



## **PUBLIC SUMMARY**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF GENESEE REGIONAL BANK**

**AS OF DECEMBER 31, 2022**

New York State Department of Financial Services  
Consumer Protection and Financial Enforcement Division  
One State Street, New York NY 10004

**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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# GENESEE REGIONAL BANK – CRA PERFORMANCE EVALUATION

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## I - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Genesee Regional Bank (“GRB” or the “Bank”) 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 Bank’s CRA performance based on an evaluation conducted as of December 31, 2022.

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 institutions’ 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 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 Evaluation.

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## II - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated GRB according to the intermediate small banking institutions performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2019, 2020, 2021 and 2022 for the lending test and the period from July 1, 2019, to December 31, 2022, for the community development test. GRB is rated “2” indicating a “Satisfactory” record of helping to meet community credit needs with regulatory standards.

The rating is based on the following factors:

### **A. Lending Test:** Satisfactory

#### 1. Loan-to-Deposit Ratio and Other Lending-Related Activities: Satisfactory

GRB's average loan-to-deposit (“LTD”) ratio was reasonable considering its size, business strategy, financial condition, and peer group activity.

GRB's average LTD ratio of 81.5% for the evaluation period exceeded the peer's average LTD ratio of 77%.

#### 2. Assessment Area Concentration: Satisfactory

During the evaluation period, GRB originated 64.7% by number and 63.1% by dollar value of its HMDA-reportable and small business loans within the assessment area, demonstrating a reasonable concentration of lending.

#### 3. Distribution by Borrower Characteristics: Satisfactory

GRB's HMDA-Reportable and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes.

Examiners gave greater weight to GRB's one-to-four family HMDA-reportable lending as HMDA loans comprised a substantial majority of total HMDA and small business loans originated by GRB during the evaluation period.

#### 4. Geographic Distribution of Loans: Satisfactory

GRB's origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

#### 5. Action Taken in Response to Written Complaints with Respect to CRA:

Neither DFS nor GRB received any written complaints during the evaluation period regarding GRB's CRA performance.

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### **B. Community Development Test:** Outstanding

GRB's community development performance demonstrated an excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and services, considering the Bank's capacity, and the need for and availability of opportunities for community development in its assessment area.

#### 1. Community Development Lending: Outstanding

During the evaluation period, GRB originated \$45.9 million in new community development loans and had \$7.7 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

The Bank's community development loans primarily supported revitalization and stabilization efforts in LMI geographies.

#### 2. Qualified Investments: Satisfactory

During the evaluation period, GRB made \$4.5 million in qualified investments and had \$887,786 outstanding from prior evaluation periods. In addition, GRB made \$85,943 in qualified grants. This demonstrated an adequate level of qualified investments over the course of the evaluation period.

#### 3. Community Development Services: Satisfactory

GRB demonstrated an adequate level of community development services over the course of the evaluation period.

Bank employees provided 38 instances of financial expertise or technical assistance during the evaluation period to local community organizations in the assessment area focusing on affordable housing and community services.

#### 4. Responsiveness to Community Development Needs:

GRB demonstrated an excellent level of responsiveness to credit and community development needs.

*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.*

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### III - PERFORMANCE CONTEXT

#### A. Institution Profile

Chartered in 1985, GRB is a commercial bank headquartered in Rochester, New York. The Bank is a wholly owned subsidiary of Greater Rochester Bancorp, Inc. The Bank has no affiliates or subsidiaries.

GRB operates three banking offices in Monroe County, New York. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of three non-deposit taking ATMs, one located at each branch. The Bank has an agreement with three ATM networks, MoneyPass, Allpoint, and STAR, which provides surcharge-free access to an additional 47 ATMs located throughout Monroe County and many more ATMs located outside of the Bank’s assessment area. These ATMs do not accept deposits. GRB also operates a loan production office in Syracuse, NY

The Bank offers several deposit products including consumer and business checking, savings and certificates of deposit. Lending products offered include consumer, residential mortgage, commercial mortgage and commercial and industrial loans. Banking services offered include overdraft protection, online and mobile banking where customers can perform various transactions.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2022, filed with the Federal Deposit Insurance Corporation (“FDIC”), GRB reported total assets of \$1.1 billion, of which \$734.5 million were net loans and lease financing receivables. It also reported total deposits of \$886.6 million, resulting in an LTD ratio of 83.7%. According to the latest available comparative deposit data as of June 30, 2022, GRB obtained a market share of 4.7%, or \$903.3 million in a market of \$19.1 billion, ranking it 7<sup>th</sup> among 15 deposit-taking institutions in the assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2019, 2020, 2021 and 2022 ’s Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>								
Loan Type	2019		2020		2021		2022	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	81,571	18.5	101,848	18.4	152,267	24.6	209,765	28.0
Commercial & Industrial Loans	128,226	29.1	200,753	36.4	176,561	28.6	187,405	25.0
Commercial Mortgage Loans	162,634	37.0	171,728	31.1	192,836	31.2	249,021	33.2
Multifamily Mortgages	17,169	3.9	19,664	3.6	14,505	2.3	15,643	2.1
Consumer Loans	4,620	1.0	3,603	0.7	2,195	0.4	6,762	0.9
Construction Loans	33,921	7.7	26,174	4.7	51,084	8.3	55,002	7.3
Other Loans	11,999	2.7	28,463	5.2	28,774	4.7	26,148	3.5
<b>Total Gross Loans</b>	<b>440,140</b>		<b>552,233</b>		<b>618,222</b>		<b>749,746</b>	

As illustrated in the above table, GRB is primarily a commercial lender, with 33.2% of its loan portfolio in commercial mortgage loans and 25% of its loan portfolio in commercial and

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industrial loans. However, the residential mortgage loan portfolio as of year-end 2022 made up 28% of the Bank’s gross loan portfolio up from 18.5% at year-end 2019.

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

### **B. Assessment Area**

The Bank’s assessment area consists of Monroe County in its entirety and contains 211 census tracts, of which 39 are low-income, 34 are moderate-income 66 are middle-income, 62 are upper-income, and 10 are tracts with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Monroe	10	39	34	66	62	211	34.6
Total	10	39	34	66	62	211	34.6

### **C. Demographic & Economic Data**

The assessment area had a population of 759,443 during the evaluation period. Approximately 17% of the population were over the age of 65 and 20.1% were under the age of 16.

Of the 183,050 families in the assessment area 21.9% were low-income, 16.5% were moderate-income, 19.6% were middle-income and 42.0% were upper income. There were 305,210 households in the assessment area, of which 13.2% had income below the poverty level and 3.8% were on public assistance.

The weighted average median family income in the assessment area was \$85,690.

There were 329,105 housing units within the assessment area, of which 81.7% were one-to-four family units and 17.4% were multifamily units. A majority (58.7%) of the housing units were owner-occupied, while 34.0% were rental-occupied units and 7.3% of units were vacant.

Of the 193,319 owner-occupied housing units, 19.1% were in LMI census tracts while 80.7% were in middle- and upper-income census tracts. The median age of the housing stock was 59 years, and the median home value in the assessment area was \$148,676.

There were 63,911 non-farm businesses in the assessment area. Of these, 86.5% were businesses with reported revenues of less than or equal to \$1 million, 4.5% reported revenues of more than \$1 million and 9% did not report their revenues. Of all the businesses in the assessment area, 97% were businesses with less than fifty employees while 90.7% operated from a single location. The largest industries in the area were services (39%), retail trade (11.8%) and finance, insurance, and real estate (9.9%); 20.7% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, during the evaluation period, the average unemployment rate for New York State was 6.3% compared to 5.2% for Monroe County. Due to the COVID-19 pandemic unemployment rates increased significantly in 2020 and 2021. By

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2022, unemployment rates in New York State had stabilized and returned to near pre-pandemic levels, while for Monroe County 2022 unemployment rates were lower than pre-pandemic levels.

<b>Assessment Area Unemployment Rate</b>		
	<b>NYS</b>	<b>Monroe</b>
2019	3.9	4.0
2020	9.8	8.2
2021	7.0	5.2
2022	4.3	3.4
<b>Average of Years above</b>	<b>6.3</b>	<b>5.2</b>

### **D. Community Information**

DFS examiners conducted community contact interviews with representatives of two nonprofit community organizations that serve GRB’s assessment area.

The first interview was held with the president of a nonprofit organization dedicated to creating and preserving affordable housing. The organization operates single-family housing programs and partners with public, private and nonprofit organizations to offer affordable housing loan programs. The interviewee indicated the need for lenders to offer affordable home mortgage loan programs for LMI individuals and families providing opportunities for affordable home ownership. This will strengthen neighborhoods and stabilize property values such as in the city of Rochester where there is a high concentration of poverty. The need for affordable housing in the Rochester area has not improved post pandemic; instead, the fall-out from the pandemic has led to an increase in homelessness and poverty due to the inability to pay rent.

The second interview was conducted with the president of a nonprofit organization whose mission is economic development through support for small- and mid-sized businesses via funding, education, networking, and coaching. The organization focuses mainly on minority and women owned businesses in the city of Rochester. The representative stated that there is a need for small business funding, financial education, and access to capital in the area.

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### IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated GRB under the intermediate small banking institution performance criteria in accordance with Sections 76.7 and 76.12 of the GRS, which consist of the lending test and the community development test.

The lending test includes:

1. Loan-to-deposit ratio and other lending-related activities;
2. Assessment area concentration;
3. Distribution of loans by borrower characteristics;
4. Geographic distribution of loans; and
5. Action taken in response to written complaints regarding CRA.

The community development test includes:

1. Community development lending;
2. Community development investments;
3. Community development services; and
4. Responsiveness to community development needs.

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. Evidence of 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.

DFS derived statistics employed in this Evaluation from various sources. GRB submitted bank-specific information both as part of the Evaluation process and in its all 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 obtained loan to deposit ("LTD") ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from call report data.

DFS derived the demographic data referred to in this report from the 2020 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.

The evaluation period included calendar years 2019, 2020, 2021 and 2022 for lending activities and the period from July 1, 2019 to December 31, 2022, for community development activities.

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

As GRB did not make any farm loans, DFS based all analyses on small business lending only.

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HMDA-reportable loan data evaluated in this Evaluation represented actual originations. Small business loans evaluated in this evaluation represented random samples of loans as follows: 47 loans for 2019, 59 loans for 2020, 60 loans for 2021 and 47 loans for 2022.

GRB is not required to report small business data, so GRB's small business lending is not included in the aggregate data. The aggregate data are shown only for comparative purposes.

Examiners gave greater weight to GRB’s HMDA-reportable lending in this evaluation, as HMDA-reportable loans represented 85.4% by number and 84.6% by dollar value, of all HMDA-reportable and small business loans originated by GRB during the evaluation period.

In its prior Community Reinvestment Act Performance Evaluation as of December 31, 2018, DFS assigned GRB a rating of “2,” or “Satisfactory” compliance with regulatory standards.

### **CRA Rating: Satisfactory**

#### **A. Lending Test: Satisfactory**

GRB’s small business, HMDA-reportable activities were reasonable considering GRB’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of the assessment area.

##### **1. Loan-to-Deposit Ratio and other Lending-Related Activities: Outstanding**

GRB’s average LTD ratio was reasonable considering its size, business strategy, financial condition, and peer group activity.

GRB’s average LTD ratio of 81.5%, exceeded the peer group’s average LTD ratio of 77%. While this was a decrease from the average LTD ratio of 86.8% reported at the prior evaluation, this decrease was similar to the decrease of the peer group’s average ratio of 82.1% from the prior evaluation. The Bank’s quarterly average LTD ratios ranged from 68.2% to 88.7% during the evaluation period.

The table below shows GRB’s LTD ratios in comparison with the peer group’s ratios for the 16 quarters of this evaluation.

<b>Loan-to-Deposit Ratios</b>																	
	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	Avg.
Bank	82.7	88.1	88.7	88.0	87.3	88.6	88.7	81.5	83.8	79.9	74.2	73.7	68.2	75.5	71.0	83.7	81.5
Peer	82.2	83.2	82.9	82.4	81.9	80.8	80.0	75.8	72.3	70.9	69.4	67.9	71.4	74.6	76.8	79.3	77.0

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### 2. Assessment Area Concentration: Satisfactory

During the evaluation period, GRB originated 64.7% by number and 63.1% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This majority of lending inside of its assessment demonstrated a reasonable concentration of lending.

#### *a. HMDA-Reportable Loans:*

During the evaluation period, GRB originated 64.2% by number and 62.6% by dollar value of its HMDA-reportable loans within the assessment area.

This majority of lending inside of GRB’s assessment area reflects a reasonable concentration of lending.

#### *b. Small Business Loans:*

During the evaluation period, GRB originated 79.8% by number and 78.3% by dollar value of its small business loans within the assessment area. This majority of lending inside of GRB’s assessment area reflects a reasonable concentration of lending.

The following table shows the percentages of GRB’s HMDA-reportable and small business 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
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable</b>										
2019	974	69.7%	423	30.3%	1,397	155,759	66.4%	78,816	33.6%	234,575
2020	1,475	66.1%	757	33.9%	2,232	260,723	64.2%	145,401	35.8%	406,124
2021	1,381	62.2%	839	37.8%	2,220	270,059	61.1%	172,121	38.9%	442,180
2022	1,095	60.2%	723	39.8%	1,818	241,966	60.4%	158,831	39.6%	400,797
<b>Subtotal</b>	<b>4,925</b>	<b>64.2%</b>	<b>2,742</b>	<b>35.8%</b>	<b>7,667</b>	<b>928,507</b>	<b>62.6%</b>	<b>555,169</b>	<b>37.4%</b>	<b>1,483,676</b>
<b>Small Business</b>										
2019	37	78.7%	10	21.3%	47	12,787	81.8%	2,847	18.2%	15,634
2020	49	83.1%	10	16.9%	59	5,512	87.1%	818	12.9%	6,330
2021	49	81.7%	11	18.3%	60	8,377	78.4%	2,314	21.6%	10,691
2022	35	74.5%	12	25.5%	47	13,701	72.4%	5,212	27.6%	18,913
<b>Subtotal</b>	<b>170</b>	<b>79.8%</b>	<b>43</b>	<b>20.2%</b>	<b>213</b>	<b>40,377</b>	<b>78.3%</b>	<b>11,191</b>	<b>21.7%</b>	<b>51,568</b>
<b>Grand Total</b>	<b>5,095</b>	<b>64.7%</b>	<b>2,785</b>	<b>35.3%</b>	<b>7,880</b>	<b>968,884</b>	<b>63.1%</b>	<b>566,360</b>	<b>36.9%</b>	<b>1,535,244</b>

\* DFS based its analysis of HMDA-reportable on actual loans, and small business lending on random samples of 47 loans in 2019, 59 loans in 2020, 60 loans in 2021 and 47 loans in 2022.

### 3. Distribution by Borrower Characteristics: Satisfactory

GRB’s HMDA-reportable and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes. Greater weight was given to the Bank’s one-to-four HMDA-reportable loans for this criterion as

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they made up a significant majority of the total loans originated by the Bank during the evaluation period.

*a. One-to-four Family HMDA-Reportable Loans:*

GRB's one-to-four family HMDA-reportable lending demonstrated a reasonable distribution of loans among borrowers of different income levels.

During the evaluation period, GRB originated 35.5% by number and 24.9% by dollar value of its HMDA-reportable loans to LMI borrowers, which was slightly above the aggregate's lending rates of 33.9% and 24.3%, respectively.

Both the Bank's and the aggregate's rates of lending to LMI borrowers were below the percentage of 38.4% of LMI families (family demographics) in the assessment area.

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

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Distribution of One-to-Four Family Loans by Borrower Income									
2019									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	109	11.2%	10,683	6.9%	1,896	10.6%	141,200	6.2%	22.0%
Moderate	318	32.7%	39,172	25.3%	4,386	24.5%	432,810	19.1%	16.4%
LMI	427	44.0%	49,855	32.2%	6,282	35.1%	574,010	25.3%	38.4%
Middle	210	21.6%	30,781	19.9%	4,370	24.4%	513,940	22.7%	19.3%
Upper	333	34.3%	74,094	47.8%	6,650	37.2%	1,104,130	48.7%	42.3%
Unknown	1	0.1%	225	0.1%	580	3.2%	75,920	3.3%	
<b>Total</b>	<b>971</b>		<b>154,955</b>		<b>17,882</b>		<b>2,268,000</b>		
2020									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	85	5.8%	8,527	3.3%	1,772	7.9%	152,350	4.4%	22.0%
Moderate	335	22.7%	41,379	15.9%	4,533	20.1%	510,485	14.9%	16.4%
LMI	420	28.5%	49,906	19.2%	6,305	28.0%	662,835	19.4%	38.4%
Middle	358	24.3%	54,359	20.9%	5,649	25.1%	760,775	22.2%	19.3%
Upper	695	47.2%	155,836	59.9%	9,711	43.2%	1,869,855	54.6%	42.3%
Unknown	1	0.1%	250	0.1%	840	3.7%	131,720	3.8%	
<b>Total</b>	<b>1,474</b>		<b>260,351</b>		<b>22,505</b>		<b>3,425,185</b>		
2021									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	156	11.3%	18,691	6.9%	2,695	10.9%	253,095	6.6%	22.0%
Moderate	356	25.8%	53,371	19.8%	6,084	24.5%	727,840	19.1%	16.4%
LMI	512	37.1%	72,062	26.7%	8,779	35.4%	980,935	25.7%	38.4%
Middle	351	25.4%	63,133	23.4%	6,228	25.1%	883,130	23.1%	19.3%
Upper	518	37.5%	134,864	49.9%	8,929	36.0%	1,796,375	47.1%	42.3%
Unknown	0	0.0%	0	0.0%	888	3.6%	154,910	4.1%	
<b>Total</b>	<b>1,381</b>		<b>270,059</b>		<b>24,824</b>		<b>3,815,350</b>		
2022									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	104	9.5%	12,153	5.1%	2,274	12.3%	206,440	7.6%	21.9%
Moderate	281	25.8%	46,187	19.4%	4,694	25.4%	546,200	20.2%	16.5%
LMI	385	35.3%	58,340	24.5%	6,968	37.7%	752,640	27.9%	38.4%
Middle	255	23.4%	50,605	21.2%	4,566	24.7%	632,950	23.4%	19.6%
Upper	451	41.3%	129,418	54.3%	6,352	34.4%	1,226,000	45.4%	42.0%
Unknown	0	0.0%	0	0.0%	586	3.2%	87,990	3.3%	
<b>Total</b>	<b>1,091</b>		<b>238,363</b>		<b>18,472</b>		<b>2,699,580</b>		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	454	9.2%	50,054	5.4%		10.3%		6.2%	
Moderate	1,290	26.2%	180,109	19.5%		23.5%		18.2%	
LMI	1,744	35.5%	230,163	24.9%	28,334	33.9%	2,970,420	24.3%	
Middle	1,174	23.9%	198,878	21.5%		24.9%		22.9%	
Upper	1,997	40.6%	494,212	53.5%		37.8%		49.1%	
Unknown	2	0.0%	475	0.1%		3.5%		3.7%	
<b>Total</b>	<b>4,917</b>		<b>923,728</b>		<b>83,683</b>		<b>12,208,115</b>		

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### b. Small Business Loans:

GRB’s small business lending demonstrated a reasonable distribution of loans among businesses of different revenue sizes.

DFS evaluated the Bank’s small business lending for year 2019 only, as a majority of the Bank’s small business loans originated for 2020 and 2021 were originated under the Small Business Administration’s Paycheck Protection Program (“PPP”), which did not require businesses to report their revenues as a part of approval. The PPP was implemented during the height of COVID-19 pandemic to provide much needed funding for small businesses and help them to remain open and retain workers and to stabilize the economy. For 2022, the small business aggregate loan data was not available at the time of the evaluation.

In 2019, GRB’s rates of lending to small businesses with gross annual revenue of \$1 million or less were 51.4% by number and 44% by dollar value of loans, above the aggregate’s rates of 47.9% and 32%, respectively. Both the Bank’s and the aggregate’s rates of lending trailed the percentage (82.4% to 86.3%) of small businesses with revenue of \$1 million or less located within the Bank’s assessment area.

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

<b>2019</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	19	51.4%	5,630	44.0%	6,252	47.9%	153,816	32.0%	82.4%
Rev. > \$1MM	18	48.6%	7,157	56.0%					6.8%
Rev. Unknown		0.0%		0.0%					10.8%
<b>Total</b>	<b>37</b>		<b>12,787</b>		<b>13,063</b>		<b>481,243</b>		
<b>2020</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM		0.0%		0.0%	5,478	33.8%	196,802	20.3%	84.9%
Rev. > \$1MM	1	2.0%	575	10.4%					5.6%
Rev. Unknown	48	98.0%	4,937	89.6%					9.4%
<b>Total</b>	<b>49</b>		<b>5,512</b>		<b>16,229</b>		<b>970,526</b>		
<b>2021</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	5	10.2%	1,421	17.0%	6,812	41.8%	172,781	24.1%	86.0%
Rev. > \$1MM	4	8.2%	1,418	16.9%					4.8%
Rev. Unknown	40	81.6%	5,538	66.1%					9.2%
<b>Total</b>	<b>49</b>		<b>8,377</b>		<b>16,310</b>		<b>715,718</b>		
<b>2022</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	15	42.9%	4,962	36.2%	Data not available at time of evaluation				86.3%
Rev. > \$1MM	20	57.1%	8,739	63.8%					4.5%
Rev. Unknown		0.0%		0.0%					9.2%
<b>Total</b>	<b>35</b>		<b>13,701</b>						

## GENESEE REGIONAL BANK – CRA PERFORMANCE EVALUATION

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### 4. Geographic Distribution of Loans: Satisfactory

GRB's origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

#### *a. HMDA-Reportable Loans:*

The distribution of GRB's HMDA-reportable loans among census tracts of different income levels was reasonable.

GRB's average rate of lending to LMI borrowers of 15.4% by number of loans exceeded the aggregate's rate of 14.8%, while the Bank's average rate of 10.2% by dollar value of loans trailed the aggregate's rate of 12.9%.

Both the Bank and the aggregate's rates of lending by number of loans trailed the percentage (15.5% - 19.1%) of owner-occupied housing units located in LMI census tracts.

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

**GENESEE REGIONAL BANK – CRA PERFORMANCE EVALUATION**

<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2019</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	33	3.4%	3,333	2.1%	717	4.0%	64,645	2.6%	5.1%
Moderate	104	10.7%	10,512	6.7%	1,794	10.0%	192,880	7.7%	10.4%
LMI	137	14.1%	13,845	8.9%	2,511	14.0%	257,525	10.3%	15.5%
Middle	426	43.7%	56,901	36.5%	7,632	42.5%	909,120	36.3%	42.4%
Upper	411	42.2%	85,013	54.6%	7,823	43.5%	1,339,725	53.4%	42.1%
Unknown	0	0.0%		0.0%	6	0.0%	560	0.0%	0.0%
<b>Total</b>	<b>974</b>		<b>155,759</b>		<b>17,972</b>		<b>2,506,930</b>		
<b>2020</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	35	2.4%	3,592	1.4%	786	3.5%	134,740	3.3%	5.1%
Moderate	145	9.8%	16,411	6.3%	1,833	8.1%	283,355	6.8%	10.4%
LMI	180	12.2%	20,003	7.7%	2,619	11.6%	418,095	10.1%	15.5%
Middle	711	48.2%	105,106	40.3%	8,950	39.5%	1,347,850	32.6%	42.4%
Upper	584	39.6%	135,614	52.0%	11,090	48.9%	2,371,170	57.3%	42.1%
Unknown		0.0%		0.0%	6	0.0%	730	0.0%	0.0%
<b>Total</b>	<b>1,475</b>		<b>260,723</b>		<b>22,665</b>		<b>4,137,845</b>		
<b>2021</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	62	4.5%	6,361	2.4%	943	3.8%	247,535	5.6%	5.1%
Moderate	159	11.5%	20,714	7.7%	2,420	9.7%	293,560	6.6%	10.4%
LMI	221	16.0%	27,075	10.0%	3,363	13.5%	541,095	12.2%	15.5%
Middle	566	41.0%	93,873	34.8%	10,532	42.2%	1,664,470	37.4%	42.4%
Upper	593	42.9%	148,959	55.2%	11,070	44.3%	2,245,490	50.4%	42.1%
Unknown	1	0.1%	152	0.1%	2	0.0%	270	0.0%	0.0%
<b>Total</b>	<b>1,381</b>		<b>270,059</b>		<b>24,967</b>		<b>4,451,325</b>		
<b>2022</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	63	5.8%	7,780	3.2%	1,302	7.0%	251,770	7.4%	5.9%
Moderate	158	14.4%	26,413	10.9%	2,652	14.3%	395,130	11.6%	13.2%
LMI	221	20.2%	34,193	14.1%	3,954	21.3%	646,900	19.0%	19.1%
Middle	415	37.9%	79,287	32.8%	7,023	37.8%	1,178,265	34.6%	39.3%
Upper	456	41.6%	128,170	53.0%	7,565	40.7%	1,547,945	45.5%	41.4%
Unknown	3	0.3%	316	0.1%	40	0.2%	27,490	0.8%	0.2%
<b>Total</b>	<b>1,095</b>		<b>241,966</b>		<b>18,582</b>		<b>3,400,600</b>		
<b>GRAND TOTAL</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	193	3.9%	21,066	2.3%		4.5%		4.8%	
Moderate	566	11.5%	74,050	8.0%		10.3%		8.0%	
LMI	759	15.4%	95,116	10.2%	12,447	14.8%	1,863,615	12.9%	
Middle	2,118	43.0%	335,167	36.1%		40.5%		35.2%	
Upper	2,044	41.5%	497,756	53.6%		44.6%		51.8%	
Unknown	4	0.1%	468	0.1%		0.1%		0.2%	
<b>Total</b>	<b>4,925</b>		<b>928,507</b>		<b>84,186</b>		<b>14,496,700</b>		

## GENESEE REGIONAL BANK – CRA PERFORMANCE EVALUATION

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### *b. Small Business Loans:*

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

GRB's average rates of lending in LMI tracts were 21.2% by number and 22.9% by dollar value during the evaluation period, which were comparable to the aggregate's rates of 20.6%, and 24.4%, respectively.

Both the Bank's and the aggregate's average rates of lending by number of loans trailed the percentage (22.2% - 24.3%) of small businesses located in LMI census tracts.

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

## GENESEE REGIONAL BANK – CRA PERFORMANCE EVALUATION

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2019</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	6	16.2%	1,564	12.2%	1,301	10.0%	58,569	12.2%	12.5%
Moderate	5	13.5%	1,217	9.5%	1,259	9.6%	59,457	12.4%	11.6%
LMI	11	29.7%	2,781	21.7%	2,560	19.6%	118,026	24.5%	24.1%
Middle	14	37.8%	5,630	44.0%	4,819	36.9%	176,073	36.6%	37.3%
Upper	12	32.4%	4,376	34.2%	5,666	43.4%	186,271	38.7%	38.3%
Unknown		0.0%		0.0%	18	0.1%	873	0.2%	0.3%
<b>Total</b>	<b>37</b>		<b>12,787</b>		<b>13,063</b>		<b>481,243</b>		
<b>2020</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	5	10.2%	1,105	20.0%	1,756	10.8%	126,358	13.0%	12.5%
Moderate	4	8.2%	251	4.6%	1,593	9.8%	108,514	11.2%	11.2%
LMI	9	18.4%	1,356	24.6%	3,349	20.6%	234,872	24.2%	23.7%
Middle	18	36.7%	1,741	31.6%	5,954	36.7%	369,060	38.0%	36.9%
Upper	21	42.9%	2,086	37.8%	6,909	42.6%	362,888	37.4%	39.2%
Unknown	1	2.0%	329	6.0%	17	0.1%	3,706	0.4%	0.3%
<b>Total</b>	<b>49</b>		<b>5,512</b>		<b>16,229</b>		<b>970,526</b>		
<b>2021</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	4	8.2%	1,183	14.1%	1,826	11.2%	97,560	13.6%	12.9%
Moderate	5	10.2%	604	7.2%	1,677	10.3%	78,347	10.9%	11.4%
LMI	9	18.4%	1,787	21.3%	3,503	21.5%	175,907	24.6%	24.3%
Middle	17	34.7%	3,454	41.2%	6,113	37.5%	267,983	37.4%	36.1%
Upper	23	46.9%	3,136	37.4%	6,677	40.9%	270,353	37.8%	39.5%
Unknown	0	0.0%	0	0.0%	17	0.1%	1,475	0.2%	0.2%
<b>Total</b>	<b>49</b>		<b>8,377</b>		<b>16,310</b>		<b>715,718</b>		
<b>2022</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	2	5.7%	550	4.0%	Data not available at time of evaluation				8.4%
Moderate	5	14.3%	2,763	20.2%					13.8%
LMI	7	20.0%	3,313	24.2%					22.2%
Middle	11	31.4%	3,805	27.8%					37.2%
Upper	15	42.9%	6,067	44.3%					36.9%
Unknown	2	5.7%	516	3.8%					3.7%
<b>Total</b>	<b>35</b>		<b>13,701</b>						
<b>GRAND TOTAL</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	17	10.0%	4,402	10.9%		10.7%		13.0%	
Moderate	19	11.2%	4,835	12.0%		9.9%		11.4%	
LMI	36	21.2%	9,237	22.9%	9,412	20.6%	528,805	24.4%	
Middle	60	35.3%	14,630	36.2%		37.0%		37.5%	
Upper	71	41.8%	15,665	38.8%		42.2%		37.8%	
Unknown	3	1.8%	845	2.1%		0.1%		0.3%	
<b>Total</b>	<b>170</b>		<b>40,377</b>		<b>45,602</b>		<b>2,167,487</b>		

### 6. Action Taken in Response to Written Complaints with Respect to CRA: Not Rated

Neither DFS nor GRB received any written complaints during the evaluation period regarding GRB's CRA performance.

**GENESEE REGIONAL BANK – CRA PERFORMANCE EVALUATION**

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**B. Community Development Test:** Outstanding

GRB’s community development performance demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments and community development services, considering GRB’s capacity and the need for and availability of opportunities for community development in its assessment area.

1. Community Development Lending: Outstanding

During the evaluation period, GRB originated \$45.9 million in new community development loans and had \$7.7 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

The Bank’s community development loans primarily supported revitalization and stabilization efforts in LMI geographies.

<b>Community Development Loans</b>				
	<b>This Evaluation Period</b>		<b>Outstandings from Prior Evaluation Periods</b>	
<b>Purpose</b>	<b># of Loans</b>	<b>\$000</b>	<b># of Loans</b>	<b>\$000</b>
Affordable Housing	2	1,881	1	201
Economic Development	3	1,520	1	48
Community Services	1	275	3	1,096
Revitalization/Stabilization	30	42,253	8	6,388
<b>Total</b>	<b>36</b>	<b>45,929</b>	<b>13</b>	<b>7,733</b>

Below are highlights of GRB’s community development lending.

- In response to the COVID-19 pandemic, GRB participated in the SBA’s PPP loan program. The Bank originated 12 loans totaling \$30.3 million to ten businesses located in LMI census tracts. The loans helped businesses to remain open and retain employees.
- GRB originated a total of \$3 million SBA 7(a) term loans to a small business located in a moderate-income tract. The loans funded the small business’ working capital needs and purchase of equipment.
- GRB originated a \$1 million loan to a local nonprofit housing development corporation created to help address the affordable housing needs of the City of Rochester. The nonprofit used the loan to fund its housing program. The organization’s program acquires and renovates vacant, single-family properties from foreclosure inventory of various federal and local housing agencies. The program’s renovated properties are offered specifically to LMI income-eligible, first-time homebuyers of Rochester.

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- The Bank made a \$275,000 loan to a nonprofit organization that help individuals and families to manage mental health challenges. The organization offers programs for youth, adults, veterans and families which include companionship and peer mentorship programs providing coping strategies to deal with day-to-day stress, anxiety, isolation and other mental health challenges.

### 2. Qualified Investments: Satisfactory

During the evaluation period, GRB made \$4.5 million in new qualified investments and had \$887,786 outstanding from prior evaluation periods. In addition, GRB made \$85,943 in qualified grants. This demonstrated an adequate level of qualified investments over the course of the evaluation period.

<b>Qualified Investments and Grants</b>				
	This Evaluation Period		Outstandings from Prior Evaluation	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable	1	2,167	1	278
Economic	1	2,000	2	495
Community	2	336	1	115
Other (Please				
<b>Total</b>	<b>4</b>	<b>4,503</b>	<b>4</b>	<b>888</b>
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable				
Economic				
Community	62	86		
Other (Please				
<b>Total</b>	<b>62</b>	<b>86</b>		

Below are highlights of GRB’s qualified investments and grants.

- In 2021, GRB invested \$2.2 million in Federal Home Loan Mortgage Corporation mortgage-backed security. The security is collateralized by home mortgage loans made to LMI borrowers and properties located within the Bank’s assessment area.
- The Bank made a \$2 million investment commitment into a capital fund of a certified small business investment company (“SBIC”). The SBIC focuses on making investments between \$500,000 and \$4.5 million to small businesses in upstate New York State. As of evaluation date, the Bank has funded \$800,000 of the \$2 million commitment.

### Grants

- GRB donated \$5,000 to a nonprofit organization that act as a hub for the emergency food system in various communities in the Bank’s assessment area and other counties in western New York. The organization hopes to leverage the power of food to end hunger

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and build healthier communities by providing food assistance through the safe storage and distribution of emergency food to member food banks and community partners.

- The Bank made a \$2,500 grant to a nonprofit organization that provides social services, food, clothing, and emergency shelter to people in need in Rochester.
- GRB made a \$2,500 donation to an organization that strengthens communities by providing opportunities for LMI individuals and families to live in affordable homes.

### 3. Community Development Services: Satisfactory

GRB demonstrated a reasonable level of community development services over the course of the evaluation period.

GRB management, directors and employees provided 38 instances of qualified community development services that consisted of board and committee memberships of various local community organizations and financial seminars and technical assistance seminars.

<b>Community Development Services</b>	
<b>Activity Type</b>	<b>Number of Activities</b>
On-Going Board & Committee Memberships	14
Technical Assistance	21
Seminars	3
<b>Total Community Development Services</b>	<b>38</b>

Below are highlights of GRB's community development services.

- A mortgage loan originator serves on the Board of a local organization that offers counseling and other free services to individuals who are victims of domestic abuse.
- A commercial relationship manager serves on the board and finance committee of a local organization that provides long-term solutions to homelessness, poverty, and substance abuse.
- GRB employees provided financial education and multiple affordable housing seminars throughout the assessment area. Financial literacy seminars focused on first time home-buyer programs.
- GRB provides access to an interactive, online financial literacy course to five schools located in the assessment area. A substantial majority of the students in the schools are eligible for free or reduced-price lunch.

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### 4. Responsiveness to Community Development Needs:

GRB demonstrated an excellent level of responsiveness through community development lending, investments, and service needs.

The Bank also participated in the following loan programs:

- The Bank participates in the Homebuyer Dream Program through the Federal Home Loan Bank of New York. The program provides grant assistance up to \$10,000 to qualified first-time homebuyers. Applicants must complete a homeownership course and have a total household income of 80% or less of the area median income. The Bank assisted 327 first-time homebuyers with a total of \$3.5 million in grant funds from 2020 through 2022.
- GRB is a SBA lender that also participated in the PPP loan program that was in effect from 2021 to 2022 during the COVID-19 pandemic. The Bank originated a total of 871 PPP loans for a total amount of \$147.5 million, of which 12 loans were in the amount over \$1 million and 859 were in the amount of \$1 million or less.
- The Bank also participates in Fannie Mae’s HomeReady loan program that offers down payments as low as 3%, first-time or repeat homebuyer and refinance existing loan and the Freddie Mac Home Possible loan program offering 3% down payment to help very low- to low-income borrowers obtain a home.

The Bank also offers the “Value Checking” account a low-cost checking account, that benefits low- and moderate-income individuals. The Value Checking is a noninterest bearing account with no minimum deposit to open and unlimited transactions. There is a monthly service charge of \$3; however, the charge can be waived with a \$500 average monthly balance, or at least one direct deposit during the monthly statement cycle.

### **C. Additional Factors**

1. 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.

GRB’s board of directors reviews and approves the Bank’s CRA Policy at least annually. The CRA officer oversees and coordinates the Bank’s compliance with CRA. GRB maintains a CRA Plan that establishes goals and a timetable for achieving those goals. The Plan also details the organizational structure supporting CRA-related activities and the reporting requirements. A CRA progress report is completed quarterly that shows actual versus goals. The report is provided to the Bank’s Community Support Committee quarterly and to the Board of Directors annually.

2. Discrimination and other illegal practices

- *Any practices intended to discourage applications for types of credit set forth in the*

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*banking institution's CRA Public File.*

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

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

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

### 3. Record of opening and closing offices and providing services at offices

There were no branches opened or closed during the evaluation period.

As of the evaluation date, GRB operates three full-service retail branch locations in Rochester, NY. Branch hours are Monday through Friday from 8:55 AM until 5:05 PM. Each branch also has an ATM accessible 24-hours and a night depository.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Monroe				1	2	3	0%
<b>Total</b>	-	-	-	1	2	3	0%

### 4. 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.*

GRB ascertains the credit need of its assessment area through directors, management and employees serving on boards and committees of local community organizations, as well as the Bank's participation and hosting of technical and financial seminars.

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

GRB advertises its products and services through various local magazines and journals. In addition to print advertising, GRB gains recognition through business-related, charitable sponsorships and the GRB website.

### 5. Other factors that in the judgment of the Superintendent bear upon the extent to which GRB is helping to meet the credit needs of its entire community

GRB purchased eight certificates of deposits in eight different credit unions for a total of \$1.6 million. The eight credit unions are either designated by the National Credit Union

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Administration (“NCUA”) as low-income and/or minority-designated institutions. The NCUA designates a credit union as low-income when 50.01% of the credit union’s members are low-income individuals and designates a credit union as a minority depository institution when the institution provides financial services to members and communities who are often unserved or underserved by financial institutions.

**V - GLOSSARY**

**Aggregate Lending**

“Aggregate lending” means 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.

**Banking Development District (“BDD”) Program**

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

**Community Development**

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC, and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

**Community Development Loan**

“Community development loan” means 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 LMI persons (DFS multifamily industry letter <https://www.dfs.ny.gov/system/files/documents/2020/03/il141204.pdf>);
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are 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

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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**

“Community development service” means a 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.

### **Community Development Financial Institution (“CDFI”)**

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

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### **Fair Market Rents (“FMRs”)**

Fair Market Rents are published and developed annually by the US Department of Housing and Urban Development (“HUD”) and used to determine rent payments for affordable housing projects such as Section 8 contracts in defined metropolitan statistical areas (“MSAs”) nationwide. For easy reference of annual FMRs in New York MSAs or counties, go to [www.huduser.gov/portal/datasets/fmr.html](http://www.huduser.gov/portal/datasets/fmr.html)

### **Geography**

“Geography” means 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 Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
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

### **LMI Geographies**

“LMI geographies” means those census tracts or block numbering areas where, according to the most current U.S. Census, the median family income is less than 80% of the area median family income. In the case of tract areas that are part of a 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 Block Numbering Areas (“BNAs”) and tract areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

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### **LMI Borrowers**

“LMI borrowers” means 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 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 Federal Financial Institutions Examination Council (“FFIEC”).

### **LMI Individuals/Persons**

“LMI individuals” or “LMI persons” means 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 the FFIEC.

### **LMI Penetration Rate**

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

### **Low-Income Housing Tax Credit (“LIHTC”)**

LIHTC were 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. The tax credits 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.

### **Minority Depository Institutions (“MDIs”)**

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) most of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to [FDIC.gov](http://FDIC.gov) (Minority Depository Institutions Program) including list of MDIs.

### **New Markets Tax Credit (“NMTC”)**

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits 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

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the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the CDFI Fund, an agency of the United States Department of the Treasury.

### **Paycheck Protection Program (“PPP”) Loans**

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%. The program officially ended May 31, 2021.

### **Qualified Investment**

“Qualified investment” means 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 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.

### **Small Business Loan**

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