



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

July 16, 2007

Community Reinvestment Act Performance Evaluation

**Alliance Bank, National Association
Charter Number: 1090**

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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.

Table of Contents

OVERALL CRA RATING	1
DEFINITIONS AND COMMON ABBREVIATIONS	2
SCOPE OF THE EVALUATION.....	7
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	9
LENDING TEST	9
INVESTMENT TEST	16
SERVICE TEST	17
APPENDIX A: SCOPE OF EXAMINATION.....	19
APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS	20
APPENDIX C: TABLES OF PERFORMANCE DATA	23

Overall CRA Rating

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

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

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

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

The major factors that support this rating include:

- Lending levels that reflect a good responsiveness by Alliance Bank, N. A. (ABNA) to the credit needs of its assessment area (AA) given the bank's size, resources and level of competition.
- Adequate distribution of loans among geographies of different income levels throughout the AA, along with an excellent ratio of loans originated inside the AA.
- A good distribution of loans among borrowers of different income levels throughout the AA.
- Community development 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 a good responsiveness to the credit and community development needs of the AA.
- Service delivery systems that are 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.

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

Description of Institution

The Alliance Bank, National Association (ABNA) is headquartered in Syracuse, New York and is a wholly owned subsidiary of Alliance Financial Corporation (AFC), a financial holding company. AFC also owns The Ladd's Agency, an insurance agency. AFC had total average assets of \$755 million as of December 31, 2006. AFC has no other subsidiaries.

ABNA has two operating subsidiaries; Alliance Leasing, Inc., a leasing company that originates and purchases leases from third party leasing companies and Alliance Preferred Funding Corporation which is a Real Estate Investment Trust. ABNA operating subsidiaries had minimal impact on the bank's capacity to lend in a safe and sound manner in the AA where it operates.

ABNA is a full service intrastate bank with 27 full service branches and one full service freestanding drive-up facility serving five counties in the Central Region of New York State. The bank expanded by acquiring or opening 10 branches during the evaluation period. On October 6, 2006 ABNA acquired Oswego County National Bank (OCNB). ABNA retained all seven branches of OCNB and opened three additional branches.

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

As of March 31, 2007, ABNA had \$1,277 million in total assets that included \$885 million in gross loans, representing 69% of total assets. The bank's loan mix consists of 47% real estate loans (76% residential real estate, 22% commercial real estate, 1% construction, <1% farm and <1% multifamily), 22% loans to individuals, 11% commercial and industrial loans and 18% lease financing. Total assets increased from March 31, 2006 to March 31, 2007 by 28%, due primarily to an increase in gross loans resulting from the acquisition of OCNB. The acquisition contributed significantly to the 41% increase in real estate loans. The bank's lease portfolio also contributed to growth increasing by 69% during this same period. As of March 31, 2007, ANBA reported Net Tier 1 capital of \$87 million.

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

ABNA's last CRA exam was June 9, 2003 at which time the bank's performance was rated "Satisfactory."

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period covers January 1, 2003, through December 31, 2006, for HMDA loans and small business loans. HMDA loans include home purchase, home improvement and refinance loans. For the Lending Test, we evaluated ABNA's origination of home mortgage loans, small business loans, small farm loans and CD loans. The bank did not make home improvement loans in 2003. The evaluation period for CD loans, investments, and services is June 9, 2003 through July 16, 2007. 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 2005. Peer Data for 2006 was not available at the time we conducted this evaluation. The aggregate HMDA and Small Business/Farm Reports are available for public review.

In our evaluation of lending, we evaluated two time periods separately, the 2003 time period and 2004-2006 time periods. We evaluated the time periods separately due to the Metropolitan Statistical Area (MSA) numbering change between 2003 and 2004, and changes to the HMDA reporting requirements. The CD loan and investment information presented in the tables covers the full evaluation period for these items. The branch distribution contained in Table 15 represents branch locations by income classification per the 2000 Census.

Data Integrity

We performed data integrity examinations of the loan information for the periods from January 1, 2003 to December 31, 2006. Our findings from the review of 2003-2005 loan data required management to scrub the small business data due to a significant number of errors related to renewals/refinancing. We used corrected and revised data for the examination.

Selection of Areas for Full-Scope Review

We completed a full scope review of the bank's Syracuse MSA AA and Cortland Non MSA AA. We chose the Syracuse and Cortland AAs for full-scope reviews because they comprise the area with the highest percentages of the bank's lending, deposits and branches. These AAs represent 94% of ABNA's lending for the evaluation period. These AAs also comprise 96% of ABNA's deposits and 96% of its branches. We completed a limited scope review of the Utica-Rome MSA.

Ratings

The bank's overall rating is based primarily on the Syracuse MSA AA and Cortland Non-MSA AA with more weight placed on the Syracuse MSA AA as loan volume is higher in this AA. For the full evaluation period, the bank's leading product was home mortgage loans, representing 56% of the number and 48% of the dollars advanced during the evaluation period. Small business loans accounted for 43% of number and 51% of the dollars. However, in 2003, the bank originated a significant number of home refinance loans due to declining market interest rates. This increased HMDA loan volume. The number of home refinance loans declined to

more traditional levels in 2004 with the stabilization of market interest rates. The period between 2004 and 2006 is more representative of the bank's current lending philosophy; therefore, this period is given more weight in the Lending Test.

In the period between 2004 and 2006, small business loans equated to 50% of the number of loans booked and 58% of the dollars originated, while HMDA loans were 48% of the number of loans booked and 42% of dollars originated. When determining conclusions for the lending test, small business loans received slightly more weight than HMDA loans. Small farm loans accounted for 1% of the number and 1% of the dollars and are given minimal weight in the determining the rating. We did not consider multifamily loans, due to low volume. Within the home mortgage loan category, home purchase loans were weighted heaviest, followed by refinance loans, and then home improvement loans. Home purchase, refinance and home improvement loans represent 60%, 27% and 13%, respectively, of the home mortgage loans made in the Syracuse and Cortland AAs in the period between 2004 and 2006.

Other

We made two community contacts in conjunction with this examination, one in the Syracuse MSA AA and one in the Cortland Non-MSA AA. The contacts were very knowledgeable in affordable housing finance, small business development and community-services targeted to people and geographies with low and moderate-incomes and middle income geographies which have the designation of being distressed and or underserved.

The contacts stated that the primary credit needs of the AAs are affordable housing, small business loans, and credit and financial education. The contacts indicated that there are multiple institutions willing to work with qualified low to moderate income borrowers and small businesses persons. There is often difficulty in qualifying the low to moderate income person for a mortgage or small business loan. Both contacts indicated that weaker credit histories and low income are the primary barriers to those who apply for mortgage or small business credit in the areas that they serve. The need for affordable housing and small-size business related credit, investments, and services were considered in our evaluation of ABNA'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

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

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Syracuse MSA AA and Cortland Non-MSA AA is good. The rating placed greater emphasis on the Syracuse MSA AA area as this is where the greatest level of lending activity occurred

Lending Activity

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

ABNA's lending activity was good in the Syracuse MSA AA, and reflected good responsiveness to the credit needs of the community when considering the level of competition from larger national and regional lenders.

In the Syracuse MSA AA, ABNA was ranked 6th (5.68%) for deposit market share for 2005. Based on 2005 CRA aggregate data, ABNA was ranked 12th (2.31%) for small loans to businesses and 3rd (4.83%) for small loans to farms. Based on 2005 HMDA data, ABNA was ranked 23rd (1.59%) for home purchase loans, 23rd (1.31%) for refinance loans and 24th (1.22%) for home improvement loans. The lower level of HMDA lending reflects higher competition from many national and regional lenders. Countrywide Home Loans (10.96%) and HSBC (4.75%) ranked first and second against 222 lenders funding home purchases. Only one local banking institution outranked ABNA in this category. Countrywide Home Loans (6.35%) and JP Morgan (3.33%) were ranked first and second, respectively among 234 lenders refinancing mortgages. Only one local banking institution outranked ABNA in this category. Key Bank (7.46%) and Beacon Federal Credit Union (7.19%) ranked first and second respectively among 97 ranked lenders reporting home improvement loans. In this category, only three local banks were more active than ABNA and were ranked higher.

ABNA's lending activity was good in the Cortland Non MSA AA, and reflected good responsiveness to the credit needs of the community.

In the Cortland Non-MSA AA, ABNA was ranked 1st (36.14%) for deposits in 2005. Based on 2005 aggregate CRA data, ABNA was ranked 3rd (11.36%) for small business loans and 3rd (15.87%) for small loans to farms. Based on 2005 aggregate HMDA data, ABNA was ranked 3rd (8.91%) for home purchase loans, 4th (5.20%) for home refinance loans and 3rd (10.29%) for home improvement loans.

In the Syracuse MSA AA, large regional and multinational banks occupy the top deposit market share rankings. In the Cortland Non-MSA AA, the bank's listed competition is regional,

multinational and locally owned banks. There are also several large credit unions operating in both of the AAs receiving a full scope review. These are not included in the deposit statistics.

Overall, small business loan market share increased between 2003 and 2005. During the evaluation period, the bank implemented a small business scoring model to increase efficiency in approving small business loan applications.

Competitive factors have led to a decline in the bank's market share in home mortgage products, particularly in the Syracuse MSA AA. Between 2003 and 2005, competition for home purchase loans increased as the number of lenders increased by 17% in the Syracuse MSA AA, while the number of loans increased by only 10%. In the same time frame, the market leader, Countrywide Home Loans, increased the number of home purchase loans it originated, or purchased, by 68%. The number of refinanced loans in the Syracuse MSA AA fell by 69%, in a comparison between 2003 and 2005, but the number of lenders only decreased by 9%. Between 2004 and 2005, the number of home improvement lenders increased by 4% and the number of loans originated increased by 13%. The majority of the top 25 lenders in the home improvement market saw a decline in market share as Beneficial Homeowners Service increased the number home improvement loans it originated by 58%.

Distribution of Loans by Income Level of the Geography

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

We placed our emphasis on the geographic distribution within Syracuse MSA AA, as all of the bank's low and moderate-income geographies are located within this AA. We did not analyze the geographic distribution of loans in Cortland Non-MSA AA as there are no low- or moderate-income geographies within the AA, therefore an analysis would not be meaningful.

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.

In 2004-2006, the overall geographic distribution of small loans to businesses is good. The portion of small loans to businesses made in moderate-income geographies is excellent. Small loans to businesses made exceed the portion of businesses that are in those geographies. The portion of small loans to businesses made in low-income geographies is adequate. Small loans to businesses are somewhat lower than the portion of businesses that are in those geographies. The market share of small loans to businesses originated in low-income geographies substantially meets the overall market share. Small loans made to businesses, in moderate-income geographies, exceeds the bank's overall market share. In 2003, the portion of small loans to businesses made in moderate-income geographies was excellent. Small loans to business exceeded the portion of businesses that are in moderate-income geographies. The portion of small loans to businesses made in low-income geographies was good. Small business loans made substantially met the portion of businesses that are in those geographies. Overall market share exceeded the market share in both low (adequate) and moderate (good) geographies.

Home Mortgage Loans

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

The overall geographic distribution of home mortgage loans is adequate.

In 2004-2006, the geographic distribution of home purchase loans is adequate. The portion of home purchase loans made in moderate-income geographies is good; home purchase loans substantially meet the portion of owner-occupied housing units that are in those geographies. The portion of home purchase loans made in low-income geographies is very poor as they are substantially lower than the portion of owner-occupied units that are in those geographies. However, only 2.9% of the houses are owner occupied in the low-income geographies and there was increased competition from lenders known to offer sub-prime products in low income census tracts. The market share of loans originated in low-income geographies is adequate as it is somewhat lower than the overall market share and in moderate-income geographies it is good as it substantially meets the bank's overall market share. In 2003, the geographic distribution in the low-income geographies was very poor as it was substantially lower than the portion of owner occupied units in those geographies. In the moderate geographies, the geographic distribution was poor as it was lower than the portion of owner occupied units. The bank's 2003 market share in low-income geographies was substantially lower, and in moderate-income geographies lower, than the bank's overall market share.

In 2004-2006, the geographic distribution of refinance loans is good. The portion of refinance loans made in moderate-income geographies is excellent. Refinance loans exceed the portion of owner-occupied housing units that are in those geographies. Refinance loans in low-income geographies is very poor. Refinance loans in low-income geographies were substantially lower than owner-occupied housing units in those geographies. While the bank did not originate any refinance loans in low-income geographies, only 2.9% of houses are owner occupied in the low-income geographies and again there was increased competition from known sub-prime lenders. The market share of loans originated in low-income geographies is significantly lower, and in moderate-income geographies exceeds the bank's overall market share. In 2003, the geographic distribution in moderate geographies was good as refinance loans substantially met the level of owner-occupied houses in those geographies. Home refinance loans in low-income geographies were very poor as the bank's refinance loans were substantially lower than owner occupied houses in those geographies. The bank's market share, in low-income geographies, was substantially lower, and in moderate-income geographies exceeded its overall market share in those geographies.

In 2004-2006, the geographic distribution of home improvement loans is adequate. The portion of home improvement loans made in moderate-income geographies is good. Home improvement loans, originated by the bank, substantially meet the portion of owner-occupied housing units that are in those geographies. The portion of home improvement loans made in low-income geographies is very poor; again the low 2.9% home ownership and competition from sub-prime lenders affected the bank's decisions on lending in these areas. Home improvement loans, originated by the bank, are significantly lower than the portion of owner-occupied units that are in those geographies. The market share of loans, originated in low-

income geographies, is substantially lower and in moderate-income geographies exceeds the bank's overall market share.

Small Loans to Farms

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

In 2004-2006, the overall geographic distribution of small loans to farms is good. Small loans to farms, made in moderate-income geographies, is excellent. Small loans to farms exceeded the portion of farms that are in those geographies. The bank did not make any small loans to farms in low-income geographies and is substantially lower than the portion of farms in those geographies. However, only 2.32% of farms are located in low-income geographies. The bank is not an aggressive agricultural lender. The market share of small loans to farms made in low-income geographies is substantially lower and in moderate-income geographies is somewhat lower than the bank's overall market share. In 2003, the bank did not make any loans to small farms in low-income geographies, however, the small loans to farms activity was excellent in moderate-income geographies as small loans to farms exceeded the portion of farms in those geographies.

Lending Gap Analysis

Reports detailing ABNA'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 (91%) of the home mortgage loans, small business loans, small farm loans and CD loans were made within the bank's AAs. By product, 89% of the bank's home mortgage loans, 94% of the small loans to businesses, 94% of the small loans to farms and 100% of the CD loans were within the bank's AAs. The home mortgage products were each close to the 91% overall in/out ratio with home purchase at 89% and refinances at 88%. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of ABNA's home mortgage, small loans to businesses and small loans to farms reflect a good dispersion among borrowers of different income levels throughout the AAs. In the evaluation of borrower distribution, we gave consideration to the poverty levels within the AAs. The poverty level in the Cortland Non MSA AA is 15.28% and in the Syracuse MSA AA is 12.00%. 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.

Small Loans to Businesses

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

The borrower distribution of small loans to businesses is excellent. Performance in 2004 – 2006 in the both the Cortland Non-MSA and Syracuse MSA AAs is excellent. In both AAs, the portion of ABNA loans to small businesses (businesses with revenues of \$1 million or less) substantially meets and nearly exceeds the portion of businesses that are defined as such. The market share of loans to small businesses is excellent and exceeds ABNA's overall market share in both AAs. In 2003, the bank's portion of loans to small businesses exceeded the portion of small businesses (businesses with revenues of \$1 million or less) that are defined as such in both geographies. The market share of loans to small businesses is excellent and exceeds ABNA's overall market share in both AAs.

Home Mortgage Loans

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

The overall distribution of home mortgage loans is good.

Home purchase borrower distribution is good. Performance in both the Syracuse MSA AA and the Cortland Non-MSA AA is good. In the Syracuse MSA AA, the portion of home purchase loans to low-income borrowers in 2004-2006 is lower than the portion of low-income families, but is good when considering 12.00% of households are living below the poverty level. The portion of home purchase loans to moderate-income borrowers in 2004-2006 is good as it meets the portion of families defined as such. The 2005 market share for loans made to both low-income and to moderate-income borrowers is good as they substantially meet ABNA's overall market share in the AA for home purchase loans. In 2003, the portion of home purchase loans to low-income borrowers was good and adequate for moderate income borrowers. The Syracuse MSA AA 2003 market share for loans made to low-income borrowers was good and adequate for moderate-income borrowers in relation to overall market share in the AA for home purchase loans. In the Cortland Non-MSA AA, performance is excellent. The portion of home purchase loans to low-income borrowers in 2004-2006 is lower than the portion of low-income families, but is excellent when considering the 15.28% of households living below the poverty level. The portion of home purchase loans to moderate-income borrowers in 2004-2006 is good as it substantially meets the portion of families defined as such. The 2005 market share for loans made to low-income borrowers exceeds and to moderate-income borrowers substantially meets ABNA's overall market share in the AA for home purchase loans. In 2003, the Cortland Non-MSA AA's portion of home purchase loans to low-income borrowers was excellent and adequate for moderate income borrowers. The 2003 market share for loans made to both low-income and to moderate-income borrowers was good as they substantially meet ABNA's overall market share in the AA for home purchase loans.

Borrower distribution for refinance loans is good. Performance in both the Syracuse MSA AA and the Cortland Non-MSA AA is good. In the Syracuse MSA AA, the portion of home

refinance loans to low-income borrowers in 2004-2006 is lower than the portion of low-income families, but is excellent when adjusted for the 12.00% of households living below the poverty level. The portion of home refinance loans to moderate-income borrowers in 2004-2006 is excellent as it exceeds the portion of families defined as such. The 2005 market share for loans made to low-income borrowers exceeds overall market share in the AA for home refinance loans and substantially meets market share for moderate-income borrowers refinancing homes. In 2003, the level of refinance loans in the Syracuse MSA AA substantially met the portion of low-income families after considering the 12% poverty level and was somewhat lower for moderate-income families. Refinance loans to low- and moderate-income families substantially met the bank's overall market share in 2003. In the Cortland Non-MSA AA, the portion of home refinance loans to low-income borrowers in 2004-2006 is lower than the portion of low-income families, but is excellent when considering the 15.28% of households living below the poverty level. The portion of home refinance loans to moderate-income borrowers in 2004-2006 is good as it substantially meets the portion of families defined as such. The 2005 market share for loans made to both low- and moderate-income borrowers are somewhat lower than ABNA's overall market share in the AA for home refinance loans. In 2003, the level of refinance loans was significantly lower than the portion of low-income families, but good, when considering the 15.28% poverty level. Refinance loans to moderate-income families were adequate as they were somewhat lower than the portion of families defined as such. Refinance loans to moderate-income families substantially met the bank's overall market share, while similar loans to low-income families exceeded overall market share.

Home improvement borrower distribution is good. Performance in both the Syracuse MSA AA and in the Cortland Non-MSA AA is good. In the Syracuse MSA AA, the portion of home improvement loans to low-income borrowers in 2004-2006 is lower than the portion of low-income families, but is good when adjusted for the 12.00% of households living below the poverty level. The portion of home improvement loans to moderate-income borrowers is good as it substantially meets the portion of families defined as such. The 2005 market share for loans made to low-income borrowers and moderate-income borrowers in the AA is somewhat lower than ABNA's overall market share. In the Cortland Non-MSA AA, the portion of home improvement loans to low-income borrowers in 2004-2006 is significantly lower than the portion of low-income families, but is excellent when considering the 15.28% of households living below the poverty level. The portion of home improvement loans to moderate-income borrowers in 2004-2006 exceeds the portion of families defined as such. The 2005 market share for loans made to low-income borrowers is 0% and is somewhat lower than the overall market share for moderate-income borrowers.

Small Loans to Farms

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

The borrower distribution of small loans to farms is excellent. Performance in both the Syracuse MSA AA and Cortland Non-MSA AA is excellent. In both the Syracuse MSA AA and the Cortland Non-MSA AA the portion of ABNA loans to small farms (farms with revenues of \$1 million or less) in 2004-2006 exceeds the portion of farms that are defined as such. The 2005 market share of small loans to farms exceeds ABNA's overall market share in both AAs. In 2003, small loans to farms in the Syracuse MSA AA substantially met and in the Cortland

Non-MSA AA exceeded the portion of farms defined as such. ABNA's 2003 market share of small loans to farms substantially met the overall market share in both AAs.

Community Development (CD) Lending

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

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

ABNA originated or renewed 13 CD loans for \$4.0 million in the Syracuse MSA AA. The loans consisted of one loan for \$1.1 million to an organization that provides community services targeted to low- and moderate-income individuals and twelve loans for \$2.9 million to six organizations that provide affordable housing to low- and moderate-income individuals.

ABNA originated or renewed 4 CD loans for \$264 thousand in its Cortland Non-MSA AA. The loans were made to non-profit organizations that provide affordable housing to low- and moderate-income individuals.

Product Innovation and Flexibility

Product flexibility had a positive impact on the lending test rating. During the evaluation period, ABNA originated 41 loans totaling \$743 thousand to low- and moderate-income individuals under their various flexible loan programs.

Thoma Development Consultants – The program provides financing to eligible borrowers to purchase homes within the City of Cortland. To qualify, the borrowers must be first-time homebuyers with low- or moderate-income. The bank offers these loans at favorable terms such as an interest rate $\frac{1}{2}\%$ below the conventional rate, the waiver of points and application fee, and City funds may be used for the down payment. The bank originated one loan for \$50 thousand under this program during the evaluation period.

Cortland Housing Assistance Council – The program, sponsored by the City of Cortland, is designed to provide affordable housing assistance and mortgages for low- and moderate-income individuals within the City to purchase or rehabilitate properties. The financing is split between Federal funds, which are allocated by the City at no or low-cost with the remaining financing originated by the bank. The bank originated four loans for \$164 thousand during the evaluation period.

Madison County Homebuyer Program – The program provides financing to eligible borrowers to purchase homes within the County. The borrower must be low- or moderate-income and have received a grant from the Community Action Program to qualify. The program waives the down payment from the borrower and private mortgage insurance (PMI). The application fee is also waived. The bank originated nine loans for \$516 thousand under this program during the evaluation period.

Madison County Community Action Auto Program - The program, which is sponsored cooperatively by the Madison County Department of Social Services and SUNY Morrisville, is designed to aid low- and moderate-income individuals whose barrier to employment is reliable transportation. The Department of Social Services purchases older model automobiles to which the Auto Tech students at SUNY Morrisville make any required repairs. The goal is to help individuals maintain or gain employment by providing them with affordable and reliable vehicles. ABNA provides these secured and unsecured \$500 installment loans to individuals who would not otherwise qualify for credit, and at interest rates below the conventional rate. The bank originated 27 loans for \$13.5 thousand under this program during the evaluation period.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on the limited-scope review, the bank's performance under the lending test in the Utica Rome MSA AA is not inconsistent with the full scope AAs.

INVESTMENT TEST

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

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

In the Syracuse MSA AA, the level of investments is good. ABNA exhibited a good responsiveness in addressing community investment needs. During the evaluation period, the bank made \$2.32 million in qualifying community development donations and investments, including a recent \$500 thousand increase in the bank's investment in a CRA fund providing mortgages for housing for low- and moderate-income individuals. These monies have funded housing needs primarily in the Syracuse MSA AA and further allocation to other AAs is pending. Overall, the innovativeness of the bank's investments in the AA was good.

In the Cortland Non-MSA AA, the level of investments is good. ABNA exhibited a good responsiveness in addressing community investment needs. During the evaluation period, the bank made \$1.4 million in qualifying community development donations and investments. Overall, the innovativeness of the bank's investments in the AA was good.

ABNA's total qualified investments at the end of this evaluation period were good at \$5.0 million. During this evaluation period, ABNA made \$3.8 million in qualified investments. In the Syracuse MSA AA, the bank increased its investment in the CRA fund by \$500 thousand. The bank also purchased a \$1.0 million bond, secured by a multiple family dwelling in the Syracuse MSA AA, housing low- and moderate-income families. Finally \$640 thousand of the bank's \$2 million investment in a Small Business Investment Company (SBIC) was assigned to the Syracuse MSA AA. One of the twenty businesses receiving funding from the SBIC is located in the Syracuse MSA AA. The SBIC funds small business development and helps to create jobs throughout Western and Central New York. Qualifying grants and donations, provided to community service organizations that primarily serve the needs of low- and moderate-income individuals totaled \$165 thousand in Syracuse MSA AA (excluding a \$140 thousand commitment to the rehabilitation of a library in a moderate-income census tract). In the

Cortland Non MSA AA we assigned the remaining \$1.4 million of the SBIC investment. The assignments of the SBIC investment are proportionate to the dollars invested either in, or in close proximity, to the respective AAs. Two businesses funded by the SBIC are located in Ithaca NY, very close to the Cortland Non-MSA AA. Qualifying grants and donations, provided to community service organizations that primarily serve the needs of low- and moderate-income individuals totaled \$49 thousand in the Cortland Non-MSA AA.

ABNA also maintained \$1.263 million in prior period investments. Aside from the \$500 thousand CRA mutual fund investment, from the previous evaluation period, the bank continues to maintain its investment in mortgage-backed securities issued by a quasi-governmental agency funding mortgages for low- and moderate-income individuals. During the previous evaluation period, the bank invested \$763 thousand in these mortgage-backed securities. Of the total investment, \$60 thousand was allocated to the Cortland Non-MSA AA, \$619 thousand to the Syracuse MSA AA, and the remaining \$84 thousand to the Utica-Rome MSA.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Utica-Rome MSA is not consistent with the bank's overall. While performance is weaker, it did not impact the overall rating. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

SERVICE TEST

Retail Banking Services

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

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

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

Overall, the bank experienced a net gain of six branches during the evaluation period. In the Syracuse MSA AA, the bank gained 10 branches, including the opening of two located in low-income census tracts and the acquisition of one located in a moderate-income tract. Three branches within the Syracuse MSA AA were closed during the evaluation period including one closed by OCNB prior to the acquisition. The bank experienced no openings or closings in the Cortland Non-MSA AA or the Utica-Rome MSA. The bank's lone branch in the Binghamton MSA was also closed during the period. The branch was not strategically viable for the bank. Branch closings did not adversely affect low- or moderate-income individuals or geographies.

ABNA's hours and services offered throughout the full scope AAs are good. Services offered are comparable among locations, regardless of the income level of the geography. Branch hours are diverse, but are typically between 8 and 4 pm. In general, branch offices offer extended hours, 1 to 2 hours on Thursdays and/or Fridays. One of the three branches located in the low-income areas extends hours for 1 hour on Fridays. Saturday hours are offered at 14 of the 27 branches in the full-scope AAs. The Oswego Branch, located in a moderate census tract, has extended Saturday hours. None of the low income branches offer Saturday hours. These sites, however, do offer 24-hour ATM availability, are located along readily accessible bus lines, and are generally within close proximity (10 miles) of branches with extended or Saturday hours. Online banking, bill payer, and telephone banking are other alternative delivery systems available for customers. ABNA provides these services free of charge. The services enable customers to obtain deposit and loan account information, make loan payments, transfers funds between accounts, and pay utility bills.

Community Development Services

ABNA's performance in providing community development services is good in both full scope AAs.

Board members, management and bank employees continue to support various organizations in the communities served by the bank by offering managerial and financial expertise to such organizations. These organizations include: CNY Community Foundation, of which an Alliance Bank board member is the President and CEO of this organization which supports the needs of low and moderate income persons in the Syracuse and Madison County region; Metro Development Association of Syracuse, of which an Alliance Bank board member is a board member of this organization which develops business and creates and retains jobs in Central New York; ARISE, Inc, of which an Alliance Bank board member is the President of this entity which provides affordable housing to individuals with disabilities; and, PEACE, Inc., of which an Alliance Bank board member is the Secretary and a board member for this entity which provides community development services to low to moderate income individuals. Various bank officers are active officers, advisors or board members of more than 17 organizations that provide community development services including: The Salvation Army, of which a bank employee is the Advisory Board President; The Cortland County BDC/IDA, of which a bank employee is a board member of this business development entity; and, The Cincinnatus Business Association, Inc, of which a bank employee is the president of this business development entity.

Conclusions for Areas Receiving Limited-Scope Reviews

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

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and 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): (01/01/03 to 12/31/06) Investment and Service Tests and CD Loans: (06/09/03 to 07/16/07)	
Financial Institution	Products Reviewed	
(Alliance Bank NA (ABNA) Syracuse, NY)	Home Mortgages, Small Business and Small Farm Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not Applicable		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
(Syracuse MSA) 45606 (Utica Rome MSA) 46540 (Cortland County AA)	Full Scope Limited Scope Full Scope	

Appendix B: Market Profiles for Full-Scope Areas

ANBA Syracuse MSA

Demographic Information for Full Scope Area: ANBA Syracuse MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	160	13.13	16.25	41.25	29.38	0.00
Population by Geography	527,777	10.10	13.01	44.81	32.09	0.00
Owner-Occupied Housing by Geography	135,827	2.90	8.95	51.25	36.91	0.00
Business by Geography	36,560	15.40	9.95	45.51	29.13	0.00
Farms by Geography	1,121	2.32	8.39	49.69	39.61	0.00
Family Distribution by Income Level	133,718	19.49	17.65	21.50	41.36	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	49,669	14.84	19.53	46.41	19.21	0.00
Median Family Income HUD Adjusted Median Family Income for 2005 Households Below Poverty Level		49,907 58,150 12%	Median Housing Value Unemployment Rate (2000 US Census)	84,254 2.81%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2005 HUD updated MFI

The Syracuse MSA AA consists of the entire counties of Onondaga, Oswego and Madison. The AA meets the requirement of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The composition of the AA geographies by income level is: 13.13% low-income, 16.25% moderate-income, 41.25% middle-income, and 29.38% upper-income.

The level of competition among financial service providers in the AA is high. ABNA competes with large mortgage companies, large interstate regional banking companies, credit unions and various community and savings banks. ABNA is a full service lender offering a broad menu of lending products that include business loans, home mortgage loans, home equity lines, and consumer loans. The bank's business focus is primarily on consumer lending.

Eighty-three percent of the housing in the AA is one to four family units and 17% is multifamily units (3% is mobile homes). Of total housing units, 60% is owner-occupied, 32% is renter-occupied, and 8% is vacant. The median housing value was \$84,254 in the 2000 census. Housing stock consists mostly of older homes with the median year built of 1958.

According to the 2006 business demographics there are 37,681 businesses, of which 1,121 are farms in the AA. Small businesses and farms represent 64.22% of all the businesses and farms. Approximately 67% of businesses reported having less than 10 employees. The primary industries in the AA are services (36%) and retail trade (17%). Major employers in the AA include the SUNY Upstate Medical, Syracuse University, New Process Gear, and St. Joseph's Hospital.

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

Cortland County Non MSA

Demographic Information for Full Scope Area: Cortland County Non MSA 2003						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	12	0.00	0.00	83.33	16.67	0.00
Population by Geography	48,599	0.00	0.00	83.43	16.57	0.00
Owner-Occupied Housing by Geography	11,718	0.00	0.00	84.10	15.90	0.00
Business by Geography	2,931	0.00	0.00	89.53	10.47	0.00
Farms by Geography	172	0.00	0.00	76.74	23.26	0.00
Family Distribution by Income Level	11,714	18.82	17.78	24.01	39.39	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	4,288	0.00	0.00	88.62	11.38	0.00
Median Family Income		41,761	Median Housing Value		73,690	
HUD Adjusted Median Family Income for 2005		48,550	Unemployment Rate (2000 US Census)		4.31%	
Households Below Poverty Level		15%				

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

Source: 2000 US Census and 2005 HUD updated MFI

The Cortland County Non-MSA AA consists of all the geographies of Cortland County. The AA meets the requirement of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The composition of the AA geographies by income level is: 0% low-income, 0% moderate-income, 92% middle-income, and 8% upper-income. In 2005 the all of the middle income geographies were designated as distressed and underserved.

The level of competition among financial service providers in the AA is moderate. ABNA competes primarily with large interstate regional banking companies, large national mortgage companies and local community and savings banks. According to the FDIC market share report as of June 30, 2006, ABNA is ranked number one for market share of deposits in the AA at 36.14%. ABNA is a full service lender offering a broad menu of lending products that include business loans, home mortgage loans, home equity lines, and consumer loans. The bank's business focus is primarily on consumer lending.

Eighty-eighty percent of the housing in the AA is one to four family units and 12% is multifamily units (9% is mobile homes). Of total housing units, 58% is owner-occupied, 33% is renter-occupied, and 9% is vacant. The median housing value was \$73,690 in the 2000 census. Housing stock consists mostly of older homes with the median year built of 1953.

According to the 2006 business demographics there are 3,032 businesses, of which 172 are farms in the AA. Small businesses and farms represent 59.27% of all the businesses and

farms. Approximately 61.52% of businesses reported having less than 10 employees. The primary industries in the AA are services (32.61%) and retail trade (16.73%).

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

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [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. 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 in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- 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 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 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 in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

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: 1000001090 Alliance Bank, NA

Table 1. Lending Volume

LENDING VOLUME		Geography: ALLIANCE BANK NA						Evaluation Period: JANUARY 1, 2004 - DECEMBER 31, 2006				
MA/Assessment Area (2005):	% 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:												
ABNA Syracuse MSA	66.08	797	91,310	831	125,040	26	815	13	3975	1,654	217,165	69.74
Cortland County Non MSA	27.73	316	24,323	364	51,210	14	171	4	264	694	75,704	26.36
Limited Review:												
ABNA Utica Ron	6.19	80	6,513	71	4,999	4	115	0	0	155	11,627	3.90

* Loan Data as of December 31, 2006. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from June 09, 2003 to July 16, 2007.

*** Deposit Data as of September 07, 2007. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: ALLIANCE BANK NA						Evaluation Period: JAN 1, 2004 – DEC 31, 2006						
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	Overa ll	Low	Mod	Mid	Upp
Full Review:															
ABNA Syracuse MSA	484	68.36	2.90	0.21	8.95	8.47	51.25	61.78	36.91	29.55	1.59	0.79	1.38	1.33	.88
Cortland County Non MSA	183	25.85	0.00	0.00	0.00	0.00	84.10	85.25	15.90	14.75	8.91	0.00	0.00	8.25	13.92
Limited Review:															
ABNA Utica Rome MSA	41	5.79	0.00	0.00	0.00	0.00	84.74	80.49	15.26	19.51	4.25	0.00	0.00	3.85	6.52

* Based on 2005 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.

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: ALLIANCE BANK NA								Evaluation Period: JAN 1, 2004 TO DEC 31, 2006				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
ABNA Syracuse MSA	96	58.90	2.90	0.00	8.95	7.29	51.25	60.42	36.91	32.29	1.22	0.00	1.33	1.38	1.01
Cortland County Non MSA	51	31.29	0.00	0.00	0.00	0.00	84.10	86.27	15.90	13.73	10.29	0.00	0.00	10.43	9.76
Limited Review:															
ABNA Utica Rome MSA	16	9.82	0.00	0.00	0.00	0.00	84.74	93.75	15.26	6.25	4.22	0.00	0.00	4.73	0.00

* Based on 2005 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.

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE				Geography: ALLIANCE BANK NA						Evaluation Period: JAN 1, 04–DEC 31, 06					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
ABNA Syracuse MSA	213	67.62	2.90	0.00	8.95	9.86	51.25	58.69	36.91	31.46	1.31	0.00	2.08	1.53	0.95
Cortland County Non MSA	79	25.08	0.00	0.00	0.00	0.00	84.10	82.28	15.90	17.72	5.2	0.00	0.00	5.45	3.90
Limited Review:															
ABNA Utica Rome MSA	23	7.30	0.00	0.00	0.00	0.00	84.74	65.22	15.26	34.78	2.13	0.00	0.00	1.39	7.50

* Based on 2005 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.

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

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: ALLIANCE BANK NA								Evaluation Period: JAN 1, 2004–DEC 31, 2006				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
ABNA Syracuse MSA	831	65.64	15.40	11.43	9.95	11.19	45.51	54.39	29.13	22.98	2.31	2.10	2.95	2.58	1.79
Cortland County Non MSA	364	28.75	0.00	0.00	0.00	0.00	89.53	89.84	10.47	10.16	11.36	0.00	0.00	11.82	8.06
Limited Review:															
ABNA Utica Rome MSA	71	5.61	0.00	0.00	0.00	0.00	86.59	77.46	13.41	22.54	5.74	0.00	0.00	5.50	10.64

* Based on 2005 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 (2006).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: ALLIANCE BANK NA								Evaluation Period: JAN 1, 04-DEC 31, 06				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
ABNA Syracuse MSA	26	59.09	2.32	0.00	8.39	19.23	49.69	65.38	39.61	15.38	4.83	0.00	3.03	5.98	3.51
Cortland County Non MSA	14	31.82	0.00	0.00	0.00	0.00	76.74	57.14	23.26	42.86	15.87	0.00	0.00	11.54	36.36
Limited Review:															
ABNA Utica Rome MSA	4	9.09	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	5.00	0.0	0.0	5.00	0.00

* Based on 2005 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 (2006).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: ALLIANCE BANK NA						Evaluation Period: JAN 1, 2004 TO DEC 31, 2006						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families ¹	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
ABNA Syracuse MSA	484	68.36	19.49	6.03	17.65	18.97	21.50	23.49	41.36	51.51	1.15	1.13	0.97	1.22	1.48
Cortland County Non MSA	183	25.85	18.82	6.01	17.78	16.39	24.01	25.14	39.39	52.46	8.91	13.51	6.67	7.87	13.62
Limited Review:															
ABNA Utica Rome MSA	41	5.79	13.55	7.50	17.87	32.50	25.61	12.50	42.97	47.50	4.25	4.76	8.33	2.41	4.3

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 3.0% 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.

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: ALLIANCE BANK NA								Evaluation Period: JAN 1, 2004-DEC 31, 2006				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families ²	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
ABNA Syracuse MSA	96	58.90	19.49	7.45	17.65	17.02	21.50	27.66	41.36	47.87	1.22	0.81	0.86	1.32	1.43
Cortland County Non MSA	51	31.29	18.82	4.08	17.78	22.45	24.01	22.45	39.39	51.02	10.29	0.00	5.00	8.62	15.12
Limited Review:															
ABNA Utica Rome MSA	16	9.82	13.55	6.25	17.87	25.00	25.61	37.50	42.97	31.25	4.22	6.67	2.56	6.90	1.89

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 2.5% 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.

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: ALLIANCE BANK NA								Evaluation Period: JAN 1, 04-DEC 31, 06					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families ³	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans**	Overall	Low	Mod	Mid	Upp
Full Review:															
ABNA Syracuse MSA	213	67.62	19.49	8.42	17.65	19.31	21.50	27.72	41.36	44.55	1.31	2.31	1.09	1.35	1.64
Cortland County Non MSA	79	25.08	18.82	5.41	17.78	17.57	24.01	39.19	39.39	37.84	5.20	3.13	3.49	9.48	4.76
Limited Review:															
ABNA Utica Rome MSA	23	7.30	13.55	9.09	17.87	31.82	25.61	18.18	42.97	40.91	2.13	0.00	1.49	2.17	2.78

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 5.4% 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.

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

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: ALLIANCE BANK NA			Evaluation Period: JAN 1, 04 TO DEC 31, 06	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
ABNA Syracuse MSA	831	65.64	63.39	56.44	64.62	17.21	18.17	2.45	3.12
Cortland County Non MSA	364	28.75	57.45	56.59	63.46	20.33	16.21	13.18	15.59
Limited Review:									
ABNA Utica Rome MSA	71	5.61	58.71	66.20	84.51	12.68	2.82	0.61	0.93

* Based on 2005 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 - 2006).

**** 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 6.71% of small loans to businesses originated and purchased by the bank.

Table12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: ALLIANCE BANK NA				Evaluation Period: JAN 1, 2004 TO DEC 31, 2006			
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 \$1,000,000	All	Rev\$ 1 Million or Less	
Full Review:										
ABNA Syracuse MSA	26	59.09	91.17	96.15	88.46	11.54	0.00	4.76	5.41	
Cortland County Non MSA	14	31.82	90.12	100.00	100.00	0.00	0.00	15.63	17.04	
Limited Review:										
ABNA Utica Rome MSA	4	9.09	93.60	100.00	100.00	0.00	0.00	1.54	1.87	

* Based on 2005 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 - 2006).

**** 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 2.27% of small loans to farms originated and purchased by the bank.

Institution ID: InstitID

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: ALLIANCE BANK NA				Evaluation Period: JAN 1, 2004-DEC 31, 2006			
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:									
ABNA Syracuse MSA	14	1119	53	2320	67	3439	64.35	1	140
Cortland County Non MSA	1	60	19	1409	20	1469	31.54	0	0
Limited Review:									
ABNA Utica Rome MSA	1	84	12	25	13	109	2.35	0	0

* '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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										Geography: ALLIANCE BANK NA Evaluation Period: JAN 1, 04-DEC 31, 06							
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:																	
ABNA Syracuse MSA	71.50	15	78.57	13.64	9.09	45.45	31.82	10	3	+2	+1	+3	+1	10.10	13.01	44.81	32.09
Cortland County Non MSA	24.50	5	17.86	0.00	0.00	100	0.00	0	0	0	0	0	0	0.00	0.00	83.43	16.57
Limited Review:																	
ABNA Utica Rome MSA	4.00	1	3.57	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0.00	0.00	85.44	14.56
Binghamton MSA	0.00	1	0.00	0.00	0.00	0.00	0.00	0	1	0	0	-1	0	0.00	0.00	0.00	0.00