



**SMALL BANK**

---

Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

---

## **PUBLIC DISCLOSURE**

**January 09, 2006**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Savannah Bank, National Association  
Charter Number 12810**

**1565 Main Street, P.O. Box 278  
Savannah, NY 13146**

**Comptroller of the Currency  
Upstate New York (Syracuse)  
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, nor should it 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.**

## **INSTITUTION'S CRA RATING**

### **This institution is rated Satisfactory.**

The following are the primary factors supporting this rating.

- The average loan-to-deposit ratio of 50.3% meets the standard for satisfactory performance based on the bank's financial condition and assessment area credit needs.
- Savannah Bank N.A. meets the standard for satisfactory performance for loans originated within the bank's assessment area.
- Borrower distribution meets the standard for satisfactory performance based on distribution of lending to businesses of different sizes.
- Geographic distribution of loan originations meets the standard for satisfactory performance based on the distribution of credit to businesses in different geographies.
- Savannah Bank N.A. has not received any CRA-related complaints during the evaluation period.

## **DESCRIPTION OF INSTITUTION**

Savannah Bank N.A. (SBNA) is a community bank headquartered in Savannah, New York. As of December 31, 2005, SBNA had total assets of \$78 million consisting mainly of \$42 million (54%) in loans and \$32 million (41%) in investments. Commercial and commercial real estate lending represent the largest portion of loans at 64% followed by residential loans (28%) and consumer loans (8%).

The bank has four full-service offices located in Savannah, Waterloo, Fair Haven and Auburn, New York. In October 2000, the bank also opened a fifth office in Pittsford, New York which was sold in August 2004. The bank is located approximately 40 miles from Rochester, New York to the West and 40 miles from Syracuse, New York to the East. The bank's market area is mostly rural with the largest population centers and most competitive environments being the Villages of Waterloo, Seneca Falls and Auburn, NY. Competition includes, one independent thrift, seven regional banks and several credit unions.

The bank currently offers commercial and commercial real estate, residential real estate, home equity and consumer loans; however, management's focus during the evaluation period has been commercial and commercial real estate loans. The community credit needs of the area, which were confirmed by a member of a local community development organization, include residential loans, consumer loans, commercial loans and farm loans.

There are no legal, financial or other factors that would impede the bank's ability to help meet the credit needs in its defined assessment areas. In the last CRA examination, dated September 27, 1999, SBNA received a satisfactory rating for its performance in helping to meet the credit needs of the community. The evaluation period for this examination spans from September 28, 1999 through January 9, 2006.

### **DESCRIPTION OF THE ASSESSMENT AREAS**

In 2003, SBNA had three, continuous AA's consisting of 24 geographies. In 2004, due to the Metropolitan Statistical Area (MSA) numbering change between 2003 and 2004, SBNA had two, continuous AA's. During 2003 through August of 2004, SBNA had a fourth AA consisting of five geographies (one middle-income and four upper-income) representing their location in the Rochester suburb of Pittsford, New York. The Pittsford AA was eliminated when the branch was sold in August 2004. The Pittsford AA was not included in our analysis as the lending activity in the office is insignificant and represents less than 4% of the total number of loans made during the evaluation period. The Pittsford AA, as well as, the remaining AA's meet the requirements of the regulation and did not arbitrarily exclude low- or moderate-income geographies.

### **OVERVIEW OF THE SBNA ASSESSMENT AREAS**

In 2003, SBNA had three, contiguous AA's consisting of 24 geographies in Cayuga, Wayne and Seneca Counties. The first AA, located within Cayuga County, consists of 12 geographies in the Syracuse Metropolitan Statistical Area (MSA 8160). The second AA, located within Wayne County, consists of four geographies in the Rochester MSA (MSA 6840). The third AA consists of eight geographies within Seneca County which is not part of an MSA.

In 2004, SBNA had two, contiguous AA's. The first AA, located within Wayne County, consists of four geographies in the Rochester MSA (MSA 40830). The second AA consists of 20 geographies located within Cayuga and Wayne counties which are not part of an MSA.

### **ROCHESTER ASSESSMENT AREA**

In 2003, the Rochester AA consisted of four geographies in Wayne County. The bank has one full-service location in this AA in Savannah, New York, which is also houses the bank's headquarters. Based on the 2000 census, the AA has 15,688 residents representing 18% of the population in the combined AA's. The AA consists of two moderate-income and two middle-income geographies. There are no low- or upper-income geographies. The 2003 Median Family Income of the AA is \$56,900. The distribution of families in the AA by income level is: 27% low-income; 23% moderate-income; 26% middle-income; and 24% upper-income. As per 2003 demographic data, the AA includes 609 non-farm businesses, 70% are classified as small businesses with \$1 million or less in annual revenues. Only 5% are classified as large businesses having annual revenues in excess of \$1 million. Twenty-five percent of the businesses did not report revenue information.

In 2004, the Rochester AA consisted of the same four geographies in Wayne County. Despite

the numbering change in MSA the income classification of the geographies remains the same as in 2003 with two moderate-income and two middle-income geographies. The 2004 Median Family Income of the AA is \$61,700. The distribution of families in the AA by income level is: 28% low-income; 23% moderate-income; 26% middle-income; and 23% upper-income. As per 2004 demographic data, the AA includes 630 non-farm businesses, of which 71% are classified as small businesses. Only 5% are classified as large businesses. Twenty-four percent of the businesses did not report revenue information.

As of December 2005, the unemployment rates in Wayne County, the Rochester MSA, and New York State are 5.3%, 4.8% and 5.0% respectively.

### **SYRACUSE ASSESSMENT AREA**

In 2003, the Syracuse AA consisted of 12 geographies in Cayuga County. The bank has two full-service locations in this AA in Fair Haven and Auburn, New York. Based on the 2000 census, the AA has 46,662 residents representing 52% of the population in the combined AA's. The AA consists of four moderate-income (33%), seven middle-income geographies (58%), and one geography designated NA. The NA geography represents the state prison in Auburn, New York. There are no low- or upper-income geographies. The 2003 Median Family Income of the AA is \$52,700. The distribution of families in the AA by income level is: 24% low-income; 21% moderate-income; 25% middle-income; and 30% upper-income. As per 2003 demographic data, the AA includes 2,265 non-farm businesses, of which, 65% are classified as small businesses with \$1 million or less in annual revenues. Only 6% are classified as large businesses having annual revenues in excess of \$1 million. Twenty-nine percent of the businesses did not report revenue information.

In 2004, due to the Metropolitan Statistical Area (MSA) numbering change between 2003 and 2004, Cayuga County was no longer part of the Syracuse MSA. As a result, in 2004, Cayuga County became part of New York State's Non-MSA tracts. Therefore, in 2004, SBNA did have a Syracuse Assessment Area.

As of December 2005, the unemployment rates in Cayuga County, the Syracuse MSA, and New York State are 4.9%, 4.9% and 5.0% respectively.

### **NON-MSA ASSESSMENT AREA**

In 2003, the Non-MSA AA consisted of eight geographies in Seneca County. The bank has one full-service location in this AA in Waterloo, New York. Based on the 2000 census, the AA has 26,882 residents representing 30% of the population in the combined AA's. The AA consists of seven middle-income geographies (88%) and one upper-income geography (12%). There are no low- or moderate-income geographies. The 2003 Median Family Income of the AA is \$47,300. The distribution of families in the AA by income level is: 18% low-income; 17% moderate-income; 22% middle-income; and 43% upper-income. As per 2003 demographic data, the AA includes 1,371 non-farm businesses, of which, 59% are classified as small businesses with \$1 million or less in annual revenues. Only 5% are classified as large businesses having annual revenues in excess of \$1 million. Thirty-six percent of the businesses did not report revenue

information.

In 2004, the Non-MSA AA consisted of 20 geographies in Cayuga and Seneca Counties. The bank has three full-service locations in this AA in Auburn, Fair Haven and Waterloo, New York. Based on the 2000 census, the AA has 73,544 residents representing 82% of the population in the combined AA's. The AA consists of one moderate-income geography (5%), sixteen middle-income geographies (80%), two upper-income geographies (10%) and one geography designated as NA (5%). The NA geography represents the state prison in Auburn, New York. There are no low-income geographies. The 2004 Median Family Income of the AA is \$47,900. The distribution of families in the AA by income level is: 19% low-income; 17% moderate-income; 23% middle-income; and 41% upper-income. As per 2004 demographic data, the AA includes 3,656 non-farm businesses, of which, 64% are classified as small businesses with \$1 million or less in annual revenues. Only 6% are classified as large businesses having annual revenues in excess of \$1 million. Thirty percent of the businesses did not report revenue information.

As of December 2005, the unemployment rates in Cayuga County and New York State are 4.9% and 5.0% respectively.

**CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

This evaluation covers the time period from the last examination dated September 27, 1999 through January 9, 2006. We based our assessment of the bank's performance on a sample of loans representing their primary loan type for the period January 1, 2003 through December 31, 2005. The bank's primary loan type for this period was commercial loans which includes commercial real estate loans. We believe the bank's performance within this three-year period is representative of its performance for the entire evaluation period.

**Loan-to-Deposit Ratio**

SBNA's loan-to-deposit ratio meets the standards for satisfactory performance. The bank's average loan-to-deposit since its last examination was 50.3%. In comparison, four other community banks operating in similar markets throughout Central New York had loan-to-deposit ratios ranging from 39.7% to 65.5%.

**Lending in Assessment Area**

SBNA's lending in its AA meets the standard for satisfactory performance as indicated by the table below. The bank originated 76.7% of the number of commercial loans and 66.6% of the amount of commercial loans within its assessment area.

Lending in the Combined Savannah Bank N.A. Assessment Area								
Loan Type	Number of Loans				Amount of Loans			
	Inside		Outside		Inside		Outside	
	#	%	#	%	\$	%	\$	%

Commercial	46	76.7	14	23.3	3,075	66.6	1,529	33.4
------------	----	------	----	------	-------	------	-------	------

Source: Commercial loans data is based on a sample of commercial loans originated during the examination period.

## Lending to Businesses of Different Incomes and to Businesses of Different Sizes

As the tables below indicate, SBNA's lending to businesses of different sizes meets the standard for satisfactory performance with number of loans to small businesses in all assessment areas meeting or exceeding the percent of small businesses operating in those assessment areas. When comparing the bank's performance by loan amount, the performance in the Syracuse AA in 2003 and the performance in the Non-MSA AA in 2004 did not meet the percent of small businesses operating in those assessment areas.

### 2003

Distribution of Loans to Businesses in the Rochester AA		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	70%	5%
% of Bank Loans in AA by #	100%	0%
% of Bank Loans in AA by \$	100%	0%

Source: Loan sample; Dunn and Bradstreet data. \* 25% of AA businesses did not report revenue data

Distribution of Loans to Businesses in the Syracuse AA		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	65%	6%
% of Bank Loans in AA by #	82%	18%
% of Bank Loans in AA by \$	23%	77%

Source: Loan sample; Dunn and Bradstreet data. \* 29% of AA businesses did not report revenue data

Distribution of Loans to Businesses in the Non-MSA AA		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	59%	5%
% of Bank Loans in AA by #	100%	0%
% of Bank Loans in AA by \$	100%	0%

Source: Loan sample; Dunn and Bradstreet data. \* 36% of AA businesses did not report revenue data

### 2004 & 2005

Distribution of Loans to Businesses in the Rochester AA		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000

% of AA Businesses*	71%	5%
% of Bank Loans in AA by #	100%	0%
% of Bank Loans in AA by \$	100%	0%

Source: Loan sample; Dunn and Bradstreet data. \* 24% of AA businesses did not report revenue data

Distribution of Loans to Businesses in the Non-MSA AA		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	64%	6%
% of Bank Loans in AA by #	86%	14%
% of Bank Loans in AA by \$	37%	63%

Source: Loan sample; Dunn and Bradstreet data. \* 30% of AA businesses did not report revenue data

### Geographic Distribution of Loans

As the tables below indicate, SBNA's distribution of loans by geography meets the standards for satisfactory performance; however, in 2003, the distribution of loans to businesses in moderate-income geographies in the Syracuse AA is less than satisfactory. We did not include a geographic comparison for the non-MSA AA in 2003 as the area did not include any low- or moderate-income geographies.

### 2003

Geographic Distribution of Loans to Businesses in the Rochester AA								
Income Level of Geography	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Loan Distribution	0%	0%	57%	67%	43%	33%	0%	0%

Source: Based on sample loans originated in 2003 and D & B data.

Geographic Distribution of Loans to Businesses in the Syracuse AA								
Income Level of Geography	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Loan Distribution	0%	0%	41%	0%	59%	100%	0%	0%

Source: Based on sample loans originated in 2003 and D & B data.

**2004 & 2005**

<b>Geographic Distribution of Loans to Businesses in the Rochester AA</b>								
Income Level of Geography	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Loan Distribution	0%	0%	55%	67%	45%	33%	0%	0%

*Source: Based on a sample of loans originated in 2004 and 2005 and D & B data.*

<b>Geographic Distribution of Loans to Businesses in the Non-MSA AA</b>								
Income Level of Geography	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Loan Distribution	0%	0%	8%	11%	87%	89%	5%	0%

*Source: Based on a sample of loans originated in 2004 and 2004 and D & B data.*

**Responses to Complaints**

During the evaluation period, SBNA did not receive any complaints relative to its performance in helping meet the credit needs of its AA.

**Fair Lending or Other Illegal Credit Practices Review**

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