: "Outstanding"**

GRB's LTD ratio is more than reasonable considering GRB's size, financial condition and the credit needs of the assessment area.

GRB's average LTD ratio for the eight quarters ended December 31, 2005 is 82.50%, which is well above the national peer group's average of 74.72%. It is also higher than the 78.2% average LTD ratio GRB had during the prior evaluation period. As shown in the table below, except for the quarter ended December 31, 2004, GRB's LTD ratios are consistently higher than the peer group's ratios. These ratios were calculated from information shown in GRB's Uniform Bank Performance Report ("UBPR") prepared by the FDIC.

Loan-to-Deposit Ratios									
	3/31/04	6/30/04	9/30/04	12/31/04	3/31/05	6/30/05	9/30/05	12/31/05	Average
Bank	77.07	83.43	77.63	72.20	87.71	89.64	88.88	83.45	82.50
Peer	68.32	70.17	71.58	76.46	79.79	72.78	79.58	79.08	74.72

During the current evaluation period, the national peer group to which GRB belongs changed because of the growth in GRB's assets and the reduction in the number of branches GRB maintains. The peer group to which GRB currently belongs includes all insured commercial banks having assets between $50 million and $100 million and operating in a metropolitan area with two or fewer full service branches.

- **<u>Assessment Area Concentration</u>: "Outstanding"**

GRB originated a substantial majority of its loans within the assessment area. Of the combined total of small business and home improvement loans extended by GRB during the evaluation period, 85.5% were originated within the assessment area as compared to 90.2% for the prior evaluation period. The decline in the ratio is primarily attributable to a significant reduction in the concentration of GRB's home improvement loans within the assessment area. Home improvement loans account for a very small portion of GRB's loan portfolio and, based on originations, is not considered a major product of GRB for this evaluation. The assessment area concentration of GRB's small business lending activity, which is receiving greater emphasis in this report, is 86.0% compared to 88.9% at the prior evaluation.

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
	#	%	#	%		$	%	$	%	
Small Business										
2004	112	85.5	19	14.5	131	14,408	81.1	3,347	18.9	17,755
2005	147	86.5	23	13.5	170	22,089	84.5	4,039	15.5	26,128
Subtotal	**259**	**86.0**	**42**	**14.0**	**301**	**36,497**	**83.2**	**7,386**	**16.8**	**43,883**
Home Improvement										
2004	19	82.6	4	17.4	23	72	81.8	16	18.2	88
2005	23	82.1	5	17.9	28	592	70.7	245	29.3	837
Subtotal	**42**	**82.4**	**9**	**17.6**	**51**	**664**	**71.8**	**261**	**28.2**	**925**
Total	**301**	**85.5**	**51**	**14.5**	**352**	**37,161**	**82.9**	**7,647**	**17.1**	**44,808**

<u>Small Business Loans</u>

In 2004, GRB originated 131 small business loans, of which 85.5% were within the assessment area. In 2005, the number of small business loans originated by GRB increased by almost 30% to 170 loans and during the same year, the concentration of GRB's small business loan activity within the assessment area increased slightly to 86.5%.

As shown in the table above, of the 301 small business loans originated during the current evaluation period, 86.0% were within the assessment area, which is slightly lower than the assessment area concentration ratio of 88.9% shown for the prior evaluation.

Home Improvement Loans

In 2004, GRB originated 23 home improvement loans, of which 82.6% were within the assessment area. In 2005, GRB originated 82.1% of its 28 home improvement loans within the assessment area. Overall, the concentration of GRB's home improvement lending within the assessment area declined to 82.4% compared to 91.7% during the prior evaluation period.

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

The geographic distribution of GRB's loans reflects reasonable dispersion throughout the assessment area.

Small Business Loans

The geographic distribution of GRB's small business loans reflects reasonable dispersion throughout the assessment area. In 2004, GRB originated 112 small business loans in its assessment area, of which 27.7% was extended in LMI geographies. The aggregate extended 22.8% of its small business loans in LMI geographies during 2004.

In 2005, the number of small business loans GRB originated in the assessment area increased 31.3% to 147 loans. However, the number of such loans GRB extended in LMI geographies declined to 25 loans resulting in the LMI-area penetration ratio decreasing to 17.0%. Notwithstanding GRB's lower LMI-area penetration ratio in 2005, it is noted that 22 of the 25 small business loans GRB extended in LMI geographies were made in low-income geographies. GRB's low-income area penetration ratio of 15.0% compares favorably to the 13.2% concentration of businesses in the low-income geographies in the assessment area.

The following chart provides a summary of the geographic distribution of GRB's small business lending during the evaluation period:

Distribution of Small Business Loans by Geography Income Level*								
	2004							
Geography Income Level	Bank				Aggregate			
	#	%	$**	%	#	%	$**	%
Low	27	24.1	2,790	19.4	1,750	9.9	100,243	13.4
Moderate	4	3.6	1,050	7.3	2,274	12.9	113,102	15.1
Middle	28	25.0	4,421	30.7	6,802	38.5	290,876	38.9
Upper	53	47.3	6,147	42.7	6,819	38.6	242,016	32.4
NA	0	0.0	0	0.0	9	0.1	806	0.1
Total	112	100.0	14,408	100.0	17,654	100.0	747,043	100.0
	2005							
Geography Income Level	Bank							
	#	%	$**	%				
Low	22	15.0	3,615	16.4				
Moderate	3	2.0	429	1.9				
Middle	46	31.3	6,059	27.4				
Upper	76	51.7	11,986	54.3				
Total	147	100.0	22,089	100.0				

* Geography income level is based upon 2000 Census data on median family income figure for the MSA where the business is located. Low-income is defined as <50% of the MSA median, moderate-income is 50% to <80% of the MSA median income, middle-income is 80% to <120% and upper-income is at least 120%.
** In thousands.

Home Improvement Loans

The geographic distribution of GRB's home improvement loans reflects reasonable dispersion throughout the assessment area.

In 2004, GRB originated 19 home improvement loans, of which 10.6% (two loans) were extended in LMI geographies. While it is noted that this ratio is well below the aggregate's LMI-area penetration ratio of 20.5%, there is some improvement noted in GRB's LMI-area lending performance in 2005, during which GRB originated three of its 23 home improvement loans in LMI areas, resulting in a penetration ratio of 13.0%. This ratio reflects the demographics of the assessment area where, in 2005, 15.6% of owner-occupied housing units were located in LMI geographies.

The following chart provides a summary of the geographic distribution of GRB's home improvement lending during the evaluation period:

Distribution of Home Improvement Loans by Geography Income Level*								
	2004							
Geography Income Level	Bank				Aggregate			
	#	%	$**	%	#	%	$**	%
Low	1	5.3	4	5.6	115	6.0	2,142	4.2
Moderate	1	5.3	4	5.6	279	14.5	4,790	9.3
Middle	11	57.9	37	51.4	912	47.4	21,006	40.7
Upper	6	31.6	27	37.5	617	32.1	23,496	45.5
N/A	0	0.0	0	0.0	2	0.1	168	0.3
Total	19	100.0	72	100.0	1,925	100.0	51,602	100.0
	2005							
Geography Income Level	Bank							
	#	%	$**	%				
Low	0	0.0	0	0.0				
Moderate	3	13.0	276	46.6				
Middle	9	39.1	26	4.4				
Upper	11	47.8	290	49.0				
Total	23	100.0	592	100.0				

* Geography income level is based upon 2000 Census data on median family income figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA median, moderate-income is 50% to <80% of the MSA median income, middle-income is 80% to <120% and upper-income is at least 120%.

** In thousands.

- **<u>Distribution by Borrower Characteristics</u>: "Satisfactory"**

The borrower characteristics of GRB's lending reflects reasonable penetration among consumers of different income levels and businesses of different sizes.

<u>Small Business Loans</u>

In 2004, GRB extended 27.7% of its small business loans to businesses with gross annual revenues ("GAR") of $1 million or less. In 2005, the percentage of GRB's small business loans extended to businesses with GAR of $1 million or less increased to 36.7%. In 2004, 33.1% of the small business loans extended by the aggregate were made to businesses with GAR of $1 million or less.

The following chart provides a summary of the borrowers' characteristics of GRB's small business lending during the evaluation period.

Distribution of Small Business Loans by Business Revenue Size*								
	2004							
Revenue Size	Bank				Aggregate			
	#	%	$*	%	#	%	$*	%
$1million or less	31	27.7	3,810	26.4	5,844	33.1	237,489	31.8
Over $1 million	81	72.3	10,598	73.6	n/a	n/a	n/a	n/a
No Revenue Info	0	0.0	0	0.0	n/a	n/a	n/a	n/a
Total	112	100.0	14,408	100.0	17,654	100.0	747,043	100.0
	2005							
Revenue Size	Bank							
	#	%	$*	%				
$1million or less	54	36.7	7,182	32.5				
Over $1 million	93	63.3	14,907	67.5				
No Revenue Info	0	0.0	0	0.0				
Total	147	100.0	22,089	100.0				

* In thousands.

Home Improvement Loans

The borrower characteristics of GRB's home improvement loans reflect reasonable penetration among consumers of different income levels.

As shown in the table below, in 2004, GRB originated 36.9% of its 19 home improvement loans to LMI consumers, compared to 44.1% for the aggregate. In 2005, 26.1% of GRB's 23 home improvement loans were extended to LMI consumers; 8.7% (two loans) were made to low-income consumers and 17.4% (four loans) were made to moderate-income consumers. For comparison, in 2005, 19.7% of all families in the assessment area were low-income families and 17.1% were moderate-income families.

The following chart provides a summary of the borrowers' characteristics of GRB's home improvement lending during the evaluation period:

Distribution of Home Improvement Loans by Borrower Income Level*								
	2004							
Borrower Income Level	Bank				Aggregate			
	#	%	$**	%	#	%	$**	%
Low	3	15.8	6	8.3	300	15.6	4,205	8.1
Moderate	4	21.1	15	20.8	549	28.5	10,724	20.8
Middle	5	26.3	17	23.6	515	26.8	13,767	26.7
Upper	7	36.8	34	47.2	530	27.5	22,138	42.9
N/A	0	0.0	0	0.0	31	1.6	768	1.5
Total	19	100.0	72	100.0	1,925	100.0	51,602	100.0
	2005							
Borrower Income Level	Bank							
	#	%	$**	%				
Low	2	8.7	6	1.0				
Moderate	4	17.4	10	1.7				
Middle	3	13.0	9	1.5				
Upper	12	52.2	512	86.5				
N/A	2	8.7	55	9.3				
Total	23	100.0	592	100.0				

* Borrower income level is based upon the Department of Housing and Urban Development's annual estimate of median family income ("MFI") figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA MFI, moderate-income is 50% to <80%, middle-income is 80% to <120% and upper-income is at least 120%.
** In thousands.

- **Action Taken In Response to Written Complaints With Respect to CRA**

Since the prior CRA evaluation as of January 1, 2004, neither GRB nor the New York State Banking Department has received any written complaints regarding GRB's CRA performance.

- **Services**

Community Development Services

GRB provides loan servicing assistance to Catholic Family Center ("CFC"), a not-for-profit agency that serves LMI individuals. GRB provides this service at virtually no cost to CFC. The volume of loans extended by CFC and serviced by GRB totaled $118 thousand in 2004 and $86 thousand for the first nine months of 2005. In addition, bank personnel are actively involved in various organizations in the community, including but not limited to the following:

o Progressive Neighborhood Federal Credit Union – A director of the bank serves as the board secretary in the Executive Committee of this organization and a senior officer of the bank is a member of its Asset and Liability Management Committee ("ALCO").

- o Service Core of Retired Executives (“SCORE”) – Counseling Clients
- o Community Micro-enterprise Center – Secretary and member of the board and executive team

- **Discrimination and Other Illegal Practices**

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

Examiners 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

The most recent regulatory compliance and fair lending examinations conducted indicate satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

- **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

Directors and officers of the bank are members of various community organizations, including but not limited to Progressive Neighborhood Federal Credit Union and Community Micro-enterprise Center. Through their involvement in these organizations, the bank’s directors and officers are able to assess credit needs of the community.

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

GRB does not have a formal marketing program in place to make members of its community aware of the credit products it offers.

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

A review of the minutes of the board meetings held during the evaluation period indicates that the board of directors occasionally reviews CRA matters during these meetings which are held at least ten times each year.

- **Other Factors**

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

None noted.

GLOSSARY

Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

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 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.

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.

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 ("BNAs"), where according to the 1990 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

Those individuals, 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 to LMI geographies or borrowers.

Small Business Loans

Loans to businesses with original amounts of $1 million or less.