



LARGE BANK

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

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**The Canandaigua National Bank and Trust Company
Charter Number: 3817**

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Canandaigua, NY 14424**

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 **The Canandaigua National Bank and Trust Company** 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			
Low Satisfactory	X	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 a good responsiveness to the credit needs of its assessment area (AA).
- An adequate distribution of loans among borrowers of different income levels throughout the AA.
- Excellent community development lending that had a positive impact on the bank’s lending performance.
- A poor distribution of loans among geographies of different income levels throughout the AA.
- Flexible lending products that had a positive impact on the bank’s lending performance.
- Investments that reflect an adequate responsiveness to the credit and community development needs of the AA.
- Service delivery systems that are reasonably accessible to geographies and individuals of different income levels in the AA.
- 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

Canandaigua National Bank and Trust Company, (CNBT) is headquartered in Canandaigua, New York, and is a wholly owned subsidiary of Canandaigua National Corporation (CNC). CNC had total assets of \$974 million as of December 31, 2004. CNC's principal operations comprise the activity of CNBT and Home Town Funding, Inc. (HTF), which does business under the name of CNB Mortgage Company (CNBM). We refer to the affiliate as HTF throughout the report as the company's HMDA data was reported under that name. CNBT requested we consider the mortgage loans made by HTF in our evaluation. Please refer to the Evaluation Period/Products Evaluated section later in this report for more information on how the HTF information was evaluated.

CNBT has an operating subsidiary, CNB Insurance Agency, which offers insurance products. CNBT also maintains ownership interests in Cephass Capital Partners, LP, which is a Small Business Investment Company and USA Payroll, which conducts payroll processing. Cephass Capital Partners, LP is discussed later under the Investment Test section of this report, as it continues to serve as a significant qualified CRA investment for CNBT. CNBT's operating subsidiary had no impact on the bank's capacity to lend in the AA where it operates.

CNBT is a full service intrastate bank with 20 branches serving portions of five counties concentrated primarily in the Finger Lakes region of New York State. During the evaluation period, the bank grew by two branches added in Monroe County. CNBT offers a wide range of financial services. In addition to traditional deposit and loan products, CNBT offers insurance products, trust services, and investment products.

As of December 31, 2004, CNBT had \$966 million in total assets that included \$677 million in gross loans, representing 70% of total assets. The bank's loan mix consists of 57% real estate loans (29% residential real estate, 52% commercial, 11% multi-family, 7% construction and 1% farm), 20% loans to individuals, 22% commercial and industrial loans, and 1% agricultural and other loans. Total assets increased from December 31, 2003 to December 31, 2004 by 8%, due primarily to an increase in gross loans. During the same period, gross loans increased 12% with real estate loans increasing 6%, commercial loans increasing 25% and loans to individuals increasing by 20%. As of December 31, 2004, CNBT reported Tier 1 capital of \$76 million.

CNBT operates in a competitive financial services market with mortgage companies, large regional banks, large credit unions, savings banks and multi-national and community banks. CNBT is not subject to any known financial, legal, or regulatory restrictions that would impede its ability to help meet the credit needs of its assessment areas.

CNBT's last CRA exam was November 26, 2001, at which time the bank's performance was rated "Satisfactory."

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period covers January 1, 2001, through December 31, 2004, for HMDA loans and small business loans. HMDA loans include home purchase, home improvement and refinance loans. The evaluation period for CD loans, investments, and services is November 26, 2001 through April 4, 2005. This represents the time period between the start dates 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 2002 and 2003. The aggregate HMDA and Small Business/Farm Reports are available for public review.

In our evaluation of lending we evaluated three time periods separately, the 2001-2002, the 2003, and the 2004 time periods. We separated the time periods due to the difference in census information used in 2001-2002 versus 2003 and 2004. We used 1990 Census information for 2001-2002, and 2000 Census information for 2003 and 2004. We evaluated 2003 and 2004 separately due to the Metropolitan Statistical Area (MSA) numbering change between 2003 and 2004, and changes to the HMDA reporting format. Although we evaluated lending data for the three time periods, we only included lending tables for 2003 with the report. We chose 2003 as these tables included the most recent market data share available. We elected not to include the tables for the two other time periods to keep the report to a reasonable size. The CD loan and investment information presented in the tables cover the full evaluation period for these items. The branch distribution contained in Table 15 represents branch locations by income classification per the 2000 Census.

The peer comparisons in this report include only lenders who were required to file HMDA and Small Business/Farm Reports for 2002 and 2003. Any lender with significant mortgage loan activity operating in CNBT's AA was required to file a HMDA report for these years. Small business reporting is required only of bank and thrift institutions with assets of \$250 million or more as of December 31 of the prior two calendar years preceding the reporting year, or an affiliate of a holding company with \$1 billion or more in assets for the same time period. Peer Data for 2004 was not available at the time we conducted this evaluation.

For the Lending Test, we evaluated CNBT's origination of home mortgage loans, small business loans, and CD loans. We did not evaluate CNBT's origination of small farm loans or multi-family dwelling loans, as the volume was not significant enough to perform a meaningful analysis (less than ½ of 1% of the number of loan originations over the Lending Test evaluation period and no originations in 2004). The lending data for home purchase and home refinance loans includes loans within CNBT's AA made by the bank's mortgage company affiliate HTF.

Data Integrity

We performed a data integrity examination of the loan information discussed in the Evaluation Period/Products Evaluated section above. We found the bank's and the affiliate's HMDA data to be of good quality. The bank's small business data required a significant number of corrections. The errors primarily involved the proper classification of the revenues of a business. Corrected information was used for this evaluation so significant differences will exist between the information used in this evaluation and the peer data disclosed to the public for 2001-2003. Corrections to 2004 data were made prior to submission.

Selection of Areas for Full-Scope Review

We completed a full-scope review of the bank's only AA, the Rochester, NY MSA AA.

Ratings

The bank's overall rating is based entirely on the review of the bank's only AA. The bank's leading product was home mortgage loans, representing 67% of the number and dollars for loans originated during the evaluation period. Small business loans accounted for 33% of number and dollar amount of originated loans. Among originated home mortgage loans, 32% of the numbers were for home purchase, 59% were home mortgage refinance loans, and 9% of loans were for home improvement. When determining conclusions for the Lending Test, home mortgage loans received slightly more weight than small business loans. Within the home mortgage product category, refinance loans were weighted heaviest, followed by home purchase loans, and then home improvement loans. This weighting is reflective of CNBT's volume by loan type over the evaluation period.

Other

Two community contacts were made in conjunction with this examination, one in Ontario County and one in Monroe County. The contacts are very knowledgeable in affordable housing finance, homebuyer education programs, and community-services targeted to people with low and moderate-incomes.

The contacts stated that the primary credit needs of the area were affordable housing mortgages and loans to small-sized businesses. The contacts indicated there was a need for more financing for very small business loans, for converting multi-family dwellings back to single-family dwellings, and for home rehabilitation for some of the low-end housing stock. The need for affordable housing and small-size business related credit, investments, and services was 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 Review

We conducted a fair lending examination of the bank's home improvement lending. We compared the rates and terms given to black and Hispanic applicants (prohibited basis group) to white (control group) applicants. We chose the home improvement product, as it was CNBT's only HMDA reportable loan product. The home purchase and refinance loans evaluated in this report are made by the bank's affiliate, HTF. HTF is regulated by the New York State Banking Department, and thus, assessment for compliance with fair lending laws and regulations falls under the Banking Department's purview. We chose a rates and terms review as there were too few denials of minority applicants to perform a comparative analysis based on loan underwriting.

We found no evidence of discrimination or other illegal credit practices. All prohibited group loan customers received the loan rates and terms in effect at the time they applied for a loan. This was completely consistent with the loans rates and terms given to the control group loan customers.

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."

Lending Activity

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

CNBT's lending activity is good. CNBT ranks 6th for deposit market share (7.59%) in its AA. The top five deposit holders are large regional and multinational banks, each having had a significantly longer-term presence in the Monroe County portion of CNBT's AA, than CNBT. There are also several large credit unions operating in the AA that are not included in the deposit statistics. Based on 2003 CRA aggregate lending data, CNBT is ranked 11th as an originator/purchaser of small loans to businesses, with a 3.33% market share. The bank ranks 9th when considering only small loans made to small-size businesses (annual revenues of \$1 million or less), with a 4.66% market share. Based on 2003 aggregate HMDA data, CNBT is ranked 9th as an originator of home purchase loans with a 3.93% market share, 10th for refinance loans with a 3.17% market share, and 14th for home improvement loans with a 1.54% market share.

CNBT greatly enlarged its AA due to its major expansion into the Monroe County area beginning in late 1998. One-half of the bank's branch offices are now located in Monroe County, with both branches opened during this evaluation period located in Monroe County. CNBT operates in a very highly competitive financial services market in Monroe County, where many larger financial institutions were very well established when the bank arrived. CNBT does not enjoy the luxury of being the well-established hometown bank in this market, but has advertised heavily to gain market recognition and acceptance. In view of these circumstances, we would not expect to find CNBT as the leading deposit

institution or the leading lender. However the bank has gained market position in some areas since the last examination period, going from the 7th to 6th ranking in deposit market share, 17th to 9th ranking for home purchase lending, and 18th to 10th ranking for mortgage refinance lending. The bank realized a decline in its market ranking for small business loans from 9th to 11th place, and home improvement loans from 11th to 14th place. The bank's ranking for small business loans to small-size businesses also dropped from 7th to 9th place.

CNBT is primarily outranked by national credit card companies and larger financial institutions in the small loans to businesses market. In the home purchase and home refinance markets, the bank is outranked primarily by large mortgage companies and banks, and one large credit union. In the home improvement market, the bank is outranked by large credit unions, large finance companies, and large banks.

Distribution of Loans by Income Level of the Geography

The geographic distribution of CNBT's home mortgage loans and small loans to businesses reflects overall poor penetration throughout the AA.

Home Mortgage Loans

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

The overall geographic distribution of home mortgage loans is poor.

The overall geographic distribution of home purchase loans is poor. The portion of home purchase loans made in moderate-income geographies was somewhat less than the portion of owner-occupied housing units in those geographies in both 2003 and 2004, and significantly less than the portion of owner occupied housing units in those geographies in 2001-2002. The portion of home purchase loans made in low-income geographies was significantly less than the portion of owner-occupied housing units in those geographies in 2003, and substantially less than the portion of owner occupied housing units in those geographies in 2001-2002 and 2004. The bank's market share of loans originated in moderate-income geographies was significantly less than the bank's overall market share in 2003, and somewhat less than its overall market share in 2001-2002. CNBT's market share of loans originated in low-income geographies was somewhat less than its overall market share in 2003 and substantially less than its overall market share in 2001-2002.

The overall geographic distribution of home improvement loans is poor. The portion of home improvement loans made in moderate-income geographies was somewhat less than the portion of owner-occupied housing units that are in those geographies in 2003 and 2004, and significantly less in 2001-2002. The portion of home improvement loans made in low-income geographies was substantially less than the portion of owner-occupied housing units that are in those geographies in all three time periods evaluated. The market share of home improvement loans originated in moderate-income geographies was significantly less than the bank's overall market share of home improvement loans in 2003 and 2001-2002. The market share of home improvement loans originated in low-income geographies was substantially less than the bank's overall market share of home improvement loans in 2003 and 2001-2002.

The overall geographic distribution of home refinance loans is poor. The portion of refinance loans made in moderate-income geographies was significantly less than the portion of owner-occupied housing units in those geographies in all three-time periods evaluated. The portion of refinance loans made in low-income geographies was substantially less than the portion of owner-occupied housing units in those geographies in 2003 and 2001-2002, and significantly less in 2004. The market share of refinance loans originated in moderate-income geographies was somewhat less than the bank's overall market share of refinance loans in 2003 and 2001-2002. The market share of refinance loans originated in low-income geographies was significantly less than the bank's overall market share of refinance loans in 2003, and substantially less in 2001-2002.

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 geographic distribution of small loans to businesses is adequate. The portion of loans made in moderate-income geographies exceeded the portion of businesses that are within those geographies in 2004, and was somewhat less than the portion of businesses in those geographies in 2003 and 2001-2002. The portion of loans made in low-income geographies was somewhat less than the portion of businesses that were within those geographies in all three time periods evaluated. The bank's market share for small business loans in moderate-income geographies substantially met its overall market share for small loans to businesses in 2003 and 2001-2002. The bank's market share for small business loans in low-income geographies exceeded its overall market share for small loans to businesses in 2001-2002 and substantially met its overall market share in 2003.

Lending Gap Analysis

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

Inside/Outside Ratio

A substantial majority (88%) of the home mortgage loans, small business loans, and CD loans were made within the bank's AA. By product, 89% of the bank's home mortgage loans, 88% of the small loans to businesses, and 100% of the CD loans were within the bank's AA. The home mortgage products were the bank's home improvement loans, as the home purchase and refinance loans were made by the affiliate. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography. The lending data from the bank's affiliate, HTF, was not considered in this ratio, since only HTF loans made in CNBT's AA were considered in evaluating the bank's CRA performance.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of CNBT's home mortgage loans and small loans to businesses reflects an adequate dispersion among borrowers of different income levels and businesses of different sizes. In the evaluation of borrower distribution of home mortgage loans, we gave consideration to the portion of households living below the poverty level during the three time periods under evaluation. The poverty level in 2003 and 2004 was 10.72%. The poverty level in 2001-2002 was 9.85%. 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 is adequate.

Home purchase loan borrower distribution is good. The portion of loans made to moderate-income borrowers exceeded the portion of families defined as such in the three time periods evaluated. The portion of loans made to low-income families was significantly less than the percentage of families defined as such, but was adequate when considering the percentage of households living below the poverty level in 2003 and 2001-2002. In 2004, the portion of loans made to low-income borrowers was excellent when considering the percentage of families in the AA living below the poverty level. CNBT's market share for home purchase loans made in moderate-income geographies substantially met its overall market share of home purchase loans in 2001-2002, and was somewhat less than its overall market share in 2003. CNBT's market share for home purchase loans made in low-income geographies was somewhat less than its overall market share of home purchase loans in 2001-2002 and 2003.

Home improvement borrower distribution is excellent. The portion of loans made to moderate-income borrowers exceeded the portion of families defined as such in all three-time periods evaluated. The portion of loans made to low-income borrowers exceeded the portion of families defined as such in 2004 and 2001-2002. The portion of loans made to low-income borrowers in 2003 was somewhat less than the families defined as such, but was excellent when considering the percentage of households living below the poverty level. The market share for loans to low and moderate-income borrowers exceeded CNBT's overall market share in the AA for home improvement loans in both 2003 and 2001-2002.

Refinance loan borrower distribution is adequate. The portion of loans made to moderate-income borrowers exceeded the portion of families defined as such in 2004, and was somewhat below the portion of families defined as such in 2003 and 2001-2002. The portion of loans made to low-income borrowers was significantly below the portion of families defined as such, but adequate when considering the percentage of households living below the poverty level in 2004 and 2001-2002. In 2003, the portion of loans made to low-income borrowers was poor, even when considering the portion of households living below the poverty level. The market share for loans to low and moderate-income borrowers was somewhat less than CNBT's overall market share in the AA for 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 is good. The portion of small loans to businesses (businesses with revenues of \$1 million or less) was somewhat less than the portion of businesses defined as such in the three time periods evaluated. The portion of loans of \$100,000 or less exceeded the portion of businesses defined as such in the AA in the three time periods evaluated. The market

share of small loans to small businesses exceeded CNBT's overall market share for small loans to all businesses in 2003 and 2001-2002.

Community Development Lending

Refer to Table 1 in appendix C for the facts and data used to evaluate the bank's level of community development lending.

CNBT's level of community development lending was excellent, and had a positive impact on the evaluation of its lending performance activity.

CNBT originated nine CD loans for \$13.6 million in its AA during the evaluation period. Three loans totaling \$10.7 million were made to businesses meeting the small business size eligibility requirements of the regulation. Each of the businesses will provide new jobs for people with low and moderate-income, and/or support permanent job creation in low or moderate-income geographies or areas targeted for redevelopment by New York State. The other six loans totaling \$2.9 million involved community services targeted to people with low or moderate income.

Small business lending and community services for people with low and moderate-income are primary credit needs in the AA. None of the CD loans were considered complex or innovative.

Product Innovation and Flexibility

The flexible mortgage lending programs available through CNBT's affiliate HTF had a positive impact on the evaluation of its lending performance. Flexible lending programs are described below.

Fannie Mae Flexible 100 Program – requires only \$500 of the borrower's own funds or 3% of the sales price for down payment. No minimum credit score or qualifying ratio is required.

Healthcare Worker Program – features flexible terms for healthcare workers who have incomes at or below 100% of the area median income. The program features up to 105% loan to value financing, more liberal underwriting standards than conventional mortgages, and down payments as low as the lesser of \$500 or 1% of the home selling price.

HTF originated 26 loans for \$2.6 million through the Fannie Mae and Healthcare Worker Programs.

Private Mortgage Insurance – The bank's mortgage affiliate HTF offers private mortgage insurance (PMI) to customers who cannot afford the normal 20% down payment for a conventional mortgage. This is beneficial to many low and moderate-income borrowers. The bank will lend the customer up to 90% of the value of the property with PMI, and will also finance the PMI costs resulting in a loan to property value ratio as high as 93%. HTF originated 777 loans for \$95 million with PMI during the evaluation period.

State of New York Mortgage Agency (SONYMA) - The bank's mortgage affiliate, HTF, offers mortgages under several of the home ownership programs sponsored by SONYMA. Included in the offering is 100% financing for first time homebuyers. Borrowers can finance the full cost of a home with PMI. Low down payments of 2% for a two-family home and 5% for a three or four- family home are available.

One SONYMA program offers a low interest rate (approximately three percentage points below conventional rates) to first time homebuyers of 1-4 family homes who meet specific income guidelines, or to borrowers buying a home in a targeted area. These guidelines vary by county and are most beneficial if the home is located in a SONYMA targeted area. Target areas are neighborhoods so designated by the federal government, for which SONYMA has made a special commitment to rebuilding. Other program benefits include down payments as low as 3% with PMI and fixed terms of 20, 25, or 30 years.

Another SONYMA program offered is the Construction Incentive Program. Like the low interest rate program, the program is restricted to income qualified first time homebuyers or to borrowers buying a home in a targeted area. The program features a significantly discounted rate for the first four years of the required 30-year term. After the 4th year, the rate increases to a fixed rate that is below the conventional rate prevailing at the time the loan was originated.

HTF originated 11 loans for \$1.4 million under the SONYMA program during the examination period.

Federal Housing Administration (FHA) Loans - HTF participates in FHA loan programs. One program, the 203k program, allows a borrower to obtain one mortgage that can be used to cover both rehabilitation costs and permanent financing. The benefit to the customer is realized through a lower interest rate and longer repayment terms for the rehabilitation costs than the customer would realize if they had obtained separate construction or home improvement financing. To provide funds for the rehabilitation, the mortgage amount is based on the projected value of the property with the work completed. HTF originated 348 FHA loans for \$33 million during the examination period.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

The bank's performance under the Investment Test is rated "Low Satisfactory." Both the current and prior period investments made a positive impact on the community by addressing the identified credit need of financing for small-size businesses, and affordable housing for persons of low or moderate-income. The level of investments is adequate, given the level of and competition for community development investment opportunities in the AA.

During the evaluation period, CNBT made \$284 thousand of qualified community development investments. CNBT also had a \$1.97 million prior period investment outstanding as of the start of this examination that continues to provide substantial and continuous benefit to the AA. CNBT's current period investments included a \$233 thousand investment in an organization that provides affordable housing for low and moderate-income families throughout New York State and New Jersey. Another current period investment of \$15 thousand was made in an organization that supports economic development in the AA, through support of small businesses that are creating and retaining jobs in the AA for people of low and moderate-income. The bank has committed another \$10 thousand to this organization, which was unfunded as of the start of this examination. CNBT made grants totaling \$36 thousand to organizations that provide community services targeted to people of low and moderate-income and organizations that support affordable housing for people of low and moderate-income throughout the AA.

CNBT continues to be an investor in a small business investment company (SBIC), which began operations in May 1997. The bank's outstanding investment was \$1.97 million as of the start of this examination. The investment in the SBIC continues to have a very positive impact on the AA. The investment supports the SBIC's revolving loan activity, which provides funding to small size businesses that are creating and retaining jobs in the AA, including jobs for people of low and moderate-income. The SBIC is able to obtain Small Business Administration (SBA) funding equal to three times the invested capital of its investors. CNBT is free to liquidate its investment at any time, but has elected not to reduce its investment (except to enable another bank investor to join the investment partnership in 2004) since it made its original investment and one subsequent investment. CNBT's investment share in the SBIC supported the origination of over \$4 million in new loans during the examination period.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

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 service delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the AA.

While the distribution of CNBT's offices throughout the low and moderate-income geographies is below the distribution of the population living in such geographies, one branch, while not physically located in a low or moderate-income geography, is located in convenient proximity to service a moderate-income geography.

CNBT's Main Office branch, while located in a middle-income geography, is very convenient to residents of the moderate-income geography within the City of Canandaigua. The moderate-income geography (census tract #0511) is located across the street from the Main Office. The Main Office is a short walk for most residents of tract #0511, for some it is more convenient than the bank's Lakeshore Plaza office, which is located in tract #0511 itself. Further, the Main Office offers two 24-hour ATMs on-site as well as an off-site ATM located at Rank's IGA Grocery Store. Rank's IGA, while located in a middle income geography, is convenient to the resident's of tract #0511, and the only market located within the City. The store is within easy walking distance for many City residents.

The branch network throughout the AA expanded by two branches since the last evaluation. A branch was opened in the Town of Brighton in November 2002 and in the Town of Penfield in March 2004. There have been no branch closures during the evaluation period.

CNBT's hours and services offered throughout the full-scope AA are good. Services offered are comparable among locations, regardless of the income level of the geography. Substantially all branch offices offer extended hours on various days of the week, including Saturday hours, which are offered in all but three branches. The bank's Basin Park branch, which is located in an upper-income geography in Pittsford, NY, is actually not open for regular business hours and does not offer normal retail banking services. The branch is located where the majority of the bank's commercial lenders and trust officers are located, and is used only for providing limited services to commercial loan and trust customers.

CNBT offers alternative delivery systems in the form of ATMs. All of the bank's ATMs are located within the AA. Of the bank's 43 ATMs, 24 are located at the sites of its branch offices and 19 are located at non-branch sites. The Lakeshore branch, which is located in a moderate-income AA, has two ATMs. Two ATMs at non-branch locations are located in low-income geographies in the City of Rochester, an ATM located at the Rochester Regional Transit Service building and another at the Strong Museum in Manhattan Square Park. CNBT also has ATM's at several AA hospitals, which employ a number of low and moderate-income workers. Customers and non-customers alike can access their accounts through CNBT ATMs which are connected to the CIRRUS, NYCE, PLUS, MasterCard, Visa, Amex, Pulse/Honor, and Discover ATM systems. Customers may also use their CNBT ATM card to obtain cash at non-proprietary ATMs throughout the world, which bear these network logos.

Recipients (customer or non-customer) of New York State Public Assistance through the Electronic Benefits Transfer Program (EBT) can withdraw funds from any CNBT ATM free of charge.

CNBT offers three lower-cost checking account options. The bank's traditional checking account has no service charges for those who are 55 years and older and those 21 years and younger. CNBT's WorkPlace accounts are offered when a direct deposit account is opened at an employer worksite. These accounts are service charge free for the first 15 checks written each month. The WorkPlace account arrangement can also be obtained by someone who has direct deposit and three direct debits to their account monthly.

CNBT also offers alternative delivery systems of free on-line banking, bank-by-phone, and bank-by-mail. These services allow customers to obtain deposit and loan account information, make payments on CNBT loans, transfer funds between accounts, and pay other household bills. The bank's Call Center is open from 8:00 AM to 6:00 PM Monday through Friday and on Saturdays from 9:00 AM until 1:00 PM. Callers can open deposit accounts and apply for consumer loans through the Call Center. Call Center representatives are also available to handle the same customer service questions that a full service branch office would handle. We did not place significant weight on these alternative delivery systems because no data was available to determine the impact of these retail-banking services on low and moderate-income geographies and individuals.

Community Development Services

CNBT's performance in providing community development services is good.

Management and bank employees continue to support various organizations in the communities served by the bank by offering financial expertise to such organizations. Numerous personnel serve on the boards of directors or finance committees of organizations that provide community development services.

CNBT employees provide a good level of support to several community development service organizations. Members of the CNBT staff and Board participated in 23 CD related activities, committing over 1000 hours of time annually. The CD activities were concentrated primarily in organizations focused on providing services targeted to small sized businesses who employ or will employ people of low and moderate-income, and providing community services targeted to assisting persons of low and moderate income.

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 non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): 1/1/2001 to 12/31/2004 Investment and Service Tests and CD Loans: 11/26/2001 to 4/4/2005	
Financial Institution	Products Reviewed	
Canandaigua National Bank and Trust Company (CNBT)	Home Improvement Loans reported on the HMDA LAR, Small Business Loans reported on the CRA Register, and CD Loans.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Hometown Funding DBA CNB Mortgage Company	Affiliate Mortgage Company	Home Purchase and Refinance Loans
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Portions of the Rochester NY MSA AA #40380	Full Scope	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Rochester NY MSA AA

Rochester NY MSA AA

Institution ID: 3817 - Canandaigua National Bank

Rochester NY MSA AA

Demographic Information for Full Scope Area: Rochester NY MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	192	19.27	17.19	35.94	26.04	1.56
Population by Geography	762,196	11.40	13.47	40.32	34.36	0.45
Owner-Occupied Housing by Geography	196,782	4.64	10.52	43.98	40.85	0.00
Business by Geography	46,022	13.13	13.76	37.74	35.29	0.08
Farms by Geography	1,256	2.55	6.61	52.39	38.46	0.00
Family Distribution by Income Level	194,323	19.80	17.29	21.64	41.27	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	72,076	21.34	19.29	40.53	18.84	0.00
Median Family Income		47,243	Median Housing Value		84,806	
HUD Adjusted Median Family Income for 2003		51,169	Unemployment Rate		5.50%	
Households Below Poverty Level		10.72%	As of 12-31-04			

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

Source: 2000 US Census and 2003 HUD updated MFI

The Rochester NY MSA AA is located substantially within the Rochester, New York Metropolitan Statistical Area (MSA). The AA consists of the majority of Monroe and Ontario Counties and the eastern most portion of Livingston County and the western most portion of Wayne County. The AA also includes one contiguous geography in Yates County (a non-MSA area), which borders the MSA in the southeast. Management included this geography in its AA due to volume of the bank’s lending activity in the area. The AA meets the requirement of the regulation and does not arbitrarily exclude low or moderate-income geographies. The inclusion of the Yates County geography does not cause the AA to substantially exceed the boundaries of the MSA. The composition of the AA geographies by income level is: 19% low-income, 17% moderate-income, 36% middle-income, 26% upper-income, and 2% for which income has not been designated.

The competition among financial service providers is strong. CNBT competes with large mortgage companies, large credit unions, money center banks, large regional banks, 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 CNB Mortgage, home equity loans, and consumer loans. The bank’s business focus is primarily on retail and commercial lending.

Eighty-two percent of the housing in the AA is one-to-four family units, 16% is multi-family units, and 2% is mobile homes. Of total housing units, 61% is owner-occupied, 32% is renter-occupied, and 7% is vacant. The weighted average of median housing value was \$98,699 in 2000. Housing stock consists mostly of older homes with the median year built of 1959.

According to the 2004 business demographics, there are 47,945 businesses in the AA, of which 1,279 are farms. Small businesses represent 88% of the 34,434 businesses reporting revenues. Approximately 69% of businesses reported having less than 10 employees. The primary industries in the AA are services 43%, retail trade 16%, and construction 8%. Major employers in the AA include Ontario County Government, Hobart and William Smith Colleges, the Veteran's Administration Hospital, Eastman Kodak, Xerox, Paychex, Wegmans, Pactiv, and the University of Rochester/Strong Memorial Hospital.

There are a number of community development opportunities available in the AA, especially in the Monroe County portion of the AA.

Two community contacts were made in conjunction with this review, one in Ontario County and one in Monroe County. The contacts are involved with affordable housing, home buyer education programs, community-services for low and moderate-income individuals, and lending programs for small businesses. The community contacts believe that affordable housing loans and loans to small size businesses continue to be primary credit needs in the AA.

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: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

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

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

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

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

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

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

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

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

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

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Table 1. Lending Volume

LENDING VOLUME		Geography: ROCHESTER NY MSA AA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003						
MA/Assessment Area (2003):	% 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:												
Rochester NY	100.00	2,027	227,320	727	70,698	1	359	9	13,600	2,764	311,977	100.00

* Loan Data as of December 31, 2003. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from November 26, 2001 to April 4, 2005.

*** Deposit Data as of December 31, 2004. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: ROCHESTER NY MSA AA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003									
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	Overall	Low	Mod	Mid	Upp
Full Review:															
Rochester NY MSA AA	466	100.00	4.64	1.93	10.52	5.36	43.98	48.28	40.85	44.42	3.93	2.63	1.83	4.55	4.00

* Based on 2003 Peer Mortgage Data (Eastern)

** 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: ROCHESTER NY MSA AA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
Full Review:															
Rochester NY MSA AA	129	100.00	4.64	0.78	10.52	6.20	43.98	68.99	40.85	24.03	7.01	1.54	3.21	9.50	5.27

* Based on 2003 Peer Mortgage Data (Eastern)

** 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: ROCHESTER NY MSA AA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Rochester NY MSA AA	1,427	100.00	4.64	0.56	10.52	3.71	43.98	42.89	40.85	52.84	5.90	1.75	3.17	6.44	6.01	

* Based on 2003 Peer Mortgage Data (Eastern)

** 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.

*** 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 2000 Census information.

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Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: ROCHESTER NY MSA AA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
Full Review:																
Rochester NY MSA AA	5	100.00	18.08	20.00	19.32	0.00	38.12	60.00	24.47	20.00	7.69	16.67	0.00	9.68	6.67	

* Based on 2003 Peer Mortgage Data (Eastern)

** 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.

*** 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 2000 Census information.

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Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: ROCHESTER NY MSA AA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography [*]				
MA/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					
Full Review:															
Rochester NY MSA AA	727	100.00	13.13	8.53	13.76	11.14	37.74	45.25	35.29	35.08	3.36	3.29	3.02	3.45	3.66

^{*} Based on 2003 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 (2003).

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Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: ROCHESTER NY MSA AA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
Full Review:																
Rochester NY MSA AA	1	100.00	2.55	0.00	6.61	0.00	52.39	100.00	38.46	0.00	0.13	0.00	0.00	0.14	0.00	

* Based on 2003 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 (2003).

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Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: ROCHESTER NY MSA AA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share [*]				
MA/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 ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}						
Full Review:																
Rochester NY MSA AA	466	100.00	19.80	4.54	17.29	17.71	21.64	28.29	41.27	49.46	4.03	2.37	3.22	4.80	4.52	

^{*} Based on 2003 Peer Mortgage Data (Eastern)

^{**} As a percentage of loans with borrower income information available. No information was available for 0.6% of loans originated and purchased by bank.

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

^{****} 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.

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Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: ROCHESTER NY MSA AA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share [*]				
MA/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 ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}						
Full Review:																
Rochester NY MSA AA	129	100.00	19.80	15.50	17.29	30.23	21.64	20.93	41.27	33.33	7.09	9.62	8.28	5.58	6.55	

^{*} Based on 2003 Peer Mortgage Data (Eastern)

^{**} As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

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

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

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Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: ROCHESTER NY MSA AA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share [*]				
MA/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 ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}						
Full Review:																
Rochester NY MSA AA	1,427	100.00	19.80	3.66	17.29	10.27	21.64	21.89	41.27	64.18	6.38	4.67	4.70	6.04	7.41	

^{*} Based on 2003 Peer Mortgage Data (Eastern)

^{**} As a percentage of loans with borrower income information available. No information was available for 0.4% of loans originated and purchased by bank.

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

^{****} 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.

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Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: ROCHESTER NY MSA AA			Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
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 Loans ^{****}	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Rochester NY MSA AA	727	100.00	64.33	48.42	75.65	14.58	9.77	3.36	4.67

^{*} Based on 2003 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 - 2003).

^{****} 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 19.26% of small loans to businesses originated and purchased by the bank.

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Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: ROCHESTER NY MSA AA			Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
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:									
Rochester NY MSA AA	1	100.00	90.37	100.00	0.00	0.00	100.00	0.13	0.14

^{*} Based on 2003 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 - 2003).

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

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Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: ROCHESTER NY MSA AA									
Evaluation Period: November 26, 2001 TO April 4, 2005									
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:									
Rochester NY MSA AA	1	1,966	32	284	33	2,250	100.00	1	10

* 'Prior Period Investments' means investments made in a previous 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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: ROCHESTER NY MSA AA																	
Evaluation Period: November 26, 2001 TO April 4, 2005																	
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:																	
Rochester NY MSA AA	100.00	20	100	5.00	5.00	40.00	50.00	2	0	0	0	0	2	11.40	13.47	40.32	34.36

