



## **PUBLIC DISCLOSURE**

October 13, 2015

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

The Canandaigua National Bank and Trust Company  
Charter Number 3817

72 South Main Street  
Canandaigua, NY 14424

Office of the Comptroller of the Currency

5000 Brittonfield Parkway  
Suite 102B  
East Syracuse, NY 13057

**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.

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>1</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>2</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>6</b>
<b>SCOPE OF THE EVALUATION.....</b>	<b>7</b>
<b>FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....</b>	<b>9</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....</b>	<b>10</b>
LENDING TEST .....	10
INVESTMENT TEST.....	15
SERVICE TEST.....	15
<b>APPENDIX A: SCOPE OF EXAMINATION.....</b>	<b>A-1</b>
<b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>B-1</b>
<b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>	<b>C-1</b>

## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of **The Canandaigua National Bank and Trust Company (CNBT)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Canandaigua National Bank and Trust Company Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		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 an excellent responsiveness by CNBT to the credit needs of its assessment area (AA).
- A good distribution of loans among borrowers of different income levels throughout the AA.
- A good geographic distribution of loans among census tracts of different income levels throughout the AA, along with a substantial majority of loans originated inside the AA.
- Community development (CD) lending that had a positive impact on the bank's lending performance.
- Flexible lending products that had a positive impact on the bank's lending performance.
- Investments that reflect an adequate responsiveness to the credit and CD needs of the AA.
- Service delivery systems that are accessible to census tracts and individuals of different income levels in the AA.
- Good performance in providing CD 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

Canandaigua National Bank and Trust Company (CNBT) is headquartered in Canandaigua, New York (NY), and is a wholly owned subsidiary of Canandaigua National Corporation (CNC). CNC's principal operating subsidiaries are CNBT, CNB Mortgage Company (CNBMC), which generates home purchase and refinance loans, Genesee Valley Trust Company (GVTC), a provider of fiduciary, investment management and retirement services, and WBI OBS Financial, LLC, an investment sub-advisory company. CNC had total assets of \$2.2 billion, as of June 30, 2015. CNBMC became an operating subsidiary of CNBT on September 1, 2010, after operating as a subsidiary of the holding company in prior years. CNBT has another operating subsidiary, CNB Insurance Agency, which offers insurance products. CNBT also maintains ownership interests in Cephaz Capital Partners, LP, and Cephaz Capital Partners II, LP, both Small Business Investment Companies (SBIC), Monroe Fund, a start-up business venture fund, and USA Payroll, a payroll processing firm.

CNBT is a full service intrastate bank with 24 branch banking offices and one trust office serving all of Ontario County and portions of Monroe, Livingston and Wayne Counties in the Finger Lakes region of NY State. The bank offers a wide range of financial services ranging from traditional deposit and loan products to insurance products, trust services, and investment products.

As of September 30, 2015, CNBT had \$2.2 billion in total assets that included \$1.8 billion in net loans, representing 82% of total assets. The bank's loan portfolio mix consists of 63% real estate loans, 14% commercial and industrial loans, and 24% loans to individuals. As of September 30, 2015, CNBT reported Tier 1 Capital of \$192.6 million.

CNBT operates in a competitive financial services market with mortgage companies, large regional banks, large credit unions, savings banks and community banks. CNBT is not subject to any known financial, legal, or other factors that would impede its ability to help meet the credit needs of its AA.

CNBT's last CRA evaluation was dated August 8, 2011, at which time the bank's performance was rated "Satisfactory."

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The Lending Test evaluation covers the time period from January 1, 2011, through December 31, 2014, for Home Mortgage Disclosure Act (HMDA) loans, small business loans, and small farm loans. HMDA loans include home purchase, home improvement, refinance and multifamily dwelling loans. The evaluation period for CD loans, investments, and services is August 8, 2011, through October 12, 2015. This represents the time period between the start of the bank's last and current CRA evaluations.

Due to changes in Census Bureau data, separate analyses were required for HMDA, small business and small farm loan data for the 2011 and 2012-2014 time periods. The 2000 census data was used to evaluate 2011 loan data, and the 2010 census data was used to evaluate 2012-2014 loan data. This report contains tables only for 2012-2014, as this represented a broader period with greater lending activity.

The market share and peer comparisons are based on information contained in the aggregate HMDA and Small Business/Farm Registers. The aggregate HMDA and Small Business/Farm Registers are available for public review. The peer comparisons in this evaluation include only lenders who were required to file HMDA and Small Business/Farm Registers for 2014 for the 2012-2014 period and 2011 for the 2011 period. Any lender with significant mortgage loan activity operating in CNBT's AA would have been required to file a HMDA report for 2014 and 2011. Small business reporting for 2014 was required only of bank and thrift institutions with assets of \$1.202 billion or more, as of December 31 of the prior two calendar years preceding the reporting year. Small business reporting for 2011 was required only of bank and thrift institutions with assets of \$1.122 billion or more, as of December 31 of the prior two calendar years preceding the reporting year.

### Data Integrity

A data integrity review was performed prior to the evaluation of the loan information discussed in the Evaluation Period/Products Evaluated section above. The quality of the bank's HMDA and small business/farm reporting was determined to be satisfactory based on the results of the sample of HMDA and small business/farm loans tested. No significant issues were identified.

### Selection of Areas for Full-Scope Review

We completed a full scope evaluation for CNBT's only AA, the Rochester, NY MSA AA. The AA includes all of Ontario County, towns along the western border of Wayne County (Macedon, Ontario, and Walworth), and towns along the eastern border of Livingston County (Lima and Livonia) and all of Monroe County except for the towns in the western and southwestern part of the county (towns excluded are Hamlin, Sweden, Clarkson, Parma, Ogden, Riga, Wheatland, and Rush).

### Ratings

The bank's rating is based exclusively on a full scope evaluation of its only AA, the Rochester, NY MSA AA. We weighted home mortgage loans more heavily than small business loans, as they accounted for 63% of the number and 74% of the dollar volume of loans evaluated. Small business

loans followed representing 37% of the number and 26% of the dollar volume of loans evaluated. We gave the least weight to small farm loans, which represented less than one percent of the number and the dollar volume of loans evaluated. Within the HMDA products, we gave the most weight to home purchase loans, which represented 49% of the total number of loans, followed by refinance loans at 43%, home improvement at 6% and multifamily dwelling loans at 1%. We weighted the 2012-2014 evaluation period more heavily than the 2011 evaluation period, as 77% of the bank's loans in both number and dollar amount were made during this time period.

## **Other**

Our community contacts for this evaluation consisted of sponsoring a community listening session with other bank regulators. Representatives from 12 organizations attended the session representing concerns for lower-income residents and small businesses in Monroe County. The community contacts believe there is a large need for credit and financial management counseling, first time homebuyer programs, small business financing for very small businesses such as mom and pop operations, affordable auto loans, and affordable childcare. Mortgage foreclosures remain a big issue in the City of Rochester. The need for affordable housing and small business related credit, and the other needs identified at the session were considered in our evaluation of CNBT's performance under the Lending, Investment, and Service Tests. Refer to the Market Profile in Appendix B of this Evaluation for more information.

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

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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

Based upon a full scope evaluation of the bank's Rochester, NY MSA AA, the bank's performance under the Lending Test is rated High Satisfactory.

#### Lending Activity

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

CNBT's overall lending activity in its AA was excellent. Per FDIC deposit market share data, the bank ranked third for deposits with a 12.97% market share, as of June 30, 2014. Based on 2014 aggregate HMDA data, CNBT ranked fifth for originating home improvement loans with a 5.74% market share, third as originator of refinance loans (8.81% market share), second for home purchase loans (7.79% market share), and first for multifamily dwelling loans with a 17.14% market share. Based on 2014 CRA aggregate data, CNBT ranked fifth as originator of small loans to businesses (7.06% market share) and eighth as originator of small loans to farms (3.63% market share). When considering loans made to small size businesses and farms only, CNBT ranked third for small size business loans with a 9.09% market share and sixth for small size farm loans with a 4.39% market share. CNBT was outranked by two large national credit card lenders for the number of small business loans. The credit card lenders had average loans of \$7,000 compared to CNBT's average loan of \$70,000. CNBT's lending activity in 2011 was consistent with its activity in 2014.

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

The geographic distribution of CNBT's home mortgage loans, small loans to businesses, and small loans to farms reflects good penetration throughout the AA census tracts.

##### *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 in the AA was good.

The overall geographic distribution of home purchase loans was good. The portion of home purchase loans made in moderate-income census tracts in both the 2012-2014 and 2011 periods exceeded the portion of owner-occupied housing units that are in those census tracts. The portion of home purchase loans made in low-income census tracts in 2012-2014 was below, and in 2011 significantly below, the portion of owner-occupied in those census tracts. The market share of loans originated in low and moderate-income census tracts exceeded the bank's overall market share of home purchase loans in 2012-2014 and 2011.

The overall geographic distribution of home improvement loans was excellent. The portion of home improvement loans made in low and moderate-income census tracts in 2012-2014 exceeded the portion of owner-occupied housing units that are in those census tracts. In 2011, the portion of home improvement loans made in low-income census tracts was below, and in moderate-income census tracts exceeded, the portion of owner-occupied housing units that are in those census tracts. The market share of home improvement loans originated in moderate-income census tracts in 2012-2014 and 2011 exceeded the bank's overall market share of home improvement loans. The market share of home improvement loans originated in low-income census tracts in 2012-2014 exceeded, and in 2011 was significantly below, the bank's overall market share of home improvement loans.

The overall geographic distribution of refinance loans was adequate. The portion of refinance loans made in both low and moderate-income census tracts in the 2012-2014 and 2011 periods was significantly below the portion of owner-occupied housing units that are in those census tracts. The market share of loans originated in moderate-income census tracts substantially met in 2012-2014 and exceeded in 2011, the bank's overall market share of refinance loans. The market share of loans originated in low-income census tracts exceeded the bank's overall market share of refinance loans in both 2012-2014 and 2011. It should be noted that while CNBT's lending levels were low compared to AA demographics, the bank performed well compared to its peer lenders in the AA. CNBT ranked first for market share in low-income census tracts with a 21.05% market share. The bank ranked third for market share in moderate-income census tracts with a 9.71% market share.

The overall geographic distribution of multifamily dwelling loans was excellent. The portion of multifamily dwelling loans made in both low and moderate-income census tracts in 2012-2014 exceeded the portion of multi-family units in those census tracts. The portion of multifamily dwelling loans made in low-income census tracts in 2011 was below, and in moderate-income census tracts exceeded, the portion of multifamily units in those census tracts. The market share of multifamily dwelling loans originated in moderate-income census tracts in 2012-2014 and 2011 exceeded the bank's overall market share of multifamily dwelling loans. The market share of multifamily dwelling loans originated in low-income census tracts in 2012-2014 exceeded, and in 2011 substantially met the bank's overall market share of multifamily dwelling loans.

### ***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 was good. The portion of small business loans made in low-income census tracts exceeded the portion of businesses in those tracts in both 2012-2014 and 2011. In 2012-2014, the portion of small loans to businesses made in moderate-income census tracts was below, and in 2011 exceeded, the portion of businesses that are in those census tracts. The market share of loans originated in low-income census tracts exceeded the bank's overall market share of small loans to businesses in both 2012-2014 and 2011. In 2012-2014, the bank's market share of small loans to businesses in moderate-income census tracts was below, and in 2011 exceeded, the bank's overall market share of small loans to businesses.

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

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

The overall geographic distribution of small loans to farms was adequate. The portion of small farm loans made in low-income census tracts in 2012-2014 exceeded, and in 2011 was significantly below, the portion of farms in those tracts. The portion of small farm loans made in moderate-income census tracts was significantly below the portion of farms in those tracts in both 2012-2014 and 2011. In 2012-2014, the market share of loans originated in low-income census tracts exceeded, and in 2011 was significantly below, the bank's overall market share of small loans to farms. In 2012-2014 and in 2011, the bank's market share of small loans to farms in moderate-income census tracts was significantly below the bank's overall market share of small loans to farms. It should be noted that CNBT made only 32 small farm loans, 27 in 2012-2014 and five in 2011.

### ***Lending Gap Analysis***

Reports and maps detailing CNBT's lending activity over the evaluation period for home mortgage loans and small loans to businesses and farms 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 is based only on bank loans and does not include loans originated by the bank's affiliate, CNBMC. A substantial majority of small business, small farm and home mortgage loans were made within the bank's AA. By product, 85% of the small loans to businesses, 68% of small loans to farms, and 89% of home mortgage were within the bank's AA during the 2012-2014 evaluation period. The inside/outside ratio was substantially the same for the 2011 evaluation period. 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 CNBT's home mortgage loans, small loans to businesses and small loans to farms reflects a good dispersion among borrowers of different income levels. In the evaluation of borrower distribution, we gave consideration to the high household poverty level in the AA (12.87% in 2014 and 10.59% in 2011). Due to reasons of affordability, it is unlikely that those with incomes below the poverty level would be involved in home mortgage financing. Accordingly, we considered this in evaluating the bank's lending distribution to low-income borrowers.

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

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

The overall borrower distribution of home mortgage loans in the AA was good.

Home purchase loan borrower distribution was good. The portion of home purchase loans to moderate-income borrowers exceeded the portion of families defined as such in both 2012-2014 and 2011. The portion of home purchase loans to low-income borrowers was below the portion of low-income families in 2012-2014 and 2011. The market share for loans made in low-income census tracts in 2012-2014 substantially met, and in 2011 was significantly below, CNBT's overall market share in the AA for home purchase loans. The market share for loans made in moderate-income census tracts in 2012-2014 was below, and in 2011 substantially met, the bank's overall market share in the AA for home purchase loans.

Home improvement loan borrower distribution was excellent. The portion of home improvement loans to moderate-income borrowers exceeded the portion of families defined as such in both 2012-2014 and 2011. The portion of home improvement loans to low-income borrowers was near to in 2012-2014, and exceeded in 2011, the portion of families defined as such. The market share for loans made to moderate-income borrowers exceeded CNBT's overall market share in the AA for home improvement loans in both 2012-2014 and 2011. The market share for loans made to low-income borrowers substantially met in 2012-2014, and exceeded in 2011, the bank's overall market share in the AA for home improvement loans.

Home refinance loan borrower distribution was adequate. The portion of home refinance loans to moderate-income borrowers was below the portion of families defined as such in both 2012-2014 and 2011. The portion of home refinance loans to low-income borrowers was significantly below the portion of low-income families in both 2012-2014 and 2011. The market share for loans made to low-income borrowers was below CNBT's overall market share in the AA for home refinance loans in both 2012-2014 and 2011. The market share for loans made to moderate-income borrowers substantially met in 2012-2014, and was significantly below in 2011, the bank's overall market share in the AA for home refinance loans.

### ***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 was good. The portion of CNBT's loans to small businesses (businesses with revenues of \$1 million or less) was below the portion of businesses defined as such in both 2012-2014 and 2011. The market share of small loans to businesses exceeded the bank's overall market share in both 2012-2014 and 2011. There was no revenue information for 14.96% of bank loans made in 2012-2014 and 28.61% made in 2011. Eighty-one percent of the bank's loans were for \$100,000 or less, a loan amount normally associated with small size businesses.

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

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

The borrower distribution of small loans to farms was good. The portion of loans to small farms (farms with revenues of \$1,000,000 or less) was below the portion of farms that are defined as such in both 2012-2014 and 2011. The market share of small loans to small farms exceeded CNBT's overall market share for small loans to all farms in both 2012-2014 and 2011.

## 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 CD 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 multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

CNBT made an adequate level of CD loans during the evaluation period. The bank originated 12 CD loans for \$6.6 million during the evaluation period. Five of the loans totaling \$1.6 million were used to purchase or refinance multifamily affordable housing properties for people with low and moderate income. Three loans for \$1.5 million were to made organizations that provide services targeted to people with low and moderate income. One loan for \$1.1 million supported economic development, providing funding for small businesses that are creating and/or retaining jobs in the AA. Three loans totaling \$2.4 million supported the revitalization or stabilization of low or moderate-income census tracts.

One of the bank's most significant CD loans provided \$1.7 million for the acquisition and redesign of a building used for a new grocery store in downtown Rochester. The store is located in a low-income census tract that is readily accessible by public transportation. The store is the only major grocery store located in the city, and provides city residents ready access to healthy, fresh and affordable foods, meeting a very important community need. CNBT provided the store another \$709 thousand in financing that was included with the bank's small business loans discussed earlier.

## Product Innovation and Flexibility

CNBT uses innovative and flexible loan programs to serve AA credit needs. It is involved in three affordable home buying programs that assist homebuyers with low or moderate income or homebuyers who purchase homes in low and moderate-income census tracts in the City of Rochester.

CNBT works in partnership with the Federal Home Loan Bank of New York (FHLB NY) and NeighborWorks Rochester to provide loans under the First Home Club program. This program enables low and moderate-income individuals and families to earn grants up to \$7,500 for down payment and or closing costs associated with their first home purchases. The grants are made to participants who successfully establish a dedicated savings account at the bank and make regular deposits during a 10-24 month period. CNBT closed 115 loans under this program during the evaluation period.

CNBT has its own affordable home grant program to assist qualified borrowers in the purchase of single-family homes located in low or moderate-income census tracts in the AA. The bank provides \$2,500 grants for owner-occupied homes located in low-income census tracts and \$1,500 for owner-occupied homes located in moderate-income census tracts. During the evaluation period, CNBT provided 38 grants for home purchases in moderate-income census tracts and 12 grants for home purchases in low-income census tracts.

The bank participates in a home grant funding program with the University of Rochester and the City of Rochester to assist and encourage home ownership in designated areas within the City of Rochester, located near the university. Sixteen of the 19 designated census tracts are classified as low or moderate-income. The other three census tracts are classified as middle-income. To be eligible, the buyer must be a full-time or part-time employee of the university. Grants are available for up to \$9,000 toward the

purchase of a primary residence in the targeted areas. CNBT provides \$3,000 of the grant money and the other \$6,000 comes from the university and the City of Rochester. Buyers must also complete home ownership education and counseling through NeighborWorks Rochester. Bank grant funds can be used for a down payment, closing costs, escrow deposit or interest rate buy down. CNBT participated in 57 of these grant/loan arrangements during the evaluation period.

CNBT runs annual home improvement loan sales for residents of low or moderate-income census tracts in the AA. The special offer provides a fixed interest rate lower than the bank's prevailing fixed rate for loan amounts of \$1,000-\$5,000. Loan terms range from 12-48 months. The bank originated 45 loans through this program during the evaluation period.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated Low Satisfactory.

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

CNBT had an adequate level of investment activity. The bank made two investments for \$5.2 million during the evaluation period, with \$3.8 million currently funded. The investments consisted of a \$3 million investment in a SBIC and \$2.2 million in mortgage revenue bonds that are being used to finance affordable housing for low and moderate-income residents of the bank's AA. In addition, there were four prior period investments with current outstanding balances of \$2.4 million. One of the prior period investments, valued at \$530 thousand, had significant impact during the evaluation period by developing new affordable housing units in the bank's AA. CNBT also made \$144,000 in qualified grants to 37 CD-related organizations.

The investments demonstrate good responsiveness to community credit and economic development needs by supporting affordable housing for people of low and moderate income, and small businesses that are creating and maintaining jobs in the AA.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated High Satisfactory. The overall level of service provided in the Rochester, NY MSA AA is good.

### **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.

CNBT's delivery systems are accessible to census tracts and individuals of different income levels throughout the AA. The bank has one full service branch located in a low-income census tract,

representing 4% of total full service branches, to service 10.46% of the AA's population residing in the tract. It has two branches located in moderate-income census tracts, representing 8% of full service branches, to service 12.70% of the AA population residing in those tracts.

There are two offices, the main office in downtown Canandaigua and the Alexander Park office located in the City of Rochester, that, while located in middle and upper-income census tracts respectively, provide convenient service to certain low and moderate-income census tracts. The main office is located directly across the street from moderate-income census tract 0511 in Ontario County, and is convenient to the residents of this census tract. The Alexander Park office is located across the street from low-income census tract 0093.02 in Monroe County, and is convenient to residents of this tract. Both areas have sidewalks for pedestrians and public transportation convenient to the branches. In addition, the Alexander Park office is located adjacent to moderate-income census tract 0030.00, and within a reasonable distance to service this tract. CNBT has a significant number of loan and deposit customers in these nearby tracts, providing support for the ability of these branches to service these nearby areas.

CNBT's branch openings had a positive impact on its branch distribution in moderate-income census tracts in the AA. The bank opened the College Town branch in a moderate-income census tract in the City of Rochester on April 6, 2015, increasing the percentage of the bank's branches in moderate-income census tracts.

CNBT's hours and services offered throughout the full-scope AA do not vary in a way that inconveniences certain portions of the AA, particularly low and moderate-income census tracts and individuals. Services offered are comparable among locations regardless of the income level of the census tract. The College Town and Lakeshore branches, which are located in moderate-income census tracts, are among the five branches that are open seven days a week. Most branches have Saturday business hours, including the Alexander Park office, which provides service to residents of a low-income census tract in the City of Rochester.

CNBT offers services that provide easy access to funds for low-income people who receive government assistance. Recipients (customer or non-customer) of Electronic Benefits Transfer Programs (EBT) can withdraw funds from any CNBT ATM free of charge.

The bank provides special services at its two branches that service low-income census tracts (i.e., the Alexander Park and the Rochester East Main St. offices). The branches do not charge non-customers to cash CNBT checks. This allows non-customers to avoid paying a check-cashing service fee to cash CNBT checks.

The bank's e-essentials checking account is an affordable checking option for people with low or moderate income. The account has a monthly maintenance charge ranging from \$0 to \$8 depending on whether the customer has direct deposit and/or e-statements. There is no minimum balance required, and there are no check fees for the first 15 checks each month. The account also provides a no maintenance fee savings account.

CNBT offers alternative delivery systems in the form of ATMs. The geographic distribution of the bank's ATMs is similar to the branch distribution. Customers can access their accounts through CNBT ATMs, as well as, non-proprietary ATMs around the world which are connected to the Visa, Pulse, Cirrus, Plus, Discover, American Express, Mastercard, and the Armed Forces Financial Networks. Use

of CNBT's ATMs is free. Fifteen of the bank's 43 ATMs are intelligent ATMs, which take cash and checks directly into the machine rather than in an envelope for later processing. No deposit ticket is required for these deposits, check images are available on the ATM screen and on the receipt, and deposited cash is immediately available for withdrawal. Intelligent machines are located at the College Town and Lakeshore branches, which are in moderate-income census tracts, and the Alexander Park branch, which provides service to a low-income census tract.

CNBT also offers alternative delivery systems, which provide customers access to bank services through means other than visiting a branch office. The alternative services include a customer call center (open seven days a week), online banking, mobile banking and text banking. These services allow customers to obtain deposit and loan account information, open accounts, make payments on CNBT loans, transfer funds, and pay other household bills. The mobile banking application enables customers to photograph checks with their phone and deposit them directly in their account. The bank tracks the usage of its intelligent ATM machines, online banking, and mobile banking applications by income of census tracts. The data shows that all of these alternative services were used by residents of low and moderate-income census tracts during the evaluation period.

## **Community Development Services**

NBT's performance in providing CD services was good in the full-scope AA.

Management and bank employees provide a relatively high level of support to various organizations in the communities served by the bank by offering financial expertise to such groups. Numerous employees are members of the Boards of Directors, loan committees, or finance committees, or serve as treasurers of organizations that provide CD services.

CNBT employees participated in more than 30 community organizations that are involved in CD activities, devoting approximately 2,300 hours to such activities during the evaluation period. The organizations collectively cover a wide range of CD activities (i.e., providing community services targeted to low and moderate-income people, supporting affordable housing for low and moderate-income people, supporting economic development by financing small businesses that are creating and retaining jobs for low and moderate-income people, in low and moderate-income census tracts or in areas designated for economic development by federal, state or local government, and revitalizing or stabilizing low-income census tracts, moderate-income census tracts, or distressed or underserved middle-income census tracts).

## 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 1/1/11 to 12/31/14 Investment and Service Tests and CD Loans: 8/8/11 to 10/12/15	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Canandaigua National Bank and Trust Co. (CNBT) 72 South Main Street Canandaigua, NY 14424	Home purchase, home improvement, home mortgage refinance, multifamily dwelling, small business, small farm and CD loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
CNB Mortgage Co. (CNBMC)	Operating Subsidiary	Home purchase and home mortgage refinance loans.
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Rochester NY MSA AA</b> , which includes all of Ontario County, towns along the western border of Wayne County (Macedon, Ontario, and Walworth), and towns along the eastern border of Livingston County (Lima and Livonia) and all of Monroe County except for the towns in the western and southwestern part of the county (towns excluded are Hamlin, Sweden, Clarkson, Parma, Ogden, Riga, Wheatland, and Rush).	Full Scope	

## Appendix B: Market Profiles for Full-Scope Areas

### Canandaigua 2012-2014 AA

Demographic Information for Full Scope Area: Canandaigua 2012-2014 AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	209	18.66	15.79	39.71	24.40	1.44
Population by Geography	817,312	10.46	12.70	45.86	30.69	0.29
Owner-Occupied Housing by Geography	218,368	4.09	9.88	50.61	35.42	0.00
Business by Geography	50,536	11.75	10.20	44.25	33.55	0.25
Farms by Geography	1,455	3.09	3.92	57.04	35.95	0.00
Family Distribution by Income Level	202,772	20.65	16.69	21.28	41.37	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	75,724	19.07	19.07	45.19	16.67	0.00
Median Family Income		64,013	Median Housing Value	131,828		
HUD Adjusted Median Family Income for 2014		68,000	Unemployment Rate October 2015	4.0-4.6% in each of the four AA counties		
Households Below Poverty Level		12.87%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2014 HUD updated MFI

The bank's AA includes portions of the Rochester, NY MSA, concentrated in four counties in the Finger Lakes region of upstate NY. The AA includes all of Ontario County, towns along the western border of Wayne County (Macedon, Ontario, and Walworth), towns along the eastern border of Livingston County (Lima and Livonia) and all of Monroe County except for the towns in the western and southwestern part of the county (towns excluded are Hamlin, Sweden, Clarkson, Parma, Ogden, Riga, Wheatland, and Rush). Per FDIC deposit market share data, CNBT ranked third for deposits with a 12.97% market share, as of June 30, 2014. All of the bank's deposits are located in the AA.

Competition among financial service providers is strong. CNBT competes with large regional banks, large credit unions and various community and savings banks. CNBT is a full service lender offering a broad menu of lending products that include business loans, home mortgage loans through its affiliate, CNBMC, home equity loans, and consumer loans. The bank's business focus is primarily on retail and commercial lending. The products are delivered through the bank's network of community banking offices, which include drive-up facilities and ATMs, other remote cash-dispensing machines, its customer call center, and the Internet.

The income level of the AA census tracts are 18.66% low-income, 15.79% moderate-income, 39.71% middle-income, 24.40% upper-income, and 1.44% not classified for income. As of the 2010 Census, 12.87% of AA households live below the poverty level.

The October 2015 unemployment rates in each AA county ranged from 4.0-4.6%, with a 4.0% rate in Ontario County, 4.6% rate in Monroe County, 4.2% in Livingston County, and 4.4% in Wayne County. The overall NY State unemployment rate was 4.5%. Major employers in the area include the University of Rochester/UR Medicine, Wegmans Food Market, Rochester General Health System, the Rochester City School District, and Thompson Health.

Eighty-three percent of the housing in the AA is one-to-four family units, 16% is multifamily housing units, and 2% is mobile homes or trailers. Of total housing units, 62% is owner-occupied, 39% is renter-occupied, and 9% is vacant. The weighted average of median housing value was \$131,828 in 2010. Housing stock consists mostly of older homes with the median year built of 1959.

According to the 2014 business demographics, there are 51,991 businesses in the AA, of which 2.8% are farms. Of the non-farm businesses, 71% had revenues less than \$1 million, 6% had revenues over \$1 million and 23% had unknown revenues. Approximately 72% of businesses reported having less than 10 employees. The top three industries in the AA are services (47%), retail trade (14%) and construction (7%).

Our community contacts for this evaluation consisted of sponsoring a community listening session with other bank regulators. Representatives from 12 organizations attended the session representing concerns for lower income residents and small businesses in Monroe County. The contacts believe there is a large need for credit and financial management counseling, first time homebuyer programs, small business financing for very small businesses such as mom and pop operations, affordable auto loans, and affordable childcare. Mortgage foreclosures remain a big issue in the City of Rochester.

There are ample CD opportunities available in the AA, as evidenced by the bank's CD activities, information from community contacts and other 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. [Note: Do not renumber the tables.]

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 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For

borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. 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.

**Institution ID: CANANDAIGUA NATIONAL BANK Charter #3817**

**Table 1. Lending Volume**

LENDING VOLUME		Geography: CANANDAIGUA 2014 AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014						
Assessment Area (2014):	% 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)	
<b>Full Review:</b>												
Canandaigua 2012-2014 AA	100.00	4,655	719,267	2,807	245,209	27	463	12	6,576	7,501	971,515	100.00

\* Loan Data as of December 31, 2014. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from August 08, 2011 to October 02, 2015.

\*\*\* Deposit Data as of June 30, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Institution ID: CANANDAIGUA NATIONAL BANK Charter #3817**

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: CANANDAIGUA 2014 AA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014					Market Share (%) by Geography <sup>*</sup>				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
Canandaigua 2012-2014 AA	2,316	100.00	4.09	2.81	9.88	9.76	50.61	45.94	35.42	41.49	8.81	13.59	11.74	8.17	8.72	

<sup>\*</sup> Based on 2014 Peer Mortgage Data -- US and PR

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

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

<sup>\*\*\*\*</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Institution ID: CANANDAIGUA NATIONAL BANK Charter #3817**

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: CANANDAIGUA 2014 AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014					Market Share (%) by Geography <sup>*</sup>				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans					
<b>Full Review:</b>															
Canandaigua 2012-2014 AA	316	100.00	4.09	5.38	9.88	10.13	50.61	60.13	35.42	24.37	5.72	8.60	7.14	5.66	4.98

<sup>\*</sup> Based on 2014 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

<sup>\*\*\*\*</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Institution ID: CANANDAIGUA NATIONAL BANK Charter #3817**

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

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: CANANDAIGUA 2014 AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014					Market Share (%) by Geography <sup>*</sup>				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans					
<b>Full Review:</b>															
Canandaigua 2012-2014 AA	1,972	100.00	4.09	2.08	9.88	4.56	50.61	43.15	35.42	50.20	7.79	15.79	7.52	6.19	9.55

<sup>\*</sup> Based on 2014 Peer Mortgage Data -- US and PR

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

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

<sup>\*\*\*\*</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Institution ID: CANANDAIGUA NATIONAL BANK Charter #3817**

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: CANANDAIGUA 2014 AA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014								
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% of Total <sup>**</sup>	% of MF Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Canandaigua 2012-2014 AA	51	100.00	20.02	27.45	13.79	25.49	44.84	19.61	21.34	27.45	20.22	26.92	33.33	3.45	23.08

<sup>\*</sup> Based on 2014 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.

<sup>\*\*\*\*</sup> Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Institution ID:** CANANDAIGUA NATIONAL BANK Charter #3817

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

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: CANANDAIGUA 2014 AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014					Market Share (%) by Geography*				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans						
<b>Full Review:</b>																
Canandaigua 2012-2014 AA	2,801	100.00	11.75	11.50	10.20	7.25	44.25	43.66	33.55	37.59	7.06	9.41	5.44	6.80	7.61	

\* Based on 2014 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 (2014).

**Institution ID:** CANANDAIGUA NATIONAL BANK Charter #3817

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

Geographic Distribution: SMALL LOANS TO FARMS		Geography: CANANDAIGUA 2014 AA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014							
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Canandaigua 2012-2014 AA	27	100.00	3.09	7.41	3.92	0.00	57.04	66.67	35.95	25.93	3.63	100.00	0.00	3.00	12.50

<sup>\*</sup> Based on 2014 Peer Small Business Data -- US and PR

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

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2014).

Institution ID: CANANDAIGUA NATIONAL BANK Charter #3817

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

Borrower Distribution: HOME PURCHASE		Geography: CANANDAIGUA 2014 AA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014					Market Share <sup>*</sup>				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>1</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Canandaigua 2012-2014 AA	2,316	100.00	20.65	7.41	16.69	20.89	21.28	24.87	41.37	46.84	8.81	8.30	7.44	8.51	10.44	

<sup>\*</sup> Based on 2014 Peer Mortgage Data -- US and PR

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

<sup>\*\*\*</sup> Percentage of Families is based on the 2010 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 31.8% of loans originated and purchased by bank.

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: CANANDAIGUA NATIONAL BANK Charter #3817

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

Borrower Distribution: HOME IMPROVEMENT		Geography: CANANDAIGUA 2014 AA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014					Market Share <sup>*</sup>				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>2</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Canandaigua 2012-2014 AA	316	100.00	20.65	12.66	16.69	29.11	21.28	27.22	41.37	31.01	5.75	5.45	7.21	6.49	4.30	

<sup>\*</sup> Based on 2014 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Percentage of Families is based on the 2010 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Institution ID:** CANANDAIGUA NATIONAL BANK Charter #3817

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

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: CANANDAIGUA 2014 AA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014					Market Share <sup>*</sup>				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>3</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Canandaigua 2012-2014 AA	1,972	100.00	20.65	3.50	16.69	13.99	21.28	22.74	41.37	59.77	7.79	6.09	7.13	6.61	10.68	

<sup>\*</sup> Based on 2014 Peer Mortgage Data -- US and PR

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

<sup>\*\*\*</sup> Percentage of Families is based on the 2010 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 15.9% of loans originated and purchased by bank.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Institution ID:** CANANDAIGUA NATIONAL BANK Charter #3817

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: CANANDAIGUA 2014 AA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014				
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 Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Canandaigua 2012-2014 AA	2,807	100.00	70.85	50.62	81.23	9.41	9.37	7.06	9.09

\* Based on 2014 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 - 2014).

\*\*\*\* 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 14.96% of small loans to businesses originated and purchased by the bank.

**Institution ID:** CANANDAIGUA NATIONAL BANK Charter #3817

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

Borrower Distribution: SMALL LOANS TO FARMS		Geography: CANANDAIGUA 2014 AA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Canandaigua 2012-2014 AA	27	100.00	96.22	74.07	100.00	0.00	0.00	3.63	4.39

<sup>\*</sup> Based on 2014 Peer Small Business Data -- US and PR

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

<sup>\*\*\*</sup> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2014).

<sup>\*\*\*\*</sup> Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 7.41% of small loans to farms originated and purchased by the bank.

**Institution ID:** CANANDAIGUA NATIONAL BANK Charter #3817

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: CANANDAIGUA 2014 AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014			
Assessment Area:	Prior Period Investments <sup>*</sup>		Current Period Investments		Total Investments			Unfunded Commitments <sup>**</sup>	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Canandaigua 2012-2014 AA	4	3,881	39	5,344	43	9,225	100	2	2,847

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

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

Institution ID: CANANDAIGUA NATIONAL BANK Charter #3817

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: CANANDAIGUA 2014 AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014									
MA/Assessment Area:	Deposits	Branches				Branch Openings/Closings				Population							
	% of Rated Area Deposits in AA	# of BANK Branches	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography				
			Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
<b>Full Review:</b>																	
Canandaigua 2012-2014 AA	100.00	24	100.00	4.00	8.00	36.00	52.00	2	1	0	+1	0	0	10.46	12.70	45.86	30.69

