



**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: December 31, 2014

Institution: Alden State Bank
13216 Broadway
Alden, NY 14004

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

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Alden State Bank (“ASB”), prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2014.

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

Part 76 of the General Regulations of the Superintendent 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 in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the 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 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

DFS evaluated ASB according to the small bank performance criteria pursuant to Parts 76.7 and 76.12 of the General Regulations of the Superintendent. This assessment period included calendar years 2010, 2011, 2012, 2013, and 2014. ASB is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs.

The rating is based on the following factors:

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

ASB's average LTD ratio was reasonable considering its size, business strategy, financial condition and peer group activity. ASB's average LTD ratio for the 20 quarters ended December 31, 2014 was 75.4%, which was slightly lower than its peer group's average of 76.2%.

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

During the evaluation period, ASB originated 76.5% by number, and 54.8% by dollar value of its total HMDA-reportable, small business and consumer loans within its assessment area. This majority of lending inside of the assessment area was a reasonable record of lending.

- **Distribution by Borrower Characteristics:** "Outstanding"

The distribution of loans based on borrower characteristics demonstrated an excellent rates of lending among individuals of different income levels and small businesses with annual revenues of \$1 million or less.

- **Geographic Distribution of Loans:** "Satisfactory"

The distribution of loans based on lending in census tracts of varying income levels demonstrated an adequate rate of lending considering the sparsely populated low- and moderate-income geographic census tracts and the low (0.6%) ratio of owner-occupied household demographics of the assessment area.

- **Action Taken in Response to Written Complaints with Respect to CRA:** "Not Rated"

Since the prior CRA evaluation, as of December 31, 2009, neither ASB nor DFS received any written complaints regarding the bank's CRA performance.

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

PERFORMANCE CONTEXT

Institution Profile

Chartered in 1916, ASB is a commercial bank headquartered in the Village of Alden, NY, which is located on the eastern edge of Erie County. ASB is the only bank in Alden, providing banking products and services to the community. In 1995 ASB opened its second branch in Lancaster which is also in Erie County. This branch is about eight miles west of Alden and about sixteen miles east of Buffalo which is the main city in Erie County.

ASB offers various personal and business banking products. Some of these are: personal and business checking accounts, NOW accounts, savings accounts, certificates of deposit, health saving accounts, individual retirement accounts, personal, mortgage loans, home equity loans, commercial real estate loans and safe deposit box rentals.

Per the Consolidated Report of Condition (the "Call Report") as of December 31, 2014, filed with the Federal Deposit Insurance Corporation ("FDIC"), ASB reported total assets of \$270.6 million, of which \$189.2 million were net loans and lease finance receivables. It also reported total deposits of \$236.9 million, resulting in a loan-to-deposit ratio of 79.9%. According to the latest available comparative deposit data, as of June 30, 2015, ASB had a market share of 0.6%, or \$241.6 million in a market of \$39.1 billion, ranking it 9th among 19 deposit-taking institutions in its assessment area.

The following is a summary of ASB's loan portfolio, based on Schedule RC-C of ASB's December 31, 2010, 2011, 2012, 2013, and 2014 Call Reports:

TOTAL GROSS LOANS OUTSTANDING										
Loan Type	2010		2011		2012		2013		2014	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Res Mtge	103,639	69.9	106,625	70.1	106,347	68.3	119,749	70.4	131,591	69.5
Multifamily Mortgages	112	0.1	0	0.0	0	0.0	2,124	1.2	2,966	1.6
Commercial Mortgage	24,730	16.7	25,572	16.8	28,176	18.5	25,489	15.0	29,487	15.6
Commercial & Industrial	9,482	6.4	9,696	6.4	9,836	6.3	10,476	6.2	12,277	6.5
Construction Loans	4,344	2.9	4,541	3.0	5,281	3.4	6,668	3.9	7,391	3.9
Consumer Loans	5,631	3.8	5,407	3.6	5,867	3.8	5,487	3.2	5,446	2.9
Other Loans	143	0.1	135	0.1	141	0.1	89	0.1	59	0.0
Agricultural Loans	146	0.1	139	0.1	134	0.1	31	0.0	27	0.0
Total Gross Loans	148,227		152,115		155,782		170,113		189,244	100

As illustrated in the above table, ASB is primarily a residential real estate lender, with 71.1% of its loan portfolio in residential real estate (1-4 family and multifamily), followed by commercial loans at 22.1% (commercial mortgage and commercial and industrial). During the evaluation period ASB's gross loan portfolio trended upward,

increasing by 27.7% from 2010 to 2014 or 5.5% on an annualized basis.

However, in terms of new originations inside the assessment area, particularly for the products that were the focus of this evaluation, ASB's lending by dollar value for HMDA-reportable loans was 61.5%, small business loans 24.6% and consumer loans 13.7%. In terms of number of loans, consumer lending accounted for a majority or 66.3% of ASB's total loans.

The Alden branch is in a middle-income census tract and the Lancaster branch is in an upper-income census tract. Each office is equipped with a non-deposit taking automated teller machine ("ATM") located in the drive-through lane. ASB does not have any off-site ATMs. However, ASB's bank customers can use Manufacturers and Traders Trust Company's ATMs free of charge for non-deposit transactions. ASB's offices have 9 to 5 weekday business hours with later hours on Thursdays and Fridays. The Lancaster office has limited Saturday hours of 9 AM to 12 Noon. Both branches are supported by drive-through services which are open during branch hours but open an hour earlier during weekdays.

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

Assessment Area

ASB's assessment area is comprised of parts of Erie, Genesee and Wyoming counties.

There are 20 census tracts in the assessment area, of which one is low-income, one moderate-income, nine middle-income, eight upper-income, and one with no income indicated.

The low-income and moderate-income census tracts of the assessment area share one income census tract (9401.00) which abuts Erie and Genesee counties. This census tract houses the Tonawanda Indian reservation, mostly in Genesee County, but portions are within the boundaries of Erie and Niagara counties. Per the 2010 census report, the Erie County side (low-income) of the census tract had a population of 34 (10 in 2000), while the Genesee County side (moderate-income) had a population of 483. Since these areas are sparsely populated, ASB's ability to lend in these census tracts was limited during the evaluation period. The unknown census tract is where a correctional facility is located.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI %
Erie*	1	1	0	7	7	16	6.3
Genesee*	0	0	1	2	0	3	33.3
Wyoming*	0	0	0	0	1	1	0.0
Total	1	1	1	9	8	20	10.0

*Partial county

Demographic & Economic Data

The assessment area had a population of 82,119 during the evaluation period. About 14.6% of the population were over the age of 65 and 18.8% were under the age of sixteen.

Of the 21,556 families in the assessment area 12.6% were low-income, 15.0% were moderate-income, 24.5% were middle-income, and 47.9% were upper-income families. There were 30,578 households in the assessment area, of which 7.1% had income below the poverty level and 1.0% were on public assistance.

The weighted average median family income in the assessment area was \$72,515.

There were 32,685 housing units within the assessment area, of which 89.9% were one-to-four family units, and 5.7% were multifamily units. A majority (75.3%) of the area's housing units were owner-occupied, and 18.3% were rental units.

Of the 24,596 owner-occupied housing units, 0.02% were in a low-income census tracts; 0.7% were in moderate-income tracts; 49.2% were in middle-income tracts; and 50.1% were in upper-income census tracts. The median age of the housing stock was 48 years, and the median home value was \$137,411.

There were 4,617 non-farm businesses in the assessment area. Of these, 72.9% were businesses with reported revenues of less than or equal to \$1 million, 5.3% reported revenues of more than \$1 million, and 21.8% did not report their revenues. Of all the businesses in the assessment area, 82.8% were businesses with less than fifty employees, and 91.6% operated from a single location. The largest industries in the assessment area were services (39.9%), retail trade (13.4%), construction (10.2%), while 11.1% of the businesses were not classified.

The unemployment data reflected an improvement in the general economic conditions compared to the prior evaluation period. Per the NYS Department of Labor, the average unemployment rate for New York State decreased significantly over the course of the evaluation period, from 8.6% in 2010 to 6.3% in 2014. The same trend occurred in Erie, Genesee and Wyoming counties. Genesee had the lowest unemployment rate 5.5% in 2014.

Assessment Area Unemployment Rate				
	New York	Erie	Genesee	Wyoming
2010	8.6%	8.3%	8.0%	9.5%
2011	8.3%	8.0%	7.8%	8.7%
2012	8.5%	8.3%	7.9%	8.8%
2013	7.7%	7.4%	6.8%	7.9%
2014	6.3%	6.1%	5.5%	6.5%
Average	7.9%	7.6%	7.2%	8.3%

Community Information

There were two community contacts interviewed for this evaluation. They included two program directors for a local housing resources organization, and two directors of a local chapter of a national charitable organization that supports local nonprofit organizations and community groups.

These contacts mentioned a need for financial stability, asset building, affordable housing, credit counseling, and home improvement loans in the assessment area. There were also concerns about the positive and negative effects of gentrification in Erie County, specifically in Buffalo, which is experiencing economic growth. While home values are rising drastically in the area, affordable housing options have been reduced and the price to own or rent in the area has become unaffordable for many local residents.

The interviewees gave positive comments about local banks which have shown more willingness to donate funds and/or their time by having employees participate in community events. Funding or grant giving from local banks has recovered from pre-financial crisis levels in the assessment area, which has proven to be a vital source of funding for local nonprofit organizations. The community contacts also observed that banks are seeking ways to conduct financial literacy workshops, first-time homebuyer programs, and seminars that are relevant to the local community, particularly for LMI neighborhoods and individuals. They indicated that there has been a rise in first-time homebuyer originations in the assessment area.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated ASB under the small banking institution's performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Superintendent, which consists of the lending test, which 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. DFS also considered the following factors in assessing the bank's record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications, evidence of prohibited discriminatory or other illegal credit practices; the institution's record of opening and closing offices and providing services at offices; and process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs. Finally, DFS considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which ASB helps meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. ASS submitted bank-specific information both as part of the evaluation process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS calculated loan-to-deposit 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 demographic data on Dun & Bradstreet reports which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and DFS used this information even where the institution's assessment area includes partial counties.

The evaluation period included calendar years 2010, 2011, 2012, 2013 and 2014.

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

Small business loan aggregate data are shown for comparative purposes. ASB is not required to report this data and as such is not included in the aggregate data. Since ASB made very few small farm loans, all analyses were based on small business lending only.

HMDA-reportable loan data evaluated for this performance evaluation represented actual originations. Small business and consumer loan results were extrapolated from a random sample of 340 loans (192 consumer loans and 148 small business loans).

Consumer loans constituted a majority of ASB's business and thus were evaluated. Aggregate consumer data were not available for comparative purposes.

HMDA-reportable and consumer lending were given equal weight in this evaluation, since HMDA-reportable loans comprised 61.6% of total lending by dollar value and consumer lending 66.3% by number of loans originated inside ASB's assessment area.

At its **prior** Performance Evaluation, as of December 31, 2009, DFS assigned ASB a rating of "2," reflecting a "Satisfactory" record of helping to meet community credit needs.

Current CRA Rating: "Satisfactory"

Lending Test: "Satisfactory"

ASB's HMDA-reportable, small business and consumer lending activities were reasonable in light of aggregate and peer group activity, demographics, and geographic characteristics of its assessment area.

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

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

ASB's average LTD ratio of 75.4% for the evaluation period was slightly lower than its peer group's average ratio of 76.2%. ASB's ratios ranged from a low of 70.4% in the first quarter of 2013 to a high of 80.5% in the second quarter of 2014. Its peer group's ratios ranged from a low of 73.6% in the first and fourth quarters of 2012 to a high of 80.1% in the first quarter of 2010.

The table below shows ASB's LTD ratios in comparison with the peer group's ratios for the 20 quarters in the evaluation period.

Loan-to-Deposit Ratios																					
	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Avg.
Bank	75.5	76.9	78.3	76.9	75.0	75.9	76.1	76.5	72.2	72.0	72.5	72.4	70.4	72.1	73.3	77.2	76.6	80.5	79.1	79.0	75.4
Peer	80.1	78.7	77.6	77.0	76.0	75.9	74.9	75.0	73.6	74.6	75.0	73.6	74.6	76.0	75.5	75.8	76.3	77.5	77.5	78.1	76.2

Assessment Area Concentration: "Satisfactory"

During the evaluation period, ASB originated 76.5% by number, and 54.8% by dollar value of its total HMDA-reportable, small business and consumer loans within its assessment area. This majority of lending inside of its assessment area is a reasonable record of lending.

HMDA-Reportable Loans:

ASB originated 71.0% by number, and 56.2% by dollar value of its HMDA-reportable loans within its assessment area. This majority of lending inside the assessment area is a reasonable record of lending.

Small Business Loans:

ASB originated 62.6% by number, and 45.2% by dollar value of its small business loans within its assessment area. This majority of lending inside of its assessment area in terms of number of loans is a reasonable record of lending.

Consumer Loans:

ASB originated 81.0% by number, and 74.1% by dollar value of its consumer loans within its assessment area. This majority of lending inside the assessment area is a reasonable record of lending within ASB's assessment area.

The following table shows the percentages of ASB's HMDA-reportable, small business and consumer 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										
2010	302	76.3%	94	23.7%	396	16,840	61.1%	10,728	38.9%	27,568
2011	304	76.8%	92	23.2%	396	18,152	69.3%	8,042	30.7%	26,194
2012	246	70.5%	103	29.5%	349	13,915	59.9%	9,314	40.1%	23,229
2013	247	69.8%	107	30.2%	354	16,749	55.0%	13,679	45.0%	30,428
2014	197	59.7%	133	40.3%	330	12,106	39.2%	18,777	60.8%	30,883
Subtotal	1,296	71.0%	529	29.0%	1,825	77,762	56.2%	60,540	43.8%	138,302
Small Business										
2010	58	76.3%	18	23.7%	76	7,957	72.0%	3,091	28.0%	11,048
2011	63	68.5%	29	31.5%	92	6,441	63.7%	3,671	36.3%	10,112
2012	73	60.8%	47	39.2%	120	5,724	38.3%	9,221	61.7%	14,945
2013	80	63.5%	46	36.5%	126	7,412	40.9%	10,729	59.1%	18,141
2014	68	51.5%	64	48.5%	132	3,600	24.7%	10,975	75.3%	14,575
Subtotal	342	62.6%	204	37.4%	546	31,134	45.2%	37,687	54.8%	68,821
Consumer										
2010	635	77.7%	182	22.3%	817	3,611	81.1%	840	18.9%	4,451
2011	628	80.0%	157	20.0%	785	3,884	84.0%	740	16.0%	4,624
2012	673	79.6%	173	20.4%	846	2,463	45.8%	2,910	54.2%	5,373
2013	693	85.8%	115	14.2%	808	4,265	91.2%	411	8.8%	4,676
2014	591	82.1%	129	17.9%	720	3,304	73.1%	1,214	26.9%	4,518
Subtotal	3,220	81.0%	756	19.0%	3,976	17,527	74.1%	6,115	25.9%	23,642
Grand Total	4,858	76.5%	1,489	23.5%	6,347	126,423	54.8%	104,342	45.2%	230,765

For small business, analysis was performed on a sample of 148 loans, averaging about 30 loans per year. For consumer lending, 192 loans were sampled, averaging 38 loans a year. The number and dollar volume of loans were then extrapolated from the resulting percentages and applied to ASB's lending universe, and are not actual results. HMDA-reportable lending was based on actual lending.

Distribution by Borrower Characteristics: "Outstanding"

ASB's HMDA-reportable, small business and consumer lending demonstrated an excellent distribution of loans among individuals of different income levels and businesses of different revenue sizes.

Throughout the evaluation period, and for all of ASB's lending products that were considered for this evaluation, ASB's record of lending to low- and moderate-income borrowers and small businesses with revenues of \$1 million or less, outperformed its aggregate, as well as surpassed its assessment area demographics.

HMDA-Reportable Loans:

ASB's HMDA-reportable lending demonstrated an excellent distribution of loans among individuals of different income levels.

During the evaluation period, ASB's overall lending distribution to LMI individuals of 40.4% by number and 26.7% by dollar value, exceeded the aggregate's distribution of 24.8% and 15.6%, respectively.

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

Distribution of 1-4 Family Loans by Borrower Income

2010									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	48	16.4%	2,057	12.5%	121	6.0%	7,185	2.8%	10.2%
Moderate	73	25.0%	2,678	16.3%	381	19.0%	32,087	12.7%	17.1%
LMI	121	41.4%	4,735	28.7%	502	25.0%	39,272	15.5%	27.3%
Middle	82	28.1%	4,969	30.2%	543	27.1%	63,074	25.0%	24.8%
Upper	79	27.1%	6,186	37.6%	886	44.2%	139,787	55.3%	47.9%
Unknown	10	3.4%	582	3.5%	75	3.7%	10,628	4.2%	
Total	292		16,472		2,006		252,761		
2011									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	45	15.2%	1,676	9.2%	121	6.4%	7,320	3.1%	10.2%
Moderate	71	23.9%	3,092	17.1%	362	19.1%	31,588	13.5%	17.1%
LMI	116	39.1%	4,768	26.3%	483	25.5%	38,908	16.7%	27.3%
Middle	72	24.2%	4,568	25.2%	517	27.3%	60,269	25.8%	24.8%
Upper	89	30.0%	7,070	39.0%	810	42.8%	123,571	53.0%	47.9%
Unknown	20	6.7%	1,726	9.5%	83	4.4%	10,510	4.5%	
Total	297		18,132		1,893		233,258		
2012									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	47	19.7%	2,092	15.6%	130	6.3%	8,195	3.2%	12.6%
Moderate	57	23.9%	2,443	18.2%	390	19.0%	34,735	13.5%	15.0%
LMI	104	43.7%	4,535	33.9%	520	25.4%	42,930	16.6%	27.7%
Middle	64	26.9%	3,324	24.8%	586	28.6%	67,165	26.0%	24.5%
Upper	54	22.7%	4,617	34.5%	855	41.7%	135,308	52.4%	47.9%
Unknown	16	6.7%	917	6.8%	90	4.4%	12,607	4.9%	
Total	238		13,393		2,051		258,010		
2013									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	35	14.6%	1,583	9.5%	98	4.9%	5,900	2.3%	12.6%
Moderate	59	24.7%	2,440	14.6%	362	18.0%	29,404	11.5%	15.0%
LMI	94	39.3%	4,023	24.1%	460	22.9%	35,304	13.8%	27.7%
Middle	62	25.9%	3,749	22.5%	559	27.8%	64,198	25.1%	24.5%
Upper	66	27.6%	7,505	45.0%	856	42.5%	136,239	53.4%	47.9%
Unknown	17	7.1%	1,407	8.4%	137	6.8%	19,538	7.7%	
Total	239		16,684		2,012		255,279		
2014									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	29	14.9%	610	5.0%	73	5.1%	3,739	2.0%	12.6%
Moderate	45	23.2%	1,812	15.0%	285	20.0%	24,666	13.4%	15.0%
LMI	74	38.1%	2,422	20.0%	358	25.2%	28,405	15.5%	27.7%
Middle	54	27.8%	2,651	21.9%	378	26.6%	44,803	24.4%	24.5%
Upper	53	27.3%	5,777	47.8%	607	42.7%	99,237	54.0%	47.9%
Unknown	13	6.7%	1,241	10.3%	80	5.6%	11,179	6.1%	
Total	194		12,091		1,423		183,624		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	204	16.2%	8,018	10.4%	543	5.8%	32,339	2.7%	
Moderate	305	24.2%	12,465	16.2%	1,780	19.0%	152,480	12.9%	
LMI	509	40.4%	20,483	26.7%	2,323	24.8%	184,819	15.6%	
Middle	334	26.5%	19,261	25.1%	2,583	27.5%	299,509	25.3%	
Upper	341	27.1%	31,155	40.6%	4,014	42.8%	634,142	53.6%	
Unknown	76	6.0%	5,873	7.6%	465	5.0%	64,462	5.4%	
Total	1,260		76,772		9,385		1,182,932		

Small Business Loans:

ASB's small business lending demonstrated an excellent distribution of loans among businesses of different revenue sizes.

All of ASB's sampled small business loans were made to small businesses with \$1.0 million or less in revenues, which exceeded the aggregate's average distribution rates of 38.2% by number and 30.0% by dollar value.

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

Distribution of Small Business Lending by Revenue Size of Business									
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	58	100.0%	7,957	100.0%	303	29.9%	11,330	25.4%	79.7%
Rev. > \$1MM		0.0%		0.0%					4.7%
Rev. Unknown		0.0%		0.0%					15.7%
Total	58		7,957		1,013		44,651		
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	63	100.0%	6,441	100.0%	425	36.8%	15,623	32.3%	69.5%
Rev. > \$1MM		0.0%		0.0%					3.4%
Rev. Unknown		0.0%		0.0%					27.1%
Total	63		6,441		1,154		48,303		
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	73	100.0%	5,724	100.0%	380	36.7%	11,482	24.5%	72.8%
Rev. > \$1MM		0.0%		0.0%					4.4%
Rev. Unknown		0.0%		0.0%					22.8%
Total	73		5,724		1,036		46,911		
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	80	100.0%	7,412	100.0%	413	44.7%	15,085	34.4%	73.5%
Rev. > \$1MM		0.0%		0.0%					4.8%
Rev. Unknown		0.0%		0.0%					21.7%
Total	80		7,412		924		43,840		
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	67	100.0%	3,600	100.0%	435	43.7%	14,180	33.8%	73.0%
Rev. > \$1MM		0.0%		0.0%					5.3%
Rev. Unknown		0.0%		0.0%					21.8%
Total	67		3,600		995		41,971		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	341	100.0%	31,134	100.0%	1,956	38.2%	67,700	30.0%	
Rev. > \$1MM		0.0%		0.0%					
Rev. Unknown		0.0%		0.0%					
Total	341		31,134		5,122		225,676		

For small business lending, analysis was performed on a total sample of 21 loans in 2010, 22 loans in 2011, 41 loans in 2012, 33 loans in 2013 and 31 loans in 2014. The number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results.

Consumer Loans:

Consumer lending demonstrated an excellent rate of lending among borrowers of different income levels.

During the evaluation period, ASB made a substantial majority, or 79.8% by number and 70.2% by dollar value, of its consumer loans to LMI individuals, which exceeded its assessment area LMI household demographic of 29.6%

The following table provides a summary of ASB's consumer lending distribution based on borrowers of different income levels.

Distribution of Consumer Lending by Borrower Income					
2010					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	309	48.7%	1,232	34.1%	15.8%
Moderate	254	40.0%	1,442	39.9%	14.6%
LMI	563	88.7%	2,674	74.1%	30.4%
Middle	54	8.5%	657	18.2%	18.9%
Upper	18	2.8%	280	7.8%	50.8%
Unknown	0	0.0%	0	0.0%	
Total	635		3,611		
2011					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	255	40.6%	1,272	32.7%	15.8%
Moderate	275	43.8%	2,104	54.2%	14.6%
LMI	530	84.4%	3,376	86.9%	30.4%
Middle	98	15.6%	508	13.1%	18.9%
Upper	0	0.0%	0	0.0%	50.8%
Unknown	0	0.0%	0	0.0%	
Total	628		3,884		
2012					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	308	45.8%	943	38.3%	15.9%
Moderate	173	25.7%	624	25.3%	13.7%
LMI	481	71.5%	1,567	63.6%	29.6%
Middle	96	14.3%	176	7.1%	17.3%
Upper	96	14.3%	720	29.2%	53.1%
Unknown	0	0.0%	0	0.0%	
Total	673		2,463		
2013					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	323	46.6%	1,789	41.5%	15.9%
Moderate	208	30.0%	1,264	29.6%	13.7%
LMI	531	76.6%	3,033	71.1%	29.6%
Middle	116	16.7%	948	22.2%	17.3%
Upper	46	6.6%	284	6.7%	53.1%
Unknown	0	0.0%	0	0.0%	
Total	693		4,265		
2014					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	309	52.3%	1,095	33.1%	15.9%
Moderate	154	26.1%	557	16.9%	13.7%
LMI	463	78.3%	1,652	50.0%	29.6%
Middle	51	8.6%	139	4.2%	17.3%
Upper	77	13.0%	1,513	45.8%	53.1%
Unknown	0	0.0%	0	0.0%	
Total	591		3,304		
GRAND TOTAL					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	1,504	46.7%	6,311	36.0%	
Moderate	1,064	33.0%	5,991	34.2%	
LMI	2,568	79.8%	12,302	70.2%	
Middle	415	12.9%	2,428	13.9%	
Upper	237	7.4%	2,797	16.0%	
Unknown	0	0.0%	0	0.0%	
Total	3,220		17,527		

For consumer lending, analysis was performed on a total sample of 45 loans in 2010, 40 loans in 2011, 44 loans in 2012, 35 loans in 2013 and 28 loans in 2014. The number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results

Geographic Distribution of Loans: "Satisfactory"

The distribution of loans based on lending in census tracts of varying income levels demonstrated a reasonable rate of lending.

ASB did not originate any loans in low-income geographies. ASB originated a total of six HMDA-reportable loans in a moderate-income geography (four loans in 2010 and two in 2011). For small business lending, ASB originated four loans in moderate-income census tract in 2010. ASB did not make any consumer loans in either low- or moderate-income census tracts during the evaluation period. ASB's lending was rated reasonable because of the following reasons:

The one low-income and one moderate-income census tract in the assessment area share one income census tract (9401.00) which abuts Erie and Genesee counties. This census tract houses the Tonawanda Indian Reservation which is mostly in Genesee County but portions are within the boundaries of Erie and Niagara counties. According to the 2010 census report, the Erie County portion (low-income) of the census tract had a population of 34 (10 in 2000), while the Genesee County part (moderate-income) had a population of 483. Since these areas are sparsely populated, ASB's ability to lend in LMI census tracts was limited.

In addition, owner-occupied LMI households in the assessment area were below one percent of the population (0.7%), while LMI business demographics were also below one percent at 0.6%.

These geographic and demographic conditions in the assessment area limited ASB's ability to lend to individuals and businesses located in the LMI geographic income census tracts.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated a reasonable rate of lending.

ASB did not originate any loans in LMI geographies in 2012, 2013 or 2014. However, ASB's average rates of lending in LMI geographies of 0.5% by number and 0.7% by dollar value was comparable with the aggregate's average rates of lending of 0.6% and 0.4%, respectively. ASB ranked first in peer mortgage data and institutional market share, for four of the five years of the evaluation period. This record of lending showed that ASB is meeting the credit needs of the assessment area.

The following table provides a summary of ASB's distribution of HMDA-reportable lending by geographic income of the census tract.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
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	4	1.3%	376	2.2%	25	1.2%	2,405	0.9%	2.1%
LMI	4	1.3%	376	2.2%	25	1.2%	2,405	0.9%	2.1%
Middle	234	77.5%	11,644	69.1%	1,000	49.3%	108,977	42.4%	53.5%
Upper	64	21.2%	4,820	28.6%	1,003	49.5%	145,676	56.7%	44.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	302		16,840		2,028		257,058		
2011									
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	2	0.7%	130	0.7%	27	1.4%	2,011	0.9%	2.1%
LMI	2	0.7%	130	0.7%	27	1.4%	2,011	0.9%	2.1%
Middle	238	78.3%	12,481	68.8%	935	48.8%	96,929	41.4%	53.5%
Upper	64	21.1%	5,541	30.5%	953	49.7%	134,806	57.6%	44.4%
Unknown	0	0.0%	0	0.0%	1	0.1%	122	0.1%	
Total	304		18,152		1,916		233,868		
2012									
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	0	0.0%	0	0.0%	4	0.2%	23	0.0%	0.7%
LMI	0	0.0%	0	0.0%	4	0.2%	23	0.0%	0.7%
Middle	169	68.7%	10,085	72.5%	833	40.1%	89,566	33.3%	49.2%
Upper	77	31.3%	3,830	27.5%	1,242	59.7%	179,530	66.7%	50.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	246		13,915		2,079		269,119		
2013									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1	0.0%	114	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	1	0.0%	8	0.0%	0.7%
LMI	0	0.0%	0	0.0%	2	0.1%	122	0.0%	0.7%
Middle	167	67.6%	11,196	66.8%	901	44.2%	99,796	36.0%	49.2%
Upper	80	32.4%	5,553	33.2%	1,137	55.7%	176,935	63.9%	50.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	247		16,749		2,040		276,853		
2014									
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	0	0.0%	0	0.0%	1	0.1%	112	0.1%	0.7%
LMI	0	0.0%	0	0.0%	1	0.1%	112	0.1%	0.7%
Middle	131	66.5%	8,417	69.5%	634	43.9%	67,463	31.8%	49.2%
Upper	66	33.5%	3,689	30.5%	808	56.0%	144,653	68.2%	50.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	197		12,106		1,443		212,228		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1	0.0%	114	0.0%	0.0%
Moderate	6	0.5%	506	0.7%	58	0.6%	4,559	0.4%	
LMI	6	0.5%	506	0.7%	59	0.6%	4,673	0.4%	
Middle	939	72.5%	53,823	69.2%	4,303	45.3%	462,731	37.0%	
Upper	351	27.1%	23,433	30.1%	5,143	54.1%	781,600	62.6%	
Unknown	0	0.0%	0	0.0%	1	0.0%	122	0.0%	
Total	1,296		77,762		9,506		1,249,126		

Small Business Loans:

The distribution of small business loans based on the income level of the geography of the business demonstrated a less than adequate rate of lending among businesses of different revenue sizes.

The following table provides a summary of ASB'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									
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	4	6.9%	52	0.7%	29	2.9%	1,976	4.4%	4.6%
LMI	4	6.9%	52	0.7%	29	2.9%	1,976	4.4%	4.6%
Middle	36	62.1%	5,185	65.2%	517	51.0%	24,099	54.0%	53.7%
Upper	18	31.0%	2,719	34.2%	466	46.0%	18,568	41.6%	41.5%
Unknown	0	0.0%	0	0.0%	1	0.1%	8	0.0%	0.2%
Total	58		7,956		1,013		44,651		
2011									
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	0	0.0%	0	0.0%	40	3.5%	3,432	7.1%	3.9%
LMI	0	0.0%	0	0.0%	40	3.5%	3,432	7.1%	3.9%
Middle	38	60.3%	3,871	60.1%	542	47.0%	23,720	49.1%	53.1%
Upper	25	39.7%	2,571	39.9%	572	49.6%	21,151	43.8%	42.8%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.2%
Total	63		6,442		1,154		48,303		
2012									
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	0	0.0%	0	0.0%	6	0.6%	17	0.0%	0.5%
LMI	0	0.0%	0	0.0%	6	0.6%	17	0.0%	0.5%
Middle	50	68.5%	4,106	100.0%	558	53.9%	27,426	58.5%	53.0%
Upper	23	31.5%	0	0.0%	471	45.5%	19,467	41.5%	46.3%
Unknown	0	0.0%	0	0.0%	1	0.1%	1	0.0%	0.2%
Total	73		4,106		1,036		46,911		
2013									
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	0	0.0%	0	0.0%	1	0.1%	1	0.0%	0.5%
LMI	0	0.0%	0	0.0%	1	0.1%	1	0.0%	0.5%
Middle	53	66.3%	3,609	48.7%	455	49.2%	22,606	51.6%	53.6%
Upper	27	33.8%	3,804	51.3%	468	50.6%	21,233	48.4%	45.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.2%
Total	80		7,413		924		43,840		
2014									
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	0	0.0%	0	0.0%	3	0.3%	34	0.1%	0.6%
LMI	0	0.0%	0	0.0%	3	0.3%	34	0.1%	0.6%
Middle	34	50.0%	1,998	55.5%	499	50.2%	23,030	54.9%	53.3%
Upper	34	50.0%	1,603	44.5%	493	49.5%	18,907	45.0%	46.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.1%
Total	68		3,601		995		41,971		
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%	0.0%
Moderate	4	1.2%	52	0.2%	79	1.5%	5,460	2.4%	2.4%
LMI	4	1.2%	52	0.2%	79	1.5%	5,460	2.4%	2.4%
Middle	211	61.7%	18,769	63.6%	2,571	50.2%	120,881	53.6%	53.6%
Upper	127	37.1%	10,697	36.2%	2,470	48.2%	99,326	44.0%	44.0%
Unknown	0	0.0%	0	0.0%	2	0.0%	9	0.0%	0.0%
Total	342		29,518		5,122		225,676		

Consumer Loans:

ASB's consumer lending demonstrated a less than adequate rate of lending among borrowers of different income levels.

ASB did not make any consumer loans in LMI geographies. ASB's consumer loans were mostly made in middle-income census tracts of where it originated 70.3% by number and 74.4% by dollar value. The assessment area LMI household demographic was 0.7% in years 2012 to 2014.

The following table provides a summary of ASB's consumer lending distribution by borrower income.

Distribution of Consumer Lending by Geographic Income of the Census Tract					
2010					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	3.6%
LMI	0	0.0%	0	0.0%	3.6%
Middle	563	88.5%	3,359	93.0%	54.9%
Upper	73	11.5%	252	7.0%	41.5%
Unknown	0	0.0%	0	0.0%	0.0%
Total	636		3,611		
2011					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	3.6%
LMI	0	0.0%	0	0.0%	3.6%
Middle	530	84.4%	3,214	82.7%	54.9%
Upper	98	15.6%	670	17.3%	41.5%
Unknown	0	0.0%	0	0.0%	3.0%
Total	628		3,884		
2012					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	0.7%
LMI	0	0.0%	0	0.0%	0.7%
Middle	365	54.2%	1,535	62.3%	52.4%
Upper	308	45.8%	927	37.7%	46.9%
Unknown	0	0.0%	0	0.0%	0.0%
Total	673		2,462		
2013					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	0.7%
LMI	0	0.0%	0	0.0%	0.7%
Middle	416	60.0%	2,559	60.0%	52.4%
Upper	277	40.0%	1,706	40.0%	46.9%
Unknown	0	0.0%	0	0.0%	0.0%
Total	693		4,265		
2014					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	0.7%
LMI	0	0.0%	0	0.0%	0.7%
Middle	283	47.8%	2,070	62.7%	52.4%
Upper	309	52.2%	1,234	37.3%	46.9%
Unknown	0	0.0%	0	0.0%	0.0%
Total	592		3,304		
GRAND TOTAL					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	
Moderate	0	0.0%	0	0.0%	
LMI	0	0.0%	0	0.0%	
Middle	1,792	70.3%	11,202	74.4%	
Upper	757	29.7%	3,862	25.6%	
Unknown	0	0.0%	0	0.0%	
Total	2,549		15,064		

For consumer lending, analysis was performed on a total sample of 45 loans in 2010; 40 loans in 2011; 44 loans in 2012; 35 loans in 2013; and 28 loans in 2014. The number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results

Action Taken in Response to Written Complaints with Respect to CRA: “Not Rated”

Neither DFS nor ASB received any CRA related complaints during the evaluation period.

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

During the evaluation period, the board of directors reviewed and reaffirmed ASB’s CRA Statement in years 2010, 2012 and 2015. During these meetings, the board discussed various CRA issues including the most recent HMDA-reportable data with specific emphasis on the bank’s record of lending to LMI individuals.

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 that ASB used any practices intended to discourage applications for the types of credit offered by ASB.

Evidence of prohibited discriminatory or other illegal credit practices.

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

Record of opening and closing offices and providing services at offices

ASB did not open or close any branch during the evaluation period.

ASB has two offices which are located in Erie County. ASB’s main office is located in the Town of Alden which is in middle-income census tract and the Lancaster branch in an upper-income census tract. Both offices are open from 9:00 AM to 4:30 PM, Monday to Wednesday, with longer hours on Thursday and Friday. The Lancaster branch offers limited Saturday hours from 9:00 AM to 12:00 PM. Both branches are supported by drive-through services which open an hour earlier.

Distribution of Branches within the Assessment Area						
County	N/A	Low	Moderate	Middle	Upper	Total
	#	#	#	#	#	#
Erie*				1	1	2
Genesee*						
Wyoming*						-
Total	-	-	-	1	1	2
*Partial County						

ASB provides alternative banking services, such as bank-by-mail, customer telephone service during banking hours, telephone banking service, on-line banking, mobile banking and bill payment services.

Targeting low- and moderate-income customers, ASB provides free checking account for permanently disabled customers, and offers free checking to customers who enroll in electronic statement delivery. Handi-Checking is its alternative basic banking account or free checking account which requires no maintenance fees, a \$25.00 opening deposit and no minimum balance requirements.

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.

ASB determines its community's credit and other banking needs through regular contact between the bank's board of directors, officers and employees, and local government and school officials, local business people, farmers, officers and members of local nonprofit organizations, and through contact with the general public.

- 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

ASB markets its credit and deposit products, including low cost checking accounts and no-fee checking accounts for senior citizens, to the general public throughout the assessment area through various media outlets. ASB runs weekly and periodic advertising in local newspapers and runs a regional television spot. ASB also runs local and regional radio advertising.

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 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.