



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: March 31, 2017

Institution: Genesee Regional Bank
1850 South Winton Road
Rochester, NY 14618

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services 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 Profile	
Assessment Area	
Demographic & Economic Data	
Community Information	
Performance Standards and Assessment Factors	4
Lending Test	
Loan-to-Deposit Ratio and Other Lending-Related Activities	
Assessment Area Concentration	
Distribution by Borrower Characteristics	
Geographic Distribution of Loans	
Action Taken in Response to Written Complaints with Respect to CRA	
Community Development Test	
Community Development Loans	
Community Development Investments	
Community Development Services	
Additional Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Genesee Regional Bank (“GRB”) prepared by the New York State Department of Financial Services (the “Department” or “DFS”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of March 31, 2017.

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

Part 76 of the General Regulations of the Superintendent (“GRS”) implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate such 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 (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York 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

The Department evaluated GRB under the intermediate small banking institution performance standards pursuant to Parts 76.7 and 76.12 of GRS. The Department evaluated GRB's performance under the lending test in calendar years 2014, 2015 and 2016, and its performance under the community development test from January 1, 2014 through March 31, 2017. GRB is rated "Satisfactory" or "2." This rating means GRB has a satisfactory record of meeting community credit needs.

The rating is based on the following factors:

Lending Test: "Satisfactory"

Loan-to-Deposit Ratio and Other Lending-Related Activities: "Satisfactory"

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

GRB's average LTD ratio for the evaluation period of 80.7% exceeded its peer group's average ratio of 79.0% and was an improvement from GRB's average ratio of 71.8% for the prior evaluation period.

Assessment Area Concentration: "Satisfactory"

During the evaluation period, GRB originated 77.0% by number and 77.2% by dollar value of its HMDA-reportable and small business loans within its assessment area. This majority of lending within its assessment area was a reasonable concentration of lending.

Distribution by Borrowers Characteristics: "Satisfactory"

GRB's 1-4 family HMDA-reportable and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes.

Geographic Distribution of Loans: "Satisfactory"

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

Action Taken in Response to Written Complaints with Respect to CRA: N/A

Neither DFS nor GRB received any written complaints during the evaluation period regarding GRB's CRA performance; therefore, this factor did not affect the Lending Test rating.

Community Development Test: “Satisfactory”

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

Community Development Loans: “Outstanding”

During the evaluation period, GRB originated \$27.0 million in new community development loans, and had none outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

Qualified Investments: “Needs to Improve”

During the evaluation period, GRB made \$115,821 in new qualified investments, and had \$480,389 outstanding from prior evaluation periods. In addition, GRB made \$59,295 in community development grants. This demonstrated a less than adequate level of qualified investments over the course of the evaluation period.

Community Development Services: “Satisfactory”

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

Responsiveness to Credit and Community Development Needs: “Satisfactory”

GRB demonstrated a reasonable level of responsiveness to credit and community development needs through its community development loans, investments, and services.

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 GRS.

PERFORMANCE CONTEXT

Institution Profile

GRB is a commercial bank located in Monroe County, NY. In 2016, GRB relocated its headquarters from Linden Oaks, a suburb of the City of Rochester, to South Winton Road, Rochester, NY. GRB is a wholly-owned subsidiary of Greater Rochester Bancorp, Inc., a bank holding company.

GRB operates two full-service banking offices in the towns of Pittsford and Greece, located in upper- and middle-income census tracts, respectively. GRB's corporate headquarters, located in a middle-income census tract, allows only non-cash transactions. An automated teller machine ("ATM") network supplements the banking offices, with an ATM located at each banking office including corporate headquarters, and seven off-site ATMs (only one accepts deposits) at various locations within GRB's assessment area. One of these ATMs is in a low-income census tract, while the others are either in middle- or upper-income census tracts.

GRB offers a variety of deposit products, including consumer and business checking, savings, and money market accounts, as well as certificate of deposit, individual retirement accounts, and health savings accounts. GRB offers several loan products, including residential loans, construction, and consumer loans, as well as commercial mortgage loans and commercial & industrial loans. GRB offers various services including online and mobile banking, which allows customers to perform a variety of banking services remotely.

Per the Consolidated Report of Condition (the "Call Report") as of December 31, 2016 filed with the Federal Deposit Insurance Corporation ("FDIC"), GRB reported total assets of \$540.3 million, of which \$408.5 million were net loans and lease financing receivables. GRB also reported total deposits of \$467.1 million, resulting in a LTD ratio of 87.4%. Per the latest available comparative deposit data as of June 30, 2017, GRB had a market share of 3.12%, or \$405.5 million in a market of \$13.0 billion, ranking it 8th among 16 deposit-taking institutions in its assessment area.

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

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2014		2015		2016	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	50,804	17.0	60,757	17.4	62,444	15.0
Commercial & Industrial Loans	99,412	33.2	119,017	34.2	135,738	32.7
Commercial Mortgage Loans	107,656	36.0	115,246	33.1	155,772	37.5
Multifamily Mortgages	9,963	3.3	14,220	4.1	21,089	5.1
Consumer Loans	2,151	0.7	3,624	1.0	4,660	1.1
Construction Loans	27,531	9.2	32,896	9.4	33,161	8.0
Other Loans	1,907	0.6	2,655	0.8	2,539	0.6
Total Gross Loans	299,424	100.0	348,415	100.0	415,403	100.0

While the table above shows that the majority GRB's loan portfolio is in commercial mortgage (37.5%) and commercial & industrial loans (32.7%), the table does not show the significant volume of residential mortgage loans originated by GRB and then sold into the secondary market. As a result, although residential mortgage loans make up only 15% of GRB's loan portfolio as of December 31, 2016, at various times residential mortgage loans may represent a much larger percentage of the portfolio. The annual volume of residential mortgage loans originated by GRB for 2014, 2015 and 2016 is shown in the assessment area concentration table in section 4 of this report.

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

Assessment Area

GRB's assessment area is comprised of Monroe County.

There are 192 census tracts in the assessment area, of which 40 are low-income, 30 are moderate-income, 71 are middle-income, 48 are upper-income, and three tracts have no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Monroe	3	40	30	71	48	192	36.5
Total	3	40	30	71	48	192	36.5

Demographic & Economic Data

GRB's assessment area had a population of 744,344 during the examination period. Approximately 13.6% of the population were over the age of 65 and 19.7% were under the age of 16.

Of the 182,823 families in the assessment area, 21.1% were low-income, 16.7% were moderate-income, 21.2% were middle-income, and 41.0% were upper-income. There were 291,195 households in the assessment area, of which 13.4% had income below the poverty level and 3.9% were on public assistance.

The weighted average median family income in the assessment area was \$68,041.

There were 318,793 housing units within the assessment area, of which 83% were one-to-four family units and 16.3% were multifamily units. A majority (61%) of the area's housing units were owner-occupied, while 30.4% were rental units. Of the 194,272 owner-occupied housing units, 15.1% were in low- and moderate-income census tracts while 84.9% were in middle- and upper-income census tracts. The median age of the housing stock was 55 years, and the median home value in the assessment area was \$130,634.

There were 39,257 non-farm businesses in the assessment area. Of these, 80.7% were businesses with reported revenues of less than or equal to \$1 million, 7.7% reported revenues of more than \$1 million, and 11.6% did not report their revenues. Of the businesses in the assessment area, 95.8% were businesses with less than fifty employees and 86.3% operated from a single location. The largest industries in the area were services (50.9%), followed by retail trade (14.3%) and finance, insurance & real estate (7.8%); 4.8% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rates for New York State and Monroe County for 2016 were 4.8% and 4.7%, respectively. The average annual unemployment rates for Monroe County were consistently lower than the rates for New York State. The average annual unemployment rates for both Monroe County and New York State steadily declined during the evaluation period.

Assessment Area Unemployment Rate		
	New York State	Monroe County
2016	4.8	4.7
2015	5.3	5.1
2014	6.3	5.8

Community Information

Examiners interviewed the president of a non-profit corporation that was established to stimulate the development of affordable housing in and around Rochester. Since its creation, the corporation has lent millions of dollars in construction financing, creating over 1,000 affordable apartments, and has financed over 1,000 single-family homes. The corporation has provided construction and bridge financing to non-profit and for-profit developers, as well as small, community-based organizations. The corporation also provides predevelopment loans to non-profit developers of affordable housing.

According to the interviewee, the corporation is looking to build partnerships with financial institutions willing to provide financial assistance because federal funding is in jeopardy. However, the interviewee noted a lack of funding and participation by local financial institutions. While the corporation has received financial assistance from some large banks, local community banks have been slower in participating despite opportunities for participation.

The interviewee also noted the need for home-ownership programs. While interest rates have been low and the real estate market has picked up, many prospective buyers still cannot qualify for a mortgage loan.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated GRB under the intermediate small bank performance standards in accordance with Parts 76.7 and 76.12 of the GRS, which consist of the lending test and the community development test.

The lending test includes:

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

The community development test includes:

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

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

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

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

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet update annually. DFS obtained unemployment data from the New York State Department of Labor.

The assessment period included calendar years 2014, 2015 and 2016 for the lending test, and January 1, 2014 through March 31, 2017 for the community development test.

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

Examiners gave greater weight to GRB’s HMDA lending in this evaluation because HMDA loans represented 80.8% by number and 73.3% by dollar value of total HMDA and small business loans GRB originated in its assessment area.

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

At its **prior** Performance Evaluation, as of December 31, 2013, DFS assigned GRB a rating of “2”, reflecting a “Satisfactory” record of helping to meet community credit needs.

Current CRA Rating: “Satisfactory”

Lending Test: “Satisfactory”

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

Loan-to-Deposit Ratio and other Lending-Related Activities: “Satisfactory”

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

GRB’s average LTD ratio for the evaluation period of 80.7% exceeded its peer group’s average ratio of 79.0% as well as GRB’s average ratio of 71.8% for the prior evaluation period. This increase in GRB’s average LTD ratio was due to growth in its commercial, residential, and construction loan portfolio.

GRB’s quarterly average LTD ratios ranged from a low of 65.1% (Q1 2014) to a high of 89.4% (Q2 2016), while the peer’s ratio ranged from a low of 74.8% (Q1 2014) to a high of 81.3% (Q2 2016).

The table below shows GRB’s LTD ratios in comparison with the peer group’s ratios for the 12 quarters since the prior evaluation.

Loan-to-Deposit Ratios													
	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	Avg.
Bank	65.1	71.1	69.8	82.6	76.8	87.5	81.1	86.5	83.7	89.4	87.2	88.0	80.7
Peer	74.8	77.0	77.6	78.3	77.4	79.3	79.8	80.1	80.0	81.3	81.2	81.1	79.0

Assessment Area Concentration: “Satisfactory”

GRB originated 77% by number and 77.2% by dollar value of its HMDA-reportable and small business loans within the assessment area. This majority of lending inside GRB’s assessment area was a reasonable concentration of lending.

HMDA-Reportable Loans

GRB originated 76.5% by number and 77.2% by dollar value of its HMDA-reportable loans within its assessment area. This majority of lending inside GRB’s assessment area was a reasonable concentration of lending.

Small Business Loans

GRB originated 78.8% by number and 77.1% by dollar value of its small business loans within its assessment area. This majority of lending inside GRB’s assessment area was a reasonable concentration of lending.

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

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2014	471	80.5%	114	19.5%	585	74,634	80.7%	17,811	19.3%	92,445
2015	532	74.1%	186	25.9%	718	85,754	74.7%	29,081	25.3%	114,835
2016	803	76.0%	254	24.0%	1,057	134,314	77.1%	39,920	22.9%	174,234
Subtotal	1,806	76.5%	554	23.5%	2,360	294,702	77.2%	86,812	22.8%	381,514
Small Business										
2014	130	77.8%	37	22.2%	167	29,189	77.2%	8,639	22.8%	37,828
2015	147	81.7%	33	18.3%	180	36,401	81.1%	8,481	18.9%	44,882
2016	151	77.0%	45	23.0%	196	41,592	73.9%	14,687	26.1%	56,279
Subtotal	428	78.8%	115	21.2%	543	107,182	77.1%	31,807	22.9%	138,989
Grand Total	2,234	77.0%	669	23.0%	2,903	401,884	77.2%	118,619	22.8%	520,503

Distribution by Borrower Characteristics: “Satisfactory”

GRB’s one-to-four family HMDA-reportable and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes.

One-to-Four Family HMDA-Reportable Loans

GRB’s one-to-four family HMDA-reportable lending demonstrated a reasonable

distribution of loans among borrowers of different income levels.

GRB originated 33.2% by number and 22.5% by dollar value of its one-to-four family HMDA-reportable loans to low- and moderate-income borrowers. This was comparable with the aggregate's 34.2% and 22.8%, respectively.

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

Distribution of 1-4 Family Loans by Borrower Income									
2014									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	31	6.7%	2,505	3.6%	1,158	9.4%	70,506	5.0%	21.1%
Moderate	117	25.1%	12,722	18.5%	3,126	25.3%	254,585	18.2%	16.7%
LMI	148	31.8%	15,227	22.1%	4,284	34.7%	325,091	23.3%	37.8%
Middle	135	29.0%	18,565	26.9%	3,130	25.4%	319,734	22.9%	21.2%
Upper	182	39.1%	34,999	50.8%	4,619	37.5%	709,421	50.8%	41.0%
Unknown	1	0.2%	121	0.2%	299	2.4%	42,539	3.0%	
Total	466		68,912		12,332		1,396,785		
2015									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	46	8.7%	3,714	4.9%	1,351	10.2%	83,483	5.3%	21.1%
Moderate	146	27.8%	15,989	21.1%	3,331	25.2%	294,326	18.6%	16.7%
LMI	192	36.5%	19,703	26.0%	4,682	35.4%	377,809	23.9%	37.8%
Middle	138	26.2%	18,149	24.0%	3,328	25.1%	363,367	23.0%	21.2%
Upper	195	37.1%	37,593	49.7%	4,788	36.2%	766,252	48.5%	41.0%
Unknown	1	0.2%	217	0.3%	439	3.3%	71,973	4.6%	
Total	526		75,662		13,237		1,579,401		
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	62	7.8%	5,279	4.2%	1,277	9.0%	86,501	4.8%	21.1%
Moderate	191	24.0%	20,836	16.5%	3,340	23.6%	296,947	16.6%	16.7%
LMI	253	31.8%	26,115	20.7%	4,617	32.6%	383,448	21.5%	37.8%
Middle	237	29.8%	30,875	24.4%	3,564	25.2%	393,475	22.1%	21.2%
Upper	301	37.8%	57,112	45.2%	5,449	38.5%	914,361	51.2%	41.0%
Unknown	5	0.6%	12,269	9.7%	529	3.7%	93,070	5.2%	
Total	796		126,371		14,159		1,784,354		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	139	7.8%	11,498	4.2%	3,786	9.5%	240,490	5.1%	
Moderate	454	25.4%	49,547	18.3%	9,797	24.7%	845,858	17.8%	
LMI	593	33.2%	61,045	22.5%	13,583	34.2%	1,086,348	22.8%	
Middle	510	28.5%	67,589	24.9%	10,022	25.2%	1,076,576	22.6%	
Upper	678	37.9%	129,704	47.9%	14,856	37.4%	2,390,034	50.2%	
Unknown	7	0.4%	12,607	4.7%	1,267	3.2%	207,582	4.4%	
Total	1,788		270,945		39,728		4,760,540		

Small Business Loans:

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

GRB's average rates of lending of 44.9% by number and 40.3% by dollar value of loans to small businesses with gross annual revenue of \$1 million or less were above the aggregate's rates of 41.7% and 29.1%, respectively. In addition, GRB's annual rates of lending by number and dollar value exceeded the aggregate's rates for each year of the evaluation period.

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

Distribution of Small Business Lending by Revenue Size of Business									
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	59	45.4%	12,699	43.5%	4,120	37.0%	141,571	26.6%	71.0%
Rev. > \$1MM	71	54.6%	16,490	56.5%					6.3%
Rev. Unknown		0.0%		0.0%					22.6%
Total	130		29,189		11,140		531,898		
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	65	44.2%	12,994	35.7%	4,720	43.7%	171,136	30.0%	76.4%
Rev. > \$1MM	82	55.8%	23,407	64.3%					6.7%
Rev. Unknown		0.0%		0.0%					17.0%
Total	147		36,401		10,794		570,815		
2016									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	68	45.0%	17,469	42.0%	4,968	44.4%	175,374	30.5%	80.7%
Rev. > \$1MM	83	55.0%	24,123	58.0%					7.7%
Rev. Unknown		0.0%		0.0%					11.6%
Total	151		41,592		11,198		574,117		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	192	44.9%	43,162	40.3%	13,808	41.7%	488,081	29.1%	
Rev. > \$1MM	236	55.1%	64,020	59.7%					
Rev. Unknown	-	0.0%	-	0.0%					
Total	428		107,182		33,132		1,676,830		

Geographic Distribution of Loans: "Satisfactory"

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

HMDA-Reportable Loans

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

GRB's average lending rates of 11.4% by number and 12.6% by dollar value of loans originated in low- and moderate-income census tracts was comparable to the aggregate's rates of 12.1% and 9.5%, respectively.

GRB's rates of lending in LMI geographies increased each year of the evaluation period, from a low of 7.0% by number and 5.4% by dollar value of loans in 2014 to 14.7% and 19.9%, respectively, in 2016.

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

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2014									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	1.9%	1,678	2.2%	377	3.0%	73,162	4.6%	4.6%
Moderate	24	5.1%	2,358	3.2%	1,181	9.5%	98,246	6.2%	10.4%
LMI	33	7.0%	4,036	5.4%	1,558	12.5%	171,408	10.8%	15.1%
Middle	264	56.1%	39,276	52.6%	6,219	50.1%	691,638	43.6%	48.2%
Upper	174	36.9%	31,322	42.0%	4,644	37.4%	721,205	45.5%	36.7%
Unknown	0	0.0%	0	0.0%	1	0.0%	396	0.0%	0.0%
Total	471		74,634		12,422		1,584,647		
2015									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	15	2.8%	2,850	3.3%	427	3.2%	53,746	2.9%	4.6%
Moderate	40	7.5%	3,501	4.1%	1,138	8.5%	89,180	4.9%	10.4%
LMI	55	10.3%	6,351	7.4%	1,565	11.7%	142,926	7.8%	15.0%
Middle	294	55.3%	44,366	51.7%	6,611	49.6%	795,823	43.4%	48.2%
Upper	183	34.4%	35,037	40.9%	5,157	38.7%	893,745	48.8%	36.7%
Unknown	0	0.0%	0	0.0%	2	0.0%	141	0.0%	0.0%
Total	532		85,754		13,335		1,832,635		
2016									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	25	3.1%	12,803	9.5%	426	3.0%	89,878	4.4%	4.6%
Moderate	93	11.6%	13,862	10.3%	1,285	9.0%	114,163	5.6%	10.4%
LMI	118	14.7%	26,665	19.9%	1,711	12.0%	204,041	10.0%	15.0%
Middle	376	46.8%	48,133	35.8%	7,110	49.9%	905,249	44.3%	48.2%
Upper	309	38.5%	59,516	44.3%	5,427	38.1%	934,170	45.7%	36.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	803		134,314		14,248		2,043,460		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	49	2.7%	17,331	5.9%	1,230	3.1%	216,786	4.0%	4.6%
Moderate	157	8.7%	19,721	6.7%	3,604	9.0%	301,589	5.5%	10.4%
LMI	206	11.4%	37,052	12.6%	4,834	12.1%	518,375	9.5%	15.1%
Middle	934	51.7%	131,775	44.7%	19,940	49.8%	2,392,710	43.8%	48.2%
Upper	666	36.9%	125,875	42.7%	15,228	38.1%	2,549,120	46.7%	36.7%
Unknown	-	0.0%	-	0.0%	3	0.0%	537	0.0%	0.0%
Total	1,806		294,702		40,005		5,460,742		

Small Business Loans:

The distribution of small business loans based on the income level of the geography of the business demonstrated a reasonable rate of lending.

GRB's average rates of lending for the evaluation period of 25.5% by number and 24.7% by dollar value of loans in LMI census tracts exceeded the aggregate's rates of 19.1% and 22.5%, respectively. In addition, GRB's rates of lending in LMI geographies increased every year of the evaluation period and were comparable with the assessment area's percentage of small businesses located in LMI geographies (business demographics).

The following table provides a summary of GRB'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									
2014									
Geographic	Bank				Aggregate				Bus.Dem
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	14	10.8%	2,634	9.0%	1,232	11.1%	81,226	15.3%	13.2%
Moderate	14	10.8%	4,248	14.6%	876	7.9%	37,776	7.1%	9.8%
LMI	28	21.5%	6,882	23.6%	2,108	18.9%	119,002	22.4%	23.0%
Middle	47	36.2%	9,886	33.9%	4,782	42.9%	229,514	43.2%	42.5%
Upper	54	41.5%	12,321	42.2%	4,231	38.0%	181,276	34.1%	34.2%
Unknown	1	0.8%	100	0.3%	19	0.2%	2,106	0.4%	0.3%
Total	130		29,189		11,140		531,898		
2015									
Geographic	Bank				Aggregate				Bus.Dem
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	26	17.7%	7,084	19.5%	1,263	11.7%	92,610	16.2%	13.0%
Moderate	10	6.8%	1,230	3.4%	890	8.2%	42,280	7.4%	9.8%
LMI	36	24.5%	8,314	22.8%	2,153	19.9%	134,890	23.6%	22.7%
Middle	39	26.5%	9,092	25.0%	4,469	41.4%	222,688	39.0%	42.8%
Upper	71	48.3%	18,959	52.1%	4,155	38.5%	210,618	36.9%	34.3%
Unknown	1	0.7%	36	0.1%	17	0.2%	2,619	0.5%	0.2%
Total	147		36,401		10,794		570,815		
2016									
Geographic	Bank				Aggregate				Bus.Dem
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	24	15.9%	5,734	13.8%	1,199	10.7%	80,900	14.1%	13.3%
Moderate	21	13.9%	5,523	13.3%	859	7.7%	43,322	7.5%	10.0%
LMI	45	29.8%	11,257	27.1%	2,058	18.4%	124,222	21.6%	23.3%
Middle	55	36.4%	14,325	34.4%	4,868	43.5%	228,768	39.8%	42.6%
Upper	51	33.8%	16,010	38.5%	4,258	38.0%	219,419	38.2%	33.9%
Unknown	0	0.0%	0	0.0%	14	0.1%	1,708	0.3%	0.3%
Total	151		41,592		11,198		574,117		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	64	15.0%	15,452	14.4%	3,694	11.1%	254,736	15.2%	
Moderate	45	10.5%	11,001	10.3%	2,625	7.9%	123,378	7.4%	
LMI	109	25.5%	26,453	24.7%	6,319	19.1%	378,114	22.5%	
Middle	141	32.9%	33,303	31.1%	14,119	42.6%	680,970	40.6%	
Upper	176	41.1%	47,290	44.1%	12,644	38.2%	611,313	36.5%	
Unknown	2	0.5%	136	0.1%	50	0.2%	6,433	0.4%	
Total	428		107,182		33,132		1,676,830		

Action Taken in Response to Written Complaints with Respect to CRA: “N/A”

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

Community Development Test: “Satisfactory”

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

During the evaluation period, GRB originated \$27 million in new community development loans. GRB had no outstanding loans from prior evaluation periods. GRB also made \$115,821 in new community development investments during the evaluation period and had \$480,389 outstanding from prior evaluation periods. GRB made \$59,295 in community development grants.

Community Development Lending: “Outstanding”

GRB originated \$27 million in new community development loans during the evaluation period, and had no loans outstanding from prior evaluation periods. GRB had an annualized ratio of qualified loans to average total assets of 2.2%. This demonstrated an excellent level of community development lending over the course of the evaluation period.

Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	4	1,019		
Economic Development	9	5,620		
Community Services	6	5,850		
Revitalization/Stabilization	11	14,466		
Total	30	\$26,955	0	\$0

Below are highlights of GRB’s community development lending:

- GRB refinanced an existing \$2.3 million loan for tenant improvements for a large commercial property located in a low-income census tract in Rochester. The loan will help to revitalize and stabilize the area;
- GRB originated a \$1.6 million loan to finance the renovation and improvement of three commercial properties located in low-income census tracts in Rochester;
- GRB made two loans for a total of \$4.1 million to an organization providing services

to special needs children. The majority of revenue comes from Medicaid/Medicare and state and county aid. The loans were for a \$0.6 million working capital line-of-credit and a \$3.5 million commercial mortgage. These loans were qualified under the purpose of community service.

- GRB originated a \$3.5 million mortgage for a commercial property that contains retail stores. The property is located in moderate-income census tract in Rochester, and financing will revitalize and stabilize the area.

Qualified Investments: “Needs to Improve”

During the evaluation period, GRB made \$115,821 in new qualified investments, and had \$480,389 outstanding from prior evaluation periods. In addition, GRB made \$59,295 in community development grants. GRB had a ratio of annualized qualified investments and grants to average total assets of 0.01%. This demonstrated a less than adequate level of qualified 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				
Economic Development			1	250
Community Services	1	116	1	230
Other (Please Specify)				
Total	1	116	2	480
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	4	5		
Economic Development	6	7		
Community Services	30	46		
Revitalization/Stabilization	1	1		
Total	41	59		

GRB’s qualified investments and grants are described below.

Investment

In 2015, GRB invested in a \$115,821 bond issued by a local school district located in Monroe County, New York, and adjacent to the City of Rochester. The district serves approximately 3,500 students in six schools, of which 53.2% are in the free or reduced lunch program. The high school also includes a special school-within-a-school (Ninth Grade Academy), which provides special attention and support for students in their first year of high school.

Grants

GRB made grants primarily to non-profit organizations for community service via community-based programs designed to help children, veterans, the elderly and other disadvantaged members of the community.

Community Development Services: “Satisfactory “

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

Below are highlights of GRB’s community development services.

- An employee of GRB serves on the board of a not-for-profit organization that provides food services, services for children with special needs, medical advice services, health education services, homework assistance, and childhood education;
- An employee of GRB is a board member of an organization that creates affordable housing in the City of Rochester. The employee is also a member of the organization’s audit, finance, and construction committee;
- A GRB employee serves on the board of a not-for-profit organization whose purpose is to promote and provide economic development opportunities within Monroe County. The organization assists with employment and job opportunities and provides resources to for-profit and not-for-profit organizations to create and retain jobs in Monroe County; and
- A GRB employee periodically participates as a guest speaker at monthly meetings hosted by a not-for-profit organization. He provides information on the mortgage process to potential first-time homebuyers looking to purchase a home. The organization offers over 30 programs, which include services for the youth, the developmentally disabled, economic development, employment, family and children services, education, and homeownership. Its mission is to enable poor and other disadvantaged community members to become economically self-reliant.

Responsiveness to Community Development Needs: “Satisfactory”

GRB demonstrated a reasonable level of responsiveness to credit and community development needs.

GRB offers a variety of residential mortgage lending programs that benefit low- and moderate-income borrowers. These programs include conventional plus, USDA, first home club, FHA, and a credit rescoring program, which helps borrowers with low credit improve their credit score. GRB also offers programs that directly benefit small businesses

that may not be credit worthy, as well as make loans, grants, and community services to various organizations, who provide services that benefit LMI individuals and families.

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 CRA.

The board periodically reviews GRB's CRA policy and program. The CRA officer provides the board with periodic updates on the bank's CRA performance, which includes analyzing market lending data and community development activities.

Discrimination and other illegal practices

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

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

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

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

Record of opening and closing offices and providing services at offices

GRB did not close or open any branches during the evaluation period. However, in May of 2016, GRB relocated its corporate headquarter branch from 190 Linden Oaks, Rochester, an upper-income census tract, to South Winton Road, Rochester, a middle-income census tract.

GRB has three banking offices, which are located in middle- and upper-income census tracts. All banking offices have 24-hour deposit taking ATMs and are located in popular shopping areas. The corporate headquarter office allows only non-cash transactions and is open from 8:55 AM to 5:05 PM, Monday through Friday. The other two banking offices are full service and are open from 8:55 AM to 5:05 PM, Monday through Friday.

All three banking offices are supplemented by an ATM network of ten ATMs, as GRB opened seven off-site non-deposit taking ATMs during the evaluation period. The off-site ATMs are located in low-income, middle income and upper income census tracts. The ATMs are located at sporting arenas (2), wholesale food clubs (4 locations), and at a health club (1).

GRB customers can perform a variety of banking services through alternative channels such as telephone, mobile and GRB's website. Customers can use these services to deposit checks, make transfers, make balance inquiries, receive e-statements, and pay bills.

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

Process Factors

- *Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.*

GRB ascertains the community credit needs through outreach to community groups, not-for-profit organizations, and association with various organizations, as well as the involvement of GRB management and board members in local civic organizations.

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

GRB uses flyers and social media such as Facebook to advertise its residential mortgage loans. GRB offers various programs that benefit LMI borrowers.

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

DFS examiners noted no other factors.

GLOSSARY

Aggregate Penetration Rate

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

Community Development

“Community development”:

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

Community Development Loan

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

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

Community Development Service

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

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

Geography

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

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

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

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

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income (“LMI”) Geographies

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

LMI Borrowers

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

LMI Individuals/Persons

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

LMI Penetration Rate

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

Low-Income Housing Tax Credit (LIHTC)

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

New Markets Tax Credit (NMTC)

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

Qualified Investment

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

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;

- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.