



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2011

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

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

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of the Bank of Castile (“BOC”) prepared by the New York State Department of Financial Services (“Department”). The evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2011.

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

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve 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 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 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

BOC's performance was evaluated according to the intermediate small institution performance criteria pursuant to Part 76.12 of the General Regulations of the Banking Board. This assessment period included calendar years 2008, 2009, 2010 and 2011. BOC is rated "1," indicating an "**Outstanding**" record of helping to meet community credit needs.

This rating is based on the following factors:

Lending Test – "Outstanding"

- LTD ratio and other Lending-Related Activities: "Satisfactory"

BOC's average LTD ratio was reasonable considering its size, business strategy, financial condition, aggregate and peer group activity.

BOC's average LTD ratio for the current period ending December 31, 2011 was 79.9% which is slightly lower than the peer group's average of 85.7%. During the evaluation period BOC sold approximately \$51.5 million of home mortgage loans to the secondary market, which adversely impacted its LTD ratio.

- Assessment Area Concentration: "Outstanding"

During the evaluation period, totaling HMDA-reportable, small business and small farm lending, BOC originated 86.9% by number, and 81.5% by dollar value of its loans within the assessment area. This substantial majority of lending inside of its assessment area is an outstanding record of lending.

- Distribution by Borrower Characteristics: "Outstanding"

The distribution of one-to-four family HMDA reportable loans based on borrower characteristics demonstrated a reasonable rate of lending among individuals of different income levels. However for businesses and farms of different revenue sizes, BOC demonstrated an excellent rate of lending to small businesses and small farms with gross annual revenues of less than one million dollars.

- Geographic Distribution of Loans: "Outstanding"

There are no low-income census tracts in BOC's assessment area, and moderate income tracts make up only 6.3% of all tracts in the area. In 2008, 2009 and 2010, for both HMDA-reportable loans and small business loans, BOC's lending ratios in low or moderate income census tracts consistently exceeded the ratios achieved by the peer group aggregates, and demonstrated an excellent rate of lending among low and moderate income census tracts. However, the distribution of limited number of small farms loans based on

lending in census tracts of varying income levels underperformed the limited number of loans extended by the peer group during the evaluation period.

- Action Taken In Response to Written Complaints With Respect to CRA:
“Satisfactory”

Since the latest CRA evaluation as of December 31, 2007, neither BOC nor the New York State Department of Financial Services has received any written complaints regarding BOC’s CRA performance.

Community Development Test: “Outstanding”

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

- Community Development Lending: “Outstanding”

During the evaluation period, BOC originated \$49.0 million in new community development loans, and had \$4.9 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.¹

- Community Development Investments: “Satisfactory”

During the evaluation period, BOC made \$5.71 million in new community development investments, and held \$5.68 million outstanding from prior evaluation periods. In addition, BOC made \$180,871 in community development grants. This demonstrated a reasonable level of community development investments over the course of the evaluation period.

- Community Development Services: “Outstanding”

BOC demonstrated an excellent level of community development services over the course of the evaluation period. BOC’s management and staff help provide technical, educational, and financial assistance to organizations and projects that promote affordable housing, economic development and community services throughout the assessment area.

- Innovative or Complex Practices

¹ For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit.

BOC demonstrated an excellent level of innovative or flexible community development practices. In addition to its own Community One Program, BOC uses several government sponsored loan programs that have more flexible terms to meet the needs of LMI borrowers and small businesses.

- Responsiveness to Community Development Needs:

BOC 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 State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution Profile:

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

As per the Consolidated Report of Condition (“Call Report”) as of December 31, 2011, filed with the Federal Deposit Insurance Corporation (“FDIC”), BOC reported total assets of \$976.1 million, of which \$614.5 million were net loans and lease finance receivables. It also reported total deposits of \$834.1 million, resulting in a loan-to-deposit ratio of 73.7%. According to the latest available comparative deposit data as of June 30, 2011, BOC obtained a market share of 2.09%, or \$813.7 million in a market of \$38.9 billion, ranking it 9th among the deposit-taking institutions in assessment area.

The following is a summary of BOC’s loan portfolio, based on Schedule RC-C¹ of the bank’s Call Reports ended on December 31 of years 2008, 2009, 2010 and 2011.

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2008		2009		2010		2011	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	131,871	26.6	142,791	25.9	150,158	25.7	162,463	26.2
Commercial & Industrial Loans	104,049	21.0	112,934	20.5	105,406	18.0	112,342	18.1
Commercial Mortgage Loans	111,059	22.4	122,689	22.3	144,288	24.7	143,742	23.1
Multifamily Mortgages	16,540	3.3	24,046	4.4	31,527	5.4	32,203	5.2
Consumer Loans	12,052	2.4	10,839	2.0	10,085	1.7	10,534	1.7
Agricultural Loans	90,428	18.2	105,714	19.2	108,003	18.5	115,685	18.6
Construction Loans	27,886	5.6	31,864	5.8	34,566	5.9	37,729	6.1
Obligations of States & Municipalities		0.0		0.0		0.0	6,405	1.0
Other Loans	1,836	0.4	48	0.0	107	0.0	109	0.0
Total Gross Loans	495,721		550,925		584,140		621,212	

As illustrated in the above chart, BOC is primarily a residential real estate lender, with 26.2% of its loan portfolio in residential real estate, and 23.1% in commercial mortgage loans as of December 31, 2011. BOC is also very active in agricultural lending (18.6%) and commercial and industrial lending (18.1%).

There are no known financial or legal impediments that adversely impacted BOC’s

¹ Total Gross Loans outstanding should be the amount as indicated on Lines 1 through 10.

ability to meet the credit needs of its community.

Assessment Area:

BOC’s assessment area is comprised of Genesee, Orleans, and Wyoming Counties in their entirety and parts of Allegany, Cattaraugus, Erie, Livingston, and Monroe Counties that are contiguous with the rest of the assessment area.

During the evaluation period, BOC expanded its assessment area to include 16 tracts in Erie County, and 32 tracts in Monroe County. As a result, the assessment area consists of 143 census tracts, of which nine are moderate-income, 90 are middle-income, 40 are upper-income and four are tracts with no income indicated. There are no low-income census tracts in the assessment area. The four middle-income tracts of Allegany and Cattaraugus are designated as distressed tracts.

Assessment Area Census Tracts by Income Level									
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	Dis-tressed & Under-served	LMI & Dis-tressed %
Allegany*				4		4	0.0	4	100%
Cattaraugus*				3		3	0.0	3	100%
Erie*	2			11	5	18	0.0		0%
Genesee			1	8	6	15	6.7		7%
Livingston*	2		2	7	1	12	16.7		17%
Monroe*			2	41	28	71	2.8		3%
Orleans			4	5	0	9	44.4		44%
Wyoming				11		11	0.0		0%
Total	4	0	9	90	40	143	6.3	7	11%

*Partial county

The assessment area appears reasonable based upon the location of BOC’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 665,757 during the examination period. About 13.0% of the population were over the age of 65 and 21.8% were under the age of 16.

Of the 173,519 families in the assessment area, 13.4% were low-income, 17.8% were moderate-income, 24.1% were middle-income and 44.7% were upper-income families. There were 243,944 households in the assessment area, of which 6.6% had income below the poverty level and 2.0% were on public assistance.

The MSA median family income within the assessment area was \$50,470. The U.S.

Department of Housing and Urban Development (“HUD”) estimated median family income for the area was \$64,785 in 2011.

There were 261,156 housing units within the assessment area, of which 90.1% were one- to four-family units, and 9.9% were multifamily units. A majority (71.2 %) of the area’s housing units were owner-occupied, while 22.1% were rental units. Of the 185,885 owner-occupied housing units, 4.0% were in moderate-income census tracts while 96.0% were in middle- and upper-income census tracts. The median age of the housing stock was 48 years and the median home value in the assessment area was \$100,479.

There were 55,062 non-farm businesses in the assessment area. Of these, 67.7% were businesses with reported revenues of less than or equal to \$1 million, 3.2% reported revenues of more than \$1 million and 29.1% did not report their revenues. Of all the non-farm businesses in the assessment area, 76.5% were businesses with less than fifty employees while 92% operated from a single location. The largest industries in the area were services (43.5%), followed by retail trade (10.9%) and construction (7.2%), while 18.1% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State rose from 5.4% in 2008 to the peak of 8.6% in 2010, and slightly declined to 8.2% in 2011. During the same period of time, the assessment area’s unemployment rates displayed a similar trend. The high unemployment rates in all counties in 2008 and 2009 were the result of the nationwide economic downturn.

Assessment Area Unemployment Rate									
	Statewide	Allegany	Cattaraugus	Erie	Genesee	Livingston	Monroe	Orleans	Wyoming
2008	5.4	6.4	6.1	5.7	5.6	5.9	5.5	7	6.2
2009	8.3	8.8	8.7	8.2	7.7	8.5	7.9	9.4	9.1
2010	8.6	9.1	9.1	8.3	7.8	8.5	8	10	9.3
2011	8.2	8.7	8.7	7.9	7.5	7.8	7.6	9.2	8.4

Community Information

A community contact was conducted with a not-for-profit corporation established in 1982. The organization’s mission is to carry out housing development, property management and related services in western New York. It administers home ownership programs and home repair programs to help people of modest incomes purchase their first home or home repairs. According to the contact, BOC has been very actively involved in serving the needs of the community.

Another not-for-profit regional community development and human services organization was also contacted. The organization provides services to farm

workers, low-income families and economically depressed communities throughout New York, Pennsylvania, New Jersey, Ohio, Indiana, Virginia, Vermont, and Puerto Rico. According to the contact, the major employers within BOC's assessment area are the manufacturing industries. Farms in the area provide seasonal employment for a number of migrant workers. There is a need for affordable housing for LMI individuals and for the migrant workers within the community. Despite the fact that residential houses are selling at modest prices, owning a house remains costly as the real estate tax rates are high in the area. BOC was not mentioned in any adverse context.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

BOC was evaluated under the intermediate small banking institution's performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Banking Board. BOC's performance was evaluated according to the intermediate small bank performance criteria, which consists 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 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;*
- 4. Innovative or complex practices; and*
- 5. Responsiveness to community development needs.*

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

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

Finally, the 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 FDIC. Aggregate lending data were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data were obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

The demographic data referred to in this report were derived from the 2000 U.S. Census and HUD. Business demographic data used in this report provide information on US businesses, enhanced by Dun & Bradstreet reports and updated annually. Unemployment data was obtained from the New York State Department of Labor. Some

non-specific bank data is only available on a county-wide basis, and was used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2008, 2009, 2010 and 2011.

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

Small business/small farm loan aggregate data are shown for comparative purposes. As BOC is not required to report this data, it is not included as part of the aggregate.

HMDA-reportable, small business and small farm loan data evaluated in this performance evaluation represented actual originations.

BOC 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, 2007.

Current CRA Rating: "Outstanding"

Lending Test: "Outstanding"

BOC's small business, HMDA-reportable and small farm lending activities were more than reasonable in light of aggregate and peer group activity and demographics.

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

BOC's average LTD ratio was reasonable considering its size, business strategy, financial condition, aggregate and peer group activity.

BOC's average LTD ratio for the current period ending December 31, 2011 was 79.9% which is slightly lower than the peer group's average of 85.7%. The ratio ranged from 74.9% the lowest in March of 2010 to 85.4% the highest in December of 2010. During the evaluation period BOC sold approximately \$51.5 million of home mortgage loans to the secondary market, which adversely impacted its LTD ratio.

The chart below shows BOC's LTD ratios in comparison with the peer group's ratios for the 16 quarters since the prior evaluation.

Loan-to-Deposit Ratios																	
	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	Avg.
Bank	81.6	77.7	80.9	82.1	76.5	81.1	80.5	80.6	74.9	76.5	76.3	85.4	84.3	79.9	78.6	81.7	79.9
Peer	89.5	91.0	91.1	89.3	86.8	86.0	84.8	82.6	80.9	80.4	79.7	89.3	86.1	85.9	84.6	83.3	85.7

Assessment Area Concentration: “Outstanding”

During the evaluation period, totaling HMDA-reportable, small business and small farm lending, BOC originated 86.9% by number, and 81.5% by dollar value of its loans within the assessment area. This substantial majority of lending inside of its assessment area is an outstanding record of lending.

During the evaluation period, for HMDA-reportable lending, BOC originated 87.9% by number, and 82.0% by dollar value of its loans within the assessment area. For small business lending, BOC originated 88.4% by number, and 82.0% by dollar value of its loans within the assessment area. For small farm lending, BOC originated 82.9% by number, and 79.7% by dollar value of its loans within the assessment area.

The following table shows the percentages of BOC’s small business loans, small farm loans and HMDA-reportable 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										
2008	272	87.5%	39	12.5%	311	21,644	78.5%	5,927	21.5%	27,571
2009	449	87.9%	62	12.1%	511	49,896	79.2%	13,069	20.8%	62,965
2010	380	89.8%	43	10.2%	423	34,192	85.9%	5,611	14.1%	39,803
2011	328	86.1%	53	13.9%	381	38,198	84.7%	6,912	15.3%	45,110
Subtotal	1,429	87.9%	197	12.1%	1,626	143,930	82.0%	31,519	18.0%	175,449
Small Business										
2008	473	86.9%	71	13.1%	544	60,147	79.9%	15,132	20.1%	75,279
2009	539	88.2%	72	11.8%	611	62,900	82.2%	13,634	17.8%	76,534
2010	569	89.2%	69	10.8%	638	63,065	81.7%	14,139	18.3%	77,204
2011	536	89.2%	65	10.8%	601	71,688	84.0%	13,648	16.0%	85,336
Subtotal	2,117	88.4%	277	11.6%	2,394	257,800	82.0%	56,553	18.0%	314,353
Small Farm										
2008	256	83.7%	50	16.3%	306	22,657	79.1%	5,976	20.9%	28,633
2009	271	80.9%	64	19.1%	335	24,869	80.2%	6,149	19.8%	31,018
2010	277	84.2%	52	15.8%	329	25,490	77.4%	7,436	22.6%	32,926
2011	280	83.1%	57	16.9%	337	27,532	82.1%	6,018	17.9%	33,550
Subtotal	1,084	82.9%	223	17.1%	1,307	100,548	79.7%	25,579	20.3%	126,127
Grand Total	4,630	86.9%	697	13.1%	5,327	502,278	81.5%	113,651	18.5%	615,929

Distribution by Borrower Characteristics: "Outstanding"

The distribution of one-to-four family HMDA reportable loans based on borrower characteristics demonstrated a reasonable rate of lending among individuals of different income levels. However for businesses and farms of different revenue sizes, BOC demonstrated an excellent rate of lending to small businesses and small farms with gross annual revenues of less than one million dollars.

HMDA-Reportable Loans:

The distribution of BOC's One-to-four family HMDA-reportable loans demonstrated a reasonable rate of lending among borrowers of different income levels.

In 2008, BOC's penetration ratio to LMI borrowers by loan number was 34.2%, exceeding both the 32.9% level of peer group aggregate and the demographics. In 2009 and 2010 however, BOC's lending rates to LMI borrowers compared unfavorably to the performance of the peer group aggregates. In 2011, BOC's LMI borrower's penetration ratio improved 33.6% by loan number, highest level of the evaluation. The 2011 aggregate data however, were not available for comparison. The average penetration during the evaluation was 31.7% by loan number and 19.3% by dollar value, compared to the peer group aggregate of 32.3% by loan number and 22.2% by dollar value, respectively.

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

Distribution of 1-4 Family Loans by Borrower Income									
2008									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	35	13.6%	1,439	6.9%	951	8.2%	54,678	4.4%	13.4%
Moderate	53	20.6%	3,121	15.0%	2,877	24.8%	228,594	18.3%	17.8%
LMI	88	34.2%	4,560	22.0%	3,828	32.9%	283,272	22.7%	31.2%
Middle	66	25.7%	4,858	23.4%	3,240	27.9%	321,656	25.7%	24.2%
Upper	94	36.6%	10,073	48.5%	4,344	37.4%	621,349	49.7%	44.7%
Unknown	9	3.5%	1,278	6.2%	208	1.8%	23,785	1.9%	
Total	257		20,769		11,620		1,250,062		
2009									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	30	7.0%	1,479	3.6%	1,171	8.1%	74,970	4.4%	13.4%
Moderate	102	23.8%	6,085	14.6%	3,474	24.0%	307,141	18.1%	17.8%
LMI	132	30.8%	7,564	18.2%	4,645	32.1%	382,111	22.5%	31.2%
Middle	106	24.7%	8,824	21.2%	3,870	26.7%	411,289	24.2%	24.2%
Upper	166	38.7%	22,847	54.9%	5,472	37.8%	846,731	49.8%	44.7%
Unknown	25	5.8%	2,373	5.7%	487	3.4%	59,717	3.5%	
Total	429		41,608		14,474		1,699,848		
2010									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	27	7.5%	1,269	4.0%	1,094	8.3%	66,548	4.5%	13.4%
Moderate	80	22.1%	4,621	14.6%	3,116	23.7%	254,121	17.0%	17.8%
LMI	107	29.6%	5,890	18.6%	4,210	32.0%	320,669	21.5%	31.2%
Middle	103	28.5%	8,264	26.0%	3,429	26.0%	352,897	23.7%	24.2%
Upper	124	34.3%	13,879	43.7%	5,218	39.6%	780,014	52.3%	43.0%
Unknown	28	7.7%	3,694	11.6%	310	2.4%	38,097	2.6%	44.7%
Total	362		31,727		13,167		1,491,677		
2011									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	41	13.4%	1,761	5.9%	Data Not Available				13.4%
Moderate	62	20.2%	4,086	13.8%					17.8%
LMI	103	33.6%	5,847	19.7%					31.2%
Middle	73	23.8%	6,180	20.8%					24.2%
Upper	109	35.5%	14,231	48.0%					44.7%
Unknown	22	7.2%	3,412	11.5%					
Total	307		29,670				-		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	133	9.8%	5,948	4.8%		8.2%		4.4%	
Moderate	297	21.9%	17,913	14.5%		24.1%		17.8%	
LMI	430	31.7%	23,861	19.3%	12,683	32.3%	986,052	22.2%	
Middle	348	25.7%	28,126	22.7%		26.8%		24.4%	
Upper	493	36.4%	61,030	49.3%		38.3%		50.6%	
Unknown	84	6.2%	10,757	8.7%		2.6%		2.7%	
Total	1,355		123,774						

Small Business Loans:

The distribution of small business loans based on the revenue size of the business demonstrated an excellent rate of lending among businesses of different revenue sizes.

During each of the three years in the evaluation period, the percentages of small business lending to businesses with gross annual revenues of less than \$1 million consistently exceeded the ratios achieved by the peer group aggregate significantly by both loan number and dollar value. The three-year average penetration ratio was 76% by loan number and 52.3% by dollar value, compared favorably to the market aggregate level of 32.7% by loan number and 32.2% by dollar value, respectively.

The following chart provides a summary of BOC's small business lending distribution based on revenue size during the evaluation period:

Distribution of Small Business Lending by Revenue Size of Business									
2008									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	362	76.5%	32,112	53.4%	6,533	34.5%	196,970	33.5%	61.3%
Rev. > \$1MM	111	23.5%	28,035	46.6%					4.9%
Rev. Unknown		0.0%		0.0%					33.7%
Total	473		60,147		18,958		587,989		
2009									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	388	72.0%	28,397	45.1%	2,988	31.2%	118,747	33.1%	76.7%
Rev. > \$1MM	151	28.0%	34,503	54.9%					4.8%
Rev. Unknown		0.0%		0.0%					18.5%
Total	539		62,900		9,571		358,754		
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	437	76.8%	35,136	55.7%	2,735	30.7%	101,954	29.1%	76.9%
Rev. > \$1MM	132	23.2%	27,929	44.3%					4.6%
Rev. Unknown		0.0%		0.0%					18.5%
Total	569		63,065		8,922		350,412		
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	421	78.5%	39,105	54.5%	Data Not Available				67.7%
Rev. > \$1MM	114	21.3%	32,563	45.4%					3.2%
Rev. Unknown	1	0.2%	20	0.0%					29.1%
Total	536		71,688						
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	1,608	76.0%	134,750	52.3%		32.7%		32.2%	
Rev. > \$1MM	508	24.0%	123,030	47.7%		0.0%		0.0%	
Rev. Unknown	1	0.0%	20	0.0%		0.0%		0.0%	
Total	2,117		257,800						

Small Farm Loans:

The distribution of small farm loans based on the income of the farms demonstrated an excellent penetration rate of lending among farms of different income levels.

In 2008, 2009 and 2010, the percentages of BOC's small farm lending to farms with gross annual revenues less than \$1 million exceeded the corresponding ratios achieved by the peer group aggregate in each year by both number and dollar value of loans made. The 2011 BOC's performance was consistent with the last three years. The 2011

aggregate data however, were not available for comparison.

The following chart provides a summary of BOC's small farm lending distribution based on farms of different income levels during the evaluation period:

Distribution of Small Farm Loans Lending by Revenue Size									
2008									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	222	86.7%	14,899	65.8%	448	76.5%	21,965	59.1%	94.8%
Rev. > \$1MM	34	13.3%	7,758	34.2%					3.5%
Rev. Unknown		0.0%		0.0%					1.7%
Total	256		22,657		586		37,184		
2009									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	233	86.0%	15,767	63.4%	146	60.6%	6,064	43.5%	95.3%
Rev. > \$1MM	38	14.0%	9,102	36.6%					3.2%
Rev. Unknown		0.0%		0.0%					1.5%
Total	271		24,869		241		13,938		
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	244	88.1%	16,872	66.2%	170	66.4%	8,861	54.1%	94.7%
Rev. > \$1MM	33	11.9%	8,618	33.8%					3.4%
Rev. Unknown		0.0%		0.0%					1.9%
Total	277		25,490		256		16,382		
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	238	85.0%	18,203	66.1%	Data Not Available				95.6%
Rev. > \$1MM	42	15.0%	9,329	33.9%					2.9%
Rev. Unknown		0.0%		0.0%					1.5%
Total	280		27,532						
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	937	86.4%	65,741	65.4%		70.5%		54.6%	
Rev. > \$1MM	147	13.6%	34,807	34.6%		0.0%		0.0%	
Rev. Unknown	-	0.0%	-	0.0%		0.0%		0.0%	
Total	1,084		100,548						

Geographic Distribution of Loans: “Outstanding”

There are no low-income census tracts in BOC’s assessment area, and moderate income tracts make up only 6.3% of all tracts in the area. In 2008, 2009 and 2010, for both HMDA-reportable loans and small business loans, BOC’s lending ratios in low or moderate income census tracts consistently exceeded the ratios achieved by the peer group aggregates, and demonstrated an excellent rate of lending among low and moderate income census tracts. However, the distribution of limited number of small farms loans based on lending in census tracts of varying income levels underperformed the limited number of loans extended by the peer group during the evaluation period.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated an excellent penetration rate of lending.

In 2008, 2009, and 2010, BOC’s lending by number of loans and dollar value of loans in LMI tracts far out-paced the lending in the LMI tracts of the peer group aggregates. The 2011 peer group aggregate data were not available for comparison.

The following chart provides a summary of BOC’s HMDA-reportable lending distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
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	12	4.4%	845	3.9%	372	3.1%	22,642	1.8%	4.0%
LMI	12	4.4%	845	3.9%	372	3.1%	22,642	1.8%	4.0%
Middle	210	77.2%	15,515	71.7%	7,334	61.8%	695,372	53.9%	61.3%
Upper	50	18.4%	5,284	24.4%	4,155	35.0%	571,886	44.3%	34.8%
Unknown	0	0.0%	0	0.0%	1	0.0%	30	0.0%	
Total	272		21,644		11,862		1,289,930		
2009									
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	4.7%	1,369	2.7%	322	2.2%	22,079	1.3%	4.0%
LMI	21	4.7%	1,369	2.7%	322	2.2%	22,079	1.3%	4.0%
Middle	334	74.4%	37,175	74.5%	8,450	57.6%	847,067	49.2%	61.3%
Upper	94	20.9%	11,352	22.8%	5,900	40.2%	852,561	49.5%	34.8%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	449		49,896		14,672		1,721,707		
2010									
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	3.4%	1,306	3.8%	287	2.2%	19,208	1.2%	4.0%
LMI	13	3.4%	1,306	3.8%	287	2.2%	19,208	1.2%	4.0%
Middle	286	75.3%	23,245	68.0%	7,734	58.0%	815,969	50.8%	61.3%
Upper	81	21.3%	9,641	28.2%	5,315	39.9%	771,111	48.0%	34.8%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	380		34,192		13,336		1,606,288		
2011									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%					0.0%
Moderate	15	4.6%	875	2.3%					4.0%
LMI	15	4.6%	875	2.3%					4.0%
Middle	248	75.6%	29,283	76.7%					61.3%
Upper	65	19.8%	8,040	21.0%					34.8%
Unknown		0.0%		0.0%					
Total	328		38,198				-		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	61	4.3%	4,395	3.1%		2.5%		1.4%	
LMI	61	4.3%	4,395	3.1%		2.5%		1.4%	
Middle	1,078	75.4%	105,218	73.1%		59.0%		51.1%	
Upper	290	20.3%	34,317	23.8%		38.6%		47.5%	
Unknown	-	0.0%	-	0.0%		0.0%		0.0%	
Total	1,429		143,930						

Small Business Loans:

The distribution of small business loans based on the income level of the geography of the business demonstrated an excellent penetration rate of lending in LMI geographies.

BOC's ratios of lending in LMI geographies were greater than the aggregate ratios for 2008, 2009 and 2010. The three-year average penetration ratio to LMI geographies was 5.3% by loan number and 6.0% by dollar value. This performance outperformed both the aggregate level and the business demographics. The peer group aggregate's penetration ratio for the same three years was 4.0% by loan number and 6.0% by dollar value, respectively. In 2011, BOC's penetration ratio improved to 6.0% by loan number and 8.1% by dollar value; the 2011 aggregate data however, were not available for comparison.

The following chart provides a summary of BOC's small business lending distribution based on the income level of the geography.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2008									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	28	5.9%	2,689	4.5%	782	4.1%	22,308	3.8%	4.9%
LMI	28	5.9%	2,689	4.5%	782	4.1%	22,308	3.8%	4.9%
Middle	387	81.8%	46,314	77.0%	10,970	57.9%	363,687	61.9%	61.1%
Upper	58	12.3%	11,144	18.5%	7,198	38.0%	201,944	34.3%	33.6%
Unknown	0	0.0%	0	0.0%	8	0.0%	50	0.0%	0.1%
Total	473		60,147		18,958		587,989		
2009									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	25	4.6%	4,372	7.0%	362	3.8%	12,456	3.5%	4.8%
LMI	25	4.6%	4,372	7.0%	362	3.8%	12,456	3.5%	4.8%
Middle	437	81.1%	47,574	75.6%	5,497	57.4%	221,343	61.7%	60.9%
Upper	77	14.3%	10,954	17.4%	3,706	38.7%	124,932	34.8%	34.3%
Unknown	0	0.0%	0	0.0%	6	0.1%	23	0.0%	0.1%
Total	539		62,900		9,571		358,754		
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	31	5.4%	4,099	6.5%	358	4.0%	14,308	4.1%	4.6%
LMI	31	5.4%	4,099	6.5%	358	4.0%	14,308	4.1%	4.6%
Middle	451	79.3%	46,581	73.9%	5,162	57.9%	211,541	60.4%	60.8%
Upper	87	15.3%	12,385	19.6%	3,397	38.1%	124,535	35.5%	34.6%
Unknown	0	0.0%	0	0.0%	5	0.1%	28	0.0%	0.1%
Total	569		63,065		8,922		350,412		
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%					0.0%
Moderate	32	6.0%	5,771	8.1%					4.2%
LMI	32	6.0%	5,771	8.1%					4.2%
Middle	417	77.8%	51,656	72.1%					60.6%
Upper	87	16.2%	14,261	19.9%					35.1%
Unknown	0	0.0%	0	0.0%					0.1%
Total	536		71,688				-		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	116	5.5%	16,931	6.6%		4.0%		3.8%	
LMI	116	5.5%	16,931	6.6%	1,507	4.0%	49,072	3.8%	
Middle	1,692	79.9%	192,125	74.5%		57.8%		61.4%	
Upper	309	14.6%	48,744	18.9%		38.2%		34.8%	
Unknown	-	0.0%	-	0.0%		0.1%		0.0%	
Total	2,117		257,800						

Small Farm Loans:

The distribution of small farm loans based on the income of the geography demonstrated a reasonable rate of lending among geographies of different income levels.

In 2008, 2009 and 2010, by both the number and dollar value of loans made, BOC's ratios indicated slight underperformance of small farm lending in low or moderate income census tracts in comparison to the peer group aggregates. Both BOC and the peer group have made limited small farm loans in the LMI geographies due to the limited lending opportunities. For the three years from 2008 to 2010, BOC originated a total of nine small farm loans in the LMI tracts, while the peer group originated a total of 23 loans. In 2011, BOC made two small farm loans in LMI tracts. Peer group aggregate data however, were not available for comparison.

The following chart provides a summary of BOC's small farm lending distribution based on geographies of different income levels during the evaluation period:

Distribution of Small Farm Lending by Geographic Income of the Census Tract									
2008									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0.0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	3	1.2%	259	1.1%	11	1.9%	314	0.8%	2.5%
LMI	3	1.2%	259	1.1%	11	1.9%	314	0.8%	2.5%
Middle	222	86.7%	20,734	91.5%	464	79.2%	32,615	87.7%	71.6%
Upper	31	12.1%	1,664	7.3%	111	18.9%	4,255	11.4%	25.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	256		22,657		586		37,184		
2009									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	3	1.1%	215	0.9%	5	2.1%	72	0.5%	2.8%
LMI	3	1.1%	215	0.9%	5	2.1%	72	0.5%	2.8%
Middle	236	87.1%	22,107	88.9%	186	77.2%	11,535	82.8%	72.2%
Upper	32	11.8%	2,547	10.2%	50	20.7%	2,331	16.7%	25.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	271		24,869		241		13,938		
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	3	1.1%	125	0.5%	7	2.7%	249	1.5%	2.8%
LMI	3	1.1%	125	0.5%	7	2.7%	249	1.5%	2.8%
Middle	244	88.1%	22,943	90.0%	196	76.6%	13,150	80.3%	72.3%
Upper	30	10.8%	2,422	9.5%	53	20.7%	2,983	18.2%	25.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	277		25,490		256		16,382		
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%					0.0%
Moderate	2	0.7%	143	0.5%					2.7%
LMI	2	0.7%	143	0.5%					2.7%
Middle	245	87.5%	24,119	87.6%					71.8%
Upper	33	11.8%	3,270	11.9%					25.5%
Unknown	0	0.0%	0	0.0%					0.0%
Total	280		27,532				-		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Moderate	11	1.0%	742	0.7%	23	2.1%	635	0.9%	
LMI	11	1.0%	742	0.7%	23	2.1%	635	0.9%	
Middle	947	87.4%	89,903	89.4%	846	78.1%	57,300	84.9%	
Upper	126	11.6%	9,903	9.8%	214	19.8%	9,569	14.2%	
Unknown	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Total	1,084		100,548		1,083		67,504		

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

Since the latest CRA evaluation as of December 31, 2007, neither BOC nor the New York State Department of Financial Services has received any written complaints regarding BOC’s CRA performance.

Community Development Test: “Outstanding”

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

During the evaluation period, BOC originated \$49.0 million in new community development loans, and had \$4.9 million outstanding from prior evaluation periods. Also during the evaluation period, BOC made \$5.71 million in new community development investments and had \$5.68 million outstanding from prior evaluation periods. In addition, BOC made \$180,871 in community development grants.

Community Development Lending: “Outstanding”

BOC’s community development lending mostly supported affordable housing and revitalization and stabilization initiatives. During the evaluation period, BOC originated \$49.0 million in new community development loans, and had \$4.9 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.¹

Community Development Loans				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
Purpose	# of Loans	\$000	# of Loans	\$000
Affordable Housing	9	17,494		
Economic Development	16	13,512	6	4,865
Community Services	2	18,000		
Total	27	49,006	6	4,865

Below are highlights of BOC’s community development lending.

- In 2009, BOC extended a \$7.2 million construction loan of which the proceeds were used to renovate the top four floors of a medical center’s campus building

¹ For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit.

into 37 units of rental housing for low- and moderate-income senior households. The building is located in a moderate income census tract. The project is also supported by the New York State Housing Trust Fund Corporation, New York State Energy Research Development Authority, the Federal Home Loan Bank Affordable Housing Program, and the Federal Low-Income Housing Credit Program

- In 2011, BOC extended a \$4.5 million loan to construct 45 one-bed room units of supportive housing for individuals with mental illness. A nationwide not-for-profit mortgage lender specializing in affordable housing is the lead lender on the project. The property is located in a low income census tract, and receives support from the Federal Home Loan Bank (“FHLB”) and Low Income Housing Tax Credits (“LIHTCs”)
- During the evaluation period, BOC extended two loans for a total of \$18.0 million to a non-profit hospital and medical center facility to assist with the funding for the renovation and expansion of the surgical department of the hospital. This medical center facility is located within the downtown of the City of Batavia immediately adjacent to a moderate-income geography in the Genesee County, and is the only hospital in the county
- In 2011, BOC extended two loans totaling \$300,000 to a non-profit organization that was established in 1982 to carry out housing development, property management and related services in western New York. This organization also owns and manages 288 apartments for elderly, disabled, and family. Proceeds were for operating lines of credit for four rehab projects that will provide housing for LMI individuals
- During the evaluation period, BOC extended two loans totaling \$400,000 to a community-based not-for-profit organization with its primary mission of increasing and maintaining homeownership in Rochester, as well as supporting healthy neighborhoods. Proceeds of the loans were used for refinancing existing mortgage of another bank and construction of a new roof and HVAC repairs. Subject property is located in a low-income census tract.

Community Development Investments: “Satisfactory”

During the evaluation period, BOC made \$5.71 million in new community development investments, and held \$5.68 million outstanding from prior evaluation periods. In addition, BOC made \$180,871 in community development grants. This demonstrated a reasonable level of community development investments over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	1	\$ 1,900	3	741
Economic Development	10	\$ 3,358	6	4,938
Community Services	5	\$ 455		
Other (Please Specify)				
Total	16	\$ 5,713	9	5,679
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	13	\$ 69		
Economic Development	13	\$ 9		
Community Services	88	\$ 103		
Other (Please Specify)				
Total	114	\$ 181		

Below are highlights of BOC's community development investments and grants.

- During the evaluation period, BOC purchased approximately \$3.8 million municipal bonds. These municipal bonds were issued by the following: Town of Ridgeway in Orleans County, Farmersville Fire Department in Cattaraugus County, Town of Nunda in Livingston County, Village of Medina in Orleans County, Medina Central School District in Orleans County, and the Jefferson County. The proceeds of these bonds were used to help stabilize the moderate-income and economically distressed areas of these counties
- BOC purchased \$1.9 million of LIHTCs that helped to fund a rehabilitation project of an existing abandoned structure. The project involved the development of 37 units of LMI senior housing in Batavia, NY, and the project had additional support from the NYS Housing Trust Fund, Rural Area Revitalization Projects Program, and the Affordable Housing program of the Federal Home Loan Bank
- As of the evaluation date, BOC has an equity investment of \$978,184 in Cephas Capital Partners, a limited partnership licensed to operate as a small business investment company to provide capital for growing companies
- In addition, BOC made \$180,871 in grants and donations to various community development organizations engaged in affordable housing projects, economic development, revitalization and stabilization or community services

Community Development Services: “Outstanding”

BOC demonstrated an excellent level of community development services over the course of the evaluation period. BOC’s management and staff help provide technical, educational, and financial assistance to organizations and projects that promote affordable housing, economic development and community services throughout the assessment area.

Below are highlights of BOC’s community development services.

- The president of BOC serves on the board of two organizations that provide community development services, economic development and affordable housing
- BOC’s staff and directors serve as directors and members of the board providing financial expertise for many community organizations such as a local organization that provides funding to social service organizations, the local Empire Zone administrative board, a business alliance for Genesee County and a community action organization in Wyoming County
- During the evaluation period, BOC sponsored and participated in ten home ownership seminars targeted to first-time home buyers, which were primarily attended by LMI individuals and families. One of the seminars was a bilingual English-Spanish speaking seminar offered as part of the Spanish Heritage Celebration in the area. BOC representatives educated attendees regarding the home mortgage application process, discussed credit needs, and offered available financing options

Innovative or Complex Practices:

BOC demonstrated an excellent level of innovative or flexible community development practices. BOC uses government sponsored loan programs that have more flexible terms to meet the needs of LMI borrowers and small businesses. These programs include those sponsored by the Small Business Administration (“SBA”), the Farmers Service Agency (“FSA”), the Federal Home Loan Bank of New York (“FHLB-NY”), and the state of New York Mortgage Agency (“SONYMA”). Below are some examples of the programs designed for LMI individuals and small businesses.

- BOC continues to offer its own affordable housing program known as the Community One Program. The program is targeted for LMI individuals and families, and was first introduced in 2002. It allows for a minimum down payment from \$1,000 to \$1,875, a 30-year fixed rate mortgage, reduced fees, and accepts alternative credit sources to document credit history. The program also requires homebuyer counseling through one of the approved housing agencies. During the evaluation period, a total of 80 loans amounting to \$5.8 million were made

under the Community One Program

- BOC participates in the First Home Club Program offered through FHLB-NY. This program requires LMI individuals and families to set up a savings account for a minimum of 10 months and no more than two years. Based on their final savings, customers receive \$4 for every \$1 saved, up to a maximum of \$7,500 and an additional \$500 to cover the homebuyer counseling fees. During the evaluation period, BOC has 102 customers enrolled in the savings plan and had 52 complete their savings period and obtain mortgages on their home
- BOC participates with the Farm Service Agency loan guaranty program administered by the United States Department of Agriculture in which agricultural loans are originated for small farms with guarantees that otherwise do not meet traditional underwriting guidelines. This program offers extended payment terms to assist small farms with cash flow needs; a guaranty of up to 95% of the loss of principal and interest on a loan; and options for both fixed rate loans and revolving lines of credit. During the evaluation period, BOC originated 34 loans approximated \$9 million in the assessment area under the program
- BOC participates with the Excelsior Linked Deposit Program which promotes job creation by placing below market funds at banks that then lend to small businesses at below market rates. During the evaluation period, BOC originated 40 loans for approximately \$13.1 million through the program. Each of the loans was extended to a business that meets the size eligibility standards of the SBIC program, as established by the U.S. Small Business Administration
- BOC offers mortgages under the SONYMA loan program. This program is offered primarily to first time home buyers. The program features relaxed underwriting guidelines with higher debt qualifying ratios, lower minimum down payments compared to the traditional conventional programs; and competitive or below market interest rates. During the exam period, BOC originated 36 loans for a total of approximately \$2.9 million.

Responsiveness to Community Development Needs:

BOC demonstrated an excellent level of responsiveness to credit and community development needs. During the evaluation period, BOC made a substantial amount of community development loans and investments and also provided an excellent level of community development services. In addition, BOC had several innovative and flexible lending products ready to meet the credit needs of low or moderate income individuals and small businesses and farms.

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

BOC’s Board of Directors is responsible for establishing CRA policies to address compliance with CRA regulations. The authority to implement the policy and related procedures is delegated to the CRA Officer, who has direct access to the Directors and reports annually to the Board on BOC’s CRA activities and performance.

Discrimination and other illegal practices

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

DFS 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.*

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

Record of opening and closing offices and providing services at offices

Since the prior evaluation, BOC has added a branch along with an on-site ATM in an upper income census tract in the Livingston County. An onsite ATM has been added the Gainesville branch. In addition, an offsite ATM has been added in a middle income census tract in the Genesee County, and one ATM located in a middle income census in the Wyoming County was closed.

Distribution of Branches within the Assessment Area							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI
	#	#	#	#	#	#	%
Wyoming				5		5	0%
Livingston				3	1	4	0%
Genesee			1	2		3	33%
Orleans			1			1	100%
Monroe				2	1	3	0%
Total	-	-	2	12	2	16	13%
*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.*

BOC ascertains the credit needs of its community in three primary ways: through the regular course of lending and banking activities; through its contacts with local government officials and its outreach to nonprofit groups and community development organizations, such as Genesee County Economic Development Center, Wyoming County Empire Zone, Neighborworks, Genesee Valley Rural Preservation Corp. etc; and through the seminars conducted by BOC. In addition, BOC has formed several Business Development Groups in Wyoming, Genesee, Livingston, Orleans, and Monroe Counties. The groups, consisting of senior management, lenders, branch managers, and local business owners in the communities, meet on a regular basis to discuss the credit needs in their communities. Reports are maintained to document how they are reaching out to meet the credit needs in their communities. These reports are routinely reported to the Board of Directors of BOC.

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

BOC markets its products and services through local publications, radio stations, television, trade shows, mailings, statement stuffers, newsletters and community seminars. BOC also makes an effort to reach the Spanish speaking community by disseminating information on its' affordable mortgage products in Spanish. BOC also participated in a weekend seminar in the City of Rochester that was promoted to the Spanish speaking population.

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

No other factors were noted.