



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

April 10, 2003

# **Community Reinvestment Act Performance Evaluation**

**The National Bank Of Geneva  
Charter Number: 12450**

**2 Seneca St  
Geneva, NY 14456**

**Office of the Comptroller of the Currency**

**Upstate New York  
231 Salina Meadows Parkway 105  
Syracuse, NY 13212**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Outstanding**.

The following table indicates the performance level of **National Bank of Geneva (NBG)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	National Bank of Geneva Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels that reflect an excellent responsiveness by NBG to the credit needs of its assessment area (AA) given the bank’s size, resources and level of competition.
- Excellent distribution of loans among geographies of different income levels throughout the AA, along with a good ratio of loans originated inside the AA.
- An excellent distribution of loans among borrowers of different income levels throughout the AA.
- Flexible lending products that had a positive impact on the bank’s lending performance.
- Investments that reflect a good responsiveness to the credit and community development needs of the AAs.
- Service delivery systems that are readily accessible to geographies and individuals of different income levels in the AA.
- Excellent performance in providing community development services.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

The National Bank of Geneva (NBG) is headquartered in Geneva, New York and is a wholly owned subsidiary of Financial Institutions Inc. (FII), a multi-bank financial holding company. FII had total average assets of \$1.9 billion as of September 30, 2002. FII's other subsidiaries include three additional commercial banks, an investment brokerage firm and an employee benefits and compensation consulting firm. NBG has no operating subsidiaries.

NBG is a full service intrastate bank with 11 full service branches and one freestanding drive-up facility serving six counties in the Finger Lakes Region of New York State. The bank expanded by six branches during the evaluation period. Three branches were added through the acquisition of NBG's affiliate, Pavilion State Bank, which was merged into NBG in September 2002. Also in September 2002 a branch of Wyoming City Bank, a sister bank of NBG was transferred to NBG by the holding company as part of their reorganization strategy which centered in part on the geographic focus of each bank. An additional two branches were opened during the evaluation period.

NBG offers a wide range of financial services, with their primary focus on loans to businesses. In addition to traditional deposit and loan products, NBG offers its customers investment products and trust services.

As of December 31, 2002, NBG had \$721 million in total assets that included \$490 million in net loans, representing 68% of total assets. The bank's loan mix consists of 45% real estate loans, (40% commercial real estate, 29% residential real estate, 18% farm, 9% construction and 4% multifamily), 13% loans to individuals, 27% commercial and industrial loans and 15% agricultural. Since September 30, 2001 total assets increased 31.94% due primarily to an increase in net loans of 34.07% with real estate loans increasing 38.05%, commercial loans increasing 30.28%, and loans to individuals increasing 17.97%. As of December 31, 2002, NBG reported Tier 1 capital of \$48 million.

NBG operates in a very competitive financial services market with savings banks, credit unions, large regional banks and community banks. NBG is not subject to any known financial, legal or regulatory restrictions that would impede its ability to help meet the credit needs of its assessment area.

NBG's last CRA exam was April 10, 2000, at which time the bank's performance was rated "Outstanding."

# **Scope of the Evaluation**

## **Evaluation Period/Products Evaluated**

The evaluation period covered January 1, 2000, through December 31, 2002, for Home Mortgage Disclosure Act (HMDA), small business and small farm loans. HMDA loans include home purchase, home improvement and refinance loans. The evaluation period for Community Development (CD) loans, investments, and services is April 10, 2000, through April 10, 2003. This represents the time period between the start of the bank's last and current CRA exams. The market share and peer comparisons are based on the information contained in the aggregate HMDA and Small Business/Farm Registers for 2001. The aggregate HMDA and Small Business/Farm Reports are available for public review.

The peer comparisons in this report include only lenders who were required to file HMDA and Small Business/Farm Reports for 2001. Any lender with significant mortgage loan activity operating in NBG's three AAs would be required to file a HMDA report for 2001. Small business reporting is required only of bank and thrift institutions with assets of \$250 million or more as of December 31 of the prior two calendar years preceding the reporting year, or an affiliate of a holding company with \$1 billion or more in assets for the same time period.

For the lending test, we evaluated NBG's origination of home mortgage loans, small business and farm loans and CD loans.

## **Data Integrity**

We performed a data integrity exam of the loan information indicated above. We chose samples with 95% reliability and 5% precision, which resulted in random samples of 60 HMDA loans and 60 small business/small farm loans. We found the small business and small farm loan data to be of good quality and no corrective action was required for the small business and small farm loan data. The bank's HMDA loan data to be of adequate quality, management was asked to provide corrected HMDA data due to the number of errors identified. All the errors identified in the HMDA data involved differences in loan purpose coding. Management reviewed the entire HMDA loan registers for the evaluation period and provided us with corrected data for this examination.

## **Selection of Areas for Full-Scope Review**

We completed full-scope reviews of the bank's Ontario County AA and Seneca-Yates AA. We completed a limited scope review of the bank's Genesee-Monroe County AA. We chose the Ontario and Seneca-Yates AAs for full-scope reviews because they comprise the area with the highest percentages of the bank's lending, deposits and branches. These AAs represent 96% of NBG's lending for the evaluation period. These AAs also comprise 82% of NBG's deposits and 75% of its branches. Additionally, NBG did not enter the Genesee-Monroe AA until late 2002 through the acquisition and merger activity outlined earlier in the Description of Institution section of this evaluation. Therefore only a single year of lending data was available for analysis for the Genesee-Monroe AA. Please refer to Appendix A later in the report for more information.

## **Ratings**

The bank's overall rating is based primarily on the areas that received full-scope reviews. The overall lending activity was similar between the two AAs, however, Seneca-Yates had a significantly higher volume of small loans to farms while Ontario County AA, had a larger volume of small loans to businesses. Ontario County was given more weight under the analysis of geographic distribution, as the only moderate-income geographies in either full-scope AA are located within the Ontario County AA.

When determining conclusions for the Lending Test in both full-scope AAs, small loans to businesses were weighted the heaviest followed by small loans to farms and home mortgage products. Within the home mortgage product category, home purchase loans were weighted more heavily than home refinance loans followed by home improvement loans. Multifamily loans were not considered under the Lending Test and Table 5 was excluded from the evaluation as the bank made only three multifamily loans throughout all of its AAs during the evaluation period. This weighting is reflective of NBG's volume by loan type over the evaluation period. NBG's overall rating under each test is the consolidation of conclusions reached for the full-scope AAs, along with consideration of any impact on performance by the limited scope AA.

## **Other**

Two community contacts were made in conjunction with this review, one in the Ontario County AA and the other in the Seneca-Yates AA. The contacts were made with local government representatives who are involved with economic development.

In the Ontario County AA our contact believes the primary credit need identified was financing for new and expanding businesses, especially small businesses. Our contact also anticipates a future need for venture capital as the area has multiple industrial projects in progress. Affordable housing for low and moderate-income individuals also continues to be an important community need.

In the Seneca-Yates AA our contact also believes the primary credit need identified was financing for new and expanding businesses, especially small businesses. The contact also stressed the need for micro-loan or small dollar financing for mom/pop type businesses. Many local small businesses find it difficult, or perceive it is difficult to obtain bank financing of this nature.

The identified need for small business related credit, investments and services was considered in our evaluation of NBG's performance under the Lending, Investment and Service Tests. Refer to the Market Profile in Appendix B of this Evaluation for more information.

## **Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.

# Conclusions with Respect to Performance Tests

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Outstanding."

Based on the full-scope review, the bank's performance in the Ontario County and in the Seneca-Yates AAs is excellent.

### Lending Activity

Refer to Tables 1 and 2 in Appendix C for the facts and data used to evaluate the bank's lending activity.

The bank's leading product was small business loans, representing 62% of the loans originated during the evaluation period in the Ontario County AA and 42% in the Seneca-Yates AA. Home mortgage loans had the smallest representation with 18% of originated loans in the Ontario County AA and 16% in Seneca-Yates.

Among originated home mortgage loans, 42% of Ontario County loans and 43% of Seneca-Yates loans were for home purchase, 41% of Ontario County and 36% of Seneca-Yates were home mortgage refinance loans and 17% of Ontario County and 21% of Seneca-Yates loans were for home improvement.

NBG's overall lending activity is excellent. The lending activity is excellent in both the Ontario County AA and the Seneca-Yates AA.

In the Ontario County AA, NBG ranks second for deposits with a 23.67% market share. Based on 2001 CRA aggregate data, NBG is the number one originator/purchaser of small loans to businesses (28.93%) and small loans to farms (89.23%). Based on 2001 aggregate HMDA data, NBG is the sixth ranked originator/purchaser of home purchase (4.42%) and refinance (6.25%) loans and the seventh ranked originator/purchaser of home improvement (3.71%) loans.

In the Seneca-Yates AA, NBG ranks first for deposits with a 36.04% market share. Based on 2001 CRA aggregate data, NBG is the number one originator/purchaser of small loans to businesses (47.82%) and of small loans to farms (87.37%). Based on 2001 aggregate HMDA data, NBG is ranked first for home purchase loans (15.35%), and is second in ranking for refinance loans (12.81%) and home improvement loans (11.79%). NBG is outranked in both the home refinance and improvement markets by a large community bank.

### Distribution of Loans by Income Level of the Geography

The geographic distribution of NBG's home mortgage loans and small loans to businesses and farms reflects excellent penetration throughout the full scope AA geographies.

We placed our emphasis on the geographic distribution within Ontario County, as all the bank's moderate-income geographies are located within this AA. No analysis was done for geographic distribution in Seneca-Yates County AA as it would not be meaningful given the lack of either low or moderate-income geographies. There are no low-income geographies in either of the bank's AAs.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans is excellent.

The geographic distribution of home purchase loans is excellent. The portion of home purchase loans made in moderate-income geographies exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in moderate-income geographies exceeds the bank's overall market share.

The geographic distribution of home improvement loans is excellent. The portion of home improvement loans made in moderate-income geographies exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in moderate-income geographies exceeds the bank's overall market share of home improvement loans.

The geographic distribution of refinance loans is good. The portion of refinance loans made in moderate-income geographies is near to the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in moderate-income geographies is below the bank's overall market share.

### ***Small Loans to Businesses***

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The overall geographic distribution of small loans to businesses is excellent. The portion of small loans to businesses made in moderate-income geographies equals the portion of businesses that are in those geographies. The market share of small loans to businesses made in moderate-income geographies exceeds the bank's overall market share.

### ***Small Loans to Farms***

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The overall geographic distribution of small loans to farms is adequate when considering the limited opportunities for farm lending in moderate-income geographies. Only 4.6% or 22 farms are located within these geographies. The portion of small loans to farms made in moderate-income geographies is below to the portion of farms that are in those geographies. The market share of small loans to farms made in moderate-income geographies is below the bank's overall market share.

### **Lending Gap Analysis**

Reports detailing NBG's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of loans. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

A majority (84%) of the home mortgage loans, small business loans, small farm loans and CD loans were made within the bank's AAs. By product, 84% of the bank's home mortgage loans, 86% of the small loans to businesses, 79% of the small loans to farms and 100% of the CD loans were within the bank's AAs. The home mortgage products were each close to the 85% overall in/out ratio with home purchase at 79%, home improvement at 91%, and refinances at 86%. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

### **Distribution of Loans by Income Level of the Borrower**

The borrower distribution of NBG's home mortgage, small loans to businesses and small loans to farms reflect an excellent dispersion among borrowers of different income levels throughout the AA. In the evaluation of borrower distribution, we gave consideration to the poverty levels within the AAs. The poverty level in the Ontario County AA is 7.11% and in the Seneca-Yates AA is 10.44%. Due to reasons of affordability, it is unlikely that those with incomes below the poverty level would be involved in home mortgage financing. Accordingly, we considered this in evaluating the bank's lending distribution to low-income borrowers.

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of home mortgage loans is good. Performance is excellent in the Ontario County AA and good in the Seneca-Yates AA.

Home purchase loan borrower distribution is good. In the Ontario County AA, performance is excellent. The portion of home purchase loans to low-income borrowers is near to the portion of low-income families, and is excellent when considering the 7.11% households living below

the poverty level. The portion of home purchase loans to moderate-income borrowers is near to the portion of families defined as such. The market share for loans made to both low-income and to moderate-income borrowers exceeds NBG's overall market share in the AA for home purchase loans. Performance in the Seneca-Yates AA is good. The portion of home purchase loans to low-income borrowers is less than the portion of low-income families, but is good when considering the 10.44% households living below the poverty level. The portion of home purchase loans to moderate-income borrowers is near to the portion of families defined as such. The market share for loans made to low-income borrowers substantially meets and to moderate-income borrowers is less than NBG's overall market share in the AA for home purchase loans.

Home improvement loan borrower distribution is excellent in each AA. In the Ontario County AA the portion of home improvement loans to low-income borrowers exceeds the portion of low-income families. The portion of home improvement loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to low-income borrowers exceeds and to moderate-income borrowers substantially meets NBG's overall market share in the AA for home improvement loans. Performance in the Seneca-Yates AA is excellent. The portion of home improvement loans to low-income borrowers is near to the portion of low-income families, but is excellent when considering the 10.44% of households living below the poverty level. The portion of home improvement loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to both low and moderate-income borrowers exceeds NBG's overall market share in the AA for home improvement loans.

Refinance loan borrower distribution is good. In the Ontario County AA, performance is good. The portion of home refinance loans to low-income borrowers is below the portion of low-income families but is good when considering the 7.11% households living below the poverty level. The portion of home refinance loans to moderate-income borrowers is near to the portion of families defined as such. The market share for loans made to both low-income and moderate-income borrowers exceeds NBG's overall market share in the AA for home refinance loans. Performance in the Seneca-Yates AA is also good. The portion of home refinance loans to low-income borrowers is less than the portion of low-income families, but is adequate when considering the 10.44% of households living below the poverty level. The portion of home refinance loans to moderate-income borrowers is near to the portion of families defined as such. The market share for loans made to moderate-income borrowers exceeds NBG's overall market share in the AA for home refinance loans. No market share data was available for loans made to low-income borrowers as based on the 2001 Peer Data only 18 total applications from low-income borrowers were made in the AA by all reporting lenders.

### ***Small Loans to Businesses***

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is excellent. Performance in both the Ontario County and Seneca-Yates AAs is excellent. In both AAs the portion of NBG loans to small businesses (businesses with revenues of \$1 million or less) significantly exceeds the portion of businesses that are defined as such. The market share of small loans to small

businesses exceeds NBG's overall market share in both AAs. Loans made for \$100 thousand or less exceeds the percentage of businesses with revenues of \$1 million or less, in both AAs.

### ***Small Loans to Farms***

Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to farms is excellent. Performance in the Ontario County is good. The portion of NBG loans to small farms (farms with revenues of \$1 million or less) is near to the portion of farms that are defined as such. In the Seneca-Yates AA the performance is excellent. The portion of NBG loans to small farms exceeds the portion of farms that are defined as such. The market share of small loans to small farms exceeds NBG's overall market share in both AAs.

### **Community Development Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

NBG's level of community development lending had a neutral impact on the evaluation of its lending performance activity. The bank's community development activities were responsive to the credit needs of the AAs.

NBG originated one CD loan for \$700 thousand in its Ontario County AA. The loan was made to a small business that will provide new jobs for low and moderate-income individuals and support permanent job creation in low or moderate-income geographies or areas targeted for redevelopment by New York State.

NBG originated four CD loans for \$576 thousand in its Seneca-Yates AA. The loans were comprised of: one loan for \$515 thousand that was made to a small business that will provide new jobs for low and moderate-income individuals; two loans for \$40 thousand to an organization that provides community services targeted to low and moderate-income people and one loan for \$21 thousand was made to an organization that provides affordable housing to low and moderate-income individuals.

### **Product Innovation and Flexibility**

NBG's innovative and flexible lending activity had a positive impact on the evaluation of its lending performance. Flexible lending programs are described below.

City of Geneva Homeownership Assistance Program – The program provides financing to eligible borrowers to purchase home in targeted neighborhoods within the city of Geneva. The borrower must have low or moderate-income to qualify. The program requires only a 1% down payment from the borrower, has closing costs which substantially below and allow debt-to-income ratios higher than a conventional mortgage. The bank originated 17 loans for \$702 thousand under this program during the evaluation period.

City of Geneva Downtown Revitalization Loan Program – The program, sponsored by the City of Geneva is designed to strengthen the commercial base in the downtown area of the City of Geneva, which is a moderate-income geography. The program provides low-cost financing to eligible new and existing small businesses. Businesses within the downtown area with 20 or fewer employees are eligible to apply. These loans, which must be secured, are provided on favorable terms such as financing up to 90% and a reduced interest rate of Prime minus 1%. The bank originated six loans for \$206 thousand during the evaluation period.

Wheels-to-Work program - The program, which is sponsored by Ontario County, is designed to aid low and moderate-income individuals whose barrier to employment is reliable transportation. The goal is to help individuals maintain or gain employment by providing them with vehicles. NBG provides these secured and unsecured installment loans to individuals who would not otherwise qualify for credit, and at interest rates below the conventional rate. The bank originated 15 loans for \$14.8 thousand under this program during the evaluation period.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on the limited-scope review, the bank's performance under the lending test in the Genesee-Monroe AA is not inconsistent with the bank's overall performance under the lending test. Refer to Tables 1 through 12 in Appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test is rated "High Satisfactory". Based on this full-scope review, the bank's performance in the Ontario County AA is excellent and in the Seneca-Yates AA is adequate in relation to the bank's size and resources and the opportunities for qualified investments in the AA.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period, NBG made 19 qualified investments, grants and donations totaling \$1.104 million in the Ontario County AA. In its investing activities, NBG exhibited an excellent responsiveness to credit and community development needs. Community development investment opportunities although available in the AA are somewhat limited. The following is a discussion of some of the major investments in the Ontario County AA:

NBG made a \$1.1 million investment which will revitalize and stabilize moderate-income geographies and will support small businesses which will creation and retain jobs in the area for low and moderate-income individuals. The investment is not considered complex or innovative. NBG made an additional 18 qualifying grants and donations totaling \$3,500. The grants were spread among several organizations, the vast majority providing community services targeted to low and moderate-income people.

NBG also has a prior period investment of \$529 thousand. This investment has a continuing impact on the AA as it supported the construction of 30 unit low-income housing complex located in downtown Geneva. Low-income housing continues to be an important community need.

In the Seneca-Yates County AA, NBG exhibited an adequate responsiveness to credit and community development needs. Community development investment opportunities are limited in the AA. During the evaluation period, NBG made 13 qualifying grants and donations totaling \$2,300 in the Seneca-Yates AA. The grants were spread among several organizations, the vast majority serving affordable housing for low and moderate-income families or community service needs primarily serving low and moderate-income people.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the Genesee-Monroe AA is weaker than the bank's overall "High Satisfactory" performance under

the investment test. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

The weaker performance is due to the lack of qualified investments in AA. This weaker performance in the AA did not negatively impact the conclusion for the Investment Test as NBG only entered the AA near the end of the evaluation period in September 2002.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "Outstanding". Based on full-scope reviews, the bank's performance is excellent in both the Ontario County and Seneca-Yates AAs.

#### **Retail Banking Services**

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

NBG's delivery systems are readily accessible to all portions of the full-scope AAs. Accessibility is excellent in the Ontario County and Seneca-Yates AAs.

In the Ontario County AA, the distribution of NBG's offices throughout moderate-income geographies exceeds the distribution of the population living in such geographies.

In the Seneca-Yates AA, there are no low or moderate-income geographies. All of NBG's offices are located in middle-income geographies where approximately 95.45% of the population and 96% of low and moderate-income families reside. The offices in Seneca and Yates Counties are located in the larger townships that are most accessible to the residents of the each county. Additionally, 83% of low and moderate-income families reside within the specific geographies immediately surrounding and including those where the three branches are located, making the branches readily accessible to those of low and moderate-income.

The branch network throughout the full-scope AAs expanded by three branches since the last evaluation; one branch was opened in middle-income geography and one branch was opened in an upper-income geography. The third branch was added through the merger and acquisition activity discussed in the Description of Institution section of the evaluation. There were no branch closures in the full-scope AAs during the evaluation period.

NBG's hours and services offered throughout the full-scope AAs are excellent. Hours and services are excellent in both the Ontario County and Seneca-Yates AAs. Services offered are comparable among locations regardless of the income level of the geography. Nine branch offices are located within the full-scope AAs, all offer extended hours on various days of the week and the vast majority offer Saturday hours. In the City of Geneva, management elected to keep Saturday hours in the Washington Street, free-standing drive-up facility, and in the Geneva Plaza office which are both located within middle-income geographies, instead of the Seneca Street office which is located in a moderate-income geography. The residents of the

moderate-income geography have convenient access to both the Washington Street and Geneva Plaza offices. The Washington Street branch, while in a middle-income geography is approximately one to two tenths of a mile from the Seneca Street branch, which is in the moderate-income geography and is easily accessible by a short walk. Additionally, the Geneva Plaza branch, which is located in a shopping center that is the hub of activity on the weekend, is approximately one mile from the downtown area and is easily accessible by public transportation from the downtown area.

NBG offers alternative delivery systems in the form of ATMs. The geographic distribution of the bank's ATMs in the various categories of income geographies is similar to its branch distribution. Customers and non-customers alike can access their accounts through NBG ATMs, which are connected to the NYCE, Cirrus and PULSE ATM systems. Customers may also use their NBG ATM card to obtain cash at non-proprietary ATMs throughout the world, which bear the NYCE, Cirrus or PULSE logos.

NBG also offers alternative delivery systems of bank-by-phone and bank-by-mail. These services allow customers to obtain deposit and loan account information, make payments on NBG loans, transfer funds, and pay other household bills. We did not place significant weight on these alternative delivery systems because no data was available to determine the impact of these retail-banking services on low and moderate-income geographies and individuals.

## **Community Development Services**

NBG's performance in providing community development services is excellent in both of its full scope AAs.

Management and bank employees support various organizations in the communities served by the bank by offering financial expertise to such groups. The bank's recently retired president and senior officers were active members of the boards of directors or finance committees of 15 organizations that provide community development services. These organizations are very responsive to the credit and service needs of the community and NBG's officers hold key leadership roles in many of these organizations.

During the evaluation period a senior officer of the bank continued membership on the loan committee of two Regional Business Development Corporations. Both corporations serve a multi-county area that includes Ontario, Seneca and Yates Counties. The loan funds provide low interest loans to businesses that have difficulty obtaining bank loans for business start-up or expansion. A substantial majority of the businesses receiving loans are small businesses which will create, improve or retain jobs.

In the Ontario County AA, members of the NBG staff and Board participate in five organizations that promote economic development by providing affordable financing for small sized businesses and farms that employ low and moderate-income individuals and support permanent job creation, retention, and improvement in areas targeted for redevelopment by state government; three organizations that provide services targeted to low and moderate-income individuals; and one organization committed to provided affordable housing to low and moderate-income individuals.

In the Seneca-Yates AA, members of the NBG staff participate in three organizations focused on providing services targeted to low and moderate-income individuals and one organization that promotes economic development by providing affordable financing for small sized businesses and farms that employ low and moderate-income individuals and support permanent job creation, retention, and improvement in areas targeted for redevelopment by state government.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in the Genesee-Monroe County AA is weaker than the bank's overall performance under the Service Test. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

The weaker performance is due to the lack of community development services in the AA. This weaker performance in the AA did not negatively impact the conclusion for the Service Test as NBG only entered the AA near the end of the evaluation period in September 2002.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/00 to 12/31/02 Investment, Service Tests & CD Loans: 04/10/00 to 04/10/03	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
National Bank of Geneva (NBG) Geneva, NY	Home Purchase, Home Improvement, and Refinance Loans reported on the HMDA LAR, Small Business Loans reported on the CRA Register and CD loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Ontario County AA Seneca-Yates County AA Genesee-Monroe County AA	Full-Scope Full-Scope Limited-Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

Ontario County AA.....	B-2
Seneca-Yates AA.....	B3

## Ontario County AA

Demographic Information for Full-Scope Area: Ontario County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	24	0.00	16.67	70.83	12.50	0.00
Population by Geography	101,946	0.00	9.90	75.66	14.45	0.00
Owner-Occupied Housing by Geography	27,652	0.00	7.62	77.37	15.02	0.00
Businesses by Geography	6,832	0.00	13.88	60.57	25.56	0.00
Farms by Geography	474	0.00	4.64	79.96	15.40	0.00
Family Distribution by Income Level	27,317	16.98	21.27	26.77	34.97	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	10,450	0.00	15.43	75.85	8.73	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$40,519 = \$54,900 = 7.11%	Median Housing Value Unemployment Rate				= \$82,958 = 2.58%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

The Ontario County AA consists of all the geographies of Ontario County and the eastern-most geography of Monroe County. The AA meets the requirement of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The composition of the AA geographies by income level is: 0% low-income, 17% moderate-income, 71% middle-income, 12% upper-income and 0% for which income has not been designated.

The level of competition among financial service providers in the AA is relatively high. NBG competes with large interstate regional banking companies, credit unions and various community and savings banks. According to the FDIC market share report as of June 30, 2002, NBG is ranked number two for market share of deposits in the AA at 23.67%. NBG is a full service lender offering a broad menu of lending products that include business loans, home mortgage loans, home equity loans, and consumer loans. The bank's business focus is primarily on commercial lending.

Eighty percent of the housing in the AA is one to four family units, 9% is multifamily units, 9% is mobile homes and 2% is condominiums. Of total housing units, 66% is owner-occupied, 24% is renter-occupied, and 10% is vacant. The median housing value was \$78,909 in the 1990 census. Housing stock consists mostly of older homes with the median year built of 1958.

According to the 2002 business demographics there are 6,655 businesses, of which 443 are farms in the AA. Small businesses and farms represent 76% of all the businesses and farms. Approximately 69% of businesses reported having less than 10 employees. The primary industries in the AA are services 33%, retail trade 19%, and construction 10%. Major

employers in the AA include the Geneva General Hospital, The Experimental Station, a division of Cornell University, Ontario County and the local school districts.

The AA has several opportunities available in the areas of community development lending and services. On the other hand, community development investment opportunities are somewhat limited. Our assessment of community development opportunities was based on OCC internal resources, community contacts and public information.

## Seneca-Yates County AA

Demographic Information for Full-Scope Area: Seneca-Yates County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	17	0.00	0.00	82.35	5.88	11.76
Population by Geography	56,493	0.00	0.00	95.45	4.55	0.00
Owner-Occupied Housing by Geography	15,567	0.00	0.00	95.57	4.43	0.00
Businesses by Geography	2,939	0.00	0.00	93.02	6.98	0.00
Farms by Geography	410	0.00	0.00	98.29	1.71	0.00
Family Distribution by Income Level	15,217	18.47	18.20	25.16	38.17	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	5,581	0.00	0.00	96.00	4.00	0.00
Median Family Income Y HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$31,472 = \$43,600 = 10.44%	Median Housing Value Unemployment Rate		= \$57,562 = 2.92%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

The Seneca-Yates AA consists of all of geographies of Seneca and Yates counties. The AA meets the requirement of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The composition of the AA geographies by income level is: 0% low-income, 0% moderate-income, 82% middle-income, 6% upper-income and 12% for which income has not been designated.

The level of competition among financial service providers in the AA is relatively high. NBG competes with large mortgage companies, large interstate regional banking companies, and various community and savings banks. According to the FDIC market share report as of June 30, 2002, NBG is ranked number one for market share of deposits in the AA at 36.04%. NBG is a full service lender offering a broad menu of lending products that include business loans, home mortgage loans, home equity loans, and consumer loans. The bank's business focus is primarily on commercial lending.

Eighty percent of the housing in the AA is one to four family units, 5% is multifamily units, 14% is mobile homes and 1% is condominiums. Of total housing units, 60% is owner-occupied, 20% is renter-occupied, and 20% is vacant. The median housing value was \$57,562 in the 1990 census. Housing stock consists mostly of older homes with the median year built of 1952.

According to the 2002 business demographics there are 3,349 businesses, of which 410 are farms in the AA. Small businesses and farms represent 79% of all the businesses and farms. Approximately 73% of businesses reported having less than 10 employees. The primary

industries in the AA are services 31%, retail trade 19%, and agriculture 12%. Major employers in the AA include the Seneca-Cayuga ARC, Gould's Pump/ITT, Kid's Peace, Five Points Correctional Facility and the local school districts.

The AA has several opportunities available in the areas of community development lending and services. On the other hand, the AA has limited community development investment opportunities. Our assessment of community development opportunities was based on OCC internal resources, community contacts and public information.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME												
Geography: NBG												
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002												
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA <sup>*</sup>	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans <sup>**</sup>		Total Reported Loans		% of Rated Area Deposits in MA/AA <sup>***</sup>
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Ontario County AA	42.88	633	50,007	2,207	174,472	697	47,047	1	700	3,538	272,226	47.38
Seneca Yates County AA	53.33	690	45,367	1,864	112,070	1,845	85,052	4	576	4,403	243,065	35.07
<b>Limited Review:</b>												
Genesee Monroe County AA	3.79	124	10,090	156	10,058	33	3,045	0	0	313	23,193	17.55

<sup>\*</sup> Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

<sup>\*\*</sup> The evaluation period for Community Development Loans is From April 10, 2000 to April 14, 2003.

<sup>\*\*\*</sup> Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: NBG				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002						Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Ontario County AA	268	44.67	0.00	0.00	7.62	11.94	77.37	82.46	15.02	5.60	4.15	0.00	10.66	5.01	0.95	
Seneca Yates County AA	293	48.83	0.00	0.00	0.00	0.00	95.57	96.25	4.43	3.75	15.35	0.00	0.00	15.53	11.11	
<b>Limited Review:</b>																
Genesee Monroe County AA	39	6.50	0.00	0.00	0.00	0.00	86.35	84.62	13.65	15.38	0.30	0.00	0.00	0.36	0.00	

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: NBG				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
Ontario County AA	107	40.84	0.00	0.00	7.62	10.28	77.37	85.05	15.02	4.67	5.85	0.00	11.54	5.78	2.56
Seneca Yates County AA	147	56.11	0.00	0.00	0.00	0.00	95.57	96.60	4.43	3.40	12.81	0.00	0.00	12.82	12.50
<b>Limited Review:</b>															
Genesee Monroe County AA	8	3.05	0.00	0.00	0.00	0.00	86.35	87.50	13.65	12.50	0.00	0.00	0.00	0.00	0.00

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: NBG				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography <sup>*</sup>				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
Ontario County AA	255	43.81	0.00	0.00	7.62	6.67	77.37	86.67	15.02	6.67	3.34	0.00	2.68	4.21	0.69	
Seneca Yates County AA	250	42.96	0.00	0.00	0.00	0.00	95.57	97.60	4.43	2.40	11.79	0.00	0.00	11.90	9.09	
<b>Limited Review:</b>																
Genesee Monroe County AA	77	13.23	0.00	0.00	0.00	0.00	86.35	96.10	13.65	3.90	0.00	0.00	0.00	0.00	0.00	

<sup>\*</sup> Based on 2001 Peer Mortgage Data: Northeast Region.

<sup>\*\*</sup> Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES															
Geography: NBG															
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002															
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Ontario County AA	2,207	52.21	0.00	0.00	13.88	13.50	60.57	81.06	25.56	5.44	4.98	0.00	5.75	8.09	1.08
Seneca Yates County AA	1,864	44.10	0.00	0.00	0.00	0.00	93.02	94.21	6.98	5.79	47.82	0.00	0.00	48.82	54.17
<b>Limited Review:</b>															
Genesee Monroe County AA	156	3.69	0.00	0.00	0.00	0.00	87.89	91.67	12.11	8.33	0.30	0.00	0.00	0.39	0.39

<sup>\*</sup> Based on 2001 Peer Small Business Data: US&PR.

<sup>\*\*</sup> Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2002).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: NBG				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002						Market Share (%) by Geography <sup>*</sup>				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans						
<b>Full Review:</b>																
Ontario County AA	697	27.07	0.00	0.00	4.64	1.43	79.96	97.70	15.40	0.86	79.83	0.00	36.36	86.51	31.25	
Seneca Yates County AA	1,845	71.65	0.00	0.00	0.00	0.00	98.29	99.13	1.71	0.87	87.37	0.00	0.00	87.25	100.00	
<b>Limited Review:</b>																
Genesee Monroe County AA	33	1.28	0.00	0.00	0.00	0.00	87.23	69.70	12.77	30.30	4.07	0.00	0.00	1.24	30.00	

<sup>\*</sup> Based on 2001 Peer Small Business Data: US&PR.

<sup>\*\*</sup> Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2002).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE															
Geography: NBG															
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002															
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Ontario County AA	268	44.67	16.98	16.48	21.27	20.60	26.77	25.84	34.97	37.08	4.69	8.72	4.81	5.78	3.41
Seneca Yates County AA	293	48.83	18.47	5.48	18.20	16.10	25.16	22.95	38.17	55.48	16.83	15.63	10.97	19.57	18.91
<b>Limited Review:</b>															
Genesee Monroe County AA	39	6.50	13.80	15.38	18.96	23.08	28.06	20.51	39.18	41.03	0.35	0.00	0.00	0.00	0.87

<sup>\*</sup> Based on 2001 Peer Mortgage Data: Northeast Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 0.33% of loans originated and purchased by NBG.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

<sup>\*\*\*\*</sup> Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT															Geography: NBG		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>†</sup>										
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Ontario County AA	107	40.84	16.98	17.48	21.27	33.01	26.77	23.30	34.97	26.21	5.99	8.00	5.67	6.11	5.37						
Seneca Yates County AA	147	56.11	18.47	15.86	18.20	22.76	25.16	27.59	38.17	33.79	13.51	23.08	14.29	13.27	10.83						
<b>Limited Review:</b>																					
Genesee Monroe County AA	8	3.05	13.80	25.00	18.96	25.00	28.06	25.00	39.18	25.00	0.00	0.00	0.00	0.00	0.00						

<sup>†</sup> Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 2.29% of loans originated and purchased by NBG.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE																
Geography: NBG																
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002																
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>					
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid
<b>Full Review:</b>																
Ontario County AA	255	43.81	16.98	7.57	21.27	20.72	26.77	26.29	34.97	45.42	3.73	3.88	4.88	3.75	3.29	
Seneca Yates County AA	250	42.96	18.47	2.44	18.20	17.07	25.16	26.42	38.17	54.07	13.17	0.00	14.05	10.18	14.81	
<b>Limited Review:</b>																
Genesee Monroe County AA	77	13.23	13.80	15.58	18.96	27.27	28.06	32.47	39.18	24.68	0.00	0.00	0.00	0.00	0.00	

<sup>\*</sup> Based on 2001 Peer Mortgage Data: Northeast Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 1.37% of loans originated and purchased by NBG.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

<sup>\*\*\*\*</sup> Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: NBG			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Ontario County AA	2,207	52.21	75.23	76.03	81.88	11.51	6.62	4.98	8.23
Seneca Yates County AA	1,864	44.10	76.56	84.23	86.96	8.26	4.77	47.82	60.66
<b>Limited Review:</b>									
Genesee Monroe County AA	156	3.69	74.91	98.72	84.62	11.54	3.85	0.30	0.59

<sup>\*</sup> Based on 2001 Peer Small Business Data: US&PR.

<sup>\*\*</sup> Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

<sup>\*\*\*</sup> Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

<sup>\*\*\*\*</sup> Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: NBG			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Ontario County AA	697	27.07	93.25	86.94	83.64	11.76	4.59	79.83	80.46
Seneca Yates County AA	1,845	71.65	95.61	96.37	89.43	8.62	1.95	87.37	87.67
<b>Limited Review:</b>									
Genesee Monroe County AA	33	1.28	86.17	93.94	72.73	18.18	9.09	4.07	4.67

<sup>\*</sup> Based on 2001 Peer Small Business Data: US&PR.

<sup>\*\*</sup> Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

<sup>\*\*\*</sup> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

<sup>\*\*\*\*</sup> Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: NBG									
Evaluation Period: APRIL 10, 2000 TO APRIL 10, 2003									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Ontario County AA	1	529	19	1,104	20	1,633	99.98	0	0
Seneca Yates County AA	0	0	13	2	13	2	0.01	0	0
<b>Limited Review:</b>									
Genesee Monroe County AA	0	0	3	1	1	1	0.01	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: NBG				Evaluation Period: APRIL 10, 2000 TO APRIL 10, 2003									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Ontario County AA	47.38	6	50	0.00	16.67	50.00	33.33	1	0	0	0	0	1	0.00	9.90	75.66	14.45
Seneca Yates County AA	35.07	3	25	0.00	0.00	100.00	0.00	1	0	0	0	1	0	0.00	0.00	95.45	4.55
<b>Limited Review:</b>																	
Genesee Monroe County AA	17.55	3	25	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	0.00	88.12	11.88