



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Alliance Bank, National Association
Charter Number: 1090

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Syracuse, NY 13202

Office of the Comptroller of the Currency

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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 Satisfactory.

The following table indicates the performance level of Alliance Bank, National Association with respect to the Lending, Investment, and Service Tests:

Performance Levels	Alliance Bank, N. A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory	X	X	
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 good responsiveness by the bank to the credit needs of its Assessment Area (AA);
- An adequate distribution of loans among borrowers of different income levels and businesses of different sizes throughout the AAs;
- Adequate penetration of loans among census tracts of different income levels throughout the AAs, along with a good ratio of loans originated inside the AAs;
- Community development lending that had a positive impact on lending performance;
- Investments that reflect adequate responsiveness to the credit and community development needs of the AAs;
- Service delivery systems that are reasonably accessible to census tracts and individuals of different income levels in the AAs; and
- Good 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.

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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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 householder 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 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 statistical 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). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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.

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 at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Alliance Bank, N. A. (ABNA) is a \$1.45 billion community bank. It is a subsidiary of Alliance Financial Corporation (NASDAQ: ALNC), a one bank holding company headquartered in Syracuse, New York. ABNA operates an investment management administration center in Buffalo, N.Y., a commercial equipment financing subsidiary - Alliance Leasing, Inc., and Alliance Preferred Funding Corp., which engages in residential real estate activity. During the evaluation period, ABNA sold its insurance subsidiary, the Ladd Insurance Agency, to a third party. ABNA also operates 27 intrastate branches in five Central New York counties including Cortland, Madison, Oneida, Onondaga, and Oswego counties, as well as, a trust administration center in Buffalo, New York. In addition to traditional deposit and loan services, ABNA provides personal trust, employee benefit trust, investment management, custodial, and financial planning services; financial counseling and brokerage services; and equipment lease financing services. ABNA also offers safe deposit boxes, wire transfers, collection services, drive-up banking facilities, night depositories, automated teller machines, telephone banking, and Internet banking services.

ABNA's loan portfolio (prior to the allowance for loan and lease losses) totals \$901 million, which represents 62% of total assets as of December 31, 2010. Lending is targeted toward individuals through real estate mortgages and consumer loans and toward small and mid-sized businesses. The loan portfolio consists of \$424 million or 47% in residential real estate loans, \$198 million or 22% in commercial loans, \$190 million or 21% in consumer loans, \$62 million or 7% in leases, \$20 million or 2% in municipal/other loans, \$7 million or 1% in multi-family real estate loans, and \$417 thousand or <1% in farm loans. As of December 31, 2010, Tier One Capital totals \$109 million with another \$11 million in the reserve for loan and lease losses.

ABNA operates in a very competitive financial services market with competition from multi-national banks, large regional and community banks, smaller community banks and several credit unions. ABNA is not subject to any known financial, legal or regulatory restrictions that would impede its ability to help meet the credit needs of its AA.

ABNA's performance at the last CRA examination as of July 17, 2007, was rated "Satisfactory."

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period covers January 1, 2008 through December 31, 2010 for Home Mortgage Disclosure Act (HMDA) reportable loans and small business loans. HMDA loans include home purchase, home improvement and refinance loans. The evaluation does not include an assessment of small farm and multi-family loans as loan volume was minimal during the evaluation period, and an analysis would not be meaningful. The evaluation period for Community Development (CD) loans, investments, and services is July 17, 2007 through January 18, 2011. The CD evaluation period 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 2009. The 2010 market share information was not available at the time of this examination. The aggregate HMDA and Small Business/Farm Reports are available for public review.

Data Integrity

An evaluation of the integrity of ABNA's publicly filed loan data relating to home mortgage loans and small loans to businesses and farms was conducted in September 2010. The review included an evaluation of ABNA's processes to ensure that data is reliable. In conjunction with this review, a sample of home mortgage and small business/small farm loans was tested. Testing was performed to ensure that the data on which we rely for our evaluation of the bank's performance under the CRA was accurate. The review revealed that the publicly available information filed by ABNA could be relied upon for the purposes of this CRA evaluation.

Selection of Areas for Full-Scope Review

ABNA operates in three assessment areas (AA's) – Syracuse MSA AA, Non MSA AA, and Utica-Rome AA. Of the three AAs, ABNA operated a majority of its branch offices, derived the majority of its deposits, and originated the majority of its loans throughout the evaluation period in the Syracuse MSA AA and the Non MSA AA. Therefore, we conducted a full-scope review of the activities in the Syracuse MSA and Non MSA AA's. The Syracuse MSA AA consists entirely of the Syracuse MSA – MSA #45060. The Non MSA AA consists of selected geographies in Cayuga County and all census tracts in Cortland County. We performed a limited scope-review of ABNA's Utica-Rome AA which consists of selected geographies in Oneida County. The selected geographies in Cayuga and Oneida Counties consisted of entire towns; therefore an adjustment was not necessary. The three designated AAs consisted of all geographies where ABNA has its main office, branches and deposit-taking ATMs and included the surrounding geographies where the bank originated (or purchased) a substantial portion of its loans. The designated AA's do not reflect illegal discrimination and do not arbitrarily exclude low- and moderate-income areas.

Ratings

ABNA's overall CRA rating is based primarily on the AA's that received a full-scope review. When arriving at the Lending Test conclusions, more weight was placed on ABNA's

performance in the Syracuse MSA AA since this was the AA in which ABNA operated the majority of its branch offices, derived the majority of its deposits, and originated the majority of its loans.

In arriving at conclusions for the Lending Test, ABNA's record of originating residential mortgage loans was weighted more heavily than its record of originating small business loans since loan volume of residential mortgages was considerably more than the volume of small business loans during the evaluation period. ABNA's record of originating residential mortgage loans was measured by evaluating ABNA's home purchase, home improvement, and home mortgage refinance loan originations.

Also, under the Lending Test, we gave equal weight to the borrower distribution and geographic distribution of loans. However, we did not complete an evaluation of the geographic distribution of loans in the Non MSA AA as this area has no low- or moderate-income geographies.

ABNA's overall rating is the consolidation of conclusions reached for each test in the full-scope AA's with consideration of ABNA's performance in the limited-scope AAs.

Other

We conducted two community contacts in the full-scope Syracuse MSA AA. We contacted a representative from an area affordable housing organization with broad knowledge of the area economic conditions, community development needs and credit needs. The contact verified the need for affordable residential mortgages and home improvement loans. The contact believes there are many opportunities for originating community development loans and investments in the area. We also contacted a local realtor who verified the need for affordable residential mortgages.

In the Non MSA AA, we relied on information gathered during a community contact conducted in conjunction with the recent examination of another area bank. The contact, who represents an area affordable housing organization, indicated the continued need for flexible home mortgage products for low- and moderate-income individuals.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

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 "Low Satisfactory." Based on a full-scope review, the bank's performance in the Syracuse MSA AA is adequate. The bank's performance in the non MSA AA is adequate.

Lending Activity

Refer to Tables 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's lending activity.

The bank's overall primary lending products in the full-scope AAs was home mortgage and small business lending, representing 64% and 36% respectively of the loans originated during the evaluation period. ABNA's overall lending activity in the full-scope AAs is good.

Syracuse MSA AA

Lending activity in the Syracuse MSA AA is good. In the Syracuse MSA AA, ABNA had 6.90% of the deposits in the market as of June 30, 2009 ranking it 5th in market share among institutions taking AA deposits. Institutions with more market share included two multinational banks and two large regional banks. As of June 30, 2008, ABNA ranked 3rd in market share in the Syracuse MSA with 6.20% of the deposits.

Based on 2009 aggregate HMDA data, ABNA ranked 4th with 5.20% market share based on dollar amount for all home mortgage loan originations/purchases. This is improved from the 2008 aggregate HMDA data, when ABNA ranked 5th with 4.01% market share based on the dollar amount for all home mortgage loan originations/purchases. Institutions with more market share included a multi-national, a large regional bank and a local mortgage broker.

Based on 2009 aggregate HMDA data, ABNA ranked 8th with 3.78% market share based on the dollar amount for all home purchase loan originations/purchases. This is down slightly from 2008 aggregate HMDA data, when ABNA ranked 6th with 3.99% market share based on dollar amount for all home purchase loan originations/purchases. Institutions with more market share included multi-national, large national, and large regional banks and local mortgage brokers.

Based on 2009 aggregate HMDA data, ANBA ranked 2nd with 7.43% market share based on dollar amount for all home improvement originations/purchases. This is slightly improved from the 2008 aggregate HMDA data, when ABNA ranked 2nd with 7.10% market share based on dollar amount for all home improvement loan originations/purchases. One local credit union had more market share in 2009.

Based on 2009 aggregate HMDA data, ABNA ranked 2nd in market share with 6.52% market share based on dollar amount for all home refinance originations/purchases. This is improved from the 2008 aggregate HMDA data, when ABNA ranked 5th with 3.67% market share based on dollar amount for all home refinance loan originations/purchases. One large national bank had more market share in 2009.

Based on 2009 aggregate CRA data for loans to small businesses, ABNA ranked 3rd with 11.47% market share based on dollar amount. This does not include loans to small farms. This is improved from 2008 results when ABNA ranked 3rd with 9.94% based on dollar amount. Institutions with more market share include a large regional bank and a multi-national bank.

Non MSA AA

Lending activity in the Non MSA AA is good. In the non MSA AA, ABNA ranked 1st in market share as of June 30, 2008 and June 30, 2009 with 32.16% and 35.88% of the deposits, respectively among institutions taking AA deposits.

Based on 2009 aggregate HMDA data, ABNA ranked 2nd with 12.26% market share based on dollar amount for all home mortgage loan originations/purchases. This is improved from the 2008 aggregate HMDA data, when ABNA ranked 2nd with 11.40% market share based on the dollar amount for all home mortgage loan originations/purchases. One local credit union had more market share in 2009.

Based on 2009 aggregate HMDA data, ABNA ranked 2nd with 9.99% market share based on the dollar amount for all home purchase loan originations/purchases. This is down from 2008 aggregate HMDA data, when ABNA ranked 1st with 13.51% market share based on dollar amount for all home purchase loan originations/purchases. One large regional bank had more market share in 2009.

Based on 2009 aggregate HMDA data, ANBA ranked 1st with 21.25% market share based on dollar amount for all home improvement originations/purchases. This is slightly improved from the 2008 aggregate HMDA data, when ABNA ranked 1st with 14.88% market share based on dollar amount for all home improvement loan originations/purchases.

Based on 2009 aggregate HMDA data, ABNA ranked 2nd with 13.15% market share based on dollar amount for all home refinance originations/purchases. This is improved from the 2008 aggregate HMDA data, when ABNA ranked 3rd with 8.19% market share based on dollar amount for all home refinance loan originations/purchases. One local credit union had more market share in 2009.

Based on 2009 aggregate CRA data for loans to small businesses, ABNA ranked 2nd with 15.24% market share based on dollar amount. This is down from 2008 results when ABNA ranked 2nd with 18.05% based on dollar amount. In 2009, a large regional bank had more market share.

Distribution of Loans by Income Level of the Geography

The geographic distribution of ABNA's home mortgage loans and small loans to businesses reflects overall adequate penetration throughout the full scope AA's. The discussion of the geographic distribution that follows covers the performance only the Syracuse MSA AA. The

Non MSA AA does not include any low- or moderate-income census tracts; therefore an analysis of the performance in this AA would not be meaningful.

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 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 adequate.

The overall geographic distribution of home purchase loans is adequate. In the Syracuse MSA AA, the portion of home purchase loans made in low-income census tracts is lower than the portion of owner-occupied housing units in those census tracts. In the Syracuse MSA, the portion of home purchase loans made in moderate-income census tracts is somewhat lower than the portion of owner-occupied housing units in those census tracts. ABNA’s market share of home purchase loans originated in low-income census tracts was significantly lower than its overall market share of home purchase loans in the Syracuse MSA AA. ABNA’s market share of home purchase loans originated in moderate-income census tracts was near to the overall market share of home purchase loans in the AA.

The overall geographic distribution of home improvement loans is adequate. In the Syracuse MSA AA, the portion of home improvement loans made in low-income census tracts is significantly lower than the portion of owner-occupied housing units in those census tracts. In the Syracuse MSA, the portion of home improvement loans made in moderate-income census tracts is somewhat lower than the portion of owner-occupied housing units in those census tracts. ABNA’s market share of home improvement loans originated in low-income census tracts was significantly lower than its overall market share of home improvement loans in the Syracuse MSA AA. ABNA’s market share of home improvement loans originated in moderate-income census tracts was near to the overall market share of home improvement loans in the AA.

The overall geographic distribution of home refinance loans is adequate. In the Syracuse MSA AA, the portion of home refinance loans made in low-income census tracts is significantly lower than the portion of owner-occupied housing units in those census tracts. In the Syracuse MSA, the portion of home refinance loans made in moderate-income census tracts is somewhat lower than the portion of owner-occupied housing units in those census tracts. ABNA’s market share of home refinance loans originated in low-income census tracts was lower than its overall market share of home refinance loans in the Syracuse MSA AA. ABNA’s market share of home refinance loans originated in moderate-income census tracts exceeded to the overall market share of home refinance loans in the AA.

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 loans is good. In the Syracuse MSA AA, the portion of loans made in low-income census tracts is near to the portion of businesses that are within those census tracts. In the Syracuse MSA, the portion of

loans made in moderate-income census tracts exceeds the portion of businesses that are within those census tracts. ABNA's market share of small business loans originated in low-income census tracts is near to its overall market share of small business loans in the Syracuse MSA AA. ABNA's market share of small business loans originated in moderate-income census tracts exceeds its overall market share of small business loans in the Syracuse MSA AA.

Lending Gap Analysis

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

Inside/Outside Ratio

This portion of the evaluation was performed at the bank level. A majority (90%) of the home mortgage loans, small business loans, small farm loans were made within the bank's AAs. By product, 87% of the bank's home mortgage loans, 94% of the small loans to businesses, 100% of the small loans to farms were within the bank's AAs. The ratio of home mortgage products originated/purchased within the AA were similar by product to the overall 87% in/out ratio for home mortgage loans with 87% of home purchase, 89% of home improvement and 87% of refinance loans originated/purchased within the designated AA's. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of census tract.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of ABNA's home mortgage loans and small loans to businesses reflects an overall adequate dispersion among borrowers of different income levels and businesses of different sizes.

Home Mortgage Loans

The overall borrower distribution of home mortgage loans is adequate. In the evaluation of borrower distribution of home mortgage loans, we gave consideration to the portion of households living below the poverty level. The poverty level in the Syracuse MSA AA is 12% and 14% in the Non MSA AA. 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.

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.

Home purchase loan borrower distribution is adequate. In the Syracuse MSA AA, the portion of loans made to low-income borrowers was lower than the portion of families designated as low-income. The portion of loans made to moderate-income borrowers was near to the portion of families designated as moderate-income. ABNA's market share for home purchase loans made to both low- and moderate-income borrowers in the Syracuse MSA AA was somewhat

lower than its overall market share in that AA. In the Non MSA AA, the portion of loans made to low-income borrowers was lower than the portion of families designated as low-income. The portion of loans made to moderate-income borrowers was near to the portion of families designated as moderate-income. ABNA's market share for home purchase loans made to low-income borrowers in the Non MSA AA exceeded its overall market share in that AA. ABNA's market share for home purchase loans made to moderate-income borrowers in the Non MSA AA was near to its overall market share in that AA.

Home improvement loan borrower distribution is adequate. In the Syracuse MSA AA, the portion of loans made to low-income borrowers was lower than the portion of families designated as low-income. The portion of loans made to moderate-income borrowers exceeded the portion of families designated as moderate-income. ABNA's market share for home improvement loans made to low-income borrowers in the Syracuse MSA AA exceeded its overall market share in that AA. ABNA's market share for home improvement loans made to moderate-income borrowers in the Syracuse MSA AA was near to its overall market share in that AA. In the Non MSA AA, the portion of loans made to low-income borrowers was significantly lower than the portion of families designated as low-income. The portion of loans made to moderate-income borrowers exceeded to the portion of families designated as moderate-income. ABNA's market share for home purchase loans made to low-income borrowers in the Non MSA AA was lower than its overall market share in that AA. ABNA's market share for home purchase loans made to moderate-income borrowers in the Non MSA AA was near to its overall market share in that AA.

Home refinance loan borrower distribution is adequate. In the Syracuse MSA AA, the portion of loans made to low-income borrowers was significantly lower than the portion of families designated as low-income. The portion of loans made to moderate-income borrowers was near to the portion of families designated as moderate-income. ABNA's market share for home refinance loans made to low-income borrowers in the Syracuse MSA AA was lower than its overall market share in that AA. ABNA's market share for home refinance loans made to moderate-income borrowers in the Syracuse MSA AA exceeded its overall market share in that AA. In the Non MSA AA, the portion of loans made to low-income borrowers was significantly lower than the portion of families designated as low-income. The portion of loans made to moderate-income borrowers was somewhat lower than the portion of families designated as moderate-income. ABNA's market share for home refinance loans made to low-income borrowers in the Non MSA AA was near to its overall market share in that AA. ABNA's market share for home refinance loans made to moderate-income borrowers in the Non MSA AA was somewhat lower than its overall market share in that AA.

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 adequate. The portion of small loans to businesses (businesses with revenues of \$1 million or less) was somewhat lower than the portion of businesses defined as such in both full scope AAs. ABNA's market share of small loans to businesses exceeded its overall market share for small loans to all businesses in both full scope 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. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

ABNA's level of community development lending had a positive impact on the evaluation of its lending performance activity.

ABNA originated or renewed 27 CD loans for \$8.3 million in the Syracuse MSA AA. The loans consisted of 26 loans for \$6.5 million to organizations that provide community services or affordable housing targeted to low- and moderate-income individuals. ABNA originated one (1) loan for \$1.8 million to an organization rehabilitating a historical landmark in a low- or moderate-income geography

ABNA originated or renewed two (2) CD loans for \$150 thousand in the Non MSA AA. The loans were made to a non-profit organization that provides affordable housing to low- and moderate-income individuals.

ABNA originated or renewed 13 CD loans for \$608 thousand to three organizations outside the bank's identified AA's. Of the \$608 thousand, \$400 thousand was to an organization that also provides a small amount of its community services within the Syracuse MSA AA.

Product Innovation and Flexibility

Product flexibility had a positive impact on the lending test rating. During the evaluation period, ABNA originated 24 loans totaling \$1.41 million to low- and moderate-income individuals under their various flexible loan programs originated in conjunction with sponsoring community groups.

Thoma Development Consultants – The program provides financing to eligible borrowers to purchase homes within the City of Cortland. To qualify, the borrowers must be first-time homebuyers with low- or moderate-income. The bank offers these loans at favorable terms such as an interest rate $\frac{1}{2}\%$ below the conventional rate, the waiver of points and application fee, and City funds may be used for the down payment. The bank originated four loans totaling \$231 thousand under this program during the evaluation period.

Cortland Housing Assistance Council – The program, sponsored by the City of Cortland, is designed to provide affordable housing assistance and mortgages for low- and moderate-income individuals within the City to purchase or rehabilitate properties. The financing is split between Federal funds, which are allocated by the City at no or low-cost with the remaining financing originated by the bank. The bank originated one loan for \$36 thousand during the evaluation period.

Madison County Homebuyer Program – The program provides financing to eligible borrowers to purchase homes within the County. The borrower must be low- or moderate-income and have received a grant from the Community Action Program to qualify. The program waives the

down payment from the borrower and private mortgage insurance (PMI). The application fee is also waived. The bank originated 19 loans for \$1.15 million under this program during the evaluation period.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Utica-Rome MSA AA is not inconsistent with the bank's overall performance. Refer to Tables 1 through 13 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 "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Syracuse MSA AA and the Non MSA AA is adequate.

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

In the Syracuse MSA AA, the level of investments is adequate. ABNA exhibited adequate responsiveness in addressing community investment needs. In January 2011, ABNA invested \$2 million in a CRA mutual fund collateralized by mortgages which provide housing for low- and moderate-income individuals. Of the \$2 million, \$1 million is allocated to an affordable rental property for seniors in Syracuse, NY where 120 of the 121 available housing units receive Section 8 assistance. The property is located in a low-income census tract in Syracuse. The remaining \$1 million of new money is allocated \$890 thousand and \$110 thousand, respectively, between the Syracuse MSA AA and Non MSA AA with the distribution based on the underlying mortgages. The \$2 million in the CRA mutual fund is in addition to the \$1.03 million outstanding from investments purchased in 2003 and 2007 and included in prior CRA evaluations. Of the \$1.03 million, \$917 thousand is allocated to the Syracuse MSA. Overall, the innovativeness of the bank's investments in the AA was adequate. Qualifying grants and donations, provided to community service organizations that primarily serve the needs of low- and moderate-income individuals totaled \$86 thousand in Syracuse MSA AA.

In the Non MSA AA, the level of investments is adequate. ABNA exhibited adequate responsiveness in addressing community investment needs. During the evaluation period, ABNA invested \$2 million in a CRA mutual fund with \$110 thousand allocated to the Non MSA AA. Of the \$1.03 million in prior period investments in this CRA mutual fund, \$113 thousand is allocated to the Non MSA AA. Overall, the innovativeness of the bank's investments in the AA was adequate. Qualifying grants and donations, provided to community service organizations that primarily serve the needs of low- and moderate-income individuals totaled \$2 thousand in Non MSA AA.

In addition to the \$1.03 million identified above, ABNA has four (4) additional prior period investments totaling \$2.337 million. ABNA continues to maintain its investment in mortgage-

backed securities issued by a quasi-governmental agency funding mortgages for low- and moderate-income individuals. In 2003, ABNA invested \$763 thousand in these mortgage-backed securities which currently has a market value of \$299 thousand. Of the total investment, management allocated \$243 thousand to the Syracuse MSA AA, \$24 thousand to the Non MSA AA, and the remaining \$32 thousand to the Utica-Rome MSA. In 2005, ABNA purchased a \$1.0 million bond, secured by a multiple family dwelling in the Syracuse MSA AA, housing low- and moderate-income families. The market value of the investment is \$944 thousand and allocated entirely to the Syracuse MSA AA. ABNA also has a \$1.094 million prior period investment in a Small Business Investment Company (SBIC). The SBIC funds small business development and helps to create jobs throughout Western and Central New York. Management allocated \$547 thousand each to the Syracuse MSA AA and Non MSA AA.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Utica-Rome MSA AA is not inconsistent with the bank's overall "Low Satisfactory" performance under the investment test. Refer to Table 14 in appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Syracuse MSA AA is good and adequate in the Non MSA AA.

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.

ABNA's service delivery systems are adequate. They are reasonably accessible to all geographies and individuals throughout the AA. As the Non MSA AA has no low- or moderate-income census tracts, this rating is based fully on the retail services in the Syracuse MSA AA.

The distribution of ABNA's offices in the low-income geographies in the Syracuse AA is excellent as the percentage of branches exceeds the distribution of the population living in such geographies. The distribution of ABNA's offices in the moderate-income geographies in the Syracuse MSA AA is poor as the percentage of branches is lower than the distribution of the population living in such geographies.

During the evaluation period, ABNA closed one (1) branch in an upper-income geography in the Syracuse MSA AA. The branch was not strategically viable for the bank. Branch closings did not adversely affect low- or moderate-income individuals or geographies.

ABNA's hours and services offered throughout the full scope AAs are adequate. Services offered are comparable among locations, regardless of the income level of the geography. Branch hours are diverse, but are typically between 8 and 4 pm. In general, branch offices offer extended hours, 1 to 2 hours on Thursdays and/or Fridays. One of the three branches located in the low-income areas extends hours for 1 hour on Fridays. Saturday hours are offered at 14 of the 27 branches in the full-scope AAs. The Oswego Branch, located in a moderate census tract, has extended Saturday hours. None of the low income branches offer Saturday hours as they are located in commercial areas of the City of Syracuse which have limited traffic on weekends. These sites, however, do offer 24-hour ATM availability, are located along readily accessible bus lines, and are generally within a reasonable proximity of branches with extended or Saturday hours. Online banking, bill payer, and telephone banking are other alternative delivery systems available for customers. ABNA provides these services free of charge. The services enable customers to obtain deposit and loan account information, make loan payments, transfers funds between accounts, and pay utility bills.

Community Development Services

ABNA's performance in providing community development services is good in the Syracuse MSA AA and adequate in the Non MSA AA.

Board members, management and bank employees continue to support various organizations in the communities served by the bank by offering managerial and financial expertise to such organizations. In the Syracuse MSA AA, this support includes the following:

- A director serves on the loan committee for an organization providing affordable housing to low- and moderate-income individuals. This same director serves on the loan committee for an organization whose goal is economic development.
- A director serves as director and provides financial expertise to an organization that provides services to low- and moderate-income individuals.
- A director serves as director and provides financial expertise to an organization that provides housing to low- and moderate-income individuals.
- A senior manager serves as President and provides financial expertise to an organization that provides affordable housing and services to low- and moderate-income individuals with disabilities.
- An employee serves as a director and Chairperson of the Finance Committee for an organization that provides services to low- and moderate-income individuals.
- An employee serves as an Advisory Board member and serves on the Insurance and Investment Committee of the organization who provides services to low- and moderate-income individuals.
- An employee serves as treasurer for an economic development organization in Oswego County. This same employee serves as Audit Committee chairperson for another economic development organization in Oswego County.
- An employee serves as treasurer of the local business alliance in a Madison County town interested in enhancing the business climate in the area through cooperative opportunities for small businesses.
- An employee serves as a director and provides financial expertise to an organization that provides affordable housing to low- and moderate-income individuals. Another employee serves in the same capacity in a different organization providing affordable housing to low- and moderate-income individuals.

- An employee serves as director and provides financial expertise to an organization that provides services to low- and moderate-income individuals.

In the Non MSA AA, this support includes the following:

- An employee serves as treasurer for an organization whose goal is economic development in Cortland County.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Utica-Rome MSA AA is not inconsistent with the bank's overall performance. Refer to Table 15 in appendix C for the facts and data that support these conclusions.

Appendix A: Scope of Examination

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 nonmetropolitan 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”).

Time Period Reviewed	Lending Test (excludes CD Loans): (January 1, 2008 to December 31, 2010) Investment and Service Tests and CD Loans: (July 17, 2007 to January 18, 2011)	
Financial Institution	Products Reviewed	
Alliance Bank, N. A. (ABNA), Syracuse, NY	Home Mortgages and Small Business Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Syracuse MSA #45060 Utica-Rome MSA #46540 Non MSA AA, NY	Full Scope Limited Scope Full Scope	

Appendix B: Market Profiles for Full-Scope Areas

Syracuse MSA

Demographic Information for Full-Scope Area: Syracuse MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	189	11.11	17.99	44.97	25.93	0.00
Population by Geography	650,154	8.20	15.32	49.06	27.42	0.00
Owner-Occupied Housing by Geography	168,948	2.33	11.70	55.10	30.87	0.00
Businesses by Geography	40,263	12.02	12.14	49.79	26.06	0.00
Farms by Geography	1,425	1.19	10.95	53.82	34.04	0.00
Family Distribution by Income Level	165,007	20.27	18.30	21.84	39.58	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	63,649	11.58	21.97	50.64	15.80	0.00
Median Family Income = \$51,290			Median Housing Value = \$81,507			
HUD Adjusted Median Family Income for 2010 = \$64,300			Unemployment Rate = 8.3%			
Households Below the Poverty Level =12.25%						

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census, and 2010 HUD updated MFI.

The Syracuse MSA AA consists of the entire counties of Onondaga, Oswego and Madison. 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: 11.11% low-income, 17.99% moderate-income, 44.97% middle-income, and 25.93% upper-income. Twenty-one of the bank's 27 branches are within the AA.

ABNA ranks fifth for deposit market share in the AA with 6.90% of AA deposits as of June 30, 2009. Financial institutions with more market share include M&T, KeyBank, HSBC, and JP Morgan Chase. The level of competition among financial service providers in the AA is high. ABNA competes with large mortgage companies, large interstate regional banking companies, credit unions and various community and savings banks. ABNA is a full service lender offering a broad menu of lending products that include business loans, home mortgage loans, home equity lines, and consumer loans. ABNA also offers trust services. The bank's business focus is primarily on consumer lending.

The economic climate in the area is stagnant but the area has not felt the brunt of the recession that hit other parts of the country and the state. Over the last several years, the manufacturing base has declined with significant employers such as Carrier Corporation, Magna International, Miller Brewing and Nestle's either closing or significantly reducing operations. However, the area has shown some employment gains in services and technology

fields. The financial condition of the federal, state and local governments are forcing layoffs in government and education which may impact the area as many of the areas major employers include government and education. Other major employers include healthcare facilities, universities, Wegman's Food Markets, Verizon Communications, Lockheed Martin, National Grid, Raymour and Flanigan Furniture Stores and Welch Allen.

According to New York State Labor Department statistics, as of December 2010, the AA had an average overall unemployment rate of 8.3% compared to 8.0% for the state as a whole.

According to 2010 US Census data, the estimated median home values in the area were \$80,705 in Madison County, \$84,771 in Onondaga County, and \$69,792 in Oswego County.

The AA has many opportunities available in the areas of community development lending, services and investment. Our assessment of community development opportunities was based on OCC internal resources, community contacts and public information. Our two area community contacts indicated a need for financial literacy education and affordable home loans.

Nonmetropolitan MSA (Non-MSA)

Demographic Information for Full-Scope Area: Nonmetropolitan Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	15	0.00	0.00	86.67	13.33	0.00
Population by Geography	63,410	0.00	0.00	87.30	12.70	0.00
Owner-Occupied Housing by Geography	16,207	0.00	0.00	88.50	11.50	0.00
Businesses by Geography	3,429	0.00	0.00	91.63	8.37	0.00
Farms by Geography	292	0.00	0.00	82.19	17.81	0.00
Family Distribution by Income Level	15,786	17.90	18.48	24.41	39.21	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	5,742	0.00	0.00	91.50	8.50	0.00
Median Family Income HUD Adjusted Median Family Income for 2010 Households Below the Poverty Level	= \$42,703 = \$55,300 =14.21%					Median Housing Value = \$72,485 Unemployment Rate = 8.6%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2010 HUD updated MFI.

The Non MSA AA consists of a portion of Cayuga County and all of Cortland County. The AA meets the requirement of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The AA does not include any low- or moderate-income geographies. Ten of the 12 census tracts in Cortland County are designated as distressed middle-income geographies due to population loss in the area. Five of the bank's 27 branches are within the AA.

ABNA ranks first for deposit market share in the AA with 35.88% of AA deposits as of June 30, 2009. The level of competition among financial service providers in the AA is moderate with 10 other institutions operating 15 branches in the AA. ABNA competes with large interstate regional banking companies, credit unions and various community and savings banks. ABNA is a full service lender offering a broad menu of lending products that include business loans, home mortgage loans, home equity lines, and consumer loans. ABNA also offers trust services. The bank's business focus is primarily on consumer lending.

The economic climate in the area is stable, and many of the areas major employers include government and education. Other major employers include healthcare facilities, universities, Marietta Corp. Pall Trinity, Intertek, and BorgWarner Morse TEC. The area also saw significant expansion at the Greek Peak Ski Resort as it recently opened the Hope Lake Lodge, Indoor Water Park, Spa and Conference Center.

According to New York State Labor Department statistics, as of December 2010, Cayuga and Cortland Counties had 8.2% and 9.0% unemployment rates, respectively, which was above the state unemployment rate of 8.0%.

According to 2010 US Census data, the estimated median home values in the area were \$72,615 in Cayuga County and \$73,690 in Cortland County.

Given that much of the Non MSA AA is designated as an underserved or distressed middle income area, the AA has opportunities available in the areas of community development lending, services and investment. Our assessment of community development opportunities was based on OCC internal resources and public information.

Appendix C: Tables of Performance Data

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: (1) 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; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. 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. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- 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) – Not included

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. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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: NEW YORK						Evaluation Period: July 16, 2007 TO January 18, 2011				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Syracuse MSA AA	79.30	2,015	276,528	1,062	150,524	2	57	27	8,292	3,106	435,401	75.39
Non MSA AA	17.03	384	42,968	269	39,310	12	161	2	150	667	82,589	21.69
Limited Review:												
Utica-Rome MSA AA	3.67	94	10,777	48	3,465	2	72	0	0	144	14,314	2.92

* Loan Data as of January 18, 2011. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is July 16, 2007 to January 18, 2011.

*** Deposit Data as of June 30, 2010 Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: NEW YORK						Evaluation Period: July 16, 2007 TO January 18, 2011							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Syracuse MSA AA	833	82.56	2.33	0.84	11.70	7.20	55.10	48.26	30.87	43.70	3.17	0.65	2.97	2.54	4.34
Non MSA AA	151	14.97	0.00	0.00	0.00	0.00	88.50	87.42	11.50	12.58	8.46	0.00	0.00	8.23	10.34
Limited Review:															
Utica-Rome MSA AA	25	2.48	0.00	0.00	0.00	0.00	84.74	84.00	15.26	16.00	3.13	0.00	0.00	3.68	0.00

* Based on 2009] Peer Mortgage Data: (USPR).

** 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 2000 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT															Geography: NEW YORK					Evaluation Period: July 16, 2007 TO January 18, 2011									
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography																		
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp														
Full Review:																													
Syracuse MSA AA	113	70.63	2.33	0.00	11.70	8.85	55.10	62.83	30.87	28.32	2.84	0.00	2.74	2.87	2.98														
Non MSA AA	42	26.25	0.00	0.00	0.00	0.00	88.50	90.48	11.50	9.52	11.11	0.00	0.00	10.46	14.81														
Limited Review:																													
Utica-Rome MSA AA	5	3.13	0.00	0.00	0.00	0.00	84.74	80.00	15.26	20.00	2.20	0.00	0.00	2.63	0.00														

* Based on 2009 Peer Mortgage Data (USPR).

** 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 2000 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: NEW YORK					Evaluation Period: July 16, 2007 TO January 18, 2011				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp						
Full Review:																					
Syracuse MSA AA	1,061	80.99	2.33	0.28	11.70	7.07	55.10	48.82	30.87	43.83	5.88	2.33	6.59	5.52	6.32						
Non MSA AA	185	14.12	0.00	0.00	0.00	0.00	88.50	87.03	11.50	12.97	13.59	0.00	0.00	14.05	10.59						
Limited Review:																					
Utica-Rome MSA AA	64	4.89	0.00	0.00	0.00	0.00	84.74	67.19	15.26	32.81	7.18	0.00	0.00	6.45	10.14						

* Based on 2009 Peer Mortgage Data (USPR).

** 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.

*** 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 2000 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: NEW YORK						Evaluation Period: July 16, 2007 TO January 18, 2011							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Syracuse MSA AA	8	57.14	26.31	0.00	23.07	37.50	34.40	25.00	16.22	37.50	2.27	0.00	10.00	0.00	0.00
Non MSA AA	6	42.86	0.00	0.00	0.00	0.00	97.61	100.00	2.39	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
Utica-Rome MSA AA	0	0.00	0.00	0.00	0.00	0.00	68.50	0.00	31.50	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2009 Peer Mortgage Data (USPR).

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: NEW YORK		Evaluation Period: July 16, 2007 TO January 18, 2011				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*							
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																		
Syracuse MSA AA	1,062	77.01	12.02	10.64	12.14	12.34	49.79	53.86	26.06	23.16	2.72	2.44	3.45	2.94	2.42			
Non MSA AA	269	19.51	0.00	0.00	0.00	0.00	91.63	90.71	8.37	9.29	4.03	0.00	0.00	4.85	1.94			
Limited Review:																		
Utica-Rome MSA AA	48	3.48	0.00	0.00	0.00	0.00	86.18	87.50	13.82	12.50	0.47	0.00	0.00	0.79	0.38			

* Based on 2009 Peer Small Business Data: US and PR.

** 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.

*** Source Data - Dun and Bradstreet 2010.

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS															Geography: NEW YORK		Evaluation Period: July 16, 2007 TO January 18, 2011	
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography							
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp			
Full Review:																		
Syracuse MSA AA	2	12.50	1.19	0.00	10.95	0.00	53.82	100.00	34.04	0.00	0.60	0.00	0.00	1.04	0.00			
Non MSA AA	12	75.00	0.00	0.00	0.00	0.00	82.19	50.00	17.81	50.00	5.61	0.00	0.00	3.90	10.34			
Limited Review:																		
Utica-Rome MSA AA	2	12.50	0.00	0.00	0.00	0.00	99.20	100.00	0.80	0.00	0.00	0.00	0.00	0.00	0.00			

* Based on 2009 Peer Small Business Data: US and PR.

** 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.

*** Source Data - Dun and Bradstreet 2010).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: NEW YORK				Evaluation Period: July 16, 2007 TO January 18, 2011					Market Share				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****						
Full Review:																
Syracuse MSA AA	833	82.56	20.27	7.33	18.30	17.73	21.84	25.43	39.58	49.51	3.33	2.12	2.26	2.78	5.20	
Non MSA AA	151	14.97	17.90	6.76	18.48	17.57	24.41	25.68	39.21	50.00	9.04	12.50	7.86	5.68	13.04	
Limited Review:																
Utica-Rome MSA AA	25	2.48	13.55	0.00	17.87	12.50	25.61	29.17	42.97	58.33	2.96	0.00	0.00	2.86	5.41	

* Based on 2009 Peer Mortgage Data: (USPR).

** 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 Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 1.9% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: NEW YORK				Evaluation Period: July 16, 2007 TO January 18, 2011					Market Share				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total**	% Families ***	% BANK****	% Families ***	% BANK****	% Families ***	% BANK****	% Families ***	% BANK****	Over all	Low	Mod	Mid	Upp	
Full Review:																
Syracuse MSA AA	113	70.63	20.27	9.17	18.30	19.27	21.84	20.18	39.58	51.38	2.78	3.37	2.51	1.92	3.53	
Non MSA AA	42	26.25	17.90	2.44	18.48	21.95	24.41	29.27	39.21	46.34	11.11	4.55	9.68	17.39	9.88	
Limited Review:																
Utica-Rome MSA AA	5	3.13	13.55	20.00	17.87	20.00	25.61	0.00	42.97	60.00	2.25	0.00	5.00	0.00	3.03	

* Based on 2009 Peer Mortgage Data: (USPR).

** 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 Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 3.1% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: NEW YORK			Evaluation Period: July 16, 2007 TO January 18, 2011				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share								
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp				
Full Review:																			
Syracuse MSA AA	1,061	80.99	20.27	3.87	18.30	17.42	21.84	23.62	39.58	55.08	6.34	3.77	6.43	5.07	7.38				
Non MSA AA	185	14.12	17.90	3.37	18.48	10.11	24.41	26.40	39.21	60.11	14.60	14.29	9.38	14.19	16.45				
Limited Review:																			
Utica-Rome MSA AA	64	4.89	13.55	1.59	17.87	15.87	25.61	33.33	42.97	49.21	7.96	6.25	10.91	10.20	5.52				

* Based on 2009 Peer Mortgage Data: (USPR).

** 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.

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 2.7% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: NEW YORK		Evaluation Period: July 16, 2007 TO January 18, 2011		
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	
	#	% of Total**	% of Businesses***	% BANK****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
Syracuse MSA AA	1,062	77.01	75.53	60.08	66.38	18.08	15.54	2.72	8.08
Non MSA AA	269	19.51	76.12	53.16	63.94	16.36	19.70	4.03	10.33
Limited Review:									
Utica-Rome MSA AA	48	3.48	82.22	58.33	85.42	10.42	4.17	0.47	1.15

* Based on 2009 Peer Small Business Data: US and PR.

** 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.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2010).

**** 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 3.63% 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: NEW YORK		Evaluation Period: July 16, 2007 TO January 18, 2011		
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	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
Full Review:									
Syracuse MSA AA	2	12.50	96.00	100.00	100.00	0.00	0.00	0.60	0.71
Non MSA AA	12	75.00	97.26	100.00	100.00	0.00	0.00	5.61	8.22
Limited Review:									
Utica-Rome MSA AA	2	12.50	96.80	100.00	100.00	0.00	0.00	0.00	0.00

* Based on 2009 Peer Small Business Data: US and PR.

** 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.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2010).

**** 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 0.0% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments*

QUALIFIED INVESTMENTS		Geography: NEW YORK				Evaluation Period: July 16, 2007 TO January 18, 2011			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Syracuse MSA AA	4	2,651	2	1,890	6	4,541	84.61		
Non MSA AA	3	684	1	110	4	794	14.79		
Limited Review:									
Utica-Rome MSA AA	1	32	0	0	1	32	0.60		

*Note: This table does not include \$86 thousand in donations in the Syracuse MSA AA and \$2 thousand in donations in the Non MSA AA.

* '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: NEW YORK Evaluation Period: July 16, 2007 TO January 18, 2011																	
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
Full Review:																	
Syracuse MSA AA	75.39	21	77.78	14.29	4.76	52.38	28.57	0	1	0	0	0	-1	8.20	15.32	49.06	27.42
Non MSA AA	21.69	5	18.52	0	0	100.0	0	0	0	0	0	0	0	0.00	0.00	87.30	12.70
Limited Review:																	
Utica-Rome MSA A	2.92	1	3.70	0	0	0	100.	0	0	0	0	0	0	0.00	0.00	85.44	14.56