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

PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Date of Evaluation: December 31, 2008

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

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Genesee Regional Bank ("GRB") prepared by the New York State Banking Department. The evaluation represents the Banking Department's current assessment and rating of the institution's CRA performance based on an evaluation conducted as of December 31, 2008.

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

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

(1) outstanding record of meeting community credit needs;

(2) satisfactory record of meeting community credit needs;

(3) needs to improve record of meeting community credit needs; and

(4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public ("Evaluation"). Evaluations of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

GRB's performance was evaluated according to the small bank performance criteria. GRB is rated "2," indicating a "**Satisfactory**" record of helping to meet community credit needs. This rating is unchanged from the prior New York State Banking Department Performance Evaluation, dated December 31, 2005. GRB's rating is based on the following factors:

- ***Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities:*** **"***Satisfactory*"

  GRB's average LTD ratio was reasonable considering its size, business strategy, financial condition, and the credit needs of its assessment area. During the evaluation period, GRB had an average LTD ratio of 80%, slightly below its peers, which had an average LTD ratio of 82%.

- ***Assessment Area Concentration***: "*Satisfactory*"

  For all three years of the evaluation, in considering both the number and dollar volume of loan originations, GRB extended a majority of its HMDA-reportable, small business consumer loans inside its assessment area. The bank extended 77.3% by number and 74% by dollar volume of its total loans in the assessment area.

- ***Distribution by Borrowers Characteristics****: "Satisfactory"*

  Overall, the distribution of HMDA-reportable and small business loans based on borrower characteristics reflected a reasonable penetration among individuals of different income levels and businesses of different revenue sizes. However, GRB's penetration rates on HMDA-reportable and small business loans were quite different.

  GRB's HMDA-reportable loans to LMI borrowers reflected a poor penetration rate. For all three years, in considering both the number of loans and dollars lent, GRB's lending penetration rate trailed both the family demographics and the aggregate's lending penetration rate to LMI borrowers. Over the three years, GRB extended 21.7% by number and 6.6% by dollar volume of its 1-4 family HMDA-reportable loans to LMI borrowers.

  GRB's distribution of its small business loans reflected an excellent penetration rate among businesses of different sizes. In 2006 and 2007, GRB extended a substantial majority of its small business loans to businesses with revenue of $1 million or less, well above the aggregate's rate of lending and the business demographics. GRB's penetration rate exceeded the aggregate's penetration rate from 77% higher to 157% higher than the aggregate's penetration rate. In 2008, while the total amount of small business loan originations decreased significantly, the bank's rate of originations to businesses with revenue of $1 million or less increased to100%.

- ***Geographic Distribution of Loans****: "Needs to Improve"*

  The geographic distribution of lending reflected a poor distribution of lending in LMI geographies. This was largely due to the poor dispersion of HMDA-reportable and consumer loans, as the geographic distribution of small business loans reflected a reasonable dispersion among census tracts of different income levels.

  During each year of the current evaluation period, GRB's distribution of its HMDA-reportable loans reflected a poor penetration rate in LMI census tracts, as it was below the corresponding year's aggregate penetration rate. In addition, the penetration rate deteriorated over the three years, from 12.6% in 2006 to 0% in 2008.

  The geographic distribution of GRB's small business loans demonstrated a reasonable dispersion among census tracts of different income levels. During the evaluation period, GRB originated 21.9% by number and 23.2% by dollar volume of its small business loans in LMI census tracts.

  GRB's distribution of its consumer loans reflected a poor penetration among LMI census tracts. As with HMDA-reportable lending, GRB's penetration ratios for lending to LMI geographies deteriorated over the three years. While the bank's LMI penetration ratio exceeded the demographics in 2006, it did not originate any consumer loans in LMI census tracts in 2007. In 2008, only one loan was made in an LI census tract and one in an MI census tract.

- **Action Taken in Response to Written Complaints with Respect to CRA**: "*Satisfactory"*

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

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution's Profile:

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

GRB operates two banking offices, one of which is the main office located in Pittsford and the second branch is in Greece, a northern suburb of Rochester. Supplementing the banking offices are three automated teller machines ("ATMs"), one in each of GRB's two branch offices and one in an offsite ATM facility in Honeoye Falls.

According to the Call Report dated December 31, 2008, GRB reported total assets of $149.8 million with $94.7 million in net loans and total deposits of $121.9 million. According to the latest available comparative deposit data dated June 30, 2008, GRB obtained a market share of 1.12%, or $103 million out of $9.2 billion inside its market, ranking it 10th among other 16 deposit-taking institutions in its assessment area.

The following is a summary of GRB's lending portfolio, based on Schedule RC-C of the year-end Call Reports from 2006 to 2008:

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TOTAL GROSS LOANS OUTSTANDING						
	12/31/2006		12/31/2007		12/31/2008	
LOAN TYPE	**$000**	%	**$000**	%	**$000**	%
1-4 Residential Mortgage Loans	3,359	5.5	5,903	8.0	9,831	10.3
Commercial & Industrial Loans	29,929	48.9	36,416	49.5	35,907	37.6
Commercial Mortgage Loans	18,533	30.3	18,445	25.1	30,858	32.3
Mutifamily Mortgages	2,520	4.1	1,384	1.9	1,504	1.6
Consumer Loans	3,469	5.7	1,879	2.6	2,588	2.7
Agricultural Loans	781	1.3	771	1.0	733	0.8
Construction Loans	1,989	3.2	3,107	4.2	4,243	4.4
Other Loans	659	1.1	5,620	7.6	9,816	10.3
Total Gross Loans	61,239	100.0	73,525	100.0	95,480	100.0

GRB is primarily a commercial lender, with the majority of its loan portfolio in commercial and industrial loans and commercial mortgage loans.

GRB operates in a highly competitive market with the presence of large regional and national banks in its assessment area. These banks include Manufacturers & Traders Trust Co., Five Star Bank, Canandaigua National Bank and First Niagara National Bank. Of the

185 branches in Monroe County, the combination of the four largest banks had 119 branches, more than $7 billion in deposits and a market share of 77.4%.

In 2006, GRB ranked 103rd out of 275 HMDA-reporting lenders within its assessment area. This ranking reflected a market share of 0.07% based on dollar amount of loans. In 2007, GRB ranked 59th out of 244 HMDA-reporting lenders within its assessment area. This ranking reflected a market share of 0.26% based on dollar amount of loans.

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

Assessment Area:

The assessment area comprises Monroe County in its entirety, located within Metropolitan Statistical area # 40380. Monroe County includes the city of Rochester.

The assessment area contains 186 census tracts, of which 37 (19.9%) are low-income, 32 (17.2%) are moderate-income, 63 (33.9%) are middle-income, 51 (27.4%) are upper-income and three (1.6%) are zero-income tracts.

Demographic & Economic Data

According to the 2000 U.S. Census Bureau, the assessment area had a population of 735 thousand. About 13.0% of the population were over the age of 65 and 22.8% were under the age of 16.

Of the 186 thousand families in the assessment area, 19.7% were low-income, 17.2% were moderate-income, 21.7% were middle-income and 41.4 were upper- income families. There were 287 thousand households in the assessment area, of which 11.0% had income below the poverty level and 5.0% were on public assistance.

According to the 2000 U.S. Census, the MSA median family income within the assessment area was $54 thousand. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area was $62 thousand in 2007 and $63.5 thousand in 2008.

There were 304 thousand housing units within the assessment area, including 254 thousand (83.5%) one- to four-family units and 50 thousand (16.6%) multifamily units. A majority (61.3%) of the area's housing units were owner-occupied, while 32.9% were rental units. Of the 186 thousand owner-occupied housing units, 15.6% were in LMI geographies while 42.9% were in middle-income areas. The median age of the housing stock was 49 years and the home value in the assessment area was $99 thousand.

There were 50 thousand businesses in the assessment area. Of these 65.8% were businesses with reported revenues of less than or equal to $1 million, 5.8% reported revenues of more than $1 million and 28.4% did not report their revenues. Of all the businesses in the assessment area, 76.6% were businesses with less than fifty employees while 88.1% operated from a single location. The largest industries in the area were service providers (40.2%), followed by retail trade companies (14.2%) and construction firms (7.4%), while 16.1% of establishments in the assessment area were not classified. 16% of businesses are located in LMI geographies.

According to the U.S. Department of Labor, Bureau of Labor Statistics, the average unemployment rate for Monroe County was 5.5% in 2008, compared with 5.4% for New York State.

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

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

GRB's performance was evaluated according to the small bank performance criteria, which include the following: (1) Loan-to-Deposit Ratio and other Lending-Related Activities; (2) Assessment Area Concentration; (3) Distribution by Borrower Characteristics; (4) Geographic Distribution of Loans; and (5) Action Taken in Response to Written Complaints Regarding CRA. The following factors were also considered in assessing GRB's record of performance: the extent of participation by the Board of Directors or Board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications, evidence of prohibited discriminatory or other illegal credit practices; record of opening and closing offices and providing services at offices; and process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

The assessment period includes calendar years 2006 to 2008. Examiners considered GRB's HMDA-reportable, and small business loans in evaluating factors (2), (3) and (4), as noted above. Factors (3) and (4) only consider loans within GRB's assessment area. Consumer loans were evaluated in factors (2) and (4). *(Note: GRB did not submit consumer loans for consideration in the prior evaluation.)* Of the three products, HMDA-reportable loans received the greatest emphasis, since this type of loan accounted for 35% of the number and 46% of the dollar volume of the three products combined. Small business loan aggregate data are shown for comparative purposes, GRB is not required to report this data and as such, GRB is not included in the aggregate data. The 2008 HMDA-reportable and small business loan aggregate data were not available when this evaluation was conducted. Consumer aggregate data are generally not available.

Statistics employed in this evaluation were derived from various sources. In addition to bank-specific loan information submitted by GRB, aggregate data for HMDA-reportable and small business lending activity during 2007 were obtained from the Federal Financial Institutions Examination Council ("FFIEC"). The demographic data referred to in this report were derived from the 2000 U.S. Census Data, with the updated median family income figures provided by the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report were derived from information on US businesses, enhanced by Dun & Bradstreet and updated annually.

- **<u>CRA Rating</u>: "Satisfactory"**

- **<u>Loan-to-Deposit Ratio ("LTD") and Other Lending-Related Activities</u>: "Satisfactory"**

GRB's average LTD ratio was reasonable considering its size, business strategy, financial condition, and the credit needs of its assessment area. During the evaluation period, GRB had an average LTD ratio of 80%, slightly below its peers, which had an average LTD ratio of 82%.

This was mitigated by the fact that GRB sold 59 residential mortgages totaling $13.7 million in the secondary market during the current evaluation period.

Loan-to-Deposit Ratios													
	3/31/06	6/30/06	9/30/06	12/31/06	3/31/07	6/31/07	9/301/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08	Average LTD
Bank	80.6	90.75	85.01	85.96	87.57	77.41	77.15	77.42	71.1	78.95	70.52	77.68	80.01
Peer	78.5	79.07	79.11	77.75	78.27	78.78	79.99	86.46	86.41	87.38	87.85	86.76	82.19

These ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") prepared by the Federal Deposit Insurance Corporation ("FDIC"). As shown in the table above, the bank's LTD ratios started to lag the peer group from the second quarter of 2007 to the end of 2008.

Augmenting GRB's lending performance is its participation in the Small Business Administration ("SBA") guaranteed loan program. During the period from January 1, 2007 through December 31, 2008, GRB originated 21 SBA loans totaling approximately $2.5 million.

- **Assessment Area Concentration: "Satisfactory"**

For all three years of the evaluation, in considering both the number and dollar volume of loan originations, GRB extended a majority of its HMDA-reportable, small business consumer loans inside its assessment area. The bank extended 77.3% by number and 74% by dollar volume of its total loans in the assessment area.

This rating was downgraded from the prior rating of "Outstanding" based on the decrease in assessment area concentration from 85.5% to the current rate of 77.3%.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		$	%	$	%	
HMDA-Reportable										
2006	16	72.7	6	27.3	22	1,404	83.5	277	16.5	1,681
2007	33	75.0	11	25.0	44	4,966	70.2	2,108	29.8	7,074
2008	20	58.8	14	41.2	34	4,425	60.1	2,939	39.9	7,364
Subtotal	**69**	**69.0**	**31**	**31.0**	**100**	**10,795**	**67.0**	**5,324**	**33.0**	**16,119**
Small Business										
2006	29	72.5	11	27.5	40	4,161	75.9	1,318	24.1	5,479
2007	30	90.9	3	9.1	33	3,630	93.4	255	6.6	3,885
2008	14	93.3	1	6.7	15	2,016	79.0	535	21.0	2,551
Subtotal	**73**	**83.0**	**15**	**17.0**	**88**	**9,807**	**87.7**	**2,108**	**12.3**	**11,915**
Consumer										
2006	60	87.0	9	13.0	69	1,173	68.6	537	31.4	1,710
2007	18	69.8	10	30.2	28	2,306	80.6	1,496	19.4	3,802
2008	53	77.9	15	22.1	68	5,865	85.0	1,038	15.0	6,903
Subtotal	**131**	**79.4**	**34**	**20.6**	**165**	**9,344**	**75.3**	**3,071**	**24.7**	**12,415**
Total	**273**	**75.7**	**54**	**24.3**	**353**	**29,946**	**73.5**	**10,503**	**26.5**	**40,449**

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

Overall the distribution of HMDA-reportable and small business loans based on borrower characteristics reflected a reasonable penetration among individuals of different income levels and businesses of different revenue sizes. However, GRB's penetration rates on HMDA-reportable and small business loans were quite different.

<u>HMDA-Reportable Loans</u>: "Needs to Improve"

GRB's HMDA-reportable loans to LMI borrowers reflected a poor penetration rate. For all three years, in considering both number of loans and dollars lent, GRB's lending penetration rate trailed both the family demographics and the aggregate's lending penetration rate to LMI borrowers. Over the three years, GRB extended 21.7% by number and 6.6% by dollar volume of its 1-4 family HMDA-reportable loans to LMI borrowers.

The aggregate lending penetration rate decreased from 2006 to 2007. However, GRB's penetration rate, which was already below the aggregate's, decreased at a faster rate and then further dropped in 2008. The 2008 aggregate data were not available, but GRB's lending penetration ratio to LMI borrowers dropped to only 10% by number of loans and 3% by dollars lent.

The following chart provides a summary of the bank's HMDA related lending distribution during the evaluation period, including a comparison to the aggregate's record and the family demographics of the assessment area (percentage of families living in each geography income level):

Distribution of 1-4 Family HMDA-Reportable Loans by Borrowers Income Level									
Borrower Income Level	**2006**								**Family Demographics**
	Bank				**Aggregate**				
	#	%	$000	%	#	%	$000	%	
Low	2	12.5	42	3.0	2,564	12.1	135,769	6.4	19.8
Moderate	3	18.8	11	0.8	5,433	25.7	379,872	18.0	17.1
Middle	4	25.0	100	7.1	5,363	25.3	448,562	21.2	21.7
Upper	7	43.8	1,251	89.1	7,076	33.4	864,760	40.9	41.4
N/A	0	0.0	0	0.0	732	3.5	286,346	13.5	0.0
Total	16	100.0	1,404	100.0	21,168	100.0	2,115,309	100.0	**100.0**
Borrower Income Level	**2007**								**Family Demographics**
	Bank				**Aggregate**				
	#	%	$000	%	#	%	$000	%	
Low	2	6.1	190	3.8	1,632	9.0	86,965	4.6	19.8
Moderate	6	18.2	330	6.6	4,489	24.8	330,624	17.4	17.1
Middle	9	27.3	758	15.3	4,743	26.2	423,103	22.2	21.7
Upper	16	48.5	3,688	74.3	6,755	37.3	842,884	44.3	41.4
N/A	0	0.0	0	0.0	506	2.8	218,041	11.5	0.0
Total	33	100.0	4,966	100.0	18,125	100.0	1,901,617	100.0	**100.0**
Borrower Income Level	**2008**								**Family Demographics**
	Bank				**Aggregate data is not available**				
	#	%	$000	%					
Low	0	0.0	0	0.0					19.8
Moderate	2	10.0	139	3.1					17.1
Middle	4	20.0	420	9.5					21.7
Upper	14	70.0	3,866	87.4					41.4
Total	20	100.0	4,425	100.0					**100.0**

<u>Small Business Loans</u>: *"Outstanding"*

GRB's distribution of its small business loans reflected an excellent penetration among businesses of different sizes. In 2006 and 2007, GRB extended a substantial majority of its small business loans to businesses with revenue of $1 million or less, well above the aggregate's rate of lending and the business demographics. GRB's penetration rate exceeded the aggregate's penetration rate from 77% higher to 157% higher than the aggregate's penetration rate. In 2008, while the total amount of small business loan originations decreased significantly, the bank's rate of originations to businesses with revenue of $1 million or less increased to100%.

From 2006 to 2007, there was a significant drop in the penetration rates for number of loans to businesses with gross annual revenues of < = $1MM, from 86% to 67%. However, this was still far in excess of the aggregate's penetration rate. In 2008, overall volume of lending dropped to half of what it had been in 2006, however all of it was to businesses with gross annual revenues of < = $1MM.

The following chart provides a summary of the bank's small business lending distribution

during the evaluation period, including a comparison to the aggregate's record and the business demographics (percent of businesses at each revenue size):
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2006									
Revenue	Bank				Aggregate				Business
Size	#	%	$000	%	#	%	$000	%	Demographics
<=$1 MM	25	86.2	3,611	86.8	9,275	37.1	247,974	33.8	65.7
> $ 1 MM	4	13.8	550	13.2	15,697	62.8	485,727	66.2	6.3
No Rev Info	0	0.0	0	0.0	12	0.0	186	0.0	28.0
Total	29	100.0	4,161	100.0	24,984	100.0	733,887	100.0	**100.0**
2007									
Revenue	Bank				Aggregate				Business
Size	#	%	$000	%	#	%	$000	%	Demographics
<=$1 MM	20	66.7	2,101	57.9	10,399	37.6	264,330	32.1	66.3
> $ 1 MM	10	33.3	1,529	42.1	17,212	62.3	558,554	67.9	6.3
No Rev Info	0	0.0	0	0.0	10	0.0	80	0.0	27.4
Total	30	100.0	3,630	100.0	27,621	100.0	822,964	100.0	**100.0**
2008									
Revenue	Bank								Business
Size	#	%	$000	%					Demographics
<=$1 MM	14	100.0	2,016	100.0		5.9			65.3
> $ 1 MM	0	0.0	0	0.0					5.8
No Rev Info	0	0.0	0	0.0					28.9
Total	14	100.0	2,016	100.0					**100.0**

Consumer Loans: *"Not Rated"*

GRB does not consider income when making underwriting decisions for consumer loans. Therefore income information for consumer loans was not available and this component could not be evaluated.

- **Geographic Distribution of Loans: "Needs to Improve"**

The geographic distribution of lending reflected a poor distribution of lending in LMI geographies. This was largely due to the poor dispersion of HMDA-reportable and consumer loans, as the geographic distribution of small business loans reflected a reasonable dispersion among census tracts of different income levels.

HMDA-Reportable Loans: *"Needs to Improve"*

During each year of the current evaluation period, GRB's distribution of its HMDA-reportable loans reflected a poor penetration rate in LMI census tracts, as it was below the corresponding year's aggregate penetration rate. In addition, the penetration rate deteriorated over the three years, from 12.6% in 2006 to 0% in 2008.

In 2006, the level of HMDA-reportable loan originations in low-income census tracts was above the aggregate's, both in number and dollar volume but its performance in moderate-income census tracts was well below the aggregate's. In all three years, GRB's HMDA-reportable lending in LMI geographies was below the percentage of owner-occupied housing units in those areas.

The following chart provides a summary of the bank's HMDA related lending distribution during the evaluation period, including a comparison to the percentage of owner-occupied housing units (OO HUs) in each geography income level:

Distribution of HMDA Loans by Geographic Income Level									
Geography Income Level	2006								OO HUs
	Bank				Aggregate				
	#	%	$000	%	#	%	$000	%	
Low	1	6.3	87	0.1	1,204	4.8	77,087	2.4	4.9
Moderate	1	6.3	4	0.0	2,678	12.2	157,789	8.9	10.7
Middle	7	43.8	64	23.7	9,177	43.7	832,038	41.2	42.4
Upper	7	43.8	1,249	76.2	8,109	39.2	1,048,395	47.5	42.0
Total	16	100.0	1,404	100.0	21,168	100.0	2,115,309	100.0	**100.0**
Distribution of HMDA Loans by Geographic Income Level*									
Geography Income Level	2007								OO HUs
	Bank				Aggregate				
	#	%	$000	%	#	%	$000	%	
Low	1	3.0	5	0.1	877	4.8	44,707	2.4	4.9
Moderate	0	0.0	0	0.0	2,220	12.2	169,859	8.9	10.7
Middle	10	30.3	1,178	23.7	7,914	43.7	783,965	41.2	42.4
Upper	22	66.7	3,783	76.2	7,114	39.2	903,086	47.5	42.0
Total	33	100.0	4,966	100.0	18,125	100.0	1,901,617	100.0	**100.0**
Geography Income Level	2008								OO HUs
	Bank				Aggregate data is not available				
	#	%	$000	%					
Low	0	0.0	0	0.0					4.9
Moderate	0	0.0	0	0.0					10.7
Middle	4	20.0	422	9.5					42.4
Upper	16	80.0	4,003	90.5					42.0
Total	20	100.0	4,425	100.0					**100.0**

Small Business Loans: "Satisfactory"

The geographic distribution of its small business loans demonstrated a reasonable dispersion among census tracts of different income levels. During the evaluation period, GRB originated 21.9% by number and 23.2% by dollar volume of its small business loans in LMI census tracts.

While the average over the three years was reasonable, this was driven by reasonable performance in 2006 and more than reasonable performance in 2008. Performance in both of these years offset GRB's less than reasonable performance in 2007. For 2008, the best year in terms of penetration rates, but the worst in terms of total loans made, aggregate data were not available. However, GRB's LMI penetration ratio exceeded the business demographics. In 2008, GRB's LMI penetration rate increased and was significantly over the 26.2% of businesses located in LMI geographies.

The following chart provides a summary of the bank's small business lending distribution during the evaluation period, including a comparison to the aggregate's record and the business demographics (businesses located in each geography income level):

Distribution of Small Business Loans by Geographic Income Level									
Geography Income Level	2006								Business Demographics
	Bank				Aggregate				
	#	%	$000	%	#	%	$000	%	
Low	5	17.2	395	9.5	2,030	8.1	94,660	12.9	12.6%
Moderate	3	10.3	450	10.8	3,038	12.2	97,911	13.3	13.5%
Middle	11	37.9	2,142	51.5	9,339	37.4	284,494	38.8	38.1%
Upper	10	34.5	1,174	28.2	10,565	42.3	256,636	35.0	35.8%
NA	0	0.0	0	0.0	12	0.0	186	0.0	0.0%
Total	29	100.0	4,161	100.0	24,984	100.0	733,887	100.0	**100.0%**
Geography Income Level	**2007**								**Business Demographics**
	Bank				**Aggregate**				
	#	%	$000	%	#	%	$000	%	
Low	2	6.7	250	6.9	2,253	8.2	103,127	12.5	12.5%
Moderate	0	0.0	0	0.0	3,262	11.8	108,282	13.2	13.5%
Middle	10	33.3	2,111	58.2	10,394	37.6	331,489	40.3	38.0%
Upper	18	60.0	1,269	35.0	11,702	42.4	279,986	34.0	36.0%
NA	0	0.0	0	0.0	10	0.0	80	0.0	0.0%
Total	30	100.0	3,630	100.0	27,621	100.0	822,964	100.0	**100.0%**
Geography Income Level	**2008**								**Business Demographics**
	Bank				**Aggregate data is not available**				
	#	%	$000	%					
Low	4	28.6	1,061	52.6					12.5%
Moderate	2	14.3	120	6.0					13.7%
Middle	3	21.4	520	25.8					37.8%
Upper	5	35.7	315	15.6					36.0%
NA	0	0.0	0	0.0					0.0%
Total	14	100.0	2,016	100.0					**100.0%**

<u>Consumer Loans</u>: *"Needs to Improve"*

GRB's distribution of its consumer loans reflected a poor penetration among LMI census tracts. As with HMDA-reportable lending, GRB's penetration ratios for lending to LMI geographies deteriorated over the three years. While the bank's LMI penetration ratio exceeded the demographics in 2006, it did not originate any consumer loans in LMI census tracts in 2007. In 2008, only one loan was made in an LI census tract and one in an MI census tract.

The following chart depicts the geographic distribution of GRB's consumer loans compared to the distribution of households (percentage of households living in each geography income level):

Distribution of Consumer Loans by Geographic Income Level					
Geography Income Level	2006				Household Demographics
	#	%	$000	%	
Low	19	31.7	35	3.0	11.5%
Moderate	12	20.0	21	1.8	15.0%
Middle	15	25.0	514	43.8	40.0%
Upper	14	23.3	603	51.4	33.5%
N/A	0	0.0	0	0.0	
Total	60	100.0	1,173	100.0	100.0%
Geography Income Level	**2007**				**Household Demographics**
	#	%	$000	%	
Low	0	0.0	0	0.0	11.5%
Moderate	0	0.0	0	0.0	15.0%
Middle	7	38.9%	463	20.1%	40.0%
Upper	11	61.1%	1,843	79.9%	33.5%
N/A	0	0.0%	0	0.0%	
Total	18	100.0	2,306	100.0	100.0%
Geography Income Level	**2008**				**Household Demographics**
	#	%	$000	%	
Low	1	1.9	8	0.1	11.5%
Moderate	1	1.9	13	0.2	15.0%
Middle	10	18.9	659	11.2	40.0%
Upper	41	77.4	5,185	88.4	33.5%
N/A	0	0.0	0	0.0	
Total	53	100.0	5,865	100.0	100.0%

- **<u>Action Taken In Response to Written Complaints With Respect to CRA</u>: "Satisfactory"**

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

The following factors were also considered in assessing GRB's record of performance:

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

The board of directors periodically reviewed CRA matters during its monthly meetings and implemented changes as necessary.

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

Examiners noted no practices that were intended to discourage applications for the types of credit offered by the institution.

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

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

- **The banking institution's record of opening and closing offices and providing services at offices**.

GRB operates two banking offices, one of which is the main office which is located in Pittsford in an upper-income census tract. The second branch is located in a middle-income census tract in Greece, a northern suburb of Rochester. Supplementing the banking offices are three automated teller machines ("ATMs"). One ATM is located at each of GRB's two branch offices and the third is in an offsite ATM facility located at West Main Street, an upper-income census tract in Honeoye Falls, New York. No branches were opened or closed during the evaluation period.

- **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 needs of its assessment area through participation of its directors and officers with various community groups such as Greater Rochester Enterprise ("GRE") and the Economic Development and Small Business Council of Rochester.

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 primarily relies on its referral network and existing client referrals for new client prospects, augmented by print advertising intended to increase name recognition. It placed advertisements in the Rochester Business Journal on a regular cycle.

- **Other Factors**

Other factors that in the judgment of the Superintendent and Banking Board bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

None

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

The term "community development" is defined to mean:

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

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

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

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

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

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

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM "Training Machines" available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
  - ❖ Serving on a loan review committee;
  - ❖ Developing loan application and underwriting standards;
  - ❖ Developing loan processing systems;

- ❖ Developing secondary market vehicles or programs;
- ❖ Assisting in marketing financial services, including the development of
- ❖ advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act ("HMDA")

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

Income Level

The income level of the person, family or household is based on the income of person, family or household. 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

Loans to Small Businesses

Small business loans to businesses with gross annual revenues ("GAR") of $1 million or less ("< = $ 1MM").

Low or Moderate Income ("LMI") Geographies

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

LMI Borrowers

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

LMI Individuals/Persons

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

Small Business Loans

Loans to businesses with original amounts of < = $1MM.