



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, 2009

Institution: Medina Savings & Loan Association
11182 Maple Ridge Road
Medina, New York 14103-1814

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

	Section
General Information	1
Overview of Institution's Performance	2
Performance Context	3
Institution's Profile	
Assessment Area	
Demographic & Economic Data	
Performance Standards and Assessment Factors	4
Loan-to-Deposit Analysis and Other	
Lending-Related Activities	
Assessment Area Concentration	
Distribution by Borrowers Characteristics	
Geographic Distribution of Loans	
Action Taken in Response to Written Complaints	
With Respect to CRA	
Additional Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Medina Savings & Loan Association ("Medina") 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, 2009.

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 76.3 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

Medina's performance was evaluated according to the small bank performance criteria pursuant to Part 76.12 of the General Regulations of the Banking Board. This assessment period included calendar years 2004, 2005, 2006, 2007, 2008 and 2009. Medina is rated "1," indicating an "**Outstanding**" record of helping to meet community credit needs. Medina received a rating of "1", reflecting an "Outstanding" record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2003.

This rating is based on the following factors:

- **Loan-to-Deposit (LTD") Ratio and Other Lending-Related Activities:** "Outstanding"
Medina's average LTD ratio was excellent considering its size, financial condition, aggregate and peer group activity. Medina's average LTD ratio for the current evaluation period ending December 31, 2009 was 64.9%, outperforming the peers' LTD ratio of 58.7%. In addition, for the last several years, Medina sold loans to the FHLB Mortgage Partnership Finance (MPF) program. The proceeds of these sold loans provided additional funds for making new loans. Without the sale of these loans, Medina's average LTD ratio for the evaluation period would have exceeded 125%.
- **Assessment Area Concentration:** "Satisfactory"
During the evaluation period, Medina originated 81.3% by number, and 76.5% by dollar volume of its HMDA loans within the assessment area.
- **Distribution by Borrowers Characteristics:** "Satisfactory"
The distribution of loans based on borrower characteristics demonstrated a reasonable rate of lending among individuals of different income levels. However, Medina's performance was very uneven during the six-year period, demonstrating good to excellent performance in 2005 and 2006, but poor performance in 2007 and 2008. For 2009, where aggregate data were not available for comparison, Medina's performance appears to have reverted back to good performance.
- **Geographic Distribution of Loans:** "Outstanding"
The distribution of loans based on lending in census tracts of varying income levels demonstrated an excellent rate of lending. From 2005 to 2008, Medina's penetration ratio of lending in moderate-income tracts exceeded the aggregate's penetration ratio for both number of loans and dollars lent. Medina's penetration rate also exceeded the percentage of owner-occupied housing units in these census tracts. In 2009, Medina's excellent performance continued; aggregate data were not available for comparison.
- **Action Taken in Response to Written Complaints With Respect to CRA:** "Satisfactory"

Since the latest CRA evaluation as of December 31, 2003, neither Medina nor the New York State Banking Department received any written complaints regarding Medina's CRA performance.

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 Profile:

Chartered in 1888, Medina is a mutual savings and loan association located in the Village of Medina, New York. Since the last CRA evaluation (as of December 31, 2003), Medina opened a second branch inside a Wal-Mart Supercenter (June 2006) located in Albion, NY. Both branches have Saturday banking hours and ATMs.

There are 11 other remote ATM locations situated in retail stores and a hospital in the Medina and Albion areas. Of the total 11 remote ATMs, 90% or 9 locations are in moderate-income census tracts, while one is in a middle-income tract. Both branches are located in middle-income tracts. The ATM machines do not accept deposits, but can be used for cash withdrawals and checking balances on accounts at any institution. All branches and remote ATMs are located in Orleans County.

As per the Thrift Financial Report as of December 31, 2009, filed with the Office of Thrift Supervision ("OTS"), Medina reported total assets of \$35.8 million, of which \$19.1 million were net loans and lease finance receivables. It also reported total deposits of \$30.3 million, resulting in a loan-to-deposit ratio of 63%. According to the latest available comparative deposit data as of June 30, 2009, Medina obtained a market share of 8.7%, or \$31.9 million in a market of \$366.2 million in Orleans County, ranking it third among seven deposit-taking institutions. Since Medina does not have a branch in Niagara County, Medina had no deposit share in the county¹. Additional data indicated that Medina competed in an area where lending to low- to moderate-income borrowers was dominated by FHA, VA or other government program lenders. Medina does not participate in these programs.

A summary of Medina's loan portfolio based on the OTS Thrift Financial Report for the last 6 years ended December 31, 2004 through December 31, 2009 is illustrated in the following chart.

¹ Branch deposit market share is calculated based on the location of the branch, not the addresses of the customers.

TOTAL GROSS LOANS OUTSTANDING												
Loan Type	2004		2005		2006		2007		2008		2009	
	\$000's	%										
1-4 Family Mtgs	15,047	70.8	14,657	72.8	13,820	74.3	13,814	73.7	12,989	72.8	14,292	74.2
Comm'l & Industr	808	3.8	743	3.7	550	3.0	655	3.5	651	3.6	1,005	5.2
Comm'l Mortgages	1,197	5.6	1,309	6.5	1,507	8.1	1,619	8.6	1,472	8.2	1,339	7.0
Multifamily Mtgs	433	2.0	380	1.9	322	1.7	266	1.4	272	1.5	265	1.4
Consumer Loans	3,771	17.7	3,056	15.2	2,362	12.7	2,315	12.3	2,343	13.1	2,252	11.7
Other Loans	0	0.0	0	0.0	50	0.3	85	0.5	121	0.7	110	0.6
Total Gross Loans	21,256	100	20,145	100	18,611	100	18,754	100	17,848	100	19,263	100

As illustrated in the above chart, Medina is primarily a residential real estate lender with 74.2% of its loan portfolio in residential real estate loans as of December 31, 2009. While gross loans decreased by 13.9% from \$22.4 million as of December 31, 2003 to \$19.3 million as of December 31, 2009, the composition of the loan portfolio remained the same with one- to four-family residential mortgage loans averaging 73% of the total gross outstanding loans. During the past six years, the combination of commercial and industrial, commercial mortgage and multifamily mortgage lending activities increased from 11.5% as of December 31, 2004 to 13.5% as of December 31, 2009. Consumer loans (largely auto loans) declined from 17.7% to 11.7% for the same period.

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

Assessment Area:

The bank's assessment area is comprised of 13 census tracts, consisting of all nine census tracts in Orleans County and four tracts situated in Eastern Niagara County, of which four are in moderate-income and nine are in middle-income geographical areas. There are no low-income census tracts in Medina's assessment area. Orleans County is located in the Rochester, New York MSA #40380, while Niagara County is part of the Buffalo-Niagara Falls, NY MSA #15380.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Orleans			4	5		9	44.4
Niagara *				4		4	0.0
Total	0	0	4	9	0	13	30.8

* Partial county

The assessment area appears reasonable based upon the location of the bank's offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Demographic & Economic Data

The assessment area had a population of 58.9 thousand during the examination period. About 12.4% of the population were over the age of 65 and 23.2% were under the age of 16.

Of the 14.9 thousand families in the assessment area, 22.1% were low-income, 24.9% were moderate-income, 25.7% were middle-income and 27.2% were upper-income families. There were 20.7 thousand households in the assessment area, of which 8.7% had income below the poverty level and 3.7% were on public assistance.

The MSA median family income within the assessment area was \$52.4 thousand. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area was \$65.6 thousand in 2000.

There were 25.4 thousand housing units within the assessment area, of which 95.1% were one- to four-family units, and 4.9% were multifamily units. A majority (62.9%) of the area's housing units were owner-occupied, while 20.9% were rental units. Of the 16.0 thousand owner-occupied housing units, 25.8% were in moderate-income geographies while 74.2% were in middle-income tracts. The median age of the housing stock was 41 years and the median home value in the assessment area was \$73.3 thousand.

There were 3.2 thousand non-farm businesses in the assessment area. Of these, 79.2% were businesses with reported revenues of less than or equal to \$1 million, 3.3% reported revenues of more than \$1 million and 17.5% did not report their revenues. Of all the non-farm businesses in the assessment area, 89.4% were businesses with less than fifty employees while 90.8% operated from a single location. The largest industries in the area were service providers (45.9%), followed by retail trade industry (13.2%) and agriculture (9.8%), while 4.8% of businesses in the assessment area were not classified.

The main source of household income (for 76.2% of households) is derived from wages or income from employment. Among the biggest employers are the Chase Call Center, Orleans County prison system, the public school systems, Wal-Mart and a few other retail establishments. In addition to services and the retail trade industries, agriculture or farming is the third largest component of the business demographics of the area.

Statistics on Pre-foreclosure Filings, Modifications or Foreclosures

The 2009 Mortgage Foreclosure Law approved on December 15, 2009, requires that a pre-foreclosure notice be sent at least 90 days before the lender commences legal action against all borrowers with home loans. Based on the 90-day pre-foreclosure notices mailed between February 13, 2010 and August 31, 2010, and published on October 7, 2010, involving 134,000 borrowers, Orleans County had 396 borrowers or less than 1% (0.3%) of the total pre-foreclosure notices sent by lenders in NYS. Niagara County had 1,622 borrowers or 1.2% of total borrowers.

The statewide average of 90-day pre-foreclosure filings as a percentage of total mortgages on comparable properties was 5.2%. Orleans County at 396 borrowers and \$6,932 thousand in mortgage dollars was 5.7% or 0.5 percentage point above the statewide average for pre-foreclosure filings.

NYS Department of Labor Unemployment Rates

According to the New York State Department of Labor, the average unemployment rate for New York State escalated from 5.8% in 2004 to 8.4% in 2009. Unemployment rates in Orleans and Niagara Counties were consistently above state averages during the evaluation period.

Assessment Area Unemployment Rate			
Year	Statewide	Orleans	Niagara
2004	5.8%	6.4	6.2
2005	5.0%	5.7	5.6
2006	4.6%	5.8	5.5
2007	4.5%	5.8	5.4
2008	5.3%	6.9	6.6
2009	8.4%	9.3	9.3

Community Information

Medina's primary assessment area is Orleans County, although it has four middle-income tracts in Niagara County. Based on total gross loans outstanding, Medina met the credit needs of the community by financing the purchase and refinancing of one-to-four family residential houses, which represented approximately 73% of its total gross loans outstanding during the six years covered by this evaluation. In more recent years, Medina also determined that the area needed local commercial lending. Commercial and industrial loans, commercial mortgage loans and multifamily mortgages increased from \$2.4MM (representing 11.5% of its loan portfolio) at year-end 2004 to \$2.6 MM (13.5%) in 2009.

For this examination, the examiners conducted two community contacts. The

community contacts indicated that the primary credit needs of Orleans County are residential lending and small business lending. One of the contacts noted that Medina does finance small businesses in the community. However, the contact suggested that the advertising of the institution's small business lending could be augmented. No other negative information was mentioned about the institution.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

Medina was evaluated under the small banking institution's performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Banking Board. Medina's performance was evaluated according to the small bank performance criteria, which consists of the lending test including (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 the bank'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.

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the examination process and on its Call Report submitted to the Federal Deposit Insurance Corporation ("FDIC"). Aggregate lending data was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data were obtained from the Thrift Financial Report filed with the Office of Thrift Supervision.

The demographic data referred to in this report were derived from the 2000 U.S. Census and the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report provide information on US businesses, enhanced by Dun & Bradstreet reports and updated annually. Unemployment data were obtained from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and were used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2004, 2005, 2006, 2007, 2008, and 2009.

During the assessment period, based on asset size, Medina was exempt from the data reporting requirements of HMDA. However, the institution maintained HMDA information for 2005, 2006, 2007, 2008 and 2009. The 2004 HMDA information was not available. Thus, examiners considered Medina's HMDA loans from 2005 to 2009 in evaluating factors (2), (3) and (4) of the lending test as noted above.

The 2005 to 2009 HMDA loan data evaluated in this performance evaluation represented actual originations. Examiners performed analysis based on the information and compared the data to the aggregate HMDA reporters.

Medina received a rating of “1”, reflecting an “Outstanding” record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2003.

Current CRA Rating: “Outstanding”

Loan-To-Deposit Ratio and Other Lending-Related Activities: “Outstanding”

Medina’s average LTD ratio was excellent considering its size, financial condition, aggregate and peer group activity.

Medina’s average LTD ratio for the current evaluation period ending December 31, 2009 was 64.9%, outperforming the peers’ LTD ratio of 58.7%. In addition, for the last several years, Medina sold loans to the FHLB Mortgage Partnership Finance (MPF) program. The proceeds of these sold loans provided additional funds for making new loans. Without the sale of these loans, Medina’s average LTD ratio for the evaluation period would exceed 125%.

The chart below shows Medina’s LTD ratios in comparison with the peer group’s ratios for the current evaluation period, but without the sold loans.

Loan-to-Deposit Ratios																
	2004 Year- end	2005 Year- end	2006 Year- end	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	Avg.
Bank	74.6	68.7	52.4	61.7	61.2	60.5	59.3	58.3	58.3	57.8	57.8	57.5	59.9	64.5	61.0	64.1
Peer	55.7	56.6	59.1	58.4	60.7	61.4	61.0	61.1	62.7	64.5	62.6	60.5	62.1	64.2	62.9	58.7

Assessment Area Concentration: “Satisfactory”

During the evaluation period, Medina originated 81.3% by number, and 76.5% by dollar volume of its HMDA loans within the assessment area. This is a satisfactory record of lending within Medina’s assessment area. The ratios are slightly less than that of the 90.3% by number, and 86.8% by dollar volume noted in its previous evaluation.

The following table shows the percentages of the Medina's residential loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2005	65	77.4%	19	22.6%	84	3,770	73.5%	1,362	26.5%	5,132
2006	45	86.5%	7	13.5%	52	2,930	85.2%	507	14.8%	3,437
2007	26	72.2%	10	27.8%	36	1,796	63.3%	1,040	36.7%	2,836
2008	31	83.8%	6	16.2%	37	1,734	75.0%	579	25.0%	2,313
2009	42	87.5%	6	12.5%	48	2,504	85.3%	431	14.7%	2,935
Subtotal	209	81.3%	48	18.7%	257	12,734	76.5%	3,919	23.5%	16,653
Total	209	81.3%	48	18.7%	257	12,734	76.5%	3,919	23.5%	16,653
Numbers may not add due to rounding										

Distribution by Borrower Characteristics: "Satisfactory"

The distribution of loans based on borrower characteristics demonstrated a reasonable rate of lending among individuals of different income levels. However, Medina's performance was very uneven during the evaluation period, demonstrating good to excellent performance in 2005 and 2006, but poor performance in 2007 and 2008. For 2009, where aggregate data were not available for comparison, Medina's performance appears to have reverted back to good performance.

In 2005, Medina's penetration rate, by number of loans among LMI borrowers, was 45.2%, which was comparable to the 48.7% reported by the aggregate. In 2006, the penetration rate increased to 57.8% and exceeded the 45.9% reported by the market aggregate. However, in 2007 and 2008, the number of loans extended to LMI borrowers decreased to 32.0% and 26.7% respectively. Medina underperformed in comparison with the aggregate market which reported penetration rates of 45.2% and 43.9% respectively for the same time period. Overall, from 2005 to 2008, Medina extended, on average, 43.2% of its one- to four-family residential loans by number and 31.4% by dollar volume to LMI borrowers. The ratios are somewhat smaller than the 46.2% and 37.8%, respectively reported by the aggregate market. However, the ratios are considered reasonable in light of the size, financial condition of the association and peer group activity. The 2009 aggregate market data were not available for comparison.

The following chart provides a summary of the HMDA-reportable lending distribution based on borrower income.

Distribution of One-Four family residential loans by Borrower Income										
2005										
Borrower	Bank				Aggregate				Fam.Dem.	
Income	#	%	\$000's	%	#	%	\$000's	%	%	
Low	6	9.7%	139	3.8%	226	16.1%	10,200	11.0%	22.2%	
Moderate	22	35.5%	1,134	31.4%	460	32.7%	27,763	29.9%	24.9%	
LMI	28	45.2%	1,273	35.2%	686	48.7%	37,963	40.8%	47.1%	
Middle	19	30.6%	1,286	35.6%	392	27.8%	26,546	28.6%	25.7%	
Upper	15	24.2%	1,053	29.2%	291	20.7%	25,628	27.6%	27.1%	
Unknown	0	0.0%	0	0.0%	39	2.8%	2,834	3.0%	0.0%	
Total	62		3,612		1,408		92,971			
2006										
Borrower	Bank				Aggregate				Fam.Dem.	
Income	#	%	\$000's	%	#	%	\$000's	%	%	
Low	14	31.1%	513	17.5%	205	15.0%	8,683	9.4%	22.2%	
Moderate	12	26.7%	710	24.2%	422	30.9%	25,974	28.2%	24.9%	
LMI	26	57.8%	1,223	41.7%	627	45.9%	34,657	37.7%	47.1%	
Middle	9	20.0%	758	25.9%	386	28.2%	28,019	30.5%	25.7%	
Upper	10	22.2%	949	32.4%	325	23.8%	27,439	29.8%	12.8%	
Unknown	0	0.0%	0	0.0%	29	2.1%	1,895	2.1%	0.0%	
Total	45		2,930		1,367		92,010			
2007										
Borrower	Bank				Aggregate				Fam.Dem.	
Income	#	%	\$000's	%	#	%	\$000's	%	%	
Low	2	8.0%	70	4.0%	188	15.4%	8,717	9.9%	22.2%	
Moderate	6	24.0%	209	12.0%	363	29.8%	23,775	27.0%	24.9%	
LMI	8	32.0%	279	16.0%	551	45.2%	32,492	36.9%	47.1%	
Middle	8	32.0%	428	24.5%	338	27.7%	24,698	28.0%	25.7%	
Upper	8	32.0%	986	56.4%	310	25.4%	29,056	33.0%	27.1%	
Unknown	1	4.0%	55	3.1%	20	1.6%	1,902	2.2%	0.0%	
Total	25		1,748		1,219		88,148			
2008										
Borrower	Bank				Aggregate				Fam.Dem.	
Income	#	%	\$000's	%	#	%	\$000's	%	%	
Low	1	3.3%	65	3.8%	103	13.3%	5,284	8.4%	22.2%	
Moderate	7	23.3%	303	17.8%	236	30.6%	16,529	26.4%	24.9%	
LMI	8	26.7%	368	21.6%	339	43.9%	21,813	34.8%	47.1%	
Middle	11	36.7%	462	27.1%	232	30.1%	19,047	30.4%	25.7%	
Upper	10	33.3%	813	47.7%	190	24.6%	20,832	33.2%	27.1%	
Unknown	1	3.3%	63	3.7%	11	1.4%	997	1.6%	0.0%	
Total	30		1,706		772		62,689			
2009										
Borrower	Bank				Aggregate				Fam.Dem.	
Income	#	%	\$000's	%	#	%	\$000's	%	%	
Low	5	11.9%	184	7.3%						
Moderate	14	33.3%	652	26.0%						
LMI	19	45.2%	836	33.4%						
Middle	14	33.3%	806	32.2%						
Upper	8	19.0%	848	33.9%						
Unknown	1	2.4%	14	0.6%						
Total	42		2,504							
GRAND TOTAL										
Borrower	Bank				Aggregate				Fam.Dem.	
Income	#	%	\$000's	%	#	%	\$000's	%	%	
Low	28	13.7%	971	7.8%						
Moderate	61	29.9%	3,008	24.1%						
LMI	89	43.6%	3,979	31.8%						
Middle	61	29.9%	3,740	29.9%						
Upper	51	25.0%	4,649	37.2%						
Unknown	3	1.5%	132	1.1%						
Total	204		12,500							

Not available

Geographic Distribution of Loans: "Outstanding"

The distribution of loans based on lending in census tracts of varying income levels demonstrated an excellent rate of lending. From 2005 to 2008, Medina's penetration ratio of lending in moderate-income tracts exceeded the aggregate's penetration ratio for both number of loans and dollars lent. Medina's penetration rate also exceeded the

percentage of owner-occupied housing units in these census tracts. In 2009, Medina's excellent performance continued; aggregate data were not available for comparison.

There are no low- or upper-income geographies in the AA. From 2005 to 2008, Medina originated, on average, 47.5% by number and 37.2% by dollar volume of HMDA loans from the four moderate-income census tracts inside its assessment area. The aggregate market reported an average of 23.5% and 19.7% respectively for the same period.

The following chart provides a summary of Medina's HMDA lending distribution based on the income level of the geography.

Distribution of loans by Geographic Income of the Census Tract									
2005									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	27	41.5%	1,413	37.5%	357	24.5%	20,636	21.6%	25.8%
LMI	27	41.5%	1,413	37.5%	357	24.5%	20,636	21.6%	25.8%
Middle	38	58.5%	2,357	62.5%	1,102	75.5%	74,783	78.4%	74.2%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	65		3,770		1,459		95,419		
2006									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	21	46.7%	1,029	35.1%	337	23.8%	18,832	19.9%	25.8%
LMI	21	46.7%	1,029	35.1%	337	23.8%	18,832	19.9%	25.8%
Middle	24	53.3%	1,901	64.9%	1,080	76.2%	75,883	80.1%	74.2%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%	12.8%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	45		2,930		1,417		94,715		
2007									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	13	50.0%	516	28.7%	299	23.5%	19,254	21.1%	25.8%
LMI	13	50.0%	516	28.7%	299	23.5%	19,254	21.1%	25.8%
Middle	13	50.0%	1,280	71.3%	975	76.5%	71,809	78.9%	74.2%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	26		1,796		1,274		91,063		
2008									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	16	51.6%	826	47.6%	180	22.2%	10,545	16.2%	25.8%
LMI	16	51.6%	826	47.6%	180	22.2%	10,545	16.2%	25.8%
Middle	15	48.4%	908	52.4%	629	77.8%	54,484	83.8%	74.2%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	31		1,734		809		65,029		
2009									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%					
Moderate	15	35.7%	687	27.4%					
LMI	15	35.7%	687	27.4%					
Middle	27	64.3%	1,817	72.6%					
Upper	0	0.0%	0	0.0%					
Unknown	0	0.0%	0	0.0%					
Total	42		2,504						
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	92	44.0%	4,610	38.5%		23.7%		20.0%	
LMI	92	44.0%	4,610	38.5%		23.7%		20.0%	
Middle	117	56.0%	7,354	61.5%		76.3%		80.0%	
Upper	0	0.0%	0	0.0%		0.0%		0.0%	
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
Total	209		11,964						

Action Taken In Response to Written Complaints With Respect to CRA: "Satisfactory"

Since the latest CRA evaluation as of December 31, 2003, neither Medina nor the New York State Banking Department received any written complaints regarding Medina's CRA performance.

Additional Factors

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 Community Reinvestment Act

The board of directors took an active role in formulating the bank's CRA policies. The bank's CRA statement was reviewed annually.

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

NYSBD 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.

NYSBD noted no evidence of prohibited discriminatory or other illegal practices.

Record of opening and closing offices and providing services at offices

In 2006, Medina added a full-service branch inside the Wal-Mart supercenter in Albion, New York. While both of its branches are located in middle-income census tracts, Medina's ATM locations are heavily concentrated in the moderate-income census tracts within its assessment area.

Distribution of Branches/ATMs within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Branch - Orleans County				2		2	0%
Off-site ATMs			10	1		11	91%
Total	-	-	10	3	-	13	77%

*Partial County

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.*

Medina is a community-based banking institution. All officers, directors, and employees currently reside in the bank's assessment area. The president and vice president are actively involved in community and nonprofit organizations. For example, the president is a board member of the Medina Sandstone Society and Medina's Lions Club. The Vice President serves as a board member of the

Medina Hospital, the Medina Health Care Foundation and the Medina Memorial Health Care Twig Association. This community involvement helps Medina understand the needs of its local community.

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

Medina's marketing efforts included advertising in the local newspaper, two county-wide free telephone books, and church bulletins. In addition, the bank sponsors local Little League teams, and supports various community organizations such as the historical society, schools, hospitals and not-for-profit organizations. Medina also uses direct mail to inform customers of the bank's products and services and sends out a newsletter titled "MSL Direct." As noted in the Community Contacts sub-section of the Performance Context section of this examination report, one community organization indicated that Medina could increase its advertising of small business lending.

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 \leq \$1MM.