

Greater Rochester Bancorp, Inc.

ANNUAL REPORT

2021

Celebrating 25 Years as
Rochester's Community Bank



An aerial night view of a city, likely Pittsburgh, with a baseball stadium in the foreground. The stadium's seating bowl is visible, and the city skyline with various skyscrapers is in the background. The lighting is dark, with city lights providing the primary illumination.

 **GRB** | **25**
Genesee Regional Bank | *Years*

Here. For You.



3380

GRB

Rochester's
Community Bank

HERE. FOR YOU. FOR 25 YEARS!

Since our beginning in 1996, GRB has served the Rochester community with commercial and personal banking, residential mortgages, and so much more.



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GRB

LEAD BY EXAMPLE

REMARKABLE CLIENT EXPERIENCE

UNIFIED TEAM

THE GRB

EXPERIENCE



**The GRB Experience.
Our employees live it.
Our clients benefit from it.
It's how we do business.**

We grow Rochester business by providing a unique banking experience and significant value to area businesses, professionals, and individuals.

Our financial resources and management resourcefulness will provide you with the flexible, creative thinking you need to achieve your goals. With our focus on building a long-term, meaningful relationship, you'll deal with banking professionals who take the time to become trusted advisors and strategic partners.

We trust, appreciate, and depend on each other to deliver extraordinary results.

Our dedicated, energized team is the key to our success, and to yours.

We are empowered to think differently and build relationships in support of clients' success.

Employees at all levels help provide innovative solutions, ensuring high quality, responsive service that's hard to match.

25 YEARS OF SERVING

ROCHESTER

Things have changed a lot since 1996.

Rochester is a different place. Industry and manufacturing giants have been replaced as the region's leading employers by entrepreneurial companies focused on technology, education, and professional services. This evolution also necessitated a change in the region's financial services infrastructure.

With the region's largest companies in decline in the 1990s, Rochester worked hard to reimagine itself. The community's entrepreneurial spirit emerged and small, nimble businesses led the way. As a lifelong businessman, E. Philip Saunders understood that start-ups and growth companies have unique banking needs. With founding partner Dan Gullace, the two set out to support those innovative companies with financial services built on the kind of personal service and in-depth knowledge small businesses need to grow. Genesee Regional Bank (GRB) was born from an absolute commitment to "Growing Rochester Business."

In the ensuing 25 years, GRB has mirrored the pioneering spirit of the entrepreneurs it serves. Like our customers, GRB has grown, too. We've added a comprehensive mix of Retail banking and Home Mortgage services, increased our headcount to 155 employees, and grew to nearly \$1 billion in assets this year.

While there have certainly been challenges along the way, our focus on supporting the small business community and helping individuals

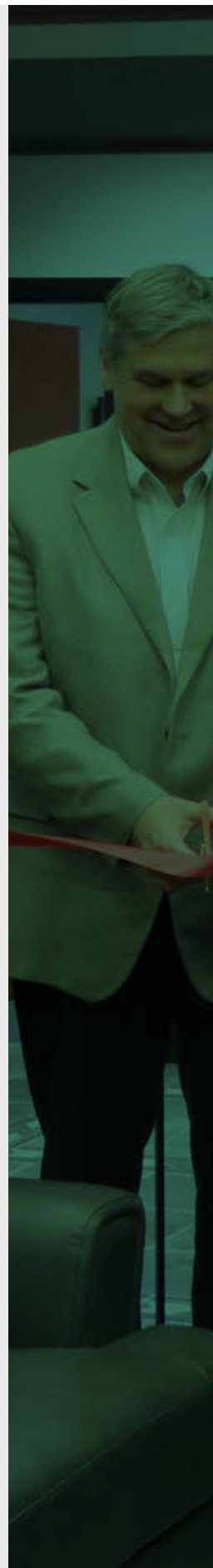
and families meet their financial goals has never wavered. That mission informs us and sustains us.

In 2008, in the midst of a global financial crisis, President and CEO Philip Pecora noted in GRB's annual report:

"...Despite the broader financial industry crisis, GRB has proven that we are a valuable local asset as we continue to be a consistent source of credit and a safe, reliable depository institution. While our larger competitors are making it more difficult to borrow, we have maintained our fundamentally sound and consistent approach to lending and relationship banking.

"In 2009, we will focus our marketing message to emphasize the benefits of establishing a relationship with a local bank: our client deposits provide GRB the fuel to extend credit to the local businesses that in turn make Rochester a strong community."

Over the last 25 years, financial institutions have come and gone across the Greater Rochester area. But GRB remains. A quarter century after its founding, GRB is the only community bank headquartered in Monroe County. We look forward to being *Here. For You.* for another 25 years.





**“I THINK WE OWE OUR
SUCCESS, PRETTY SIMPLY,
TO THE CUSTOMERS”**

PHIL SAUNDERS, FOUNDER & BOARD CHAIRMAN

**“THERE WAS A REAL NEED
FOR A COMMUNITY BANK IN
ROCHESTER”**

PHILIP L. PECORA, PRESIDENT & CEO

25 years serving the Rochester community has seen plenty of changes - such as moving from our old Greece branch (opposite bottom) to a new location, better suited to help us meet our customers' needs.

CELEBRATING

25 YEARS OF GRB:

A LOOK AT OUR HISTORY



Here are some of GRB's key milestones and accomplishments from the past 25 years as we've grown into the region's premier community bank.

The assets of Lyndon Guaranty Bank of New York are purchased by local attorney Dan Gullace and entrepreneur E. Philip Saunders. The goal is to create a local banking presence for small business lending.

1996

2000

The bank is renamed Genesee Regional Bank (GRB) and holds \$33 million in assets.

GRB taps Philip L. Pecora as its new manager of commercial banking. Eight months later, he is promoted to GRB's President and CEO.

2003

2007

GRB is named to the Greater Rochester Chamber of Commerce Top 100 list for the first time. The Top 100 recognizes the fastest-growing privately held companies in the region.

GRB moves its corporate offices from Monroe Avenue to new space in the Linden Oaks office park.

\$205 million in assets

2009



GRB's Linden Oaks Office



The Bank's Original Logo



The second Greece Branch

GRB's President and CEO Philip L. Pecora is named to the region's Top 100 Executives list by the Rochester Business Journal.

\$461 million

Fueled by its success in the Rochester region, GRB's Mortgage team expands into the Syracuse market.

Celebrating 25 years in business, GRB is named one of the Best Companies to Work for in New York for the eighth consecutive year.

\$979 million

2013

GRB makes a significant investment in the growth of Rochester's residential mortgage lending market, hiring more than 40 employees of a local mortgage brokerage firm to add to its existing mortgage team.

\$377 million

2015

2017

GRB establishes a "Wellness Committee," developing internal employee physical and mental health programs and managing bank-wide volunteer opportunities.

\$549 million

2019

2020

GRB pivots operations to support the SBA Paycheck Protection Program (PPP), processing 577 PPP loans, 35% of those from businesses that couldn't access a PPP loan from their current bank. In addition, GRB's mortgage team surpasses \$450 million in originations.

2021

A MESSAGE FROM THE PRESIDENT



PHILIP L. PECORA, PRESIDENT & CEO

Celebrating a year filled with milestones and growth for Rochester's Community Bank.

While 2020 was an extraordinary year due to circumstances arising from the onset of COVID-19, 2021 was equally remarkable. As the world continued to deal with a pandemic that persisted well beyond anyone's original expectation, I am pleased to report that GRB achieved another strong year of financial performance. Despite the uncertainty and distractions imposed on commerce, the Bank is proud to have served this community as a source of financial stability for both businesses and consumers. I know there is some risk of noting our positive growth against the backdrop of ongoing pandemic concerns, but I do so while readily acknowledging that GRB's success is a direct reflection of our clients' and our community's resilience. We are proud to be Rochester's Community Bank.

While this was not the 25th anniversary that we hoped for from the perspective of in-person celebrations and events, we could not be more pleased with the tremendous efforts of our team as we reached this milestone in 2021.

Over the past two years, I have been impressed with the agility of our team as they have seamlessly addressed a succession of challenges to how we traditionally go about our business, while never losing sight of the needs of our



GRB was honored to receive the SBA Diamond Award in recognition of our small business lending performance in 2021

clients. While we are proud to report another year of record earnings and balance sheet growth, it is our employees' effort behind the numbers that is most impressive and speaks to the strength of GRB's brand.

Performance

GRB's financial and operational performance in 2021 demonstrated our team's execution prowess that allowed the bank to continue to capitalize on the market conditions and opportunities presented within. Across our three primary business units of commercial banking, residential mortgage lending and retail banking, we made meaningful advances in not only each department's immediate financial contribution but also how they achieved it.

Throughout the course of the commercial banking team's exemplary U.S. Small Business Administration Paycheck Protection Program (PPP) effort in 2020, management indicated that beneath the fee income generated from this program, GRB was strengthening its brand and amassing goodwill throughout the business community. As such, we anticipated this effort would serve to enhance the bank's prospect conversion efforts. 2021 new loan originations and client conversions proved that our intuition was spot on. The commercial team converted 40 new client relationships this past year (compared to 27 in 2020) representing 50% of more than \$200 million in new traditional loan commitments, plus an additional \$61 million in residual PPP loans. For the second year in a row, GRB led the SBA ranking in our region, closing just over \$20 million (\$17 million in 2020) and earning the SBA's Diamond award recognition. Commercial deposit generation also was robust with \$57 million in new client deposits recorded, including \$21

million of noninterest bearing checking accounts. Through the recent economic uncertainties, GRB has proven its consistency in growing our primary annuity business of relationship driven commercial banking while maintaining the strongest credit quality in our 25-year history.

Not to be outdone, the residential mortgage team also demonstrated continual improvement. The team's closing volume of \$455 million by year-end surpassed the previous year's record performance of \$414 million. The team swam strong against the ebbing tide of increased interest rates, continued low housing inventory, and diminishing mortgage refinance demand. Purchase volume surged \$90 million over the prior year to \$370 million (representing 82% of total production) while refinances shrank. The higher portion of purchase loans to total loans compares favorably to 68% in 2020. This obviously bodes well for future loan production as the sales team remains steadfastly committed to serving the home purchase market, which is less sensitive to interest rates and certainly less volatile.



Helping our clients grow is our mission and our passion. The Village Vet breaks ground on a new location in Webster, N.Y.

Lastly but certainly not least, the GRB retail team also produced record-breaking numbers in both loans and deposits this past year. Led by a new Home Equity Line of Credit product and marketing campaign that was introduced in April, production of \$20 million more than quadrupled the average over the past five years. This year, new retail deposit balances surged to \$37 million compared to \$28 million in 2020. Most impressively, core deposits increased \$21 million vs. \$14 million in the year prior. Other cross-sell categories that deepen our client relationships such as online banking, mobile banking, mobile deposit and e-statements advanced dramatically, averaging a year-over-year increase of 53%. As a purposeful compliment to commercial and mortgage banking, the retail sales team continues to build promising momentum.

People

The key driver of GRB's success will always be the quality of the people who make up our growing team. As I reflect on the bank's accomplishments throughout the pandemic, I am struck by how well our team adjusted to the volatile and, at times, adverse circumstances that surrounded the pandemic. While many of us continued to work in the office, we also moved swiftly to develop a work-from-home strategy to ensure that the team remained healthy and consistently productive. The technology conversion associated with this new approach to our work was certainly a monumental accomplishment. But beyond that task, the cohesive and collaborative effort among all of our employees in incorporating remote work has been impressive.

While I applaud the rapid integration and accelerating acceptance of remote work, I take pause when considering the long-term consequences of this evolving trend. At GRB, we believe that in-person interaction is crucial. We know

that many of our employees value the flexibility of working from home, but also see tremendous value in maintaining our culture as employees are present in-office at least for a portion of the work-week. Frankly, as innovative as technology is, it will never replace the power of in-person interaction.

As a growing community bank, we at GRB embrace technology as a strong compliment to the personal, individualized service we provide our clients. Relationship building is GRB's competitive advantage. Our relationships exist both internally among the team and externally with our clients. The internal relationships are what connect every employee, creating our unique culture and ultimately GRB's brand. We learn from each other, we collaborate, we share ideas, and we work as a cohesive team to deliver superior service to our clients and support the greater community. The connection that is developed by working together in person can never be comparably replaced through email, text, phone or even video.

Potential

GRB's future is bright! I am proud to report GRB's continued positive financial results because, simply put, it is driven by the dedication of our employees, the success of our valued clients, and the growth of our community. As GRB crosses the billion-dollar asset threshold in 2022, we look forward to continued growth and to our commitment to serving the Greater Rochester and Central New York communities.

On behalf of GRB's Board of Directors and employees, I thank all who contribute to making GRB Rochester's Community Bank.





“GRB’S ONGOING SUCCESS IS A RESULT OF OUR DEDICATION, HARD WORK AND THE EXCELLENT SERVICE THAT WE PROVIDE TO OUR CLIENTS”

PHILIP L. PECORA, PRESIDENT & CEO

BOARD OF DIRECTORS



GRB's Winton Office Board Room

Chairman

E. Philip Saunders
President & CEO
Saunders Management Co.



Directors

Ronald D. Billitier
President
Billitier Electric, Inc.

Anthony Cotroneo
Partner
Woods Oviatt Gilman, LLP

Eli N. Futerman
Co-President
Hahn Automotive Warehouse, Inc.

Dante Gullace
Attorney & Real Estate Developer

Daniel C. Hogan
President
Crane-Hogan Structural Systems, Inc.

John M. Holahan
Retired, President
Travel Ports of America

Michelle C. Paroda
Vice President
Ramsey Constructors

Philip L. Pecora
President & CEO
Genesee Regional Bank

Steven B. Sauer
President
Toshiba Business Solutions

Gary Schwingel
Retired, Chief Financial Officer
Genesee Regional Bank

Daniel D. Tessori, Ph.D., CPA
Assistant Professor
Rochester Institute of Technology

Giovanni LiDestri
Board Member Emeritus
Chief Executive Officer
LiDestri Foods, Inc.

**Community Banking.
Community Building.**



AWARDS & RECOGNITION



Nick Dobbertin, CFO, was named to the Rochester Business Journal's 2021 Forty Under 40 list.



Philip L. Pecora, President & CEO, was named to the Rochester Business Journal's Power 30 Banking & Finance List.



Joseph Leone, Mortgage Operations Manager, graduated from the ABA Stonier Graduate School of Banking program.



Philip L. Pecora, President & CEO, was also named as an Honoree in Commercial Banking in the Rochester Business Journal's 2021 Financial Leaders list.



DEDICATED TO EXCELLENCE IN SERVING THE ROCHESTER COMMUNITY

#1

TOP SBA LENDER IN
ROCHESTER

2021 DIAMOND
AWARD RECIPIENT
FOR MORE THAN \$20
MILLION IN LOANS



U.S. Small Business
Administration

#23

S&P Global

FOR COMMUNITY BANKS WITH
ASSETS UP TO \$3 BILLION

#13



#6



GRB WAS RECOGNIZED AS ONE OF
THE BEST MORTGAGE REFINANCE
COMPANIES IN ROCHESTER



GIVING BACK

TO OUR COMMUNITY

Doing Our Part to Help Organizations and People Right Here in Our Hometown

As a community bank, GRB is connected to the many things that define Upstate New York – and make it a place we are proud to call home.

Throughout GRB's history, we have always worked hard to support what's important to our employees and customers. We readily donate our time and treasure to strengthening the fabric of this community.

As part of its mission, GRB's employees also serve as members of the Wellness Committee and Charitable Roundtable, helping direct the bank's fundraising, volunteer, and donation initiatives.

As COVID concerns remained present throughout 2021, many non-profit organizations were facing a shortage in donations due to cancelled fundraising events – even as the need for their assistance intensified. GRB continued to focus on ways to help those struggling with basic necessities.

GRB and its employees responded by collecting food, pajamas, home goods, and more throughout the year. We provided our assistance to charitable organizations as volunteers, hoping to relieve some of the burden. These grass roots efforts, along with the bank's customary donation commitments, helped bridge the gap for those in need.

Among the more notable efforts in 2021, GRB provided assistance to men, women, and children in our community who struggled to secure food, clothing and

GRB Volunteers on United Way Day of Caring 2021



shelter. Once again, we decided to forego client holiday gifts to provide additional funds to our charitable efforts.

We are also proud to have maintained a physical presence in the community as we painted and landscaped as part of the United Way Day of Caring, helped out on the Homesteads for Hope Community Farm, and found other ways to stay connected and engaged in a socially distanced world.

As a community bank, we remain acutely aware of the day-to-day struggles of our region's not-for-profit organizations and the individuals they serve. But we also remain hopeful that the spirit that brought us closer together during the throes of a pandemic will be the one positive outcome that we preserve and strengthen.

At GRB, we live our community bank moniker – today and every day. We are Here. For You.





FINANCIAL

COMMENTARY

Greater Rochester Bancorp, Inc. (the parent company of Genesee Regional Bank) experienced another record year of financial performance in 2021, bolstered by revenue growth and recapturing loan loss reserves. Revenues increased as a result of both net interest income and noninterest income. Net interest income was driven higher by impressive loan growth of nearly 12% overall and 33% excluding Paycheck Protection Program (PPP) loans, while deposits grew by more than 24% from 2020; as a result, total assets were nearly \$1 billion by the end of 2021. Noninterest income grew through both mortgage banking earnings and PPP loan fee income.

Key performance metrics in 2021 improved further from 2020's impressive results and greatly exceed those of peer banks. Asset quality remains exceptionally strong, supporting the recapture of loan loss reserves provided for in 2020 while still maintaining a conservative balance to cushion against future losses. GRB's capital levels were at an all-time high in 2021, ensuring our ability to carry on our mission of Growing Rochester Business. Return on shareholder equity was 26.11% and return on assets was 2.12%. GRB's efficiency ratio of 50.4% significantly outpaced peer banks. Earnings per Class A common share in 2021 were \$401.16.

Looking forward to 2022, GRB's financial outlook remains exceptionally strong. For several years before COVID, the bank made significant investments in infrastructure that served as the backbone upon which the recent success was built; building a talented, dedicated workforce and implementing sophisticated, efficient technology systems positioned the bank well to capitalize on the conditions created by the pandemic and provided the backdrop for the bankwide effort to convert these opportunities into revenue.

While some of the factors pushing noninterest income higher in 2020-2021 are expected to reverse in 2022 and provide a headwind for earnings, the growth of higher quality, sustainable revenues derived from a larger balance sheet will continue to drive GRB forward as the bank is emerging into a post-COVID world. Even with the absence of these non-recurring revenues in 2022, next year's investments in personnel and technology systems will become the platform upon which future business opportunities are able to be realized. GRB is well positioned to continue on a path of healthy growth for 2022 and into the future.

GRB's Mortgage team helped **2,268 individuals and families** put down roots in 2021

Balance Sheet (\$ in thousands)	2021	2020
Loans	\$618,222	\$552,233
Allowance for Loan Losses	(\$7,761)	(\$8,778)
Cash & Due from Banks	\$40,256	\$87,482
Investments	\$289,809	\$92,667
Other Assets	\$39,080	\$27,786
Total Assets	\$979,606	\$751,390

Deposits	\$827,830	\$666,567
Borrowings	\$69,962	\$15,000
Other Liabilities	\$5,964	\$3,614
Stockholder's equity	\$75,850	\$66,209
Total Equity/Liabilities	\$979,606	\$751,390

Balance Sheet	2021	2020
Return on Assets	2.12%	2.08%
Return on Equity	26.11%	25.55%
Efficiency Ratio	50.4%	47.2%
Earnings per Share	\$401.16	\$312.80
Bank Leverage Ratio	9.72%	10.32%

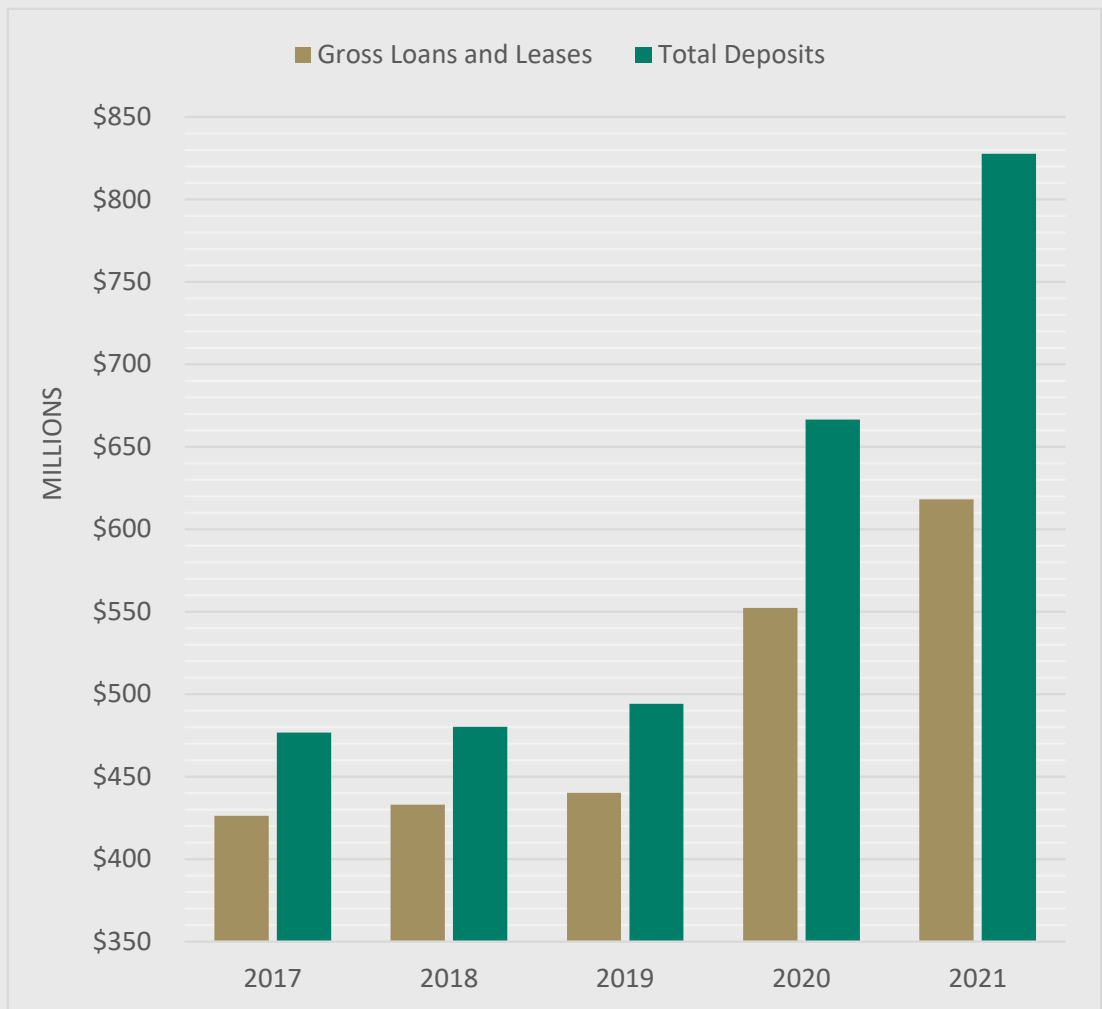


GRB has outperformed its peer banks on Return on Equity in 9 out of the last 10 years.

BY THE NUMBERS:

FINANCIAL GROWTH & MORE

A look at some of the notable numbers and metrics that display GRB's dedication to serving and growing the Rochester community during the past year and beyond.



\$827.8 MILLION IN TOTAL DEPOSITS IN 2021

352%

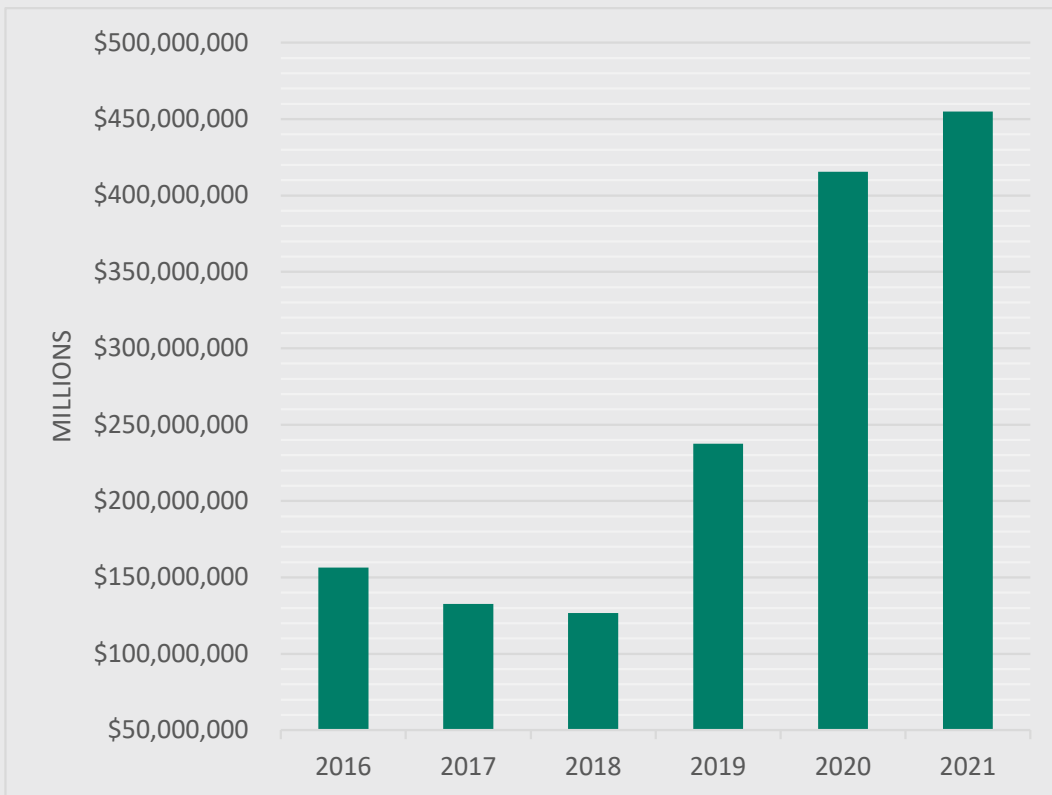
EMPLOYEE GROWTH OVER THE PAST 11 YEARS



2010
44 EMPLOYEES



2021
155 EMPLOYEES



\$455

MILLION IN RESIDENTIAL MORTGAGE VOLUME IN 2021

**ROCHESTER, NY WAS
RANKED**

#1

**METRO IN U.S.
FOR FUTURE
GROWTH**

Source: MIT Economics

**“25 YEARS FROM NOW, I HOPE
IT’S STILL GRB WITH THE SAME
FOCUS WE HAVE TODAY”**

PHIL SAUNDERS, FOUNDER & BOARD CHAIRMAN

LOOKING AHEAD TO A BRIGHT FUTURE...

Upstate New York – and GRB – have good reason to be optimistic!

The Upstate New York region has been singled out as a top spot for earning a degree, working in high-tech industries, and as a great place to live and raise a family. At GRB, we are inspired by the opportunity to continue working with extraordinary people and innovative businesses.

After 25 years we remain focused on our mission as a community bank supporting businesses, individuals and families. To meet the needs of our customers today and in the future, GRB continues to make investments in infrastructure, people, and technology. Examples of our commitment to this region include:

- Purchasing and renovating an existing building for the bank's headquarters
- Implementing numerous customer-focused online and mobile technology enhancements
- Working with local service providers for the bank's day-to-day product and service needs
- Offering employees the opportunity to earn certifications and professional designations to enhance their ability to grow
- Giving back to the community through volunteer efforts and charitable donations
- Helping businesses grow as the no. 1 Small Business Administration (SBA) Lender in Rochester in 2020 & 2021

We are excited about the future of Upstate New York and about the promise it holds for GRB as a community bank.



Thank you for making GRB Rochester's Community Bank



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Here. For You.

