



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street Plaza
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2007

Institution: **The Bank of Castile**
90 Main Street
Batavia, NY 14020

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 The Bank of Castile (“BOC”) 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 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 are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating

BOC is rated "1," indicating an outstanding record of helping to meet community credit needs.

Lending Test - "Outstanding"

- BOC's level of lending during the evaluation period reflects an excellent responsiveness to its community credit needs. According to the 2006 Market Share Report, BOC ranked 8th among 238 HMDA-reporting lenders within its assessment area.
- During the evaluation period, BOC originated a high percentage of its loans within its assessment area. Of the total loans originated by BOC during the evaluation period, 79.9% were made within its assessment area.
- BOC's distribution of HMDA-reportable and small business and small farm loans reflects good penetration across different geography income levels within its assessment area. BOC's LMI performance both in HMDA-reportable and small business lending is at par with the aggregate.
- BOC's distribution of loans reflects an excellent penetration among customers of different Income levels and businesses of different revenues. BOC originated 84.1% of its small business loans to businesses with gross annual revenues of \$1 million or less, which is significantly above the aggregate of 42.7%.
- BOC continues to be a leader in community development lending. As of the evaluation date, BOC's community development loans totaled \$32.5million, with \$32.2 million in new money.
- During the evaluation period, BOC made use of innovative and/or flexible lending practices in serving assessment area needs. Most of these programs revolved around helping the LMI income population achieve their first home by relaxing some of the underwriting standards, while requiring a different type of commitment from the borrowers or utilizing government-sponsored or other non-profit organizations' programs, assistance, or guaranties.

Investment Test: "High Satisfactory"

BOC's level of qualified investments is significant. As of December 31, 2007, BOC's qualified investments, including grants totaled \$4.3 million, of which \$3.4 million were new money.

Service Test: “Outstanding”

- BOC’s retail delivery system is readily accessible to all portions of its assessment area. BOC has 15 branches within its assessment area, two of which are in the LMI geographies and three branches are adjacent to LMI areas.
- BOC offers alternative delivery systems, which include 24-hour telephone banking and internet banking.
- BOC’s record of opening and closing of branches improved the accessibility of its delivery systems. Since the prior evaluation, BOC has opened two branches, one in Monroe and the other in Genesee County, both being located in middle-income geographies.
- BOC’s business hours and services are tailored to the needs and convenience of all portions of the assessment area.
- BOC is a leader in providing community development services. Its officers and staff help provide technical, educational, and financial assistance to organizations and projects that promote affordable housing, economic development and community services throughout the assessment area.

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:

Founded in 1869, BOC is a commercial bank headquartered in Batavia, New York. BOC is a wholly owned subsidiary of Tompkins Financial Corporation, a bank holding company headquartered in Ithaca, New York. The holding company also owns two other entities, Mahopac National Bank and Tompkins Trust Company. Each subsidiary operates independently, under its own management.

BOC operates 15 banking offices and three off-site Automatic Teller Machines ("ATMs"). All branches and ATMs are located in New York State. Five offices are located in Wyoming County, four in Livingston County, two in Monroe County, one in Orleans County, and three offices, including its corporate headquarters, are located in Genesee County.

As per the FDIC's Consolidated Report of Condition ("Call Report") as of December 31, 2007, BOC reported total assets of \$665.5 million. Total assets, which primarily consisted of loans (\$457.3 million or 68.7%) and securities (\$153 million or 23%), increased by \$199.9 million (42.9%) since December 31, 2003, the prior evaluation date. Asset growth was primarily the result of increased lending, particularly in the category of commercial and industrial loans.

The following is a summary of BOC's loan portfolio, based on Schedule RC-C of its call reports for year-ends 2004, 2005, 2006, and 2007:

TOTAL GROSS LOANS OUTSTANDING								
LOAN TYPE	12/31/2004		12/31/2005		12/31/2006		12/31/2007	
	\$000	%	\$000	%	\$000	%	\$000	%
1-4 Residential Mortgage Loans	106,629	29.3	109,306	27.9	110,411	26.6	112,993	27.3
Commercial and Industrial Loans	83,245	22.9	93,062	23.8	107,531	26.0	109,609	26.5
Commercial Mortgage Loans	63,176	17.4	63,217	16.1	73,053	17.6	92,057	22.2
Agricultural Loans	41,412	11.4	52,263	13.4	55,105	13.3	51,893	12.5
Construction and Land Dev.	15,821	4.3	21,989	5.6	17,740	4.3	31,023	7.5
Real Estate secured by farmland	4,428	1.2	4,258	1.1	12,093	2.9	28,006	6.8
Multifamily Mortgages	14,498	4.0	16,335	4.2	16,012	3.9	16,083	3.9
Consumer Loans	33,117	9.1	29,353	7.5	21,373	5.2	14,833	3.6
Other Loans	1,419	0.4	1,625	0.4	749	0.2	757	0.2
Obligations of states & municipalities	0	0.0	0	0.0	0	0.0	0	0.0
Lease financing	0	0.0	0	0.0	0	0.0	0	0.0
Total Gross Loans	363,745	100.0	391,408	100.0	414,067	100.0	457,254	100.0

BOC is primarily a real estate lender with 1-4 family residential mortgage loans comprising 27.3% of its loan portfolio as of December 31, 2007, and commercial mortgage loans accounting for 22.2%. BOC is also active in commercial and industrial lending (26.5%).

BOC is an approved FHLMC, FHA, VA, SONYMA, and SBA lender.

Deposit Market Share

BOC takes deposits in the counties of Genesee, Livingston, Monroe, Orleans, and Wyoming. As of June 30, 2007, BOC had a deposit market share of 4.3%, with total deposits of \$513.3 million and ranked 8th out of 18 deposit-taking institutions in these five counties. In the Rochester MSA, which includes the counties of Orleans, Monroe, and Livingston, BOC ranked 12th out of 20 deposit-taking institutions with a 1.7% market share as of June 30, 2007.

The following table shows BOC's deposit market share within the five previously mentioned counties in 2007:

Deposit Market Share as of June 30, 2007				
County	# offices	Deposits (\$000's)	Market Share	Rank
Genesee	4	125,977	14.4%	2nd out of 8
Livingston	4	112,200	17.8%	3rd out of 8
Monroe	2	86,959	0.9%	10th out of 14
Orleans	1	12,973	4.3%	6th out of 6
Wyoming	5	175,175	32.0%	2nd out of 4
Total	16	513,284	4.3%	8th out of 18

BOC received a rating of "2," indicating a satisfactory record of helping to meet community credit needs, at its prior Performance Evaluation as of December 31, 2003, by the New York State Banking Department.

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

Assessment Area:

BOC's assessment area includes Genesee, Orleans, and Wyoming Counties in their entirety and parts of Allegany, Cattaraugus, Erie, Livingston, and Monroe Counties that are contiguous with the rest of the assessment area. Livingston, Monroe, and Orleans Counties are part of the Rochester MSA. The middle-income tract of Allegany County and the three middle-income tracts of Cattaraugus County are designated as distressed or underserved tracts. Three tracts in Allegany were added to the assessment area subsequent to the prior evaluation while two census tracts in the County of Niagara were excluded due to a low level of lending and a small number of depositors in this area.

BOC's assessment area consists of 92 census tracts, of which 9 (9.8%) are considered moderate-income tracts. There are virtually no low-income tracts within the area, and the highest number of moderate-income tracts is found in Orleans County, with 44.4% of the total number of tracts within the county.

The following chart shows census tract distribution by county:

Assessment Area - Distribution of Census Tracts by Counties												
County	Geography Income Level										Total	
	Low		Moderate		Middle		Upper		N/A**			
	#	%	#	%	#	%	#	%	#	%	#	%
Allegany*	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
Cattaraugus*	0	0.0	0	0.0	3	100.0	0	0.0	0	0.0	3	100.0
Erie*	0	0.0	0	0.0	2	100.0	0	0.0	0	0.0	2	100.0
Genesee	0	0.0	1	6.7	8	53.3	6	40.0	0	0.0	15	100.0
Livingston*	0	0.0	2	16.7	7	58.3	1	8.3	2	16.7	12	100.0
Monroe*	0	0.0	2	5.1	26	66.7	11	28.2	0	0.0	39	100.0
Orleans	0	0.0	4	44.4	5	55.6	0	0.0	0	0.0	9	100.0
Wyoming	0	0.0	0	0.0	11	100.0	0	0.0	0	0.0	11	100.0

* Partial counties

** Not available

The assessment area appears reasonable based upon the location of branches and the BOC's lending patterns. There is no evidence that LMI areas are arbitrarily excluded.

Details of the Assessment Area

According to the U.S. Census Bureau, the assessment area had a population of 417.4 thousand in 2000. About 12.7% of the area population was over the age of 65, and about 22.1% was under the age of 16.

There were 108.4 thousand families in the area, of which 14.8% were low-income families, 19.2% were moderate-income, 25.2% were middle-income, and 40.8% were upper-income families. Of the 36.8 thousand LMI families, 12.1% lived in moderate-income areas. There were 150.8 thousand households in the assessment area, of which 7.2% (10.8 thousand) had income below the poverty level.

There were 161.7 thousand housing units in the assessment area, of which 91.4% were 1-4 family units, 8.6% were multifamily units, and 6.2% were mobile homes or trailers. Owner-occupied units made up 71.3% of all housing units and 6.8% of all housing units were vacant. The median age of housing was 39 years, and the median value was \$89.7 thousand.

In 2000, the assessment area's median family income was \$53.2 thousand. The U.S. Department of Housing and Urban Development's ("HUD") estimated median family income for the area was \$58.3 thousand in 2007.

The following charts provide detailed information of the demographics for each county or partial county in the assessment area:

Chart 1 – Population and Income Characteristics by County

Chart 2 – Housing Characteristics by County

Chart 3 – Business Demographics by County

CHART # 1

THE BANK OF CASTILE - 2007 ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY & MSA																					
COUNTY	Total Population	Age 65 and over		Age 16 and less		Median Family Income(MFI)	HUD MSA MFI	Total Households	Total HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
	#	#	%	#	%	\$	\$	#	#	%	#	#	%	#	%	#	%	#	%	#	%
MSA 1280 BUFFALO-NIAGARA FALLS, NY																					
ERIE (P*)	6,295	657	10.4	1,576	25.0	51,562	59,300	2,273	204	9.0	1,730	308	17.8	314	18.2	444	25.7	664	38.4	0	0.0
MSA 6840 ROCHESTER, NY																					
LIVINGSTON (P*)	50,293	5,453	10.8	9,958	19.8	51,861	62,000	16,773	1,577	9.4	11,626	2,273	19.6	2,362	20.3	3,031	26.1	3,960	34.1	1,057	22.8
MONROE (P*)	194,575	25,066	12.9	43,445	22.3	60,095	62,000	72,191	3,800	5.3	52,796	6,416	12.2	9,564	18.1	13,483	25.5	23,333	44.2	699	4.4
ORLEANS	44,171	5,472	12.4	10,081	22.8	43,539	62,000	15,350	1,392	9.1	10,880	2,690	24.7	2,806	25.8	2,686	24.7	2,698	24.8	2,382	43.3
NON-MSA																					
ALLEGANY (P*)	4,932	569	11.5	1,041	21.1	38,028	50,900	1,468	296	20.2	1,043	227	21.8	211	20.2	285	27.3	320	30.7	0	0.0
CATTARAUGUS (P*)	13,375	1,626	12.2	3,186	23.8	40,309	50,900	5,045	556	11.0	3,630	642	17.7	768	21.2	943	26.0	1,277	35.2	0	0.0
GENESEE	60,370	8,661	14.3	13,731	22.7	48,065	50,900	22,804	1,774	7.8	15,905	1,943	12.2	2,873	18.1	3,608	22.7	7,481	47.0	329	6.8
WYOMING	43,424	5,297	12.2	9,048	20.8	44,623	50,900	14,877	1,195	8.0	10,747	1,483	13.8	1,935	18.0	2,862	26.6	4,467	41.6	0	0.0
TOTAL A/A	417,435	52,801	12.6	92,066	22.1	53,237	58,322	150,781	10,794	7.2	108,357	15,982	14.7	20,833	19.2	27,342	25.2	44,200	40.8	4,467	12.1

(*) The bank's assessment area includes only select tracts within Erie, Livingston, Monroe, Allegany, and Cattaraugus Counties.

CHART # 2

THE BANK OF CASTILE - 2007 ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY																				
COUNTY	Total Housing Units	1-4 family Units		Multifamily Units		Owner-Occupied Units (O-O)		O-O Units in Low-income Tracts		O-O Units in Mod-income Tracts		O-O Units in Mid-income Tracts		O-O Units in Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units		Median House Value
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	\$
MSA 1280 BUFFALO-NIAGARA FALLS, NY																				
ERIE (P*)	2,425	2,346	96.7	79	3.3	1,858	76.6	0	0.0	0	0.0	1,858	100.0	0	0.0	504	20.8	149	6.1	99,342
MSA 6840 ROCHESTER, NY																				
LIVINGSTON (P*)	18,086	16,692	92.3	1,394	7.7	12,326	68.2	0	0.0	1,908	15.5	9,741	79.0	677	5.5	4,815	26.6	1,316	7.3	89,207
MONROE (P*)	74,526	65,747	88.2	8,779	11.8	56,287	75.5	0	0.0	805	1.4	36,204	64.3	19,278	34.3	17,085	22.9	2,485	3.3	102,698
ORLEANS	17,347	16,386	94.5	961	5.5	11,608	66.9	0	0.0	4,125	35.5	7,483	64.5	0	0.0	4,223	24.3	1,984	11.4	70,374
NON-MSA																				
ALLEGANY (P*)	1,801	1,748	97.1	53	2.9	1,026	57.0	0	0.0	0	0.0	1,026	100.0	0	0.0	471	26.2	340	18.9	60,400
CATTARAUGUS (P*)	6,358	6,222	97.9	136	2.1	4,109	64.6	0	0.0	4,109	100.0	0	0.0	0	0.0	1,076	16.9	1,318	20.7	63,959
GENESEE	24,190	22,456	92.8	1,734	7.2	16,608	68.7	0	0.0	510	3.1	8,630	52.0	7,469	45.0	6,814	28.2	1,420	5.9	82,501
WYOMING	16,940	16,203	95.6	737	4.4	11,460	67.7	0	0.0	0	0.0	11,460	100.0	0	0.0	3,790	22.4	2,034	12.0	74,862
TOTAL A/A	161,673	147,800	91.4	13,873	8.6	115,282	71.3	-	0.0	7,343	6.4	80,513	69.8	27,426	23.8	38,778	24.0	11,046	6.8	89,737

(*) The bank's assessment area includes only select tracts within Erie, Livingston, Monroe, Allegany, and Cattaraugus Counties.

CHART # 3

THE BANK OF CASTILE - 2007 BUSINESS DEMOGRAPHICS BY COUNTY											
COUNTY	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	
		#	%	#	%	#	%	#	%	#	%
MSA 1280 BUFFALO-NIAGARA FALLS, NY											
ERIE (P*)	535	333	62.2	21	3.9	181	33.8	379	70.8	490	91.6
MSA 6840 ROCHESTER, NY											
LIVINGSTON (P*)	3,343	2,102	62.9	131	3.9	1,110	33.2	2,448	73.2	2,967	88.8
MONROE (P*)	10,787	7,106	65.9	523	4.8	3,158	29.3	8,316	77.1	9,426	87.4
ORLEANS	2,427	1,499	61.8	90	3.7	838	34.5	1,748	72.0	2,156	88.8
NON-MSA											
ALLEGANY (P*)	230	122	53.0	8	3.5	100	43.5	141	61.3	212	92.2
CATTARAUGUS (P*)	822	442	53.8	17	2.1	363	44.2	499	60.7	764	92.9
GENESEE	4,130	2,595	62.8	218	5.3	1,317	31.9	3,085	74.7	3,618	87.6
WYOMING	2,957	1,756	59.4	122	4.1	1,079	36.5	2,050	69.3	2,676	90.5
TOTAL A/A	25,231	15,955	63.2	1,130	4.5	8,146	32.3	18,666	74.0	22,309	88.4

(*) The bank's assessment area includes only select tracts within Erie, Livingston, Monroe, Allegany, and Cattaraugus Counties.

PERFORMANCE TESTS AND ASSESSMENT FACTORS

This Performance Evaluation is based on a review of BOC's lending, investment and service activities within the assessment area, as required by Parts 76.8, 76.9, and 76.10 of the General Regulations of the Banking Board. This evaluation covers the years from 2004 to 2007.

Statistics used in this evaluation were derived from various sources. The demographic data was obtained from the 2000 U.S. Census data. The 2007 updated median family income figures were obtained from HUD estimates. In addition to specific loan information provided by the bank, aggregate data for HMDA-reportable loans was obtained from the Federal Financial Institution Examination Council ("FFIEC") and PCi Services, Inc.'s CRA WIZ, an external contractor.

I. Lending Test: "Outstanding"

BOC's lending performance was evaluated pursuant to the following criteria: (1) Lending Activity; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Borrower Characteristics; (5) Community Development Lending; and (6) Innovative or Flexible Lending Practices.

HMDA-reportable, small farm and small business loans are the three loan products that were analyzed for purposes of the Lending Test.

Lending Activity: "Outstanding"

BOC's lending levels reflect excellent responsiveness to assessment area credit needs.

HMDA-Reportable Loans

In 2006 and 2007, BOC's HMDA-reportable lending decreased when compared to the prior evaluation period, by 20.1% in number of loans or by 24.3% by dollar volume. However, the decline in HMDA-reportable originations was consistent with the overall slowdown of the mortgage market.

In 2006, BOC originated 347 HMDA-reportable loans totaling \$22.2 million inside its assessment area. According to the 2006 Market Share Report, BOC ranked 8th by number and 10th by dollar volume of originated mortgages among 238 HMDA-reporting lenders in the assessment area, with market shares of 3% and 2.2%, respectively. While BOC's ranking in 2006 remained the same in comparison to its ranking in the prior evaluation, it lost some of its market share in originated mortgages, (previously 4.2% by number and 4.6% by volume), because the number of lenders increased from 192 in 2002 to 238 in 2006.

Small Business and Small Farm Loans

The level of BOC's small business lending reflects good responsiveness to the credit needs of its assessment area. Originations of small business and small farm loans in 2006 and 2007 increased by 6.8% to 924 loans and by 22.4% to \$81.7 million in dollar volume since the prior evaluation period.

In 2006, BOC originated 475 small business and small farm loans totaling \$48.8 million inside the assessment area. According to the 2006 Market Share Report, BOC ranked 16th by number and 8th by dollar volume of originated small business and small farm loans among 84 reporting lenders in the assessment area, with market shares of 0.9% and 3%, respectively. BOC's 2006 ranking was similar to its ranking in 2002.

During 2007, BOC originated 449 small business and small farm loans totaling \$32.8 million, reflecting a 5.5% decrease in the number of loans and a 32.8% decline in the corresponding dollar volume as compared with 2006 originations. The decline was partly a result of the slowing economy.

BOC's lending was concentrated in the counties of Genesee, Livingston and Wyoming. In 2006, 80.9% of HMDA-reportable and 81.1% of small business and small farm loans were generated inside those three counties. In 2007, the respective numbers were 85.5% and 80.8%. BOC's distribution of lending was in line with the distribution of its deposit-taking activity in the eight counties included in the assessment area.

Assessment Area Concentration: "High Satisfactory"

BOC originated a high percentage of its total loans within its assessment area.

During 2006, BOC originated 85% of its HMDA-reportable loans inside its assessment area. In the same year, BOC originated 83% of its small business loans and 67.4% of its small farm loans within its assessment area. In 2007, assessment area concentration was slightly lower for HMDA-reportable loans, (80.4%), and small business loans, (82.2%), while the percentage of small farm loans made within the assessment area rose to 70%.

The next table illustrates the distribution of 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 -2006	347	85.0	61	15.0	408	22,221	67.5	10710	32.5	32,931
HMDA -2007	275	80.4	67	19.6	342	21,502	66.3	10939	33.7	32,441
2-year total	622	82.9	128	17.1	750	43,723	66.9	21,649	33.1	65,372
SBL -2006	347	83.0	71	17.0	418	36,947	81.7	8274	18.3	45,221
SBL -2007	304	82.2	66	17.8	370	23,024	72.6	8696	27.4	31,720
2-year total	651	82.6	137	17.4	788	59,971	77.9	16,970	22.1	76,941
SFL -2006	128	67.4	62	32.6	190	11,892	64.6	6529	35.4	18,421
SFL -2007	145	70.0	62	30.0	207	9,819	62.5	5894	37.5	15,713
2-year total	273	68.8	124	31.2	397	21,711	63.6	12,423	36.4	34,134
combined 2-year total	1546	79.9	389	20.1	1935	125,405	71.1	51,042	28.9	176,447

Geographic Distribution of Loans: “High Satisfactory”

The distribution of BOC’s loans reflects a good penetration across different geography income levels within the assessment area. There are no low-income census tracts in BOC’s assessment area and moderate-income tracts make up only 9.8% of all tracts in the area.

HMDA-Reportable Loans

The geographic distribution of BOC’s HMDA-reportable loans throughout the assessment area is good. In 2006, BOC’s LMI area penetration ratio was 6.1% by number and 5.6% by dollar volume, which is slightly better than the aggregate ratios of 5.6% and 3.6%, respectively.

During 2007, BOC’s LMI area penetration ratio declined slightly to 4.7% by number and 4.3% by dollar volume of originated HMDA-reportable loans. Aggregate data for 2007 was not available.

The following table illustrates the distribution of HMDA-reportable loans by geographic income level for 2006 and 2007 for the entire assessment area.

Distribution of HMDA-reportable Loans by Geographic Income Level*								
Geography Income Level	Bank				Aggregate**			
	#	%	\$000's	%	#	%	\$000's	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	21	6.1%	1,237	5.6%	647	5.6%	36,512	3.6%
Middle	257	74.1%	17,406	78.3%	8,065	70.0%	700,019	69.7%
Upper	69	19.9%	3,578	16.1%	2,803	24.3%	267,641	26.7%
NA					0	0.0%	0	0.0%
Total	347	100.0%	22,221	100.0%	11,515	100.0%	1,004,172	100.0%
Geography Income Level	Bank				Aggregate**			
	#	%	\$000's	%	#	%	\$000's	%
Low	0	0.0%	0	0.0%				
Moderate	13	4.7%	935	4.3%				
Middle	212	77.1%	16,531	76.9%				
Upper	50	18.2%	4,036	18.8%				
NA								
Total	275	100.0%	21,502	100.0%				
LMI 2-year	34	5.5	2,172	5.0				

*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%.

Small Business Loans

The geographic distribution of BOC's small business loans throughout the assessment area is good. In 2006, the bank's LMI area penetration ratio was 6.3% by number and 3.9% by dollar volume, with both percentages only slightly lower than the aggregate's 6.9% and 6.7%, respectively.

In 2007, however, BOC's LMI area penetration ratio improved slightly, to 6.6% by number and 4.1% by dollar volume of the originated small business loans. Aggregate data for 2007 was not available.

This table illustrates the distribution of small business loans by geographic income level for 2006 and 2007:

Distribution of Small Business Loans by Geographic Income Level*								
Geography Income Level	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	22	6.3	1,447	3.9	822	6.9	21,711	6.7
Middle	283	81.6	30,329	82.1	8,177	68.6	239,257	74.2
Upper	42	12.1	5,171	14.0	2,919	24.5	60,792	18.8
NA					8	0.1	813	0.3
Total	347	100.0	36,947	100.0	11,926	100.0	322,573	100.0
Geography Income Level	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	0	0.0	0	0.0				
Moderate	20	6.6	944	4.1				
Middle	255	83.9	19,287	83.8				
Upper	29	9.5	2,793	12.1				
NA								
Total	304	100.0	23,024	100.0				
LMI 2-year	42	6.5	2,391	4.0				

*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%.

Small Farm Loans

The geographic distribution of BOC's small farm loans throughout the assessment area is adequate. In 2006, BOC's LMI area penetration ratio was 0.8% by number and 0.1% by dollar volume; lower than the aggregate's 1.9% and 1.2%, respectively.

In 2007, however, BOC's LMI area penetration ratio improved to 2.8% by number and 2.1% by dollar volume of the originated small farm loans. Aggregate data for 2007 was not available.

This table illustrates the distribution of small farm loans by geographic income level for 2006 and 2007.

Distribution of Small Farm Loans by Geographic Income Level*								
Geography Income Level	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1	0.8	15	0.1	8	1.9	301	1.2
Middle	100	78.1	9,940	83.6	334	79.1	20,314	81.1
Upper	27	21.1	1,937	16.3	80	19.0	4,422	17.7
NA								0.0
Total	128	100.0	11,892	100.0	422	100.0	25,037	100.0
Geography Income Level	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	0	0.0	0	0.0				
Moderate	4	2.8	209	2.1				
Middle	125	86.2	7,999	81.5				
Upper	16	11.0	1,611	16.4				
NA								
Total	145	100.0	9,819	100.0				
LMI 2-year	5	1.8	224	1.0				

*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%.

Distribution by Borrower Characteristics: "Outstanding"

The overall distribution of BOC's loans reflects an excellent penetration among customers of different income levels and businesses and farms of different revenues.

HMDA-Reportable Loans

The distribution of BOC's HMDA-reportable loans reflects a good penetration among borrowers of different income levels. In 2006, BOC's LMI borrower penetration ratio was 32.3% by number, lower than the aggregate's penetration ratio of 36%.

In 2007, BOC's LMI borrower penetration ratio increased to 35.2% by number of loans. Aggregate data for 2007 was not available. In 2007, roughly 34% of families residing within the assessment area were low-to-moderate income.

This table illustrates the distribution of HMDA-reportable loans by borrowers' income level for 2006 and 2007:

Distribution of HMDA-reportable Loans by Borrower Income Level*								
2006								
Borrower Income Level	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	32	9.2	811	3.6	1,185	10.3	59,162	5.9
Moderate	80	23.1	3,941	17.7	2,960	25.7	198,613	19.8
Middle	105	30.3	5,554	25.0	3,332	28.9	263,832	26.3
Upper	107	30.8	9,197	41.4	3,672	31.9	366,343	36.5
N/A	23	6.6	2,718	12.2	366	3.2	116,222	11.6
Total	347	100.0	22,221	100.0	11,515	100.0	1,004,172	100.0
2007								
Borrower Income Level	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	24	8.7	453	2.1				
Moderate	73	26.5	3,602	16.8				
Middle	70	25.5	4,663	21.7				
Upper	86	31.3	9,746	45.3				
N/A	22	8.0	3,038	14.1				
Total	275	100.0	21,502	100.0				
LMI 2-year	209	33.6%	8,807	20.1%				

* Borrower income level is based upon HUD'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%.

Small Business Loans

The distribution of BOC's small business loans reflects an excellent penetration among businesses of different revenues.

In 2006, BOC originated 84.1% of its small business loans to businesses with gross annual revenues of \$1 million or less, which is well above the aggregate's 42.7%. In 2007, BOC's lending remained at the same level.

This table illustrates the distribution of BOC's small business loans by borrowers' revenue for 2006 and 2007:

Distribution of Small Business Loans by Business Revenue Size								
2006								
Business Revenue Level	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
\$1million or less	292	84.1	24,816	67.2	5,096	42.7	138,948	43.1
Over \$1 million	55	15.9	12,131	32.8		-		-
No Revenue Info	0	-	0	-		-		-
Total	347	100.0	36,947	100.0	11,925	100.0	322,303	100.0
2007								
Business Revenue Level	Bank				Aggregate			
	#	%	\$000	%	#	%	\$(000's)	%
\$1million or less	250	82.2	15,518	67.4	<i>not available</i>			
Over \$1 million	53	17.4	7,468	32.4				
No Revenue Info	1	0.3	38	0.2				
Total	304	100.0	23,024	100.0				
2 Year Total	651	100.0	59,971	100.0				
Total <\$1 million	542	83.3	40,334	67.3				

Small Farm Loans

The distribution of BOC's small farm loans reflects an excellent penetration among farms of different revenues.

In 2006, BOC originated 82% of its small farm loans to farms with gross annual revenues of \$1 million or less, which compares well to the aggregate's percentage of originations at 75.6%. In 2007, BOC's lending to farms with gross annual revenues of \$1 million or less increased to a ratio of 89.7%.

This table illustrates the distribution of BOC's small farm loans by borrowers' revenue for 2006 and 2007:

Distribution of Small Farm Loans by Business Revenue Size								
2006								
Farm Revenue Level	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
\$1million or less	105	82.0	6,202	52.2	319	75.6	15,059	60.1
Over \$1 million	23	18.0	5,690	47.8		-		-
No Revenue Info	0	-	0	-		-		-
Total	128	100.0	11,892	100.0	422	100.0	25,037	100.0
2007								
Farm Revenue Level	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
\$1million or less	130	89.7	7,402	75.4	<i>not available</i>			
Over \$1 million	15	10.3	2,417	24.6				
No Revenue Info	0	-	0	-				
Total	145	100.0	9,819	100.0				
2 Year Total	273	100.0	21,711	100.0				
Total <\$1 million	235	86.1	13,604	62.7				

Community Development Lending: “Outstanding”

BOC is a leader in making community development loans. During the evaluation period, total community development loans totaled \$32.5 million, of which \$32.2 million were new money.

Most of BOC’s community development lending supported affordable housing and revitalization and stabilization of LMI areas, including economically distressed areas and Empire Zones, as designated by the State of New York.

Some examples of these community development loans were as follows:

- In 2004, BOC extended three loans totaling \$2.3 million to Genesee Valley Rural Preservation Council, Inc., a non-profit organization, established to carry out housing development in western New York. These loans helped to finance a 24-unit rental housing complex for low- and moderate-income elderly individuals in the assessment area. In addition, BOC provided working capital and project rehabilitation financing on an unsecured basis to support the revitalization and stabilization of rural areas in Genesee, Wyoming and Livingston Counties.
- In 2004, 2006 and 2007, BOC extended over \$6 million in loans to finance the renovation and expansion of a non-profit hospital in its assessment area serving low- and moderate-income families. The hospital is adjacent to an LMI geography, and provides community services targeted to LMI individuals. The expansion provides employment and economic stabilization for the adjacent LMI area.
- BOC extended a \$3.5 million share of a participation loan to an ethanol plant located in

a New York State designated Empire Zone. The project will help to create over 100 jobs and stabilize a moderate-income census tract.

Innovative or Flexible Lending Practices: "High Satisfactory"

BOC makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

BOC uses government-sponsored loan programs that have more flexible terms to meet the needs of LMI borrowers and small businesses. These programs include those sponsored by the Small Business Administration ("SBA"), the Farmers Service Agency ("FSA"), the Federal Home Loan Bank ("FHLB"), and the State of New York Mortgage Agency ("SONYMA"). These lending programs are offered according to the guidelines of the sponsoring agencies or organizations.

BOC offers the following programs designed for LMI individuals and small businesses:

First Home Club is a savings program whereby FHLB funds are used to match, on a 4.5 to 1 basis, the savings for a down payment for first-home buyers. This Individual Development Account (IDA) provides a significant incentive for low and moderate-income people to save for homeownership. BOC extended 42 such loans between 2004 and 2007.

Community One is BOC's internal mortgage loan product created to help LMI borrowers, who otherwise would not qualify for a conventional mortgage, obtain a loan. It works by reducing down payment requirements and increasing allowable debt to burden ratios while requiring the applicant to qualify with as little as \$1 thousand of his or her own funds for the transaction. BOC extended 80 such loans during the years 2004 through 2007.

NYS Linked Deposit Program provides businesses with affordable capital based on interest rates subsidized by state deposits. Under the program, businesses borrow at interest rates two to three percentage points lower than the market rate while the State also receives lower than the market interest on its deposits. BOC made 38 such loans during the four years ended December 31, 2007.

SONYMA Low Interest Rate and *Achieving the Dream Mortgage Loan Programs* are state-sponsored loan programs that offer borrowers lower down payment requirements than conventional mortgage financing. Borrowers must attend homeownership counseling in order to qualify. BOC extended 63 such loans during the evaluation period.

Car and Re-employment Empowerment Program is offered in conjunction with Social Services of Genesee County ("SSGC") to provide automobile loans to individuals who were transitioning from dependence on social services to work in the private sector. SSGC has the responsibility of qualifying the individuals for the program, while the bank provides low income borrowers with a maximum loan of \$3 thousand. During the evaluation period, 27 customers participated in the program.

Village of Castile Sewer Hookup Loan Fund is a loan offered to homeowners residing in the Village of Castile at a reduced interest rate to be used to finance installation of sewer connections from home to street, benefitting the LMI tracts within the village of Castile.

II. Investment Test: “High Satisfactory”

The investment test evaluates BOC’s record of helping to meet the needs of its assessment area through qualified investments. Qualified investments are evaluated based on their dollar volume, their innovation or complexity, their responsiveness to community development needs, and the degree to which these investments are not routinely provided by private investors.

BOC had a significant level of qualified community development investments. During the evaluation period, BOC’s qualified community development investments, including grants totaled approximately \$4.3 million, with \$3.2 million or 78% as new money.

The following table summarizes BOC’s community development investments:

Qualified Community Development Investments (in \$ thousands)		
Description	Total Commitment	New Money
Municipal Bonds (LMI or distressed areas)	3,233.8	3,233.8
Cephas Capital Partners	938.8	
Grants and donations	130.1	130.1
Totals	4,302.7	3,363.9

- Municipal bonds comprised approximately 75% of BOC’s total qualified investments. These municipal bonds were issued by the following: Friendship NY Central School District of Allegany County, Town of Ridgeway in Orleans County, City of Nunda in Livingston County and Wyoming County Community Hospital. The proceeds of these bonds were used to help stabilize the moderate-income and underserved areas of these counties.
- As of the evaluation date, BOC has an equity investment of \$938,775 (11.11%) in Cephas Capital Partners, a limited partnership licensed to operate as a small business investment company to provide capital for growing companies.
- In addition, BOC made numerous donations to various organizations engaged in affordable housing projects, economic development, revitalization and stabilization, particularly in the LMI geographies.

While BOC’s qualified investments are not particularly innovative or complex, they demonstrate good responsiveness to the credit and community development needs of its assessment area.

III. Service Test: “Outstanding”

The service test evaluates BOC’s record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the bank’s systems for delivering retail banking services and the extent and innovativeness of its community development services.

Retail Banking Services: “Outstanding”

Accessibility of Delivery Systems

BOC’s delivery systems are readily accessible to all portions of its assessment area. As of December 31, 2007, the bank operates 15 full-service banking offices, of which two (13.3%) are located in moderate-income census tracts and three (20%) are located in middle-income geographies that are adjacent to one or more moderate-income tracts.

Automated teller machines (“ATMs”) are available in all of BOC’s offices, with the exception of the Gainesville branch in Wyoming County. In addition, BOC operates three off-site ATMs within the assessment area. One of the three ATMs is located in a tract adjacent to an LMI geography. All ATMs are available 24 hours a day, seven days a week.

Alternative delivery systems offered by BOC include 24-hour telephone banking (voice response and touch tone) and internet banking.

Changes in Branch Locations

Subsequent to the prior evaluation, two full-service branches were added: the Greece Office in Monroe County opened in July 2006, and the Batavia drive-through office in Genesee County opened in May 2007. Both of these offices are located in middle-income geographies and have increased accessibility of retail services to the community.

No branch was closed during the evaluation period.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Services are tailored to the needs and convenience of all portions of the assessment area, particularly LMI geographies and/or LMI individuals. All offices have either extended hours at least once a week, are open on Saturdays, or both. Almost all ATMs, whether on-site or off-site, are available for use 24 hours a day, seven days a week. The only ATM that has limited hours of access is an off-site facility in Perry, NY (Wyoming County) and is only available March through October, 11 a.m. to 11 p.m. This ATM was set up in 2004 and is located in a middle-income geography.

Community Development Services: “Outstanding”

BOC is a leader in providing community development services. BOC’s management and employee staff help provide technical, educational, and financial assistance to organizations and projects that promote affordable housing, economic development and community services throughout the assessment area.

Directors, officers and other employees of BOC actively serve as members, volunteers, treasurers and directors for many community organizations which provide services, education, and aid to LMI population and geographies. Below are some examples of these community services:

- The president of BOC sits on the board of different organizations that provide community development services such as: Genesee County Economic Development Center, United Memorial Medical Center, and FHLB-NY Housing Assistance Committee.
- BOC’s employees/officers/directors serve as directors or members of the following organizations: United Way, Northwest YMCA, Wyoming County Empire Zone Administration Board, Catholic Charities of Livingston County, Genesee County Business Alliance, American Red Cross, Salvation Army, Junior Achievement, and Business Education Council.

Several times a year, BOC facilitates, conducts, or participates in financial education seminars. These seminars focus on banking, credit, the home purchase process, and other information relevant to the assessment area population, particularly the LMI segments. Topics include the following: products offered by BOC, First Time Homebuyer Programs such as Home Possible by FHLMC, FDIC’s “Money Smart” Program CD, FACT Act information, and identity theft.

IV. Discrimination or Other Illegal Practices

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

There were no practices noted 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 examination, conducted concurrently with this CRA performance evaluation, indicates a satisfactory performance in terms of adherence to antidiscrimination or other applicable laws and regulations. No evidence of prohibited discrimination or other illegal credit practices was noted.

V. 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.

BOC ascertains the credit needs of its community in three primary ways: through the regular course of lending and other banking activity, through its wealth of contacts with local government officials, and through outreach to nonprofit groups and community development organizations. These organizations include: Genesee County Economic Development Center, FHLB-NY Housing Assistance Committee, Wyoming County Empire Zone Administration Board, or Genesee County Business Alliance. Through the credit-related seminars conducted by BOC, its officers obtain a good understanding of the community's credit needs.

BOC has formed a Business Development Group that meets on a regular basis to discuss the needs, credit needs included, and action being taken to meet the needs of the community. The group, consisting of senior management, lenders and branch managers, maintains call reports which document the credit needs of the institutions and their communities. Such reports are routinely reported to the board of directors of BOC.

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

BOC utilizes various means of marketing its credit products and services to its community. Local publications like the Rochester Business Journal, radio stations, local TV stations, trade shows, mailings, statement stuffers, and a periodic newsletter to all its customers are some of the means used by BOC to communicate information on the credit products and programs available. BOC's website is regularly updated with information on new products and services.

While the assessment area's Spanish speaking population is relatively low compared to some other MSAs in the state, BOC does make an effort to disseminate information on the affordable mortgage products in Spanish by using the Spanish language pages and forms available on the sponsoring agencies' websites.

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

BOC's board of directors is ultimately responsible for establishing CRA policies that would address compliance with CRA regulations. The authority to implement the policy and related procedures is delegated to the CRA Officer. It is the responsibility of management to hire or appoint a Community Reinvestment Officer, as mandated by the Board. The

CRA officer reports directly to the President. The officer has a direct access to the Director's CRA/Fair Lending Committee of the Board. The CRA Officer reports annually to the Board of Directors on BOC's CRA activities and performance.

VI. Other Factors

Other factors that in the judgement 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.

Demand-Adjusted Penetration Rate

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area. Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

Demand-Adjusted Penetration Ratio

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas. Mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

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 nonmetropolitan 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 nonmetropolitan 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 nonmetropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

Small Business Loans

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