



PUBLIC DISCLOSURE

April 10, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Carthage Savings and Loan, National Association
Charter Number: 25272

313 State Street
Carthage, NY 13619

Office of the Comptroller of the Currency

5000 Brittonfield Parkway, Suite A132
East Syracuse, NY 13057

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

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

The lending test is rated: Satisfactory.

The major factors that support this rating include:

- The Lending Test rating is based on performance in the assessment area (AA) in the state of New York, which demonstrated an excellent distribution of loans to borrowers of different income levels and a poor distribution of loans to geographies of different income levels.
- Carthage Savings and Loan, National Association’s (CSLNA or bank) average loan-to-deposit (LTD) ratio is reasonable based on the bank’s size, financial condition, and credit needs of the AAs.
- A substantial majority of home mortgage loans originated and purchased during the evaluation period are inside the bank’s AAs.

Loan-to-Deposit Ratio

Considering the bank’s size, financial condition, and credit needs of the AAs, the bank’s LTD ratio is reasonable. CSLNA’s average LTD ratio for the 16-quarter period following the date of the prior evaluation period, December 31, 2017, through the end of the current evaluation period, December 31, 2021, is 85.1 percent. The bank’s ratio ranged from a low of 78.2 percent to a high of 93.7 percent. In comparison, the quarterly average LTD ratio of four similarly situated financial institutions in the surrounding areas was 100.8 percent during the same period, ranging from a low of 71.8 percent to a high of 120.6 percent.

Lending in Assessment Area

A substantial majority of the bank’s loans are inside its AAs.

The bank originated and purchased 90.8 percent of its total loans inside the bank’s AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

| Lending Inside and Outside of the Assessment Area | | | | | | | | | | |
|--|-----------------|-------------|-----------|------------|------------|---------------------------------|-------------|--------------|------------|----------------|
| Loan Category | Number of Loans | | | | Total # | Dollar Amount of Loans \$(000s) | | | | Total \$(000s) |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Home Mortgage | 625 | 90.8 | 63 | 9.2 | 688 | 73,009 | 91.2 | 7,087 | 8.8 | 80,096 |
| Total | 625 | 90.8 | 63 | 9.2 | 688 | 73,009 | 91.2 | 7,087 | 8.8 | 80,096 |

Description of Institution

CSLNA is a \$284 million, single-state, community bank headquartered in Carthage, N.Y. CSLNA is a wholly-owned subsidiary of Riverbank Financial Corporation MHC, a Delaware chartered one bank holding company. CSLNA converted from a federal savings association to a national bank effective June 17, 2022, a strategic decision made to diversify funding sources through municipal deposits. CSLNA has one operating subsidiary, Public Square, Inc., that holds assets acquired through foreclosure. This performance evaluation did not include or consider any activities performed or conducted by bank affiliates.

The bank operates three full-service branches located in two designated AAs, the Watertown-Fort Drum NY MSA AA and the NY Non MSA AA. The bank expanded its AA designations to include the NY Non MSA AA with the establishment of a new full-service branch in Croghan, N.Y. on May 23, 2019. The bank closed their full-service branch in Clayton, N.Y. on June 14, 2021 and reopened the location as a loan production office due to a lack of significant deposit activity. All branches have cash dispensing automated teller machines (ATMs).

The bank's business strategy during the evaluation period focused on organic loan and deposit growth throughout its AAs. CSLNA reported total loans of \$196.1 million, representing 69 percent of total assets, as of December 31, 2021. The bank's primary lending focus continues to be centered in one-to-four family residential real estate products, representing \$187.2 million or 95.5 percent of total loans. Consumer and commercial real estate lending are nominal at \$6.8 million or 3.5 percent of total loans and \$2.1 million or 1.1 percent of total loans, respectively. The bank's deposits totaled \$243.6 million and tier 1 equity capital totaled \$33.1 million as of December 31, 2021.

There were no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its AAs during the evaluation period. CSLNA received a "Satisfactory" rating for its prior Community Reinvestment Act (CRA) performance evaluation (PE) dated January 7, 2019.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This PE assessed the bank's lending performance in its AAs under the CRA. The bank was evaluated using the Small Bank evaluation procedures, which included the Lending Test. The Lending Test evaluated the bank's record of meeting the credit needs of its AA through its lending activities. The bank's performance was assessed using home mortgage loan originations and purchases during the evaluation period, which was January 1, 2019 through December 31, 2021. The evaluation period did not include 2022 lending activity because aggregate peer lending data was not available at the time of the evaluation; therefore, analysis of this activity would not be meaningful.

Management provided home mortgage information for 2019, 2020, and 2021 as required by the Home Mortgage Disclosure Act (HMDA). HMDA aggregate lending as well as market share

percentages consider only lenders that submit HMDA data. Lenders that collect but do not submit data are not considered in the percentages.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of its AAs within that state were selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank’s overall rating is based on its performance in the state of New York. The State Rating is based on the full-scope reviews of the bank’s Watertown-Fort Drum NY MSA AA and the NY Non MSA AA. The Watertown-Fort Drum NY MSA AA received the most weight in the performance assessment as it represented 71.4 percent of total home mortgage originations and purchases during the evaluation period and 94.2 percent of the bank’s total deposits.

The state ratings are based on performance in all bank AAs. Refer to the “Scope” section under each State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of New York

CRA rating for the State of New York: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- The bank had an excellent distribution of home mortgage loans to borrowers of different income levels within the AAs.
- The bank had a poor distribution of home mortgage loans among census tracts of different income designations within the AA.
- Management did not receive any complaints regarding CRA performance during the evaluation period.

Description of Institution's Operations in New York

CSLNA's primary lending focus in the state of New York is one-to-four family residential real estate. The bank offers traditional and non-complex residential real estate products including home mortgages, home equity lines of credit and home equity loans. The bank also offers non-conventional mortgages through the United States Department of Agriculture (USDA), Veterans Affairs (VA) and Federal Housing Administration (FHA) to assist applicants who might not otherwise qualify for a conventional mortgage.

As of December 31, 2021, CSLNA had two designated AAs in the state of New York, the Watertown-Fort Drum NY MSA AA and the NY Non MSA AA. The Watertown-Fort Drum NY MSA AA includes the entire Watertown-Fort Drum N.Y. MSA, which includes the entire political subdivision of Jefferson County. The NY Non MSA AA includes the entire political subdivision of Lewis County. No adjustments or revisions to the bank's designated AAs were necessary. All New York State AAs met the requirements of the CRA regulation and did not arbitrarily exclude any low- or moderate-income areas.

The following tables and supporting information summarize the demographic information for the Watertown-Fort Drum NY MSA AA and the NY Non MSA AA.

Watertown-Fort Drum NY MSA AA

| Table A – Demographic Information of the Assessment Area | | | | | | |
|--|---------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Watertown-Fort Drum NY MSA AA | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 26 | 0.0 | 19.2 | 65.4 | 7.7 | 7.7 |
| Population by Geography | 118,947 | 0.0 | 18.3 | 74.5 | 7.1 | 0.1 |
| Housing Units by Geography | 58,536 | 0.0 | 15.8 | 78.5 | 5.7 | 0.0 |
| Owner-Occupied Units by Geography | 24,610 | 0.0 | 7.9 | 83.2 | 8.9 | 0.0 |
| Occupied Rental Units by Geography | 19,696 | 0.0 | 32.1 | 63.5 | 4.4 | 0.0 |
| Vacant Units by Geography | 14,230 | 0.0 | 6.8 | 91.2 | 2.1 | 0.0 |
| Businesses by Geography | 6,596 | 0.0 | 17.6 | 75.6 | 6.8 | 0.0 |
| Farms by Geography | 381 | 0.0 | 5.2 | 81.9 | 12.9 | 0.0 |
| Family Distribution by Income Level | 30,116 | 19.8 | 18.3 | 22.4 | 39.5 | 0.0 |
| Household Distribution by Income Level | 44,306 | 22.6 | 16.2 | 20.8 | 40.5 | 0.0 |
| Median Family Income MSA - 48060 Watertown-Fort Drum, NY MSA | | \$57,300 | Median Housing Value | | | \$139,278 |
| | | | Median Gross Rent | | | \$979 |
| | | | Families Below Poverty Level | | | 10.9% |
| <i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> | | | | | | |

The Watertown-Fort Drum NY MSA AA consists of the 26 contiguous census tracts included in Jefferson County, which is the entirety of the Watertown-Fort Drum N.Y. MSA. Per the 2015 American Community Survey (ACS) data, there were no low-income census tracts, five moderate-income census tracts, 17 middle-income census tracts, two upper-income census tracts, and two census tracts without an income designation. One census tract without an income designation included a portion of Lake Ontario and the other is Fort Drum, a U.S. Army military reservation. In addition, one moderate-income census tract is located in Fort Drum where less than 1 percent of housing units are owner-occupied.

CSLNA offered its products and services through its two branch locations, two ATMs, and one loan production office located in the AA, as well as its online banking and mobile banking applications. The bank closed its full-service branch in Clayton, N.Y on June 14, 2021 and reopened the location as a loan production office due to a lack of significant deposit activity. The Watertown branch was in a moderate-income census tract while the Carthage branch and Clayton loan production office were in middle-income census tracts.

As of June 30, 2021, CSLNA reported \$237.1 million in deposits in the Watertown-Fort Drum NY MSA AA, which represented 94.2 percent of total deposits. CSLNA ranked fifth out of 13 depository institutions in the AA, with a deposit market share of 8.9 percent. The bank's top

competitors for deposit market share include Watertown Savings Bank with 30.8 percent, Community Bank, N.A. with 22.8 percent, and Northern Credit Union with 14.5 percent.

Based on the 2021 HMDA market share data, CSLNA ranked eighth out of 128 lending institutions, or the 93rd percentile, with a 4 percent market share. The top five home mortgage lenders in the market, Northern Credit Union, Watertown Savings Bank, Community Bank, N.A., AmeriCU Credit Union, and Rocket Mortgage had a combined market share of 42.6 percent. Market share for the top five competitors ranged from 7 percent to 10.6 percent.

According to the U.S. Bureau of Labor Statistics (BLS) December 2021 data, the unemployment rate (not seasonally adjusted) in the Watertown-Fort Drum N.Y. MSA was 3.7 percent, which outperformed the state unemployment rate of 4.8 percent. During the evaluation period, unemployment spiked to 18.7 percent in April 2020 due to the COVID-19 pandemic but quickly dissipated back to historic levels. Per Moody's Analytics, the MSA economy is flatlining as the labor market has struggled to gain momentum. The largest sector of the economy is government, primarily driven by Fort Drum, the largest employer in the area. The economy is expected to benefit from the National Defense Authorization Act, which gives a nearly 3 percent pay raise to military personnel and continues to list Fort Drum as a preferred site for missile defense installation.

The OCC utilized information from one community contact within the bank's AA to determine local economic conditions and community needs. The contact is a local community development organization that focuses on low- and moderate-income housing advocacy, counseling, referral, and related activities, as well as safe and affordable rental housing. The contact reported the need for affordable housing, homeless services, small dollar unsecured lending, and revitalization in the downtown area of Watertown, N.Y. The contact specifically noted CSLNA as one of the local financial institutions that support the needs of the community.

NY Non MSA AA

| Table A – Demographic Information of the Assessment Area | | | | | | |
|--|----------|-----------------------|------------------------------|--------------------------|-------------------------|-----------------------|
| Assessment Area: NY Non MSA AA | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 7 | 0.0 | 14.3 | 85.7 | 0.0 | 0.0 |
| Population by Geography | 27,124 | 0.0 | 7.3 | 92.7 | 0.0 | 0.0 |
| Housing Units by Geography | 15,249 | 0.0 | 9.7 | 90.3 | 0.0 | 0.0 |
| Owner-Occupied Units by Geography | 8,066 | 0.0 | 7.5 | 92.5 | 0.0 | 0.0 |
| Occupied Rental Units by Geography | 2,473 | 0.0 | 8.0 | 92.0 | 0.0 | 0.0 |
| Vacant Units by Geography | 4,710 | 0.0 | 14.5 | 85.5 | 0.0 | 0.0 |
| Businesses by Geography | 1,465 | 0.0 | 4.6 | 95.4 | 0.0 | 0.0 |
| Farms by Geography | 220 | 0.0 | 0.5 | 99.5 | 0.0 | 0.0 |
| Family Distribution by Income Level | 7,380 | 18.8 | 19.2 | 22.9 | 39.1 | 0.0 |
| Household Distribution by Income Level | 10,539 | 20.7 | 17.1 | 18.4 | 43.8 | 0.0 |
| Median Family Income Non-MSAs - NY | | \$59,570 | Median Housing Value | | | \$115,921 |
| | | | Median Gross Rent | | | \$701 |
| | | | Families Below Poverty Level | | | 8.9% |
| <i>Source: 2015 ACS and 2021 D&B Data</i> | | | | | | |
| <i>Due to rounding, totals may not equal 100.0%</i> | | | | | | |
| <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> | | | | | | |

The NY Non MSA AA consists of the eight contiguous census tracts of Lewis County. Per the 2015 ACS data, there were no low-income census tracts, one moderate-income census tract, seven middle-income census tracts, and no upper-income census tracts.

CSLNA offered its products and services through its one branch location and one ATM located in the AA, as well as its online banking and mobile banking applications. The bank added the NY Non MSA AA designation with the opening of its first full-service branch in Croghan, N.Y. on May 23, 2019. The Croghan branch is in a middle-income census tract.

As of June 30, 2021, CSLNA reported \$14.7 million in deposits in the NY Non MSA AA, which represented 5.8 percent of total deposits. CSLNA ranked third out of three depository institutions in the AA, with a deposit market share of 4 percent. The top competitors for deposit market share in the AA are Community Bank, N.A. and KeyBank, N.A. with deposit market shares of 71.5 percent and 24.5 percent, respectively.

Based on the 2021 HMDA market share data, CSLNA ranked third out of 69 lending institutions, or the 95th percentile, with an 8.4 percent market share. The top two home mortgage lenders in the market were Community Bank, N.A. and Northern Credit Union with market shares of 21.2 percent and 17.1 percent, respectively.

According to the U.S. BLS December 2021 data, the unemployment rate (not seasonally adjusted) in Lewis County was 3.9 percent, which outperformed the state unemployment rate of 4.8 percent. During the evaluation period, unemployment spiked to 15.5 percent in April 2020 due to the COVID-19 pandemic but quickly dissipated back to historic levels. Major employers in the area include Kraft Heinz, Lewis County General Hospital, Lewis County, and various school districts.

The OCC utilized information from one community contact within the bank's AA to determine local economic conditions and community needs. The contact was a Community Development Financial Institution focused on serving small businesses in the Adirondack and Northern region of New York, including Lewis County. The contact noted a need for financing for start-ups and existing businesses owned by historically disadvantaged groups.

Scope of Evaluation in New York

The OCC conducted full-scope reviews of the bank's Watertown-Fort Drum NY MSA AA and the NY Non MSA AA. The Watertown-Fort Drum NY MSA AA received the most weight in the state assessment as it represented 71.4 percent of total home mortgage originations and purchases during the evaluation period. The distribution of loans by income level of the borrower received more weight under the Lending Test given the lack of low-income census tracts and limited number of moderate-income census tracts in the bank's AAs.

LENDING TEST

The bank's performance under the Lending Test in New York is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews.

Based on full-scope reviews, the bank's performance in the Watertown-Fort Drum NY MSA AA and the NY Non MSA AA is good.

Distribution of Loans by Income Level of the Geography

The bank exhibits poor geographic distribution of loans in the state of New York.

Home Mortgage Loans

Refer to Table O in the state of New York section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Watertown-Fort Drum NY MSA AA

The geographic distribution of home mortgage loans is very poor. The geographic distribution of home mortgage loans in moderate-income census tracts was significantly below the percentage

of owner-occupied housing and aggregate lending in the AA. The AA did not include any low-income census tracts.

NY Non MSA AA

The geographic distribution of home mortgage loans is reasonable. The geographic distribution of home mortgage loans in moderate-income census tracts was well below the percentage of owner-occupied housing and aggregate lending in the AA. The AA did not include any low-income census tracts.

The assessment of performance considered the limited number of moderate-income census tracts in the AA, the timing of the bank's entrance into the AA, and the distance between the one branch located in the AA and the one moderate-income census tract in the AA. The bank entered the AA on May 23, 2019 with the establishment of a branch in Croghan N.Y. In conjunction with the newly established branch, the bank designated the NY Non MSA AA, which includes one moderate-income census tract located approximately 20 miles away from the branch. CSLNA did not penetrate the moderate-income census tract in 2019; however, 2020 and 2021 lending activity displayed improved penetration when compared to the percentage of owner-occupied housing and aggregate lending in the AA, ranking fourth amongst lenders who made loans in the sole moderate-income census tract.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans to individuals of different income levels given the product lines offered by the bank.

Home Mortgage Loans

Refer to Table P in the state of New York section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Watertown-Fort Drum NY MSA AA

The borrower distribution of home mortgage loans is excellent. Home mortgage lending to low-income borrowers is well below the number of low-income families and significantly exceeds aggregate lending. Home mortgage lending to moderate-income borrowers is below the number of moderate-income families and exceeds aggregate lending.

The assessment of performance considered housing affordability for low-income borrowers during the evaluation period given the median listing price and median family income. The median housing value was \$139,278 in the AA based on the 2015 ACS; however, per the Federal Reserve Economic Data maintained by the Federal Reserve Bank of St. Louis, the median home listing price in the Watertown-Fort Drum NY MSA AA ranged from \$159,900 to \$199,000 during the evaluation period. Based on the median listing price during the evaluation period, the monthly principal and interest payment of a 30-year mortgage with no down payment and a fixed 5 percent interest rate ranges from \$858 to \$1,068. Using a threshold of 30 percent of income for housing affordability and the 2021 updated median family of \$64,900 in the AA, a low-income

individual could afford a maximum monthly payment of \$811 without including additional expenses or real estate taxes. When including these additional expenses, it becomes even more difficult for low-income individuals to afford a mortgage in the AA.

NY Non MSA AA

The borrower distribution of home mortgage loans is reasonable. Home mortgage lending to low-income borrowers is well below the number of low-income families and is near to aggregate lending. Home mortgage lending to moderate-income borrowers exceeds the number of moderate-income families and is near to aggregate lending.

The assessment of performance considered housing affordability for low-income borrowers during the evaluation period given the median listing price and median family income. The median housing value was \$115,921 in the AA based on the 2015 ACS; however, per Realtor.com, the median home listing price in the NY Non MSA AA peaked at \$177,000 in September 2021. Based on the peak median listing price during the evaluation period, the monthly principal and interest payment of a 30-year mortgage with no down payment and a fixed 5 percent interest rate is \$950. Using a threshold of 30 percent of income for housing affordability and the 2021 updated median family of \$69,400 in the AA, a low-income individual could afford a maximum monthly payment of \$868 without including additional expenses or real estate taxes. When including these additional expenses, it becomes even more difficult for low-income individuals to afford a mortgage in the AA.

Responses to Complaints

The bank did not receive any CRA related complaints during the evaluation period.

COVID-19 Pandemic Activities

CSLNA participated as a lender in the Small Business Administration's Paycheck Protection Program (PPP). The PPP was implemented to encourage businesses to keep employees on payrolls during the initial lockdowns of the COVID-19 pandemic. Loans originated under the program carried an interest rate of 1 percent and had a maturity of two years if originated prior to June 5, 2020, and five years if originated after that date. The SBA forgave the loans if a business met certain requirements such as spending at least 60 percent of proceeds on payroll costs and maintaining employee and compensation levels. There were two rounds of the PPP, with the second round having stricter eligibility to target small businesses most affected by the COVID-19 pandemic's economic impact. During the evaluation period, CSLNA originated 40 PPP loans totaling \$8 million in the state of New York.

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 MSAs and non-MSAs 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: | 01/01/2019 to 12/31/2021 | |
| Bank Products Reviewed: | Home mortgage loans | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| None | N/A | N/A |
| List of Assessment Areas and Type of Examination | | |
| Rating and Assessment Areas | Type of Exam | Other Information |
| New York | | |
| Watertown-Fort Drum NY MSA AA | Full-Scope | Jefferson County |
| NY Non MSA AA | Full-Scope | Lewis County |

Appendix B: Summary of State Ratings

| RATINGS | |
|---|---------------------|
| Overall Bank: | Lending Test Rating |
| Carthage Savings and Loan, National Association | Satisfactory |
| State: | |
| New York | Satisfactory |

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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-Scope 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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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, and half below, a range of incomes.

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

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

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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) 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 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of 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 are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography - 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 aggregate peer data for the years the data is available.

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - 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 MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

| Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography | | | | | | | | | | | | | | | | | | | | 2019-21 | |
|---|---------------------------|---------------|--------------|----------------|-----------------------------------|--------------|------------|-----------------------------------|--------------|------------|-----------------------------------|--------------|-------------|-----------------------------------|--------------|------------|-----------------------------------|--------------|------------|----------------|--|
| Assessment Area: | Total Home Mortgage Loans | | | | Low-Income Tracts | | | Moderate-Income Tracts | | | Middle-Income Tracts | | | Upper-Income Tracts | | | Not Available-Income Tracts | | | | |
| | # | \$ | % of Total | Overall Market | % of Owner-Occupied Housing Units | % Bank Loans | Aggt. | % of Owner-Occupied Housing Units | % Bank Loans | Aggt. | % of Owner-Occupied Housing Units | % Bank Loans | Aggt. | % of Owner-Occupied Housing Units | % Bank Loans | Aggt. | % of Owner-Occupied Housing Units | % Bank Loans | Aggt. | | |
| NY Non MSA AA | 179 | 20,172 | 28.6 | 785 | 0.0 | 0.0 | 0.0 | 7.5 | 4.5 | 6.8 | 92.5 | 95.5 | 93.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Watertown-Fort Drum NY MSA AA | 446 | 52,837 | 71.4 | 3,885 | 0.0 | 0.0 | 0.0 | 7.9 | 3.6 | 9.5 | 83.2 | 84.8 | 82.2 | 8.9 | 11.4 | 8.2 | 0.0 | 0.2 | 0.1 | | |
| Total | 625 | 73,009 | 100.0 | 4,670 | 0.0 | 0.0 | 0.0 | 7.8 | 3.8 | 9.0 | 85.5 | 87.8 | 84.1 | 6.7 | 8.2 | 6.9 | 0.0 | 0.2 | 0.0 | | |

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

| Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower | | | | | | | | | | | | | | | | | | | | 2019-21 | |
|--|---------------------------|---------------|--------------|----------------|----------------------|--------------|------------|---------------------------|--------------|-------------|-------------------------|--------------|-------------|------------------------|--------------|-------------|--------------------------------|--------------|-------------|----------------|--|
| Assessment Area: | Total Home Mortgage Loans | | | | Low-Income Borrowers | | | Moderate-Income Borrowers | | | Middle-Income Borrowers | | | Upper-Income Borrowers | | | Not Available-Income Borrowers | | | | |
| | # | \$ | % of Total | Overall Market | % Families | % Bank Loans | Aggt. | % Families | % Bank Loans | Aggt. | % Families | % Bank Loans | Aggt. | % Families | % Bank Loans | Aggt. | % Families | % Bank Loans | Aggt. | | |
| NY Non MSA AA | 179 | 20,172 | 28.6 | 785 | 18.8 | 5.0 | 5.9 | 19.2 | 21.2 | 22.9 | 22.9 | 27.9 | 25.5 | 39.1 | 44.1 | 37.2 | 0.0 | 1.7 | 8.5 | | |
| Watertown-Fort Drum NY MSA AA | 446 | 52,837 | 71.4 | 3,885 | 19.8 | 6.3 | 4.1 | 18.3 | 14.8 | 14.1 | 22.4 | 25.6 | 23.9 | 39.5 | 52.5 | 43.0 | 0.0 | 0.9 | 14.9 | | |
| Total | 625 | 73,009 | 100.0 | 4,670 | 19.6 | 5.9 | 4.4 | 18.5 | 16.6 | 15.6 | 22.5 | 26.2 | 24.2 | 39.4 | 50.1 | 42.0 | 0.0 | 1.1 | 13.8 | | |

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.