



**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: Bank of Richmondville
857 East Main Street
Cobleskill, NY 12043

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 |
| Loan-to-Deposit Analysis and Other Lending-Related Activities | |
| Assessment Area Concentration | |
| Distribution by Borrowers Characteristics | |
| Geographic Distribution of Loans | |
| Action Taken in Response to Written Complaints With Respect to CRA | |
| Additional Factors | |
| Glossary | 5 |

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Bank of Richmondville (“BOR”) 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 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 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 Bank of Richmondville ("BOR") according to the small bank performance criteria pursuant to Part 76.12 of the General Regulations of the Superintendent ("GRS"). The assessment period included calendar years 2009, 2010, 2011, 2012, 2013 and 2014. DFS assigns BOR a CRA rating of "2," indicating a "Satisfactory" record of helping to meet community credit needs.

The rating is based on the following factors:

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

BOR's average loan-to-deposit ("LTD") ratio of 70.2% was reasonable considering its size, business strategy, financial condition and peer group activity.

- **Assessment Area Concentration:** "Outstanding"

During the evaluation period, BOR originated 87.9% by number, and 84.5% by dollar value of its HMDA-reportable and small business loans within the assessment area. This substantial majority of lending inside of its assessment area was an excellent record of lending.

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

BOR's rate of lending to businesses of different revenue sizes was excellent while its 1-4 family HMDA-reportable lending demonstrated a reasonable distribution of loans among individuals of different income levels. The rating reflects the greater weight given to HMDA lending.

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

While BOR's distribution of loans based on lending in census tracts of varying income levels demonstrated an excellent rate of lending for HMDA-reportable loans, its distribution for small business loans was poor. The rating reflects the greater weight given to HMDA lending.

- **Action Taken in Response to Written Complaints With Respect to CRA:**

Neither DFS nor BOR received any CRA related complaints regarding BOR's CRA performance.

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

PERFORMANCE CONTEXT

Institution Profile

BOR is a commercial bank located in Schoharie County, New York. BOR was established in 1882 as a privately-owned bank and was state chartered in 1893.

BOR offers traditional deposit accounts for consumers and businesses, which include checking, savings, money market deposit accounts, certificates of deposit, and individual retirement accounts (IRAs). Loan products offered include but are not limited to: personal loans, 1-4 family residential mortgage loans, home equity loans, commercial term loans, commercial mortgage loans and lines-of-credit. BOR also offers the following convenience services: bank by mail services, telephone banking and on-line banking (offered via Net Teller) services which includes a bill-payment option.

Per the Consolidated Report of Condition ("Call Report") as of December 31, 2014, filed with the Federal Deposit Insurance Corporation ("FDIC"), BOR reported total assets of \$130.2 million, of which \$84.4 million were net loans and lease finance receivables. It also reported total deposits of \$112.4 million, resulting in an LTD ratio of 75.1%. According to the latest available comparative deposit data as of June 30, 2014, BOR obtained a market share of 28.1%, or \$114.7 million in a market of \$407.9 million inside its market, ranking it second among seven deposit-taking institutions in Schoharie County. BOR's competition in the assessment area primarily comes from large national banks such as: NBT Bank, NA; Community Bank, NA; KeyBank, NA; Bank of America, NA; and TrustCo Bank. These institutions are substantially larger than BOR and operate regionally and nationally.

The following table is a summary of BOR's loan portfolio, based on Schedule RC-C¹ of the bank's December 31, 2009, 2010, 2011, 2012, 2013 and 2014 Call Reports:

| TOTAL GROSS LOANS OUTSTANDING | | | | | | | | | | | | |
|--------------------------------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
| Loan Type | 2009 | | 2010 | | 2011 | | 2012 | | 2013 | | 2014 | |
| | \$000's | % | \$000's | % | \$000's | % | \$000's | % | \$000's | % | \$000's | % |
| 1-4 Residential Mortgage | 50,343 | 69.9 | 55,245 | 73.2 | 54,846 | 72.7 | 58,559 | 73.9 | 62,474 | 75.3 | 63,253 | 74.0 |
| Commercial & Industrial | 5,692 | 7.9 | 5,708 | 7.6 | 5,939 | 7.9 | 5,142 | 6.5 | 5,068 | 6.1 | 6,065 | 7.1 |
| Commercial Mortgage | 9,419 | 13.1 | 8,901 | 11.8 | 9,558 | 12.7 | 9,696 | 12.2 | 10,622 | 12.8 | 11,678 | 13.7 |
| Multifamily Mortgages | 615 | 0.9 | 558 | 0.7 | 496 | 0.7 | 435 | 0.5 | 306 | 0.4 | 247 | 0.3 |
| Consumer Loans | 3,427 | 4.8 | 3,185 | 4.2 | 3,270 | 4.3 | 2,842 | 3.6 | 2,535 | 3.1 | 2,233 | 2.6 |
| Construction Loans | 2,520 | 3.5 | 1,885 | 2.5 | 1,366 | 1.8 | 2,551 | 3.2 | 1,959 | 2.4 | 1,981 | 2.3 |
| Total Gross Loans | 72,016 | 100 | 75,482 | 100 | 75,475 | 100 | 79,225 | 100 | 82,964 | 100 | 85,457 | 100 |

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

As illustrated in the above table, BOR is primarily a residential real estate lender, with 74.0 % of its loan portfolio in residential mortgage loans.

BOR operates three branch offices all located in Schoharie County. Each branch also has one non-deposit taking automated teller machine (“ATM”). The main branch in Cobleskill and the Schoharie branch are both located in middle-income census tracts, while the branch in Richmondville is located in a moderate-income census tract. Two locations offer drive-thru access during business hours and one location offers walk-up window access for customer convenience.

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

Assessment Area

BOR’s assessment area is comprised of Schoharie County except for one rural census tract located in the southern tip of the county. BOR’s three branches are all located in the northern part of the county. The assessment area also included one and two census tracts located in Schenectady and Otsego counties, respectively, and bordering Schoharie County.

There are ten census tracts in the assessment area, of which none are low-income, two are moderate-income, seven are middle-income, and none are upper-income and one tract with no income indicated.

| Assessment Area Census Tracts by Income Level | | | | | | | |
|---|-----|-----|-----|--------|-------|-------|-------|
| County | N/A | Low | Mod | Middle | Upper | Total | LMI % |
| Schoharie* | 1 | 0 | 2 | 4 | 0 | 7 | 28.6 |
| Schenectady* | 0 | 0 | 0 | 1 | 0 | 1 | 0.0 |
| Otsego* | 0 | 0 | 0 | 2 | 0 | 2 | 0.0 |

* Partial county

Demographic & Economic Data

The assessment area had a population of 41,906 during the examination period. About 15.3% of the population were over the age of 65 and 17.7% were under the age of sixteen.

Of the 11,777 families in the assessment area 20.6% were low-income, 22.9% were moderate-income, 22.3% were middle-income and 34.2% were upper-income families. There were 16,562 households in the assessment area, of which 10.8% had income below the poverty level, and 1.6% were on public assistance.

The weighted average of the median family income within the assessment area was \$65,680.

There were 20,346 housing units within the assessment area, of which 83.4% were one-to-four family units, and 4.1% were multifamily units. A majority (63.6%) of the area's housing units were owner-occupied, while a minority (18.8%) were rental units. Of the 12,942 owner-occupied housing units, 18.1% were in LMI census tracts while 81.9% were in middle-and upper-income census tracts. The median age of the housing stock was 54 years, and the median home value in the assessment area was \$141,842.

There were 2,262 non-farm businesses in the assessment area. Of these, 72.1% were businesses with reported revenues of less than or equal to \$1 million, 3.0% reported revenues of more than \$1 million, and 24.9% did not report their revenues. Of all the businesses in the assessment area, 83.4% were businesses with less than fifty employees, and 90.5% operated from a single location. The largest industries in the area were services (37.1%), followed by retail trade (13.0%) and agriculture, forestry & fishing (9.8%), while 10.6% of businesses were not classified.

According to the New York State Department of Labor, the average unemployment rate for Schoharie County, in which a substantial portion of BOR's assessment area is located, was consistently higher than New York State and the counties of Schenectady and Otsego.

| Assessment Area Unemployment Rates | | | | |
|---|------------------|------------------|--------------------|---------------|
| Year | Statewide | Schoharie | Schenectady | Otsego |
| 2009 | 8.3 | 8.9 | 7.3 | 7.5 |
| 2010 | 8.6 | 8.9 | 7.6 | 7.6 |
| 2011 | 8.3 | 9.0 | 7.5 | 7.7 |
| 2012 | 8.5 | 9.2 | 7.7 | 7.9 |
| 2013 | 7.7 | 8.1 | 6.7 | 6.8 |
| 2014 | 6.3 | 6.6 | 5.4 | 5.7 |
| 6 YR. AVG | 8.0 | 8.5 | 7.0 | 7.2 |

Community Information

As part of the evaluation, examiners met with the executive assistant of a local not-for-profit organization to gain insight into the banking and financial needs in BOR's assessment area. The interviewee stated that the financial institutions serve the credit needs of the community; however, he also noted that the economic condition of the area is generally weak with fairly high levels of unemployment.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated BOR under the small bank performance standards in accordance with GRS Parts 76.7 and 76.12, consisting 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:

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

Finally, the evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which BOR helps to meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. BOR provided bank-specific information both as part of the examination 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. Examiners calculated loan-to-deposit ratios from information shown in the Bank's Uniform Bank Performance Report as submitted to the FDIC.

DFS derived the demographic data for this evaluation from the 2000 and 2010 U.S. Census and 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 were only available on a county-wide basis, and were used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2009, 2010, 2011, 2012, 2013 and 2014.

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

As a small bank, BOR is not required to report small business loan data. Thus, BOR's small business loans are not included in the aggregate data, which are shown only for comparative purposes.

HMDA-reportable lending was given greater weight in this evaluation as it represented 82.0% by dollar value of BOR's total HMDA-reportable and small business lending submitted for evaluation. HMDA-reportable and small business loan data evaluated in this performance evaluation represented actual originations.

At its **prior** Performance Evaluation as of December 31, 2008 DFS assigned BOR a rating of "2," reflecting a "Satisfactory" record of helping to meet community credit needs.

Current CRA Rating: "Satisfactory"

Lending Test: "Satisfactory"

BOR's small business and HMDA-reportable lending activities are reasonable in light of aggregate, peer group activity and demographics.

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

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

BOR's quarterly LTD ratios remained fairly constant over the evaluation period and averaged 70.2%. While BOR's average LTD ratio was below its peer group's average ratio of 75.7%, it was an improvement over its prior evaluation period ratio of 65.5%.

The table below compares BOR's LTD ratios with its peer group's¹ ratios for the 24 quarters of the evaluation period.

| Loan-to-Deposit Ratios | | | | | | | | | | | | |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2009 Q1 | 2009 Q2 | 2009 Q3 | 2009 Q4 | 2010 Q1 | 2010 Q2 | 2010 Q3 | 2010 Q4 | 2011 Q1 | 2011 Q2 | 2011 Q3 | 2011 Q4 |
| Bank | 67.1 | 72.3 | 69.2 | 73.2 | 68.6 | 68.9 | 67.4 | 76.1 | 67.6 | 70.0 | 69.7 | 69.4 |
| Peer | 84.2 | 83.7 | 82.6 | 81.1 | 79.3 | 78.7 | 77.7 | 76.6 | 74.8 | 74.9 | 74.4 | 73.9 |

| Loan-to-Deposit Ratios | | | | | | | | | | | | | |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------|
| | 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 | 65.6 | 71.0 | 69.0 | 71.9 | 67.3 | 68.8 | 69.4 | 72.4 | 68.8 | 73.1 | 73.1 | 75.0 | 70.2 |
| Peer | 71.8 | 72.7 | 72.5 | 72.0 | 70.9 | 72.6 | 72.7 | 73.0 | 72.5 | 74.0 | 74.7 | 75.1 | 75.7 |

¹ Peer Group 4 - Insured commercial banks having assets between \$100 million and \$300 million, with 3 or more full service banking offices and located in a metropolitan statistical area.

Assessment Area Concentration: “Outstanding”

During the evaluation period, BOR originated 87.9% by number and 84.5% by dollar value of total HMDA-reportable and small business loans within the assessment area. This substantial majority of loans originated inside BOR’s assessment area was an excellent concentration of lending.

HMDA-Reportable Loans:

BOR originated 89.9% by number and 87.3% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority was an excellent concentration of lending inside of the assessment area.

Small Business Loans:

BOR originated 84.2% by number and 73.6% by dollar value of its loans within the assessment area. This majority of loans was a reasonable concentration of lending within the assessment area.

The following table shows the percentages of BOR’s HMDA-reportable and small business 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 | | | | | | | | | | |
| 2009 | 91 | 86.7% | 14 | 13.3% | 105 | 9,244 | 85.8% | 1,531 | 14.2% | 10,775 |
| 2010 | 85 | 92.4% | 7 | 7.6% | 92 | 8,877 | 92.6% | 712 | 7.4% | 9,589 |
| 2011 | 62 | 91.2% | 6 | 8.8% | 68 | 5,538 | 88.4% | 728 | 11.6% | 6,266 |
| 2012 | 48 | 88.9% | 6 | 11.1% | 54 | 6,099 | 87.2% | 899 | 12.8% | 6,998 |
| 2013 | 81 | 94.2% | 5 | 5.8% | 86 | 8,711 | 88.0% | 1,186 | 12.0% | 9,897 |
| 2014 | 53 | 85.5% | 9 | 14.5% | 62 | 5,761 | 80.7% | 1,380 | 19.3% | 7,141 |
| Subtotal | 420 | 89.9% | 47 | 10.1% | 467 | 44,230 | 87.3% | 6,436 | 12.7% | 50,666 |
| Small Business | | | | | | | | | | |
| 2009 | 23 | 85.2% | 4 | 14.8% | 27 | 994 | 91.8% | 89 | 8.2% | 1,083 |
| 2010 | 38 | 80.9% | 9 | 19.1% | 47 | 1,658 | 77.0% | 494 | 23.0% | 2,152 |
| 2011 | 34 | 91.9% | 3 | 8.1% | 37 | 1,133 | 84.4% | 210 | 15.6% | 1,343 |
| 2012 | 27 | 77.1% | 8 | 22.9% | 35 | 1,902 | 74.9% | 637 | 25.1% | 2,539 |
| 2013 | 46 | 82.1% | 10 | 17.9% | 56 | 1,924 | 69.1% | 862 | 30.9% | 2,786 |
| 2014 | 45 | 88.2% | 6 | 11.8% | 51 | 1,751 | 62.0% | 1,071 | 38.0% | 2,822 |
| Subtotal | 213 | 84.2% | 40 | 15.8% | 253 | 9,362 | 73.6% | 3,363 | 26.4% | 12,725 |
| Grand Total | 633 | 87.9% | 87 | 12.1% | 720 | 53,592 | 84.5% | 9,799 | 15.5% | 63,391 |

Distribution by Borrower Characteristics: “Satisfactory”

BOR’s rate of lending to businesses of different revenue sizes was excellent while its lending to 1-4 family HMDA-reportable lending demonstrated a reasonable distribution of loans among individuals of different income levels. The rating reflects the greater weight given to HMDA lending.

HMDA-Reportable (1-4 family) Loans:

BOR’s 1-4 family HMDA-reportable loans demonstrated a reasonable distribution of lending among individuals of different income levels.

BOR’s rate of lending to LMI borrowers exceeded the aggregate’s rate of lending for some years (2010 and 2012) of the evaluation period and trailed it in other years (2009, 2011 and 2013). The rate of lending for 2014 could not be compared as aggregate data was not available.

While BOR’s average rate of lending to LMI borrowers during the evaluation period was reasonable at 35.8% by number and 28.3% by dollar value, it trailed the assessment area’s LMI family demographics, which ranged from 43.5% to 49.1% during the period.

The following table provides a summary of the distribution of 1-4 family HMDA-reportable lending by borrower income.

| Distribution of 1-4 Family Loans by Borrower Income | | | | | | | | | |
|---|------------|-------|---------------|-------|--------------------|-------------|---------------|-------------|----------|
| 2009 | | | | | | | | | |
| Borrower Income | Bank | | | | Aggregate | | | | Fam.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 10 | 12.5% | 626 | 7.2% | 71 | 11.8% | 5,454 | 7.6% | 24.1% |
| Moderate | 17 | 21.3% | 1,774 | 20.5% | 184 | 30.7% | 18,427 | 25.8% | 25.0% |
| LMI | 27 | 33.8% | 2,400 | 27.8% | 255 | 42.5% | 23,881 | 33.4% | 49.1% |
| Middle | 32 | 40.0% | 3,391 | 39.2% | 167 | 27.8% | 21,406 | 30.0% | 24.6% |
| Upper | 21 | 26.3% | 2,855 | 33.0% | 158 | 26.3% | 23,315 | 32.6% | 26.4% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 20 | 3.3% | 2,823 | 4.0% | |
| Total | 80 | | 8,646 | | 600 | | 71,425 | | |
| 2010 | | | | | | | | | |
| Borrower Income | Bank | | | | Aggregate | | | | Fam.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 12 | 16.2% | 944 | 11.7% | 67 | 12.5% | 2,929 | 5.0% | 24.1% |
| Moderate | 19 | 25.7% | 1,864 | 23.1% | 146 | 27.3% | 14,675 | 24.9% | 25.0% |
| LMI | 31 | 41.9% | 2,808 | 34.7% | 213 | 39.9% | 17,604 | 29.9% | 49.1% |
| Middle | 21 | 28.4% | 2,385 | 29.5% | 154 | 28.8% | 18,168 | 30.8% | 24.6% |
| Upper | 17 | 23.0% | 2,190 | 27.1% | 148 | 27.7% | 20,742 | 35.2% | 26.4% |
| Unknown | 5 | 6.8% | 701 | 8.7% | 19 | 3.6% | 2,379 | 4.0% | |
| Total | 74 | | 8,084 | | 534 | | 58,893 | | |
| 2011 | | | | | | | | | |
| Borrower Income | Bank | | | | Aggregate | | | | Fam.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 3 | 6.0% | 277 | 5.8% | 52 | 10.5% | 3,251 | 6.3% | 24.1% |
| Moderate | 8 | 16.0% | 648 | 13.6% | 143 | 28.9% | 12,785 | 24.7% | 25.0% |
| LMI | 11 | 22.0% | 925 | 19.4% | 195 | 39.5% | 16,036 | 31.0% | 49.1% |
| Middle | 20 | 40.0% | 2,026 | 42.4% | 149 | 30.2% | 16,582 | 32.0% | 24.0% |
| Upper | 17 | 34.0% | 1,646 | 34.4% | 132 | 26.7% | 17,035 | 32.9% | 37.3% |
| Unknown | 2 | 4.0% | 181 | 3.8% | 18 | 3.6% | 2,144 | 4.1% | |
| Total | 50 | | 4,778 | | 494 | | 51,797 | | |
| 2012 | | | | | | | | | |
| Borrower Income | Bank | | | | Aggregate | | | | Fam.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 7 | 15.9% | 554 | 9.3% | 102 | 13.3% | 7,691 | 8.2% | 20.6% |
| Moderate | 10 | 22.7% | 1,137 | 19.2% | 183 | 23.9% | 18,068 | 19.4% | 22.9% |
| LMI | 17 | 38.6% | 1,691 | 28.5% | 285 | 37.3% | 25,759 | 27.6% | 43.5% |
| Middle | 15 | 34.1% | 1,678 | 28.3% | 237 | 31.0% | 29,481 | 31.6% | 21.9% |
| Upper | 12 | 27.3% | 2,564 | 43.2% | 217 | 28.4% | 34,645 | 37.1% | 39.3% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 26 | 3.4% | 3,474 | 3.7% | |
| Total | 44 | | 5,933 | | 765 | | 93,359 | | |
| 2013 | | | | | | | | | |
| Borrower Income | Bank | | | | Aggregate | | | | Fam.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 6 | 8.1% | 533 | 6.4% | 76 | 10.8% | 5,512 | 6.5% | 20.6% |
| Moderate | 19 | 25.7% | 1,706 | 20.4% | 181 | 25.7% | 18,397 | 21.7% | 22.9% |
| LMI | 25 | 33.8% | 2,239 | 26.8% | 257 | 36.5% | 23,909 | 28.3% | 43.5% |
| Middle | 20 | 27.0% | 1,935 | 23.1% | 194 | 27.6% | 23,454 | 27.7% | 21.9% |
| Upper | 25 | 33.8% | 3,730 | 44.6% | 223 | 31.7% | 33,070 | 39.1% | 39.4% |
| Unknown | 4 | 5.4% | 465 | 5.6% | 30 | 4.3% | 4,152 | 4.9% | |
| Total | 74 | | 8,369 | | 704 | | 84,585 | | |
| 2014 | | | | | | | | | |
| Borrower Income | Bank | | | | Aggregate | | | | Fam.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 4 | 8.7% | 281 | 5.8% | Data Not Available | | | | 20.6% |
| Moderate | 11 | 23.9% | 757 | 15.6% | | | | | 22.9% |
| LMI | 15 | 32.6% | 1,038 | 21.3% | | | | | 43.5% |
| Middle | 11 | 23.9% | 1,100 | 22.6% | | | | | 22.4% |
| Upper | 17 | 37.0% | 2,454 | 50.4% | | | | | 34.2% |
| Unknown | 3 | 6.5% | 273 | 5.6% | | | | | |
| Total | 46 | | 4,865 | | | | | | |
| GRAND TOTAL | | | | | | | | | |
| Borrower Income | Bank | | | | Aggregate | | | | Fam.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 32 | 8.7% | 2,384 | 8.0% | | | | | |
| Moderate | 66 | 17.9% | 6,101 | 20.4% | | | | | |
| LMI | 98 | 26.6% | 8,485 | 28.3% | | | | | |
| Middle | 84 | 22.8% | 8,811 | 29.4% | | | | | |
| Upper | 80 | 21.7% | 11,229 | 37.5% | | | | | |
| Unknown | 12 | 3.3% | 1,439 | 4.8% | | | | | |
| Total | 368 | | 29,964 | | | 0.0% | | 0.0% | |

Small Business Loans:

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

BOR's originated 75.6% by number and 81.7% by dollar value of small business loans to businesses with annual revenues of \$1.0 million or less during the evaluation period. BOR's rate of lending significantly exceeded the aggregate's rate of lending for every year of the evaluation period, but for 2010, 2011, and 2012 BOR's rate was more than double the aggregate's rate.

BOR's rate of lending also exceeded the demographic characteristics of businesses in the assessment area, which show that approximately 70% (68.7% to 76.0%) of businesses had revenues of \$1 million or less, in every year of the evaluation period except for 2013.

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

| Distribution of Small Business Lending by Revenue Size of Business | | | | | | | | | |
|---|-------------|-------|--------------|-------|--------------------|-------|---------------|-------|-----------------|
| 2009 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 18 | 78.3% | 853 | 85.8% | 131 | 43.1% | 3,685 | 41.4% | 72.6% |
| Rev. > \$1MM | - | 0.0% | 0 | 0.0% | | | | | 2.7% |
| Rev. Unknown | 5 | 21.7% | 141 | 14.2% | | | | | 24.7% |
| Total | 23 | | 994 | | 304 | | 8,910 | | |
| 2010 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 30 | 78.9% | 1,458 | 87.9% | 99 | 37.4% | 3,347 | 53.9% | 76.0% |
| Rev. > \$1MM | - | 0.0% | 0 | 0.0% | | | | | 2.8% |
| Rev. Unknown | 8 | 21.1% | 200 | 12.1% | | | | | 21.1% |
| Total | 38 | | 1,658 | | 265 | | 6,206 | | |
| 2011 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 29 | 85.3% | 1,008 | 89.0% | 146 | 41.2% | 5,664 | 55.1% | 68.7% |
| Rev. > \$1MM | - | 0.0% | 0 | 0.0% | | | | | 1.9% |
| Rev. Unknown | 5 | 14.7% | 125 | 11.0% | | | | | 29.4% |
| Total | 34 | | 1,133 | | 354 | | 10,283 | | |
| 2012 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 24 | 88.9% | 1,884 | 99.1% | 200 | 40.7% | 4,597 | 29.4% | 72.9% |
| Rev. > \$1MM | - | 0.0% | 0 | 0.0% | | | | | 2.3% |
| Rev. Unknown | 3 | 11.1% | 18 | 0.9% | | | | | 24.7% |
| Total | 27 | | 1,902 | | 491 | | 15,634 | | |
| 2013 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 32 | 69.6% | 1,528 | 79.4% | 194 | 50.9% | 6,156 | 39.9% | 72.1% |
| Rev. > \$1MM | - | 0.0% | 0 | 0.0% | | | | | 2.5% |
| Rev. Unknown | 14 | 30.4% | 396 | 20.6% | | | | | 25.4% |
| Total | 46 | | 1,924 | | 381 | | 15,425 | | |
| 2014 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 28 | 62.2% | 921 | 52.6% | Data Not Available | | | | 72.1% |
| Rev. > \$1MM | - | 0.0% | 0 | 0.0% | | | | | 3.0% |
| Rev. Unknown | 17 | 37.8% | 830 | 47.4% | | | | | 24.9% |
| Total | 45 | | 1,751 | | | | | | |
| GRAND TOTAL | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 161 | 75.6% | 7,652 | 81.7% | | 40.7% | | 42.1% | |
| Rev. > \$1MM | - | 0.0% | - | 0.0% | | | | | |
| Rev. Unknown | 52 | 24.4% | 1,710 | 18.3% | | | | | |
| Total | 213 | | 9,362 | | | | | | |

Geographic Distribution of Loans: “Outstanding”

While BOR’s distribution of loans based on lending in census tracts of varying income levels demonstrated an excellent rate of lending for HMDA-reportable loans, its distribution for small business loans was poor. The rating reflects the greater weight given to HMDA lending.

During the evaluation period, there were changes in the assessment area’s housing and business demographics. The percentage of owner-occupied housing units in moderate-income census tracts decreased from 52.1% in 2009, 2010 and 2011 to 18.0% for 2012, 2013 and 2014. The percentage of businesses located in moderate-income census tracts decreased from approximately 47% in 2009, 2010 and 2011 to approximately 14% for 2012, 2013 and 2014. This was due to two moderate-income census tracts having their designation changed to middle-income census tracts during the evaluation period as the 2009-2011 data was based on the 2000 US census and the 2012-2014 data was based on the 2010 US census data.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated an excellent rate of lending in moderate-income census tracts, which does not contain any low-income census tracts.

BOR’s rate of lending in moderate-income census tracts exceeded the aggregate’s rate by number and dollar value of loans for every year of the evaluation period. Furthermore, it also exceeded the assessment area’s owner-occupied housing demographics for every year of the examination period

The following table provides a summary of BOR’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 | | | | | | | | | |
|--|------------|-------|---------------|-------|------------|-------|---------------|-------|--------|
| 2009 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO HUs |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Moderate | 55 | 60.4% | 5,503 | 59.5% | 311 | 51.8% | 37,215 | 52.1% | 52.1% |
| LMI | 55 | 60.4% | 5,503 | 59.5% | 311 | 51.8% | 37,215 | 52.1% | 52.1% |
| Middle | 36 | 39.6% | 3,741 | 40.5% | 289 | 48.2% | 34,210 | 47.9% | 47.9% |
| Upper | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Total | 91 | | 9,244 | | 600 | | 71,425 | | |
| 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 | 51 | 60.0% | 5,517 | 62.1% | 287 | 53.7% | 33,722 | 55.4% | 52.1% |
| LMI | 51 | 60.0% | 5,517 | 62.1% | 287 | 53.7% | 33,722 | 55.4% | 52.1% |
| Middle | 34 | 40.0% | 3,360 | 37.9% | 247 | 46.3% | 27,171 | 44.6% | 47.9% |
| Upper | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Total | 85 | | 8,877 | | 534 | | 60,893 | | |
| 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 | 40 | 64.5% | 3,504 | 63.3% | 262 | 53.0% | 28,696 | 55.4% | 52.1% |
| LMI | 40 | 64.5% | 3,504 | 63.3% | 262 | 53.0% | 28,696 | 55.4% | 52.1% |
| Middle | 22 | 35.5% | 2,034 | 36.7% | 232 | 47.0% | 23,101 | 44.6% | 47.9% |
| Upper | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Total | 62 | | 5,538 | | 494 | | 51,797 | | |
| 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 | 10 | 20.8% | 1,052 | 17.2% | 122 | 15.9% | 12,924 | 13.8% | 18.0% |
| LMI | 10 | 20.8% | 1,052 | 17.2% | 122 | 15.9% | 12,924 | 13.8% | 18.0% |
| Middle | 38 | 79.2% | 5,047 | 82.8% | 643 | 84.1% | 80,435 | 86.2% | 81.9% |
| Upper | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Total | 48 | | 6,099 | | 765 | | 93,359 | | |
| 2013 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO HUs |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Moderate | 21 | 25.9% | 1,883 | 21.6% | 104 | 14.8% | 11,578 | 13.7% | 18.0% |
| LMI | 21 | 25.9% | 1,883 | 21.6% | 104 | 14.8% | 11,578 | 13.7% | 18.0% |
| Middle | 60 | 74.1% | 6,828 | 78.4% | 600 | 85.2% | 73,007 | 86.3% | 81.9% |
| Upper | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Total | 81 | | 8,711 | | 704 | | 84,585 | | |
| 2014 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO HUs |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | | | | | 0.0% |
| Moderate | 17 | 32.1% | 1,677 | 29.1% | | | | | 18.0% |
| LMI | 17 | 32.1% | 1,677 | 29.1% | | | | | 18.0% |
| Middle | 36 | 67.9% | 4,084 | 70.9% | | | | | 81.9% |
| Upper | 0 | 0.0% | 0 | 0.0% | | | | | 0.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | | | | | 0.0% |
| Total | 53 | | 5,761 | | - | | - | | |
| GRAND TOTAL | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO HUs |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | | 0.0% | | 0.0% | |
| Moderate | 194 | 46.2% | 14,580 | 33.0% | | 38.2% | | 38.0% | |
| LMI | 194 | 46.2% | 14,580 | 33.0% | | 38.2% | | 38.0% | |
| Middle | 226 | 53.8% | 18,013 | 40.7% | | 61.8% | | 62.0% | |
| Upper | - | 0.0% | - | 0.0% | | 0.0% | | 0.0% | |
| Unknown | - | 0.0% | - | 0.0% | | 0.0% | | 0.0% | |
| Total | 420 | | 44,230 | | | | | | |

Small Business Loans:

The distribution of small business loans based on the income level of the geography of the business demonstrated a poor rate of lending in LMI geographies.

BOR's rate of lending to businesses in LMI geographies trailed its aggregate's rate by dollar value for every year of the evaluation period and by number of loans every year except 2012 (no aggregate data was available for 2014). In addition, BOR's rate of lending to businesses in LMI geographies also trailed the business demographics for every year of the evaluation period.

The following table provides a summary of the distribution of BOR's small business loans by the income level of the geography.

| Distribution of Small Business Lending by Geographic Income of the Census Tract | | | | | | | | | |
|---|------------|-------|--------------|-------|------------|-------|---------------|-------|----------|
| 2009 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Moderate | 7 | 30.4% | 274 | 27.6% | 141 | 46.4% | 3,097 | 34.8% | 46.1% |
| LMI | 7 | 30.4% | 274 | 27.6% | 141 | 46.4% | 3,097 | 34.8% | 46.1% |
| Middle | 16 | 69.6% | 720 | 72.4% | 163 | 53.6% | 5,813 | 65.2% | 53.4% |
| Upper | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.5% |
| Total | 23 | | 994 | | 304 | | 8,910 | | |
| 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 | 12 | 31.6% | 342 | 20.6% | 127 | 47.9% | 1,153 | 18.6% | 46.6% |
| LMI | 12 | 31.6% | 342 | 20.6% | 127 | 47.9% | 1,153 | 18.6% | 46.6% |
| Middle | 26 | 68.4% | 1,316 | 79.4% | 138 | 52.1% | 5,053 | 81.4% | 52.9% |
| Upper | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.5% |
| Total | 38 | | 1,658 | | 265 | | 6,206 | | |
| 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 | 3 | 8.8% | 125 | 11.0% | 177 | 50.0% | 3,696 | 35.9% | 47.6% |
| LMI | 3 | 8.8% | 125 | 11.0% | 177 | 50.0% | 3,696 | 35.9% | 47.6% |
| Middle | 31 | 91.2% | 1,008 | 89.0% | 175 | 49.4% | 6,575 | 63.9% | 51.8% |
| Upper | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 2 | 0.6% | 12 | 0.1% | 0.6% |
| Total | 34 | | 1,133 | | 354 | | 10,283 | | |
| 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 | 6 | 22.2% | 159 | 8.4% | 68 | 13.8% | 3,598 | 23.0% | 14.0% |
| LMI | 6 | 22.2% | 159 | 8.4% | 68 | 13.8% | 3,598 | 23.0% | 14.0% |
| Middle | 21 | 77.8% | 1,743 | 91.6% | 423 | 86.2% | 12,036 | 77.0% | 85.3% |
| Upper | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.7% |
| Total | 27 | | 1,902 | | 491 | | 15,634 | | |
| 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 | 8 | 17.4% | 245 | 12.7% | 54 | 14.2% | 4,614 | 29.9% | 13.7% |
| LMI | 8 | 17.4% | 245 | 12.7% | 54 | 14.2% | 4,614 | 29.9% | 13.7% |
| Middle | 38 | 82.6% | 1,679 | 87.3% | 327 | 85.8% | 10,811 | 70.1% | 85.5% |
| Upper | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.7% |
| Total | 46 | | 1,924 | | 381 | | 15,425 | | |
| 2014 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | | | | | 0.0% |
| Moderate | 17 | 37.8% | 613 | 35.0% | | | | | 13.5% |
| LMI | 17 | 37.8% | 613 | 35.0% | | | | | 13.5% |
| Middle | 28 | 62.2% | 1,138 | 65.0% | | | | | 85.8% |
| Upper | 0 | 0.0% | 0 | 0.0% | | | | | 0.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | | | | | 0.7% |
| Total | 45 | | 1,751 | | - | | - | | |
| GRAND TOTAL | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | | 0.0% | | 0.0% | |
| Moderate | 53 | 24.9% | 1,291 | 19.6% | | 22.4% | | 28.3% | |
| LMI | 53 | 24.9% | 1,291 | 19.6% | | 22.4% | | 28.3% | |
| Middle | 160 | 75.1% | 5,280 | 80.4% | | 77.6% | | 71.7% | |
| Upper | 0 | 0.0% | - | 0.0% | | 0.0% | | 0.0% | |
| Unknown | - | 0.0% | - | 0.0% | | 0.0% | | 0.0% | |
| Total | 213 | | 6,571 | | | | | | |

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

Neither DFS nor BOR 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

CRA is a regular part of the monthly Board of Directors meetings. In addition, a CRA self-assessment is performed twice a year and presented to the board for review.

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 BOR practices that were intended to discourage applications for the types of credit offered by BOR.

Evidence of prohibited discriminatory or other illegal credit practices.

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

Record of opening and closing offices and providing services at offices

BOR has three branches, two of which are located in middle-income census tracts and one in a moderate-income census tract in Schoharie County. Branch hours are Monday through Thursday from 9:00 am to 4:00 pm, with extended hours on Fridays (5:00 pm). Saturday drive through hours are provided at two of the branches from 8:30 am to 11:30 am. Supplementing each branch office is an ATM.

| Distribution of Branches within the Assessment Area | | | | | | | |
|---|----------|----------|------------|----------|---------|----------|------------|
| County | N/A # | Low # | Moderate # | Middle # | Upper # | Total # | LMI % |
| Schoharie | | 0 | 1 | 2 | | 3 | 33% |
| Total | 0 | 0 | 1 | 2 | | 3 | 33% |

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.

BOR management and staff are highly visible and accessible to businesses and individuals in the Bank's trade area and provide information to a wide variety of customers and community groups.

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

BOR marketing efforts that make the community aware of its product offerings include radio advertising, circulation of local weekly publications, advertising and sponsorship of community events.

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

The term “community development” is defined to mean:

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

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

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

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

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

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

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

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

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

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

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

Loans to Small Businesses

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

Low or Moderate Income (“LMI”) Geographies

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

LMI Borrowers

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

LMI Individuals/Persons

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

LMI Penetration Rate

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

Low-Income Housing Tax Credit (LIHTC)

LIHTC is a dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986 that gives incentives to invest on 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)

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).

Small Business Loans

Loans to businesses with original amounts of \leq \$1MM.