



**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, 2007

**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 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 Bank of Akron ("BOA") 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, 2007.

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.

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## OVERVIEW OF INSTITUTION'S PERFORMANCE

BOA 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:*** BOA's average LTD ratio of 71.2% is considered reasonable in light of BOA's size, financial condition and the credit needs of the assessment area.
- ***Assessment Area Concentration:*** BOA extended a substantial majority of its HMDA-reportable, small business and consumer loans within the assessment area.
- ***Geographic Distribution of Loans:*** The geographic distribution of BOA's HMDA-reportable, small business and consumer loans reflects a reasonable dispersion among census tracts of different income levels.
- ***Distribution by Borrowers Characteristics:*** The borrower characteristics of BOA's HMDA-reportable, small business and consumer lending within the assessment area reflect excellent penetration among individuals of different income levels and businesses of different revenue sizes.

Neither BOA nor the New York State Banking Department received any complaints with respect to BOA'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.

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## **PERFORMANCE CONTEXT**

### **Institution's Profile:**

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

All of BOA's five full-service banking offices are located in Erie County. Two offices, including its main office, and an office with a drive-up service are located in the Village of Akron. There is one office each in the city of Clarence and Clarence Center. In 2007, BOA opened an office in the city of Lancaster. Supplementing the banking offices is an automated teller machine ("ATM") network consisting of four machines; one at each office, except the main office.

BOA has not closed any offices during the evaluation period.

The Federal Deposit Insurance Corporation's ("FDIC") latest available comparative deposit data, dated June 30, 2007, shows BOA obtained a market share of 0.41% or \$132.3 million out of \$32.4 billion inside its market, ranking it 12th among 19 deposit-taking institutions in Erie County.

BOA competes against larger institutions with more resources and more branches inside the assessment area. Of the 273 branches in Erie County, the three largest banks had a combined total of 136 branches, more than \$27.2 billion in deposits and a market share of 84.1%.

In 2006, BOA ranked 17th out of 197 HMDA-reporting lenders within its assessment area. This ranking reflects a market share of 1.83% based on number of originated loans secured by 1-4 family residences.

According to BOA's December 31, 2007 Consolidated Report of Condition (the Call Report) filed with the FDIC, BOA reported total assets of \$163.3 million, of which \$100.5 million were net loans and lease finance receivables. It also reported total deposits of \$135.8 million, resulting in a LTD ratio of 74.0%.

The following is a summary of BOA's loan portfolio, based on Schedule RC-C of the year-end Call Reports for 2005, 2006 and 2007.

<b>GROSS LOANS OUTSTANDING</b>						
LOAN TYPE	2005		2006		2007	
	\$000	%	\$000	%	\$000	%
1-4 Family Residential Mortgage Loans	46,549	49.4	48,043	47.2	48,798	47.4
Commercial & Industrial Loans	9,279	9.8	8,965	8.8	10,390	10.1
Commercial Mortgage Loans	26,176	27.8	26,282	25.8	29,214	28.4
Multifamily Mortgages	2,408	2.6	2,746	2.7	3,746	3.6
Consumer Loans	5,542	5.9	5,315	5.2	5,755	5.6
Construction Loans	3,805	4.0	10,150	10.0	4,770	4.6
Farm land	364	0.4	347	0.3	267	0.3
Other Loans	81	0.1	17	0.0	0	0.0
<b>Total Gross Loans</b>	<b>94,204</b>	<b>100.0</b>	<b>101,865</b>	<b>100.0</b>	<b>102,940</b>	<b>100.0</b>

As illustrated in the above chart, BOA is primarily a residential mortgage lender with 47.4% of its loan portfolio in 1-4 family residential mortgage loans and 3.6% in multifamily mortgages. BOA's secondary product is commercial mortgages with 28.4%. Commercial and industrial loans accounted for 10.1% of its loan portfolio and consumer loans accounted for 5.6%.

BOA participates in three government-guaranteed or government-sponsored loan programs and originated loans under these programs during the evaluation period as follows:

- USDA Rural Development's Single Family Housing Program - originated four loans totaling \$397,500.
- Empire State Community Development Corporation – New York State Linked Deposit Program – originated three loans totaling \$358,027
- U.S. Small Business Administration ("SBA") Loans - originated one loan for \$100,000.

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, 2003.

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

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## **Assessment Area:**

Since the prior evaluation, BOA expanded its assessment area to include a larger portion of Erie County. The assessment area is still comprised of portions of Erie, Genesee and Niagara counties, but now it consists of 20 census tracts. The assessment area includes the Tonawanda Indian Reservation, which spans across Erie, Genesee and Niagara counties. The chart below shows the distribution of the census tracts within the assessment area.

<b>Distribution of Assessment Area Census Tracts by Income Level</b>							
County	Zero	Low	Moderate	Middle	Upper	Total	LMI %
Erie	1	0	1	7	7	16	6.3
Genesee	0	0	0	2	0	2	0.0
Niagara	0	0	0	1	1	2	0.0
Total	1	0	1	10	8	20	5.0

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.

### *Details of Assessment Area*

#### **Demographic and Economic Data**

The following charts show demographic and economic data for each partial county in BOA's assessment area. The information shown in Charts #1 and #2 is based on 2000 U.S. Census data. The information shown in Chart #3 is based on 2007 business geodemographic data obtained from PCI Corporation.

*Chart #1: Shows population and income.*  
*Chart #2: Shows housing demographics.*  
*Chart #3: Shows business demographics*

#### **Unemployment Rates**

According to the New York State Department of Labor, in 2007, the average unemployment rate for Erie County was 4.6%, for Genesee County it was 4.5% and for Niagara County it was 5.3%. The New York State average unemployment rate was 4.5% in 2007.

**CHART # 1**

<b>ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY</b>																					
<b>COUNTY</b>	Total Population	Age 65 and over		Age 16 and less		Median Family Income(MFI)	HUD MSA MFI	# of Households	# of HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
<b>Erie **</b>	84,016	12,501	14.9	18,934	22.5	\$64,156	\$59,300	30,869	1,294	4.2	22,619	2,016	8.9	3,347	14.8	5,179	22.9	12,077	53.4	318	5.9
<b>Genesee **</b>	6,944	859	12.4	1,753	25.2	\$45,852	\$50,900	2,517	140	5.6	1,837	203	11.1	376	20.5	489	26.6	769	41.9	0	0.0
<b>Niagara **</b>	10,364	1,235	11.9	2,335	22.5	\$57,439	\$59,300	3,728	131	3.5	2,939	278	9.5	515	17.5	759	25.8	1,387	47.2	0	0.0
<b>AA</b>	101,324	14,595	14.4	23,022	22.7	\$62,208	\$58,460	37,114	1,565	4.2	27,395	2,497	9.1	4,238	15.5	6,427	23.4	14,233	52.0	318	4.7

\* Assessment Area; \*\* Partial County

**CHART # 2**

<b>ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY</b>																			
<b>COUNTY</b>	Total	1-4 family		Mul ifamily		Owner-Occupied		O-O Units in		O-O Units in		O-O Units in		O-O Units in		Rental		Vacant/	
	Housing Units	Units		Units		Units (O-O)		Low-income Tracts		Mod-income Tracts		Mid-income Tracts		Upp-income Tracts		Units		Boarded-up Units	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
<b>Erie **</b>	32,145	30,091	93.6	2,054	6.4	24,979	77.7	0	0.0	534	2.1	8,720	34.9	15,727	63.0	6,458	20.1	1,289	4.0
<b>Genesee **</b>	2,668	2,608	97.8	60	2.2	2,012	75.4	0	0.0	0	0.0	2,012	100.0	0	0.0	539	20.2	159	6.0
<b>Niagara **</b>	3,903	3,831	98.2	72	1.8	3,341	85.6	0	0.0	0	0.0	1,835	54.9	1,506	45.1	406	10.4	180	4.6
<b>TOTAL A/A*</b>	38,716	36,530	94.4	2,186	5.6	30,332	78.3	0	0.0	534	1.8	12,566	41.4	17,232	56.8	7,403	19.1	1,628	4.2

\* Assessment Area; \*\* Partial County

**CHART # 3**

<b>BUSINESS DEMOGRAPHICS BY COUNTY - 2007</b>											
<b>COUNTY AND ASSESSMENT AREA(A/A)</b>	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Businesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
Erie *	6,192	4,107	66.3	366	5.9	1,719	27.8	4,772	77.1	5,523	89.2
Genesee *	440	285	64.8	9	2.0	146	33.2	317	72.0	402	91.4
Niagara *	543	333	61.3	17	3.1	193	35.5	362	66.7	513	94.5
<b>Total A/A</b>	<b>7,175</b>	<b>4,725</b>	<b>65.9</b>	<b>392</b>	<b>5.5</b>	<b>2,058</b>	<b>28.7</b>	<b>5,451</b>	<b>76.0</b>	<b>6,438</b>	<b>89.7</b>

\*Partial County

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*BOA'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 through 2007. Examiners considered HMDA-reportable, small business, and consumer loan data provided by BOA in evaluating factors (2), (3) and (4), as noted above. Of the three products, HMDA-reportable loans received the greatest emphasis, since this type of loan accounted for 45% of the number and 67% of the dollar volume of the three products combined.

Aggregate data for HMDA-reportable loans was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCI Corporation, Inc., an external vendor. Since BOA is not required to report small business lending data, its small business loan activity is not part of aggregate data. Therefore, there will be no comparisons to aggregate small business loan data in this evaluation report. Aggregate data is normally not available for consumer lending activity.

The demographic data referred to in this report is from 2000 U.S. Census data, with updated median family income figures provided by the U.S. Department of Housing and Urban Development ("HUD").

- **Loan-to-Deposit Ratio Analysis: "Satisfactory"**

BOA's average LTD ratio is reasonable considering its size, business strategy and the credit needs of its assessment area. BOA's average LTD ratio for the 16 consecutive quarters since the prior evaluation date averaged 71.2%. The LTD ratio ranged from a low of 64.4% in March 2004 to a high of 77.5% in December 2006 and was 74.0% in December 2007. BOA is in peer group four, which includes all FDIC-insured commercial banks with assets between \$100 million and \$300 million, operating in a metropolitan area, and having three or more full service offices. The national peer group's average LTD ratio is 82.1%, which is significantly higher than BOA's average LTD ratio. A similarly situated financial institution, based on asset size, business focus and loan portfolio, had an average LTD ratio of 71.6%. The similarly situated institution, headquartered in Erie County, has an assessment area that overlaps BOA's assessment area.

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

BOA originated a substantial majority of its HMDA-reportable, small business and consumer loans inside its assessment area. The rating for BOA's assessment area concentration is upgraded to outstanding from satisfactory, because of a significant increase in the concentration of its loans within the assessment area. As illustrated in the

chart below, BOA extended 84.0% of its HMDA-reportable, small business and consumer loans to borrowers inside 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										
2006	106	80.3	26	19.7	132	8,757	76.4	2,711	23.6	11,468
2007	95	96.4	18	3.6	113	7,938	70.1	3,379	29.9	11,317
<b>Subtotal</b>	<b>201</b>	<b>82.0</b>	<b>44</b>	<b>18.0</b>	<b>245</b>	<b>16,695</b>	<b>73.3</b>	<b>6,090</b>	<b>26.7</b>	<b>22,785</b>
Small Business										
2006	20	66.7	10	33.3	30	1,134	28.3	2,876	71.7	4,010
2007	45	81.8	10	18.2	55	3,500	85.7	585	14.3	4,085
<b>Subtotal</b>	<b>65</b>	<b>76.5</b>	<b>20</b>	<b>23.5</b>	<b>85</b>	<b>4,634</b>	<b>57.2</b>	<b>3,461</b>	<b>42.8</b>	<b>8,095</b>
Consumer										
2006	76	86.4	12	13.6	88	1,226	93.7	82	6.3	1,308
2007	110	91.7	10	8.3	120	1,388	78.2	386	21.8	1,774
<b>Subtotal</b>	<b>186</b>	<b>89.4</b>	<b>22</b>	<b>10.6</b>	<b>208</b>	<b>2,614</b>	<b>84.8</b>	<b>468</b>	<b>15.2</b>	<b>3,082</b>
<b>Total</b>	<b>452</b>	<b>84.0</b>	<b>86</b>	<b>16.0</b>	<b>538</b>	<b>23,943</b>	<b>70.5</b>	<b>10,019</b>	<b>29.5</b>	<b>33,962</b>

The assessment area concentration of BOA's HMDA-reportable loans increased to 82.0% from 71.2% since the prior evaluation. BOA did not submit small business and consumer loans for consideration in the prior evaluation. However, during the current evaluation period, BOA originated 76.5% of its small business and 89.4% of its consumer loans in its assessment area.

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

The geographic distribution of BOA's HMDA-reportable, small business and consumer loans reflects reasonable dispersion throughout the assessment area.

#### *HMDA-Reportable Loans*

The following chart provides a summary of the distribution of BOA's HMDA-reportable lending activity during the evaluation period:

Distribution of HMDA-Reportable Loans by Geography Income Level*									
Geography Income Level	% Owner-Occupied Housing	2006							
		Bank				Aggregate			
		#	%	\$000	%	#	%	\$000	%
Low	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1.8	0	0.0	0	0.0	54	1.7	3,722	1.0
Middle	41.4	68	64.2	4,688	53.5	1,127	36.4	104,917	28.6
Upper	56.8	38	35.8	4,069	46.5	1,918	61.9	258,316	70.4
N/A	0.0	0	0.0	0	0.0	1	0.0	17	0.0
<b>Total</b>	<b>100.0</b>	<b>106</b>	<b>100.0</b>	<b>8,757</b>	<b>100.0</b>	<b>3,100</b>	<b>100.0</b>	<b>366,972</b>	<b>100.0</b>
Geography Income Level	% Owner-Occupied Housing	2007						Aggregate Data is not Available	
		Bank							
		#	%	\$000	%				
Low	0.0	0	0.0	0	0.0				
Moderate	1.8	1	1.0	139	1.8				
Middle	41.4	66	69.5	4,160	52.4				
Upper	56.8	28	29.5	3,639	45.8				
N/A	0.0	0	0.0	0	0.0				
<b>Total</b>	<b>100.0</b>	<b>95</b>	<b>100.0</b>	<b>7,938</b>	<b>100.0</b>				

\*Geography income level is based upon 2000 Census data on median family income figures 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 2006, of the 106 HMDA-reportable loans BOA originated in the assessment area, 68 or 64.2% were extended in middle-income census tracts. This percentage was higher than the market aggregate's ratio of 36.4%. In 2007, BOA extended 66 or 69.5% of the 95 HMDA-reportable loans it originated in the assessment area within middle-income census tracts. In both years of the evaluation period, BOA's performance compared favorably to the owner-occupied housing demographic rate of 41.4% in middle-income census tracts. BOA's performance in the only moderate-income census tract in the assessment area is adequate considering limited lending opportunities and the number of entities competing in the area.

### Small Business Loans

Of the 65 small business loans BOA originated during the evaluation period, 50.8% were extended in middle-income geographies. In 2006, 60.0% of BOA's small business loans were extended in middle-income geographies. In 2007, BOA extended 46.7% of its small business loans in middle-income geographies. In both years, BOA's performance compares favorably to the percentage of business in the assessment area operating in middle-income areas.

The following chart depicts the geographic distribution of BOA's small business loans compared to the distribution of businesses in the assessment area:

Distribution of Small Business Loans by Geography Income Level*					
Geography Income Level	% of Businesses	2006			
		Bank			
		#	%	\$000	%
Low	0.0	0	0.0	0	0.0
Moderate	3.3	0	0.0	0	0.0
Middle	37.7	12	60.0	508	44.8
Upper	58.8	8	40.0	626	55.2
N/A	0.2	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>1,134</b>	<b>100.0</b>
Geography Income Level	% of Businesses	2007			
		Bank			
		#	%	\$000	%
Low	0.0	0	0.0	0	0.0
Moderate	3.3	0	0.0	0	0.0
Middle	36.6	21	46.7	2,469	70.5
Upper	59.9	23	51.1	781	22.3
N/A	0.2	1	2.2	250	7.1
<b>Total</b>	<b>100.0</b>	<b>45</b>	<b>100.0</b>	<b>3,500</b>	<b>100.0</b>

\*Geography income level is based upon 2000 Census data on median family income figures 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%.

### Consumer Loans

Of the 186 consumer loans BOA originated during the evaluation period, 79.6% were extended in middle-income geographies. In 2006, of the 76 consumer loans BOA dispersed in the assessment area, 82.9% were extended in middle-income geographies. In 2007, of the 110 consumer loans BOA dispersed in the assessment area, 77.3% were extended in middle-income geographies. This level of performance is reasonable when compared with the demographic rate of 43.9% of households residing in middle-income census tracts.

The following chart depicts the geographic distribution of BOA's consumer loans compared to the distribution of households in the assessment area:

Distribution of Consumer Loans by Geography Income Level*					
Geography Income Level	% of Households	2006			
		#	%	\$000	%
Low	0.0	0	0.0	0	0.0
Moderate	3.1	0	0.0	0	0.0
Middle	43.9	63	82.9	737	60.1
Upper	53.0	13	17.1	489	39.9
N/A	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>76</b>	<b>100.0</b>	<b>1,226</b>	<b>100.0</b>
Geography Income Level	% of Households	2007			
		#	%	\$000	%
Low	0.0	0	0.0	0	0.0
Moderate	3.1	0	0.0	0	0.0
Middle	43.9	85	77.3	704	50.7
Upper	53.0	25	22.7	684	49.3
N/A	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>110</b>	<b>100.0</b>	<b>1,388</b>	<b>100.0</b>

\*Geography income level is based upon 2000 Census data on median family income figures for the MSA where the consumer resides. 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%.

### **Distribution by Borrower Characteristics: “Outstanding”**

The borrower characteristics of BOA’s HMDA-reportable, small business and consumer lending reflects excellent distribution among individuals of different income levels and businesses of different sizes. During the evaluation period, BOA’s penetration rate of lending to LMI borrowers increased significantly; therefore, the rating for this component is upgraded to outstanding from satisfactory.

#### *HMDA-Reportable Loans*

BOA’s penetration rate of HMDA-reportable loans to LMI borrowers increased to 26.4% from 22.8% since prior evaluation. In 2006, of the 106 HMDA-reportable loans BOA originated in the assessment area, 18.9% were extended to LMI borrowers. This penetration level compares favorably to the market aggregate’s 21.4% LMI borrower penetration level. BOA originated 95 HMDA-reportable loans in its assessment area in 2007, of which 34.8% were extended to LMI borrowers. This level of performance is excellent as it substantially exceeds the 24.6% level of LMI families living in the assessment area.

The following table shows the distribution of BOA’s HMDA-reportable loans compared with the market aggregate and the income level of families in the assessment area:

Distribution of HMDA-Reportable Loans by Borrowers Income Level*									
Borrower Income Level	% of Families	2006							
		Bank				Aggregate			
		#	%	\$000	%	#	%	\$000	%
Low	9.1	9	8.5	242	2.8	160	5.2	9,348	2.5
Moderate	15.5	11	10.4	661	7.5	501	16.2	37,457	10.2
Middle	23.4	32	30.2	2,031	23.2	736	23.7	66,298	18.1
Upper	52.0	51	48.1	5,199	59.4	1,581	51.0	228,283	62.2
N/A	0.0	3	2.8	624	7.1	122	3.9	25,586	7.0
<b>Total</b>	<b>100.0</b>	<b>106</b>	<b>100.0</b>	<b>8,757</b>	<b>100.0</b>	<b>3,100</b>	<b>100.0</b>	<b>366,972</b>	<b>100.0</b>
Borrower Income Level	% of Families	2007							
		Bank				Aggregate data is not available			
		#	%	\$000	%				
Low	9.1	13	13.7	356	4.5				
Moderate	15.5	20	21.1	1,093	13.8				
Middle	23.4	26	27.4	1,641	20.7				
Upper	52.0	33	34.7	4,699	59.2				
N/A	0.0	3	3.2	149	1.9				
<b>Total</b>	<b>100.0</b>	<b>95</b>	<b>100.0</b>	<b>7,938</b>	<b>100.0</b>				

\*Borrower income level is based upon HUD's annual estimate of median family income ("MFI") figures 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%.

### Small Business Loans

The characteristics of BOA's small business loan activity reflect excellent distribution among businesses of different revenue levels.

Distribution of Small Business Loans by Business Revenue Size					
Revenue Size	% of Businesses	2006			
		Bank			
		#	%	\$000	%
\$1million or less	65.1	19	95.0	1,076	94.9
Over \$1 million	6.0	1	5.0	58	5.1
No Revenue Info	28.8	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>1,134</b>	<b>100.0</b>
Revenue Size	% of Businesses	2007			
		Bank			
		#	%	\$000	%
\$1million or less	65.9	45	100.0	3,500	100.0
Over \$1 million	5.5	0	0.0	0	0.0
No Revenue Info	28.7	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>45</b>	<b>100.0</b>	<b>3,500</b>	<b>100.0</b>

In 2006, BOA extended 95.0% of its small business loans to businesses with revenues of \$1 million or less, and in 2007, extended all of its small business loans to businesses in this revenue category. This is excellent performance given that only about two-thirds of the businesses in the assessment area reported revenues of \$1 million or less.

*Consumer Loans*

The distribution of BOA’s consumer loans reflects excellent penetration among borrowers of different income levels, including LMI levels.

Distribution of Consumer Loans by Borrowers Income Level					
Borrower Income Level	% of Households	2006			
		#	%	\$000	%
Low	14.2	24	31.6	161	13.1
Moderate	13.3	19	25.0	199	16.2
Middle	17.2	20	26.3	644	52.5
Upper	55.4	13	17.1	222	18.1
N/A	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>76</b>	<b>100.0</b>	<b>1,226</b>	<b>100.0</b>
Borrower Income Level	% of Households	2007			
		#	%	\$000	%
Low	14.2	37	33.6	234	16.9
Moderate	13.3	35	31.8	439	31.6
Middle	17.2	24	21.8	372	26.8
Upper	55.4	13	11.8	340	24.5
N/A	0.0	1	0.9	3	0.2
<b>Total</b>	<b>100.0</b>	<b>110</b>	<b>100.0</b>	<b>1,388</b>	<b>100.0</b>

\*Borrower income level is based upon HUD’s annual estimate of median family income (“MFI”) figures for the MSA where the consumer resides. 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 2006, BOA extended 31.6% of its consumer loans to low-income borrowers and 25.0% to moderate-income borrowers. In 2007, these ratios were 33.6% and 31.8%, respectively. This is excellent performance given that only 14.2% of the households in the assessment area are low-income and 13.3% are moderate-income.

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

Since the prior CRA evaluation as of December 31, 2003, neither BOA nor the New York State Banking Department has received any written complaints regarding BOA’s CRA performance.

- **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 intended to discourage applications for the types of credit offered by BOA.

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## **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. There was no evidence of prohibited discriminatory or other illegal credit practices 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.**

BOA ascertains the credit needs of its community through the commitment and 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. In addition, BOA members are actively involved in leadership positions in organizations such as the Chamber of Commerce, the Salvation Army, Meals-On-Wheels and Erie County's Board of Cooperative Educational Services ("BOCES").

**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 its credit services in local newspapers, through direct mail and on billboards.

**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**

BOA's board of directors reviews the institution's CRA activities during monthly board meetings.

- **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.

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## 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:

Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;

Community services targeted to LMI individuals;

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:

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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;

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

### **LMI Borrowers**

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

### **LMI Individuals/Persons**

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**

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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.**