



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: September 30, 2017

Institution: 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 Department of Financial Services 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 Castile (“BOC”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of September 30, 2017.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Superintendent (“GRS”) implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated BOC according to the large banking institution performance standards pursuant to Sections 76.7, 76.8, 76.9, and 76.10 of the GRS. The Department evaluated BOC's performance under the lending test in calendar years 2012, 2013, 2014, 2015, and 2016 and its community development activities from January 1, 2012 to September 30, 2017. BOC is rated "Satisfactory" or "2." This means BOC had a satisfactory record of helping to meet community credit needs.

This rating is based on the following factors:

LENDING TEST: "High Satisfactory"

BOC's HMDA-reportable, small business, and farm lending activities were more than reasonable considering BOC's size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

Lending Activity: "High Satisfactory"

BOC's average loan-to-deposit ("LTD") ratio for the evaluation period was 79.5%, which was comparable to its prior period ratio of 79.9% and slightly above its peer group's average LTD ratio of 78.3%.

Assessment Area Concentration: "High Satisfactory"

During the evaluation period, Castile originated 85.6% by number and 79.8% by dollar value of its total HMDA-reportable, small business, and small farm loans within its assessment area. This majority of lending inside of its assessment area reflected a more than reasonable concentration of lending.

Geographic Distribution of Loans: "Low Satisfactory"

BOC's origination of loans in census tracts of varying income levels within its assessment area demonstrated an adequate distribution of lending.

BOC's lending rates for HMDA-reportable, small business, and small farms loans were comparable to the aggregate's rates for the evaluation period.

Distribution by Borrower Characteristics: "High Satisfactory"

BOC's HMDA-reportable, small business, and small farm lending demonstrated a more than reasonable distribution of loans among individuals of different income levels and businesses and farms of different revenue sizes.

While BOC's average rates of one-to-four family HMDA-reportable lending to low- and moderate-income ("LMI") borrowers slightly trailed its aggregate's rates, the bank's

average rates of small businesses and small farm lending exceeded its aggregate's rates for the evaluation period.

Community Development Lending: "Outstanding"

During the evaluation period, BOC originated \$177.2 million in new community development loans and had none outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

INVESTMENT TEST: "High Satisfactory"

BOC's qualified investments were more than reasonable considering the assessment area's credit needs.

Qualified Investments: "High Satisfactory"

During the evaluation period, BOC made \$21.0 million in new community development investments and had \$859,516 outstanding from prior evaluation periods. In addition, BOC made \$85,302 in community development grants. This demonstrated a more than reasonable level of community development investments and grants over the course of the evaluation period.

Innovativeness of Community Development Investments

BOC did not make any innovative investments to support community development during the evaluation period.

Responsiveness of Community Development Investments to Credit and Community Development Needs

BOC's community development investments exhibited reasonable responsiveness to the assessment area's credit and community development needs.

SERVICE TEST: "Outstanding"

Retail Banking Services: "High Satisfactory"

BOC's branch network, delivery systems, branch hours, services, and alternative delivery systems are more than reasonable, particularly as they relate to LMI individuals.

Community Development Services: "Outstanding"

BOC provides excellent community development services. Various employees and members of BOC's senior management serve on the board or committees of various organizations, lending their financial expertise and technical assistance to support small

farms, small businesses, economic development, community services, and affordable housing for LMI individuals within 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 Banking Law and GRS Part 76.

PERFORMANCE CONTEXT

Institution Profile

BOC, which is also known as Tompkins Bank of Castile, is a New York state chartered commercial bank that was established in 1869 and is headquartered in Castile, New York. BOC is wholly-owned subsidiary of Tompkins Financial Corporation (“TFC”), a publicly traded company and multi-bank holding company, which also owns Mahopac Bank (Putnam County, NY), Tompkins Trust Company (Tompkins County, NY), and Tompkins VIST Bank (a Pennsylvania Bank). Each bank operates independently under its own management. In addition, TFC wholly owns Tompkins Financial Advisors, which provides investment advice and wealth management services, and Tompkins Insurance Agencies, which offers various insurance products.

BOC offers personal and business banking products and services through its one administrative office and 18 branch locations in Genesee, Livingston, Monroe, Orleans, and Wyoming counties.

Per the Consolidated Report of Condition (“Call Report”) as of December 31, 2016, filed with the Federal Deposit Insurance Corporation (“FDIC”), BOC reported total assets of \$1.4 billion, of which \$1 billion were net loans and lease financing receivables. It also reported total deposits of \$1.1 billion, resulting in a loan-to-deposit ratio of 89.6%. According to the latest available comparative deposit data as of June 30, 2017, BOC had a market share of 2.1%, or \$1.2 billion in a market of \$56.4 billion, ranking it 9th among 28 deposit-taking institutions in Allegany, Cattaraugus, Erie, Genesee, Livingston, Monroe, Orleans, and Wyoming counties.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the bank’s December 31, 2012, 2013, 2014, 2015, and 2016 Call Reports:

TOTAL GROSS LOANS OUTSTANDING										
Loan Type	12/31/2012		12/31/2013		12/31/2014		12/31/2015		12/31/2016	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	190,037	27.8	208,956	27.5	217,834	26.3	248,819	26.7	272,367	26.5
Commercial & Industrial Loans	126,591	18.5	134,081	17.7	157,180	19.0	164,152	17.6	183,320	17.8
Commercial Mortgage Loans	150,132	21.9	183,741	24.2	177,180	21.4	222,779	23.9	231,042	22.4
Multifamily Mortgages	36,250	5.3	53,844	7.1	58,794	7.1	56,127	6.0	71,070	6.9
Consumer Loans	9,721	1.4	9,542	1.3	9,421	1.1	10,123	1.1	9,803	1.0
Agricultural Loans	124,024	18.1	125,225	16.5	132,167	16.0	148,468	15.9	166,737	16.2
Construction Loans	36,161	5.3	24,899	3.3	37,876	4.6	41,530	4.5	58,101	5.6
Obligations of States & Municipalities	11,219	1.6	18,886	2.5	36,154	4.4	39,486	4.2	36,885	3.6
Other Loans	127	0.0	116	0.0	100	0.0	157	0.0	171	0.0
Total Gross Loans	684,262	100.0	759,290	100.0	826,706	100.0	931,641	100.0	1,029,496	100.0

As illustrated in the above table, BOC is primarily a commercial lender with 40.2% of its gross loan portfolio in commercial lending, comprised of 17.8% in commercial and industrial loans and 22.4% in commercial mortgage loans. Residential lending makes up 33.4% (26.5% one-to-four family residential and 6.9% multifamily loans) of the Bank's portfolio. BOC's loan portfolio increased \$408.3 million, or 65.8%, from the \$621.1 million reported at the end of the prior evaluation period. This growth was primarily due to a \$158.3 million increase in commercial lending and a \$148.8 million increase in residential lending (one-to-four family and multifamily).

BOC operates 17 full-service branch offices, one drive-through only branch office, and one financial center that offers limited services by appointment only. The branch offices are located in Genesee, Livingston, Monroe, Orleans, and Wyoming counties. All of BOC's branch offices are supported by automated teller machines ("ATMs"); however, only three branch office ATMs have deposit-taking capabilities. BOC also has five off-site non-deposit taking ATMs, of which three are located on college campuses (Genesee Community College in Batavia, St. John Fisher College in Rochester and SUNY Geneseo located in Geneseo in a low-income census tract). The two other off-site ATMs are in a medical center (in a moderate-income census tract) and in a senior assisted living facility.

Examiners did not find evidence of financial or legal impediments that had an adverse impact on Castile's ability to meet the credit needs of its community.

Assessment Area

BOC's assessment area is comprised of Genesee, Livingston, Orleans, and Wyoming counties in their entirety, and parts of Allegany, Cattaraugus, Erie, and Monroe counties. Of these, Monroe, Livingston, and Orleans counties are within the Rochester Metropolitan Statistical Area, while Allegany, Cattaraugus, Genesee, and Wyoming counties are in non-MSAs and mostly rural areas. Erie County is part of the Buffalo-Cheektowaga-Niagara Falls, New York Metropolitan Statistical Area; however, the census tracts included in the Bank's assessment area do not extend significantly into the metropolitan area.

There are 176 census tracts in the assessment area, of which five are low-income, 18 are moderate-income, 101 are middle-income, 49 are upper-income, and three tracts have no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Genesee	0	0	3	9	3	15	20.0
Livingston	1	1	2	10	1	15	20.0
Orleans	0	0	2	8	0	10	20.0
Wyoming	0	0	0	9	2	11	0.0
Allegany*	0	0	0	4	0	4	0.0
Cattaraugus*	0	0	0	3	0	3	0.0
Erie*	1	1	0	9	7	18	5.6
Monroe*	1	3	11	49	36	100	14.0
Total	3	5	18	101	49	176	13.1

* Partial County

Demographic & Economic Data

The assessment area had a population of 779,350 as of December 31, 2016. About 14.4% of the population were over the age of 65 and 18.7% were under the age of sixteen.

Of the 200,127 families in the assessment area, 15.7% were low-income, 16.6% were moderate-income, 22.9% were middle-income, and 44.8% were upper-income. There were 296,469 households in the assessment area, of which 9.2% had income below the poverty level and 2.2% were on public assistance.

The weighted average median family income in the assessment area was \$70,759.

There were 322,150 housing units within the assessment area, of which 84.7% were one-to-four family units and 10.6% were multifamily units. A majority (70.1%) of the area's housing units were owner-occupied, while 24% were rental units. Of the 225,747 owner-occupied housing units, 7% were in LMI census tracts while 93% were in middle- and upper-income census tracts. The median age of the housing stock was 52 years, and the median home value in the assessment area was \$130,913.

There were 40,852 non-farm businesses in the assessment area. Of these, 80.9% were businesses with reported revenues of less than or equal to \$1 million, 6.9% reported revenues of more than \$1 million, and 12.3% did not report their revenues. Of the businesses in the assessment area, 96.3% were businesses with less than 50 employees while 86.8% operated from a single location. The largest industries in the area were services (48.1%), followed by retail trade (13.9%) and construction (7.7%); 4.3% of businesses in the assessment area were not classified.

Per the New York State Department of Labor, the 2016 average unemployment for New York State was 4.8%. Genesee (4.6%) and Monroe (4.7%) counties were the only counties in Castile's assessment area that had unemployment rates lower than the statewide rate. Orleans County had the highest average annual unemployment rates for 2012, 2013, and 2014, while Allegany County had the highest average annual unemployment rates for 2015 and 2016. Overall, unemployment rates steadily

declined for all counties during the evaluation period as the economy continued to improve.

Assessment Area Unemployment Rate									
	Statewide	Allegany	Cattaraugus	Erie	Genesee	Livingston	Monroe	Orleans	Wyoming
2012	8.5	8.4	9.3	8.3	7.9	7.8	7.9	9.7	8.9
2013	7.7	7.5	8.5	7.4	6.8	7.0	7.0	9.1	7.9
2014	6.3	6.2	7.0	6.1	5.5	5.8	5.8	7.6	6.5
2015	5.3	6.5	6.3	5.3	5.0	5.3	5.1	6.4	5.6
2016	4.8	6.2	5.9	4.9	4.6	4.9	4.7	5.7	5.3

Community Information

Examiners interviewed the president of a nonprofit corporation that was created to spur the development of affordable housing in and around Rochester, NY. Since its creation, the corporation has provided construction financing, created affordable rental units, financed single-family homes, and provided predevelopment loans to nonprofit developers of affordable housing. The corporation has worked with nonprofit and for-profit developers as well as small community-based organizations providing construction and bridge financing that is reasonably priced and responsive to the borrowers' needs.

According to the interviewee, the corporation is attempting to build partnerships with financial institutions that are willing to provide financial assistance. Because federal funding is in jeopardy, the interviewee noted a lack of funding and a lack of participation by local financial institutions. For example, there is a need for special home ownership programs because many homebuyers cannot qualify despite the low interest rates. The interviewee noted that the corporation has received financial assistance from some large banks, but numerous opportunities exist for participation by local community banks.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated BOC according to the large banking institution performance standards pursuant to Sections 76.7, 76.8, 76.9, and 76.10 of the GRS, which consist of the lending, investment, and service tests. DFS also considered the following factors in assessing the bank's record of performance:

- 1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications;*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.*

Finally, the Department considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which BOC helps to meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. BOC submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS calculated LTD ratios from information shown in the bank's Uniform Bank Performance Report as submitted to the FDIC.

DFS sourced the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and DFS used this information even where the institution's assessment area includes partial counties.

The Department evaluated BOC's performance under the lending test in calendar years 2012, 2013, 2014, 2015, and 2016 and its community development activities from January 1, 2012 to September 30, 2017.

Examiners considered BOC's HMDA-reportable, small business, and small farm loans, which represented actual originations, in evaluating factors (2), (3), and (4) of the lending test noted above.

Examiners gave greater weight to BOC's small business loans in the lending test because they comprised 51.5% by number and 59.8% by dollar value of total loans originated within the assessment area; HMDA-reportable loans represented 26.8% and 21.6%, and small farm loans represented 21.7% and 18.7%, respectively.

At its **prior** Performance Evaluation, as of December 31, 2011, DFS assigned BOC a rating of “1,” reflecting an “Outstanding” record of helping to meet the credit needs of its community. The evaluation was based on the intermediate small banking institution performance standards. The current Performance Evaluation is based on the large banking institution performance standards because BOC’s asset size exceeded the asset size threshold for a large institution both of the prior two calendar years.

Current CRA Rating: “Satisfactory”

LENDING TEST: “High Satisfactory”

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.*

BOC’s HMDA-reportable, small business, and farm lending activities were more than reasonable in light of BOC’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

Lending Activity: “High Satisfactory”

BOC’s average LTD ratio for the evaluation period was 79.5%, which was comparable to its prior period ratio of 79.9% and slightly above the peer group’s LTD ratio of 78.3%. BOC’s quarterly LTD ratios exceeded the peer group’s ratio 12 out of the 20 quarters of the evaluation period; it also exceeded the peer group’s ratio for the last seven quarters of the evaluation period.

BOC’s quarterly LTD ratios for the evaluation period ranged from a low of 66.5% for the first quarter of the evaluation period to a high of 89.9% for the third quarter of 2016.

The table below shows BOC’s LTD ratios in comparison with the peer group’s ratios for the 20 quarters since the prior evaluation.

Loan-to-Deposit Ratios																					
	2012	2012	2012	2012	2013	2013	2013	2013	2014	2014	2014	2014	2015	2015	2015	2015	2016	2016	2016	2016	Avg.
	Q1	Q2	Q3	Q4																	
Bank	66.5	72.8	72.8	76.3	72.8	78.7	78.4	82.1	75.2	78.2	76.1	79.8	76.9	83.1	82.3	86.3	82.9	89.1	89.9	89.6	79.5
Peer	73.3	74.8	74.8	74.2	73.6	75.4	75.5	75.9	75.7	78.4	79.0	79.7	78.9	81.0	81.7	81.9	81.4	83.7	83.8	83.9	78.3

Assessment Area Concentration: “High Satisfactory”

During the evaluation period, BOC originated 85.6% by number and 79.8% by dollar value of its total HMDA-reportable, small business, and small farm loans within its assessment area. This majority of lending inside of its assessment area reflected a more than reasonable concentration of lending within BOC’s assessment area.

HMDA-Reportable Loans

During the evaluation period, BOC originated 86.1% by number and 77.5% by dollar value of its HMDA-reportable loans within its assessment area. This majority of lending inside of its assessment area reflected a more than reasonable concentration of lending.

Small Business Loans

During the evaluation period, BOC originated 87.1% by number and 81.5% by dollar value of its small business loans within its assessment area. This majority of lending inside of its assessment area reflected a more than reasonable concentration of lending.

Small Farm Loans

During the evaluation period, BOC originated 85.6% by number and 79.8% by dollar value of its small farm loans within its assessment area. This majority of lending inside of its assessment area reflected a more than reasonable concentration of lending.

The following table shows the percentages of BOC’s HMDA-reportable, small business, and small farm loans originated inside and outside of its assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2012	464	86.4%	73	13.6%	537	45,338	74.8%	15,278	25.2%	60,616
2013	409	89.1%	50	10.9%	459	44,341	82.0%	9,731	18.0%	54,072
2014	251	87.2%	37	12.8%	288	22,398	79.7%	5,699	20.3%	28,097
2015	302	83.2%	61	16.8%	363	28,656	79.1%	7,577	20.9%	36,233
2016	262	83.4%	52	16.6%	314	28,283	72.3%	10,829	27.7%	39,112
Subtotal	1,688	86.1%	273	13.9%	1,961	169,016	77.5%	49,114	22.5%	218,130
Small Business										
2012	595	86.9%	90	13.1%	685	82,947	82.2%	17,915	17.8%	100,862
2013	665	87.4%	96	12.6%	761	92,215	82.9%	18,971	17.1%	111,186
2014	746	87.4%	108	12.6%	854	109,128	83.4%	21,649	16.6%	130,777
2015	677	87.1%	100	12.9%	777	99,142	80.0%	24,775	20.0%	123,917
2016	566	86.8%	86	13.2%	652	84,420	78.6%	22,948	21.4%	107,368
Subtotal	3,249	87.1%	480	12.9%	3,729	467,852	81.5%	106,258	18.5%	574,110
Small Farms										
2012	278	80.1%	69	19.9%	347	27,949	73.7%	9,961	26.3%	37,910
2013	295	77.8%	84	22.2%	379	28,997	71.1%	11,770	28.9%	40,767
2014	266	83.4%	53	16.6%	319	29,341	82.1%	6,396	17.9%	35,737
2015	291	83.9%	56	16.1%	347	33,450	80.5%	8,103	19.5%	41,553
2016	239	83.9%	46	16.1%	285	26,400	80.0%	6,614	20.0%	33,014
Subtotal	1,369	81.6%	308	18.4%	1,677	146,137	77.3%	42,844	22.7%	188,981
Grand Total	6,306	85.6%	1,061	14.4%	7,367	783,005	79.8%	198,216	20.2%	981,221

Geographic Distribution of Loans: “Low Satisfactory”

BOC’s origination of loans in census tracts of varying income levels demonstrated an adequate distribution of lending.

BOC’s lending rates for HMDA-reportable, small business, and small farms loans were comparable to the aggregate’s rates for the evaluation period.

HMDA-Reportable Loans

The distribution of BOC’s HMDA-reportable loans by the income level of the geography was adequate.

During the evaluation period, BOC’s average lending rates in LMI geographies was 4.3% by number and 4.3% by dollar value of loans, which was comparable to the aggregate’s rates of lending of 5% and 3.4%, respectively. Both BOC’s and the aggregate’s LMI lending rates primarily reflected lending in moderate-income census tracts, since BOC did not originate any HMDA-reportable loans in low-income census tracts, and the aggregate originated only 0.2% by number and 0.1% by dollar value of its loans in low-income census tracts. However, BOC’s and the aggregate’s lending rates in low-income census tracts were comparable to the percentage of owner-occupied housing units (housing demographics) of 0.1% to 0.4% in low-income census tracts within the

assessment area during the evaluation period.

BOC's annual lending rates in moderate-income census tracts exceeded the aggregate's rates for 2012, 2013, and 2014, while it trailed them in 2015 and 2016. BOC's annual rates of lending were comparable with the percentage of owner-occupied housing units in moderate-income census tracts for 2012 (4.1%), 2013 (4.8%), and 2014 (6.6%), but trailed them in 2015 (6.6%) and 2016 (6.6%).

The following table provides a summary of the distribution of BOC's HMDA-reportable loans by the income level of the geography where the property was located.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2012									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	4	0.0%	395	0.0%	0.1%
Moderate	17	3.7%	1,695	3.7%	428	2.9%	35,021	2.0%	4.1%
LMI	17	3.7%	1,695	3.7%	432	2.9%	35,416	2.0%	4.1%
Middle	378	81.5%	35,687	78.7%	9,629	65.1%	982,843	56.6%	68.0%
Upper	69	14.9%	7,956	17.5%	4,734	32.0%	717,935	41.4%	27.9%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	464		45,338		14,795		1,736,194		
2013									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	2	0.0%	287	0.0%	0.1%
Moderate	20	4.9%	1,237	2.8%	572	3.9%	59,196	3.1%	4.8%
LMI	20	4.9%	1,237	2.8%	574	3.9%	59,483	3.2%	4.8%
Middle	331	80.9%	36,704	82.8%	9,595	65.8%	1,085,918	57.7%	67.8%
Upper	58	14.2%	6,400	14.4%	4,410	30.2%	736,576	39.1%	27.4%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	409		44,341		14,579		1,881,977		
2014									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	33	0.3%	1,384	0.1%	0.4%
Moderate	16	6.4%	2,756	12.3%	795	6.0%	67,962	4.4%	6.6%
LMI	16	6.4%	2,756	12.3%	828	6.3%	69,346	4.5%	7.0%
Middle	198	78.9%	14,733	65.8%	7,794	59.2%	788,598	50.7%	59.3%
Upper	37	14.7%	4,909	21.9%	4,547	34.5%	698,503	44.9%	33.7%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	251		22,398		13,169		1,556,447		
2015									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	43	0.3%	2,386	0.1%	0.4%
Moderate	7	2.3%	491	1.7%	769	5.4%	55,328	3.0%	6.6%
LMI	7	2.3%	491	1.7%	812	5.7%	57,714	3.1%	7.0%
Middle	235	77.8%	20,077	70.1%	8,245	58.1%	948,466	50.9%	59.3%
Upper	60	19.9%	8,088	28.2%	5,124	36.1%	856,196	46.0%	33.7%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	302		28,656		14,181		1,862,376		
2016									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	49	0.3%	3,041	0.2%	0.4%
Moderate	13	5.0%	1,124	4.0%	922	6.1%	80,583	4.0%	6.6%
LMI	13	5.0%	1,124	4.0%	971	6.4%	83,624	4.2%	7.0%
Middle	193	73.7%	17,736	62.7%	8,755	58.0%	1,027,871	51.2%	59.3%
Upper	56	21.4%	9,423	33.3%	5,377	35.6%	897,564	44.7%	33.7%
Unknown	0	0.0%		0.0%	1	0.0%	19	0.0%	
Total	262		28,283		15,104		2,009,078		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	131	0.2%	7,493	0.1%	
Moderate	73	4.3%	7,303	4.3%	3,486	4.9%	298,090	3.3%	
LMI	73	4.3%	7,303	4.3%	3,617	5.0%	305,583	3.4%	
Middle	1,335	79.1%	124,937	73.9%	44,018	61.3%	4,833,696	53.4%	
Upper	280	16.6%	36,776	21.8%	24,192	33.7%	3,906,774	43.2%	
Unknown	-	0.0%	-	0.0%	1	0.0%	19	0.0%	
Total	1,688		169,016		71,827		9,046,072		

Small Business Loans

The distribution of BOC's small business loans among census tracts of varying income levels was adequate.

Castile's average rates of lending in LMI census tracts of 6.1% by number and 6.1% by dollar value of loans were comparable to the aggregate's rates of 6.3% and 7.3%, respectively.

Lending rates in low-income census tracts for BOC and the aggregate were low; however, this was comparable with the percentage of small businesses (business demographics) located in low-income census tracts within the assessment area. The percentage of small businesses located in low-income census tracts ranged from 0.1% for 2012, 2013, and 2014 to 1.1% for 2015 and 2016.

BOC's annual lending rates in moderate-income census tracts were comparable to the aggregate's rates and the percentage of small businesses located in moderate-income census tracts. The percentage of small businesses located in moderate-income census tracts ranged from 4.2% for 2012 to 7.9% for 2016.

The following table provides a summary of the distribution of BOC's small business loans by the income level of the geography where the business was located.

Distribution of Small Business Lending by Geographic Income of the Census Tract

2012									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	10	0.1%	33	0.0%	0.1%
Moderate	22	3.7%	3,268	3.9%	389	3.8%	18,720	4.4%	4.2%
LMI	22	3.7%	3,268	3.9%	399	3.9%	18,753	4.5%	4.3%
Middle	491	82.5%	68,358	82.4%	6,975	67.6%	294,889	70.0%	67.5%
Upper	82	13.8%	11,321	13.6%	2,941	28.5%	107,364	25.5%	28.3%
Unknown		0.0%		0.0%	1	0.0%	1	0.0%	0.0%
Total	595		82,947		10,316		421,007		
2013									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	7	0.1%	72	0.0%	0.1%
Moderate	33	5.0%	4,375	4.7%	373	4.1%	18,521	4.4%	4.9%
LMI	33	5.0%	4,375	4.7%	380	4.1%	18,593	4.4%	5.0%
Middle	528	79.4%	71,820	77.9%	6,182	67.3%	291,689	69.0%	66.7%
Upper	104	15.6%	16,020	17.4%	2,628	28.6%	112,422	26.6%	28.3%
Unknown		0.0%		0.0%		0.0%		0.0%	0.0%
Total	665		92,215		9,190		422,704		
2014									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	0.4%	615	0.6%	178	1.4%	13,757	2.3%	0.1%
Moderate	54	7.2%	8,419	7.7%	778	6.3%	41,613	7.0%	7.6%
LMI	57	7.6%	9,034	8.3%	956	7.7%	55,370	9.3%	7.8%
Middle	554	74.3%	79,146	72.5%	7,019	56.4%	354,256	59.4%	56.7%
Upper	135	18.1%	20,948	19.2%	4,464	35.9%	186,894	31.3%	34.5%
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	0.1%
Total	746		109,128		12,439		596,520		
2015									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	0.7%	832	0.8%	166	1.4%	14,819	2.4%	1.1%
Moderate	45	6.6%	6,479	6.5%	764	6.3%	42,947	6.8%	7.7%
LMI	50	7.4%	7,311	7.4%	930	7.6%	57,766	9.2%	8.8%
Middle	517	76.4%	74,006	74.6%	6,810	56.0%	344,833	54.8%	56.7%
Upper	110	16.2%	17,825	18.0%	4,425	36.4%	226,779	36.0%	34.4%
Unknown		0.0%		0.0%		0.0%		0.0%	0.1%
Total	677		99,142		12,165		629,378		
2016									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	0.4%	590	0.7%	137	1.1%	12,814	2.1%	1.1%
Moderate	35	6.2%	4,132	4.9%	769	6.2%	44,040	7.1%	7.9%
LMI	37	6.5%	4,722	5.6%	906	7.3%	56,854	9.1%	9.1%
Middle	439	77.6%	62,586	74.1%	7,068	57.0%	336,830	53.9%	56.7%
Upper	90	15.9%	17,112	20.3%	4,418	35.6%	230,959	37.0%	34.2%
Unknown		0.0%		0.0%	1	0.0%	7	0.0%	0.1%
Total	566		84,420		12,393		624,650		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	0.3%	2,037	0.4%	498	0.9%	41,495	1.5%	
Moderate	189	5.8%	26,673	5.7%	3,073	5.4%	165,841	6.2%	
LMI	199	6.1%	28,710	6.1%	3,571	6.3%	207,336	7.7%	
Middle	2,529	77.8%	355,916	76.1%	34,054	60.3%	1,622,497	60.2%	
Upper	521	16.0%	83,226	17.8%	18,876	33.4%	864,418	32.1%	
Unknown	0	0.0%	0	0.0%	2	0.0%	8	0.0%	
Total	3,249		467,852		56,503		2,694,259		

Small Farm Loans

The distribution of BOC's small farm loans among census tracts of varying income levels was adequate.

Castile's rates of lending in LMI census tracts during the evaluation period was 2% by number and 1.4% by dollar value of loans, which was just below the aggregate's rates of lending of 2.9% and 1.7%, respectively.

Total farms in the assessment area decreased from 2,623 in 2012 to 2,262 farms in 2016. BOC's management noted that the farm industry in upstate New York state historically fluctuates due to swings in supply and demand, and changes in regulatory requirements and regulated pricing of milk products.

BOC's assessment area had no farms (farm demographics) located in low-income census tracts for 2012 and 2013. In 2014 and 2015 only 0.3% of farms in the assessment area were located in low-income census tracts. This increased slightly to 0.4% for 2016. Due to the low percentage of farms in low-income census tracts it was reasonable that BOC did not originate any small farm loans in low-income census tracts during the evaluation period. Furthermore, the aggregate also did not originate any loans in low-income census tracts.

BOC's rates of lending in moderate-income census tracts slightly trailed the farm demographics for the assessment area, which ranged from a low of 3.1% to a high of 3.9% during the evaluation period.

The following table provides a summary of the distribution of BOC's small farm loans by the income level of the geography where the farm was located.

Distribution of Small Farm Lending by Geographic Income of the Census Tract									
2012									
Geographic Income	Bank				Aggregate				Farm Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	0	0.0%	0	0.0%	0.0%
Moderate	3	1.1%	143	0.5%	17	2.6%	582	1.3%	3.1%
LMI	3	1.1%	143	0.5%	17	2.6%	582	1.3%	3.1%
Middle	223	80.2%	23,716	84.9%	501	78.0%	39,908	85.8%	73.8%
Upper	52	18.7%	4,090	14.6%	124	19.3%	6,022	12.9%	23.2%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	278		27,949		642		46,512		
2013									
Geographic Income	Bank				Aggregate				Farm Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	0	0.0%	0	0.0%	0.0%
Moderate	8	2.7%	450	1.6%	21	3.2%	1,157	2.2%	3.3%
LMI	8	2.7%	450	1.6%	21	3.2%	1,157	2.2%	3.3%
Middle	241	81.7%	25,575	88.2%	525	79.7%	43,631	84.5%	74.6%
Upper	46	15.6%	2,972	10.2%	113	17.1%	6,846	13.3%	22.1%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	295		28,997		659		51,634		
2014									
Geographic Income	Bank				Aggregate				Farm Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	0	0.0%	0	0.0%	0.3%
Moderate	4	1.5%	378	1.3%	22	3.3%	714	1.4%	3.9%
LMI	4	1.5%	378	1.3%	22	3.3%	714	1.4%	4.2%
Middle	220	82.7%	25,695	87.6%	522	78.5%	41,913	83.3%	68.1%
Upper	42	15.8%	3,268	11.1%	121	18.2%	7,695	15.3%	27.8%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	266		29,341		665		50,322		
2015									
Geographic Income	Bank				Aggregate				Farm Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	0	0.0%	0	0.0%	0.3%
Moderate	6	2.1%	492	1.5%	21	2.9%	1,017	1.7%	3.5%
LMI	6	2.1%	492	1.5%	21	2.9%	1,017	1.7%	3.8%
Middle	242	83.2%	28,839	86.2%	584	79.5%	49,168	81.9%	68.0%
Upper	43	14.8%	4,119	12.3%	130	17.7%	9,836	16.4%	28.2%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	291		33,450		735		60,021		
2016									
Geographic Income	Bank				Aggregate				Farm Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	0	0.0%	0	0.0%	0.4%
Moderate	6	2.5%	568	2.2%	18	2.6%	818	1.7%	3.4%
LMI	6	2.5%	568	2.2%	18	2.6%	818	1.7%	3.7%
Middle	193	80.8%	22,411	84.9%	557	80.4%	40,178	84.9%	67.6%
Upper	40	16.7%	3,421	13.0%	118	17.0%	6,318	13.4%	28.7%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	239		26,400		693		47,314		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Farm Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Moderate	27	2.0%	2,031	1.4%	99	2.9%	4,288	1.7%	
LMI	27	2.0%	2,031	1.4%	99	2.9%	4,288	1.7%	
Middle	1,119	81.7%	126,236	86.4%	2,689	79.2%	214,798	84.0%	
Upper	223	16.3%	17,870	12.2%	606	17.9%	36,717	14.4%	
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	1,369		146,137		3,394		255,803		

Distribution by Borrower Characteristics: “High Satisfactory”

BOC’s HMDA-reportable, small business, and small farm lending demonstrated a more than reasonable distribution of loans among individuals of different income levels and businesses and farms of different revenue sizes.

While BOC’s average rates of one-to-four family HMDA-reportable lending to LMI borrowers slightly trailed its aggregate’s rates, the bank’s average rates of small business and small farm lending to businesses and farms with revenues of \$1 million or less exceeded its aggregate’s rates for the evaluation period.

One-to-Four Family HMDA-Reportable Loans

BOC’s one-to-four family HMDA-reportable lending demonstrated a reasonable distribution of loans among individuals of different income levels.

BOC’s average rates of lending to LMI borrowers for the evaluation period were 30.3% by number and 20.6% by dollar value of loans, which were slightly below the aggregate’s rates of 31.5% and 21.1%, respectively. BOC’s rates of lending by number were also slightly below the assessment area’s family demographics of approximately 32% of LMI families.

BOC’s one-to-four family HMDA-reportable loan volume declined significantly during the evaluation period. BOC originated 447 loans in 2012, 381 loans in 2013, and 235 loans in 2014—a 38.3% decline in one year. The bank’s loan volume improved slightly in 2015 and 2016 to 288 loans and 255 loans, respectively. BOC’s management attributed this to a diminishing inventory of housing available for sale during the evaluation period, especially in Monroe County. One of the community contacts interviewed also noted that there was a low inventory of affordable housing in parts of the assessment area, particularly in the Rochester area.

The following table provides a summary of the distribution of BOC’s one-to-four family loans by borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2012									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	35	7.8%	2,016	4.5%	1,223	8.4%	81,518	4.8%	15.1%
Moderate	89	19.9%	6,910	15.5%	3,199	21.9%	272,146	16.1%	17.0%
LMI	124	27.7%	8,926	20.1%	4,422	30.3%	353,664	21.0%	32.1%
Middle	134	30.0%	11,662	26.2%	3,963	27.2%	411,035	24.4%	23.4%
Upper	158	35.3%	18,120	40.7%	5,737	39.3%	863,770	51.2%	44.5%
Unknown	31	6.9%	5,806	13.0%	465	3.2%	59,196	3.5%	
Total	447		44,514		14,587		1,687,665		
2013									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	32	8.4%	1,434	4.0%	1,151	8.0%	70,978	4.3%	15.3%
Moderate	75	19.7%	4,815	13.4%	3,220	22.5%	265,056	16.1%	17.0%
LMI	107	28.1%	6,249	17.4%	4,371	30.6%	336,034	20.4%	32.3%
Middle	98	25.7%	6,724	18.8%	3,831	26.8%	390,825	23.8%	23.3%
Upper	145	38.1%	15,637	43.6%	5,609	39.2%	841,651	51.2%	44.3%
Unknown	31	8.1%	7,249	20.2%	493	3.4%	76,762	4.7%	
Total	381		35,859		14,304		1,645,272		
2014									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	26	11.1%	1,353	6.7%	1,043	8.0%	60,842	4.1%	15.7%
Moderate	49	20.9%	3,592	17.7%	3,086	23.8%	246,795	16.8%	16.6%
LMI	75	31.9%	4,945	24.3%	4,129	31.9%	307,637	21.0%	32.2%
Middle	67	28.5%	4,896	24.1%	3,418	26.4%	344,435	23.5%	23.9%
Upper	78	33.2%	9,581	47.1%	5,069	39.1%	766,022	52.2%	44.8%
Unknown	15	6.4%	910	4.5%	341	2.6%	48,087	3.3%	
Total	235		20,332		12,957		1,466,181		
2015									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	33	11.5%	1,663	6.1%	1,259	9.0%	77,509	4.7%	15.7%
Moderate	71	24.7%	4,942	18.1%	3,433	24.7%	297,257	17.8%	16.6%
LMI	104	36.1%	6,605	24.2%	4,692	33.7%	374,766	22.5%	32.2%
Middle	74	25.7%	6,910	25.3%	3,713	26.7%	403,836	24.2%	22.9%
Upper	89	30.9%	11,764	43.0%	5,150	37.0%	820,832	49.3%	44.8%
Unknown	21	7.3%	2,054	7.5%	363	2.6%	66,122	4.0%	
Total	288		27,333		13,918		1,665,556		
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	20	7.8%	965	3.4%	1,203	8.1%	79,493	4.3%	15.7%
Moderate	56	22.0%	4,512	16.1%	3,399	22.9%	299,536	16.2%	16.6%
LMI	76	29.8%	5,477	19.6%	4,602	31.0%	379,029	20.5%	32.2%
Middle	69	27.1%	5,886	21.0%	3,916	26.4%	428,580	23.2%	22.9%
Upper	100	39.2%	15,260	54.6%	5,886	39.6%	969,353	52.4%	44.8%
Unknown	10	3.9%	1,349	4.8%	448	3.0%	73,231	4.0%	
Total	255		27,972		14,852		1,850,193		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	146	9.1%	7,431	4.8%	5,879	8.3%	370,340	4.5%	
Moderate	340	21.2%	24,771	15.9%	16,337	23.1%	1,380,790	16.6%	
LMI	486	30.3%	32,202	20.6%	22,216	31.5%	1,751,130	21.1%	
Middle	442	27.5%	36,078	23.1%	18,841	26.7%	1,978,711	23.8%	
Upper	570	35.5%	70,362	45.1%	27,451	38.9%	4,261,628	51.3%	
Unknown	108	6.7%	17,368	11.1%	2,110	3.0%	323,398	3.9%	
Total	1,606		156,010		70,618		8,314,867		

Small Business Loans

BOC's small business lending demonstrated a more than reasonable distribution of loans among businesses of different revenue sizes.

BOC's average rates of lending to businesses with gross annual revenue of \$1 million or less were 57.5% by number and 35% by dollar value of loans, which exceeded the aggregate's rates of 44.4% and 32.2%, respectively. Although BOC's rates of lending to businesses with gross annual revenue of \$1 million or less exceeded the aggregate's rates, BOC's rates trailed the percentage (approximately 72%-81%) of such businesses in its assessment area. BOC's small business lending volume for the current evaluation period averaged 650 loans a year, which represented a 22.9% increase from the prior evaluation period's average of 529 loans.

The following table provides a summary of the distribution of BOC's small business loans by the revenue size of the business.

Distribution of Small Business Lending by Revenue Size of Business									
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	364	61.2%	28,136	33.9%	3,976	38.5%	131,743	31.3%	71.8%
Rev. > \$1MM	206	34.6%	54,296	65.5%					4.1%
Rev. Unknown	25	4.2%	515	0.6%					24.1%
Total	595		82,947		10,316		421,007		
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	431	64.8%	37,123	40.3%	4,098	44.6%	157,451	37.2%	71.7%
Rev. > \$1MM	205	30.8%	53,389	57.9%					4.5%
Rev. Unknown	29	4.4%	1,703	1.8%					23.8%
Total	665		92,215		9,190		422,704		
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	425	57.0%	39,498	36.2%	5,192	41.7%	177,735	29.8%	71.5%
Rev. > \$1MM	253	33.9%	62,522	57.3%					5.5%
Rev. Unknown	68	9.1%	7,108	6.5%					23.0%
Total	746		109,128		12,439		596,520		
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	350	51.7%	29,896	30.2%	5,826	47.9%	197,797	31.4%	77.6%
Rev. > \$1MM	251	37.1%	60,148	60.7%					5.7%
Rev. Unknown	76	11.2%	9,098	9.2%					16.7%
Total	677		99,142		12,165		629,378		
2016									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	299	52.8%	28,974	34.3%	5,994	48.4%	202,419	32.4%	80.9%
Rev. > \$1MM	220	38.9%	51,662	61.2%					6.9%
Rev. Unknown	47	8.3%	3,784	4.5%					12.3%
Total	566		84,420		12,393		624,650		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	1,869	57.5%	163,627	35.0%	25,086	44.4%	867,145	32.2%	
Rev. > \$1MM	1,135	34.9%	282,017	60.3%			-		
Rev. Unknown	245	7.5%	22,208	4.7%			-		
Total	3,249		467,852		56,503		2,694,259		

Small Farm Loans

BOC's lending demonstrated a more than reasonable level of distribution of loans among farms of different revenue sizes.

BOC's average rates of lending to farms with gross annual revenue of \$1 million or less were 69.8% by number and 49.5% by dollar value of loans, which exceeded the aggregate's rates of 59.5% and 47.5%, respectively. Although BOC's rates of lending to farms with gross annual revenue of \$1 million or less exceeded the aggregate's rates, BOC's rates trailed the percentage (approximately 94%-96%) of such farms located within its assessment area.

BOC's small farm lending fluctuated during the evaluation period from a low of 239 loans in 2016 to a high of 295 in 2013. BOC's annual average of 274 farm loans during the current evaluation period remained similar to the prior period's annual average of 271 loans.

The following table provides a summary of the distribution of BOC's small farm loans by the revenue size of the farm business.

Distribution of Small Farm Lending by Revenue Size of Business									
2012									
Rev. Size	Bank				Aggregate				Farm Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	183	65.8%	12,655	45.3%	364	56.7%	20,524	44.1%	96.0%
Rev. > \$1MM	63	22.7%	14,071	50.3%					3.0%
Rev. Unknown	32	11.5%	1,223	4.4%					1.0%
Total	278		27,949		642		46,512		
2013									
Rev. Size	Bank				Aggregate				Farm Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	215	72.9%	14,627	50.4%	427	64.8%	26,222	50.8%	95.9%
Rev. > \$1MM	61	20.7%	13,660	47.1%					3.1%
Rev. Unknown	19	6.4%	710	2.4%					1.0%
Total	295		28,997		659		51,634		
2014									
Rev. Size	Bank				Aggregate				Farm Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	184	69.2%	12,917	44.0%	402	60.5%	22,387	44.5%	95.7%
Rev. > \$1MM	66	24.8%	15,493	52.8%					3.2%
Rev. Unknown	16	6.0%	931	3.2%					1.0%
Total	266		29,341		665		50,322		
2015									
Rev. Size	Bank				Aggregate				Farm Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	206	70.8%	18,296	54.7%	433	58.9%	28,587	47.6%	95.3%
Rev. > \$1MM	64	22.0%	14,108	42.2%					3.6%
Rev. Unknown	21	7.2%	1,046	3.1%					1.1%
Total	291		33,450		735		60,021		
2016									
Rev. Size	Bank				Aggregate				Farm Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	168	70.3%	13,912	52.7%	395	57.0%	23,739	50.2%	94.2%
Rev. > \$1MM	61	25.5%	11,738	44.5%					4.5%
Rev. Unknown	10	4.2%	750	2.8%					1.4%
Total	239		26,400		693		47,314		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Farm Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	956	69.8%	72,407	49.5%	2,021	59.5%	121,459	47.5%	
Rev. > \$1MM	315	23.0%	69,070	47.3%					
Rev. Unknown	98	7.2%	4,660	3.2%					
Total	1,369		146,137		3,394		255,803		

Community Development Lending: "Outstanding"

During the evaluation period, BOC originated \$177.2 million in new community development loans and had none outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period. The ratio of annualized community development loans to total average assets for the evaluation period was 2.6%.

BOC's community development loans supported affordable housing (0.8%), community services (40.5%), economic development (18.9%), and revitalization/stabilization (39.8%). BOC's made community development loans to various entities including hospitals, corporations, small businesses, colleges, and for-profit and nonprofit organizations. These entities provided medical, residential and educational services to LMI individuals, families, seniors, at-risk youths, and persons with disabilities. BOC's community development loans also provided funding for new construction and rehabilitation projects, encouraged business investments, and helped to retain and create new job opportunities primarily benefiting LMI individuals and geographies.

Community Development Loans		
	This Evaluation Period	
Purpose	# of Loans	\$000
Affordable Housing	1	1,500
Community Services	17	71,760
Economic Development	10	33,500
Revitalize/Stabilize	26	70,472
Total	54	177,232

Below are highlights of BOC's community development lending.

- In 2015, BOC made a \$1.5 million loan to a nonprofit corporation whose main goal is to provide financing for affordable housing projects. BOC's funds were used as part of a project that focuses on acquiring and renovating single-family homes located within the City of Rochester. Once renovated, these homes are sold to LMI first-time homebuyers.
- In 2013, BOC originated a \$26 million construction draw bond to a local private college to construct a new building (to study nursing) and renovate an existing building. A majority of students of the college receive financial aid. The project is backed by a county-level industrial development corporation and received a grant from the Empire State Development Corporation, which is New York State's chief economic development agency. The project is also consistent with the Finger Lakes Regional Economic Development Council's plan for the region's workforce, which is to strengthen and develop education and training programs for key growth industries. In 2014, BOC also extended a \$1.5 million line-of-credit to the college, which was renewed in 2015 and increased to \$5 million in 2016.
- In 2015, BOC extended a \$10 million loan to a not-for-profit community hospital for the construction of a new surgical center. The 131-bed hospital is located in a moderate-income census tract in Genesee County and is the largest employer in the county. The hospital provides inpatient, outpatient, and emergency services to the residents of Genesee, Wyoming, Orleans, and Erie counties.
- In 2014, BOC originated an \$8 million commercial loan; it renewed the loan in 2017

for a total of \$16 million in qualified community development credit. The loan is to a family-owned company that manufactures heavy duty truck and trailer parts. The company qualifies as a small business under the small business size standards adopted by the U. S. Small Business Administration (“SBA”). The company employs approximately 350 employees and is located in Orleans County adjacent to a moderate-income census tract.

- In 2015, BOC participated in the SBA loan program by extending a construction loan of \$4.6 million to build a hotel in a low-income census tract in Niagara County. The hotel will help to revitalize and stabilize the area as well as create jobs.
- In 2013, BOC participated (\$6.2 million) in a loan to convert an old factory into an apartment building with 71 low-income apartment units, of which 39 units will be allocated to the NYS Office of Mental Health for people with special needs. The property is located within a low-income census tract in Monroe County.

Innovative or Flexible Lending Practices:

BOC offers a proprietary affordable housing lending program called the “Community One Program.” In addition, the bank offers the “First Home Club” program administered by the Federal Home Loan Bank of New York, the State of New York Mortgage Agency (“SONYMA”) loan program, various farm loan programs administered by the United States Department of Agriculture, the Excelsior Linked Deposit Program (“ELDP”), SBA loan programs, and the New York Business Development Corporation loan referral program. Below are highlights of loan programs that benefit LMI individuals and small businesses.

- BOC’s Community One Program offers a low down payment and reduced fees, accepts alternative credit sources to document credit history, and has a 43% debt qualifying ratio. The program is targeted to LMI individuals or families and requires the homebuyer to attend housing counseling. In the last three years of the evaluation period, BOC originated 132 loans totaling \$12.1 million through the program.
- The First Home Club program requires homebuyers to establish a dedicated savings account with regular, structured deposits. The program matches household savings at a 4:1 ratio up to a maximum of \$7,500 and an additional \$500 to cover the homebuyer counseling fees. The program is targeted to first-time LMI homebuyers. The program also requires that the homebuyer attend a homebuyer counseling course.
- As a participating SONYMA lender, BOC offers the “Low Interest Rate” and “Achieving the Dream” loan programs. The programs target low-income first-time homebuyers and provides down payment assistance, flexible underwriting guidelines, higher debt qualifying ratios, and competitive or below-market interest rates. The programs are intended to improve housing affordability. BOC

originated five SONYMA loans totaling \$329,610 in the last three years of the evaluation period.

- BOC participates in the Farm Service Agency (“FSA”) loan guaranty program administered by the US Department of Agriculture. The FSA loan program provides small farms with loans for which they may not otherwise qualify. The program offers fixed rate loans at reasonable terms to buy farmland or finance agricultural production. BOC originated 117 FSA loans totaling \$31.5 million during the evaluation period.
- The ELDP loan program assists with projects that promote economic growth and create job opportunities within the bank’s assessment area. The program helps make loans more affordable for commercial borrowers by offering an interest rate of 2-3% below the market rate. The state deposits funds with BOC equal to the loan amount and accepts a reduced rate of return on the deposit. BOC originated 25 ELDP loans totaling \$12.4 million during the evaluation period.

INVESTMENT TEST: “High Satisfactory”

DFS evaluated BOC’s investment performance pursuant to the following criteria:

- (1) The dollar amount of qualified investments;*
- (2) The innovativeness or complexity of qualified investments; and*
- (3) The responsiveness of qualified investments to the credit and community development needs of the assessment area.*

BOC’s qualified investments were more than reasonable in light of the assessment area’s credit needs.

Qualified Investments: “High Satisfactory”

During the evaluation period, BOC made \$21 million in new community development investments and had \$859,516 outstanding from prior evaluation periods. In addition, the bank made \$85,302 in community development grants. This demonstrated a more than reasonable level of qualified investments over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Affordable Housing	1	487	1	56
Economic Development	2	10,250	2	402
Community Services	2	2,170	1	401
Revitalize/Stabilize	17	8,132		
Total	22	21,039	4	860
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	7	9		
Economic Development	13	12		
Community Services	51	64		
Other (Please Specify)				
Total	71	85		

Below are highlights of BOC's qualified investments.

Investments

- In 2013, BOC invested \$3.8 million for the acquisition and rehabilitation of a property located in a low-income census tract in Monroe County. In return, BOC received a historic tax credit. The rehabilitation project renovated the property to provide affordable housing for LMI individuals and helped to revitalize the low-income area in Monroe County where the property is located.
- During the evaluation period, BOC purchased a \$10 million industrial development bond issued by a local town to be used for industrial development. BOC also purchased nine bond anticipation notes totaling \$1.6 million issued by a local county. The proceeds were used for economic development. It also purchased four bonds issued by a local city totaling \$750,000 to revitalize the downtown area of the city.
- In 2015, BOC purchased a \$1.2 million bond issued by a local school district located in moderate-income census tract in Genesee County. The majority (56%) of students in the school district qualify for the free or reduced-price lunch program.

Grants

BOC made 71 community development grants to various organizations that provide support for job retention and creation, education, affordable housing, and food services benefiting the LMI population within the bank's assessment area. The majority (51, or 72%) of the grants supported community services.

- In 2013 and 2014, BOC donated more than \$30,000 in grants to a nonprofit medical center located in a moderate-income census tract in Genesee County. The center is the only medical facility in Genesee County that provides essential health care and medical services, as well as job opportunities, to local residents and LMI individuals in the assessment area.

Innovativeness of Qualified Investments

BOC did not make any innovative investments to support community development during the evaluation period.

Responsiveness of Qualified Investments to Credit and Community Development Needs

BOC's qualified investments exhibited reasonable responsiveness to the assessment area's credit and community development needs. Most of BOC's qualified investments were bonds issued by municipalities and local school districts for public improvement projects.

SERVICE TEST: "Outstanding"

DFS evaluated BOC's retail service performance pursuant to the following criteria:

- (1) The current distribution of the banking institution's branches;*
- (2) The institution's record of opening and closing branches;*
- (3) The availability and effectiveness of alternative systems for delivering retail services;*
and
- (4) The range of services provided.*

DFS evaluated BOC's community development service performance pursuant to the following criteria:

- (1) The extent to which the institution provides community development services; and*
- (2) The innovativeness and responsiveness of community development services.*

Retail Banking Services: "High Satisfactory"

BOC's branch network, delivery systems, branch hours, services, and alternative delivery systems are more than reasonable, particularly as they relate to LMI individuals.

Current distribution of BOC's branches

BOC has a reasonable distribution of branches within its assessment area.

BOC operates 18 offices in five counties in upstate New York. All of BOC's branch offices are located in middle-income census tracts except for two which are in upper-income census tracts. Branch hours are generally from 8:30 AM to 4:30 PM. All full-service branches offer extended hours on Friday until 6:00 PM, and 12 branches are open on Saturday from 9:00 AM to 12:00 PM.

Distribution of Branches within the Assessment Area						
County	N/A	Low	Moderate	Middle	Upper	Total
	#	#	#	#	#	#
Monroe*				3	1	4
Genesee				4		4
Livingston				3	1	4
Orleans				1		1
Wyoming				5		5
Total	0	0	0	16	2	18

* Partial County

Record of opening and closing branches

BOC’s record of opening or closing branch offices did not have an adverse effect on the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.

In January 2013, BOC opened a branch in a middle-income census tract in the Village of Churchville. The bank opened another branch in an upper-income census tract in the City of Rochester in May 2014. Both of these branches are located in Monroe County. BOC did not close any branch office during the evaluation period.

Availability and effectiveness of alternative systems for delivering retail services

BOC’s delivery systems are reasonable and accessible to portions of its assessment area, particularly to LMI geographies and individuals.

All 18 branches, except for the Gainesville branch in Wyoming County, have drive-up or drive-through services which are open during branch hours. One of the branch offices in Genesee County offers limited banking services; it has drive-up banking services only.

All of BOC’s branch offices have ATMs; however, only three of them have deposit-taking capabilities. BOC also has five off-site non-deposit taking ATMs, of which three are located on college campuses (Genesee Community College in Batavia, St. John Fisher College in Rochester, and SUNY Geneseo located in low-income census tract). The other two off-site ATMs are located in a medical center and in a senior assisted living facility.

Range of services provided

BOC’s services meet the convenience and accessibility needs of its assessment area, particularly LMI geographies and individuals.

BOC offers various retail products and services to address the needs of LMI consumers, small businesses and small farms within the assessment area. As noted above, the bank offers flexible lending programs that are targeted to LMI borrowers such as the

Community One program, First Home Club program, SONYMA loan program, and the FSA loan program for small farms.

BOC offers the “Starter Savings” account to individuals 17 years old and younger to encourage such individuals to save and learn to manage their finances. The account has no minimum balance requirement and no monthly fee. The interest rate paid on the account is tiered based on the daily account balance.

BOC also offers the “Student Checking 101” account. The account holder must be between the age of 16 and 25 years old. The account does not require a minimum balance to open or maintain and provides free electronic statements (paper statements are available for a \$2.50 fee). The three off-site ATMs located on college campus provide easy access for students.

BOC offers a Health Savings Account that includes benefits such as tax-deductible contributions, tax-deferred earnings, and tax-free withdrawals. This flexible account allows the account holder to pay for current medical expenses or save for future ones. Furthermore, customers can keep the account regardless of a change in coverage or employment.

In addition, BOC offers online banking, remote deposit capture, internet banking, mobile banking, bill pay, e-statements, automated clearing house transfers, domestic and international wire transfers, and a 24-hour toll-free automated phone banking system. Customers also have access to an online customer service chat option where they can inquire about services offered, as well as a toll-free customer service center available Monday through Friday from 8:00AM to 7:30PM, and Saturday from 9:00 AM to 12:00 PM (excluding holidays).

Community Development Services: “Outstanding”

BOC provides excellent community development services. Various employees and members of BOC’s senior management serve on the board or committees of various organizations, lending their financial expertise and technical assistance to support small farms, small businesses, economic development, community services, and affordable housing for LMI individuals within the assessment area.

Below are highlights of BOC’s community development services.

- The president and CEO serves as director of a nonprofit organization that provides a network of services that include housing and medical services to children, adults, and seniors with special needs.
- A senior vice president serves as a board member and vice-president of a nonprofit organization that focuses on the housing needs of LMI families, seniors, veterans, and persons with disabilities.

-
- A senior vice president serves on the board of a nonprofit local development corporation. The corporation promotes economic development in Monroe County and provides resources to businesses to retain and create jobs.
 - A vice president is a member of the loan review committee of a nonprofit organization that provides the skills, resources and supplemental funding to other community-based organizations, so they can achieve their mission to build more affordable housing and provide other services targeted to LMI individuals and families.
 - A teller serves on the board of a local business development corporation that promotes retaining and attracting businesses to the City of Batavia. The corporation also administers low-interest loans and provides grants to start-up and existing businesses to help create or retain jobs to revitalize the commercial and industrial areas in Batavia.

Additional Factors

The following factors were also considered in assessing BOC's record of performance.

The extent of participation by the banking institution's board of directors or board of trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the CRA.

BOC's board of directors has established a CRA policy and it is the CRA officer's responsibility to implement the policy. The CRA officer annually reports to the board of directors on BOC's CRA performance and activities, including HMDA and small business lending, assessment area, and employee community involvement and community development activities, which are also reviewed during CRA committee meetings. BOC's goal is to extend credit and services and participate in community development programs designed to meet the needs of all community members, including LMI individuals and families.

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.*

DFS examiners did not note practices by BOC intended to discourage applications for the types of credit offered by the bank.

- *Evidence of prohibited discriminatory or other illegal credit practices.*

DFS examiners did not note evidence of prohibited discriminatory or other illegal practices.

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 community credit needs through ongoing interaction with local government officials and nonprofit and community development organizations, as well as conducting homebuyer and financial literacy workshops. In addition, BOC employees and senior management serve on the board and various committees of local development corporations and nonprofit and community-based organizations, which further helps them to ascertain the credit needs of the community.

- *The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution*

BOC advertises its lending and deposit products throughout its assessment area. It uses various advertising and marketing media outlets, such as local newspapers and local and regional business publications, as well as two minority newspapers (one is a weekly newspaper targeting the African-American communities and the other is a monthly newspaper targeting the Spanish speaking community). BOC also buys ads for billboards and advertises on the radio and television.

BOC also participates in local trade shows and first-time homebuyer seminars. In addition, the bank maintains an internet website and a Facebook page.

Other factors that in the judgment of the Superintendent bear upon the extent to which BOC's is helping to meet the credit needs of its entire community

DFS examiners noted no other factors.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

“Community development”:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3) above.

Community Development Loan

A loan that has its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

Community Development Service

Service that has community development as its *primary purpose*, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;
 - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - ❖ Furnishing financial services training for staff and management;
 - ❖ Contributing accounting/bookkeeping services; and
 - ❖ Assisting in fund raising, including soliciting or arranging investments.

Geography

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

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level for borrowers is based on household or family income. A geography's income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Small Business Loan

A small business loan is a loan less than or equal to \$1 million.

Low or Moderate Income ("LMI") Geographies

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

LMI Borrowers

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

LMI Individuals/Persons

Individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that represents the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Low-Income Housing Tax Credit (LIHTC)

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

New Markets Tax Credit (NMTC)

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

Qualified Investment

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;

- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.