



**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT**

**PERFORMANCE EVALUATION**

**OF**

**ADIRONDACK BANK**

**AS OF JUNE 30, 2021**

New York State Department of Financial Services  
Consumer Protection and Financial Enforcement Division  
One State Street, New York NY 10004

**NOTE:** This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.

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## GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Adirondack Bank (“AB” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of June 30, 2021.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Superintendent (“GRS”) implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate institutions’ performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

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## OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated AB according to the intermediate small banking institutions performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2016, 2017, 2018, 2019 and 2020 for lending activities and the period from October 1, 2016 through June 30, 2021 for community development activities. AB is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs.

The rating is based on the following factors:

**Lending Test:** Satisfactory

**Loan-to-Deposit Ratio and Other Lending-Related Activities:** Satisfactory

AB's average loan-to-deposit ("LTD") ratio was reasonable considering its size, business strategy, financial condition, and peer group activity.

AB's average LTD ratio of 71% for the evaluation period was below the peer group's average LTD ratio of 81.5%. The Bank's municipal deposits averaged \$202.6 million for the evaluation period and contributed to AB's lower LTD ratio as these deposits must be collateralized.

**Assessment Area Concentration:** Outstanding

During the evaluation period, AB originated 93.7% by number and 91% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an excellent concentration of lending.

**Distribution by Borrower Characteristics:** Satisfactory

AB's HMDA-reportable and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes.

AB's one-to-four family rates of lending to low- and moderate-income ("LMI") borrowers trailed the aggregate's rates, while AB's rates of lending to small businesses with gross annual revenues of \$1 million or less was well above the aggregate's rates.

**Geographic Distribution of Loans:** Needs to Improve

AB's origination of loans in census tracts of varying income levels demonstrated a less than adequate distribution of lending.

The Bank's average rates of lending in LMI census tracts of 8.1% by number and 4.3% by dollar value, were below the aggregate's rates of 10.9% and 8.1%, respectively. AB's average rate of lending to businesses in LMI census tracts was comparable to the aggregate's rates.

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Action Taken in Response to Written Complaints with Respect to CRA:

Neither DFS nor AB received any written complaints during the evaluation period regarding AB's CRA performance.

**Community Development Test:** Satisfactory

AB's community development performance demonstrated reasonable responsiveness to the community development needs of its assessment area, mainly through its community development loans, considering AB's capacity, and the need for and availability of opportunities for community development in its assessment area.

Community Development Lending: Outstanding

During the evaluation period, AB originated \$57.8 million in new community development loans and had no loans outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

Qualified Investments: Needs to Improve

During the evaluation period, AB made \$1.8 million in new qualified investments and had \$411,622 outstanding from prior evaluation periods. In addition, AB made \$742,822 in qualified grants. The level of AB's total qualified investments, including grants, declined by an annualized 75% from the prior evaluation period. This demonstrated a less than adequate level of qualified investments over the course of the evaluation period.

Community Development Services: Needs to Improve

AB demonstrated a less than adequate level of community development services over the course of the evaluation period. AB conducted eight instances of community development services.

Responsiveness to Community Development Needs

AB demonstrated a reasonable level of responsiveness to the credit and community development needs of its assessment area. AB offered special credit-related programs, and offered certain products and services in response to the COVID-19 pandemic.

*This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York Banking Law and GRS Part 76.*

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## PERFORMANCE CONTEXT

### Institution Profile

AB is a commercial bank located in Utica, New York. The Bank is a wholly owned subsidiary of Adirondack Bancorp, Inc.

AB operates 19 banking offices, of which nine are located in Oneida County, five in Herkimer County, two each in Essex County and Franklin County and one in Clinton County. Two (11%) of the banking offices are located in low- or moderate-income census tracts. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of at least one deposit-taking ATM at each branch. The Bank also operates a loan production office in Onondaga County.

AB offers traditional banking products such as personal and business checking and savings accounts, and residential and commercial mortgage loans and commercial and industrial loans. Services offered by the Bank include online and mobile banking, bill pay and safe deposit boxes.

In its Consolidated Report of Condition (the “Call Report”), as of December 31, 2020, filed with the Federal Deposit Insurance Corporation (“FDIC”), AB reported total assets of \$955.4 million, of which \$552.5 were net loans and lease financing receivables. It also reported total deposits of \$774.1, resulting in an LTD ratio of 71.4%. According to the latest available comparative deposit data, as of June 30, 2016, AB had a market share of 6.95%, or \$881.3 million in a market of \$12.7 billion, ranking it 6th among 16 deposit-taking institutions in the assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2016, 2017, 2018, 2019, and 2020 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>										
Loan Type	2016		2017		2018		2019		2020	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Res.Mortgage Loans	215,948	45.6	232,116	47.8	252,293	50.5	270,914	51.2%	250,933	45.3
Commercial & Industrial Loans	109,176	23.1	100,266	20.7	102,622	20.5	97,171	18.4%	150,339	27.1
Commercial Mortgage Loans	120,769	25.5	124,894	25.7	117,101	23.4	122,457	23.2%	115,992	20.9
Multifamily Mortgages	10,573	2.2	11,267	2.3	10,889	2.2	14,258	2.7%	13,043	2.4
Consumer Loans	10,924	2.3	11,686	2.4	11,809	2.4	10,410	2.0%	9,126	1.6
Construction Loans	5,946	1.3	4,976	1.0	5,170	1.0	13,729	2.6%	14,431	2.6
<b>Total Gross Loans</b>	<b>473,336</b>		<b>485,205</b>		<b>499,884</b>		<b>528,939</b>		<b>553,864</b>	

As illustrated in the above table, AB is primarily a residential mortgage lender with 45.3% of its loan portfolio in residential mortgage loans as of December 31, 2020, while commercial and industrial loans and commercial mortgage loans were 27.1% and 20.9%, respectively.

Commercial & industrial loans increased by 8.7 percentage point from 2019 to 2020, due mainly to the Bank’s origination of Paycheck Protection Program (“PPP”) loans.

*Examiners did not find evidence of financial or legal impediments that had an adverse impact on AB’s ability to meet the credit needs of its community.*

**Assessment Area**

The Bank’s assessment area is comprised of the entire counties of Herkimer and Oneida and parts of Clinton, Essex, Franklin, Fulton, Hamilton, Lewis, Madison, and Montgomery counties.

There are 145 census tracts in the Bank’s assessment area, of which 15 are low-income, 19 are moderate-income, 77 are middle-income, 27 are upper-income, and 7 are tracts with no income indicated; 23.4% of the census tracts are in LMI areas. Two of the middle-income census tracts are designated distressed and underserved areas as reflected by local economic conditions, including unemployment, poverty, and population changes.

<b>Assessment Area Census Tracts by Income Level</b>									
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	Distressed & Under-served	LMI & Distressed %
Herkimer			2	16	1	19	10.5		10.5%
Oneida	6	14	8	29	17	74	29.7		29.7%
Clinton*	1	1	1	9	4	16	12.5		12.5%
Essex*				2	2	4	0.0		0.0%
Franklin*				3	1	4	0.0		0.0%
Fulton*			3	7		10	30.0		30.0%
Hamilton*				2	1	3	0.0	2	66.7%
Lewis*			1	2		3	33.3		33.3%
Madison*			2	5	1	8	25.0		25.0%
Montgomery*			2	2		4	50.0		50.0%
<b>Total</b>	<b>7</b>	<b>15</b>	<b>19</b>	<b>77</b>	<b>27</b>	<b>145</b>	<b>23.4</b>	<b>2</b>	<b>25%</b>

*\*Partial County*

**Demographic & Economic Data**

The assessment area had a population of 486,378 during the evaluation period. Approximately 16.9% of the population was over the age of 65 and 18.4% was under the age of 16.

Of the 119,398 families in the assessment area, 21.6% were low-income, 17.2% were moderate-income, 21.3% were middle-income and 39.8% were upper-income families. There were 190,810 households in the assessment area, of which 15.2% had income below the poverty level and 3.5% were on public assistance.

The weighted average median family income in the assessment area was \$62,014.

There were 235,866 housing units within the assessment area, of which 83% were one-to-four

family units and 9% were multifamily units. A majority (54.5%) of the housing units were owner-occupied, 26.4% were occupied rental units and 19.1% of the housing units were vacant.

Of the 128,505 owner-occupied housing units, 12.8% were in LMI census tracts while 87.2% were in middle- and upper-income census tracts. The median age of the housing stock was 62 years, and the median home value in the assessment area was \$120,041.

There were 27,933 non-farm businesses in the assessment area. Of these, 81.37% were businesses with reported revenues of less than or equal to \$1 million, 5.48% reported revenues of more than \$1 million, and 13.15% did not report their revenues. Of all the businesses in the assessment area, 96.4% were businesses with less than fifty employees while 86.7% operated from a single location. The largest industries in the area were services (37.4%), retail trade (15.2%) and construction (7.1%); 14.7% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State declined steadily from 2016 until 2020, when the COVID-19 pandemic caused a dramatic increase in unemployment.

<b>Assessment Area Unemployment Rate (%)</b>											
	NYS	Herkimer	Oneida	Clinton	Essex	Franklin	Fulton	Hamilton	Lewis	Madison	Montgomery
2016	4.9	5.6	4.9	5.5	5.4	5.8	5.8	6.6	6.8	5.4	5.8
2017	4.6	5.7	5.0	5.2	5.5	6.0	7.1	7.4	6.6	5.5	5.7
2018	4.1	4.9	4.4	4.4	4.8	5.1	5.1	6.8	5.5	4.8	5.1
2019	3.8	4.7	4.1	4.2	4.5	4.7	4.8	5.7	5.3	4.3	4.9
2020	10.0	8.2	8.1	8.0	8.1	8.2	8.6	7.9	7.7	7.8	8.8
Average of Years above	5.5	5.8	5.3	5.5	5.7	6.0	6.3	6.9	6.4	5.6	6.1

### **Community Information**

DFS examiners conducted interviews with representatives of two nonprofit organizations who are active in the Bank’s assessment area.

The first interview was with the executive director of a nonprofit organization that serves the residents of Madison, Oneida, and Herkimer counties. The organization offers various programs and services to vulnerable and low-income families. The representative noted that issues confronting LMI individuals, families and communities include a lack of adequate public transportation, employment opportunities for unskilled laborers and high bank fees. The representative indicated the need for job training programs, financial literacy seminars and special loan programs that offer affordable interest rates.

The second interview was held with the housing counseling manager of a nonprofit organization that provides affordable housing, foreclosure mitigation, economic development, and other various services for low-income households in Clinton, Franklin, and Essex counties.



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The representative noted the need for affordable housing, foreclosure assistance, loss mitigation and home-buying seminars. The representative also stated that in light of the Covid-19 pandemic, banks should offer alternative loan repayment plans and modification programs.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

The Department evaluated AB under the intermediate small banking institution performance criteria in accordance with Sections 76.7 and 76.12 of the GRS, which consist of the lending test and the community development test.

*The lending test includes:*

- 1. Loan-to-deposit ratio and other lending-related activities;*
- 2. Assessment area concentration;*
- 3. Distribution of loans by borrower characteristics;*
- 4. Geographic distribution of loans; and*
- 5. Action taken in response to written complaints regarding CRA.*

*The community development test includes:*

- 1. Community development lending;*
- 2. Community development investments;*
- 3. Community development services; and*
- 4. Responsiveness to community development needs.*

*DFS also considered the following factors in assessing the bank's record of performance:*

- 1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Evidence of any practices intended to discourage credit applications;*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.*

DFS derived statistics employed in this evaluation from various sources. AB submitted bank-specific information both as part of the evaluation process and in its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call report data.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and DFS used this information even where the institution's assessment area includes partial counties.

The evaluation period included calendar years 2016, 2017, 2018, 2019, and 2020 for lending activities and the period from October 1, 2016 through June 30, 2021 for community development activities.

Examiners considered AB’s HMDA-reportable and small business loans in evaluating factors (2), (3) and (4) of the lending test noted above.

The Bank is not required to report small business loan data, so AB’s small business lending is not included in the aggregate data. The aggregate data are shown only for comparative purposes.

DFS gave greater weight to AB’s HMDA-reportable lending in this evaluation, as HMDA-reportable lending comprised 65.8% by number and 73.1% by dollar value of the Bank’s HMDA-reportable and small business loans originated within the assessment area during the evaluation period.

At its prior Performance Evaluation, as of September 30, 2016, DFS assigned AB a rating of “2,” reflecting a “Satisfactory” record of helping to meet the credit needs of AB’s communities.

**Current CRA Rating: Satisfactory**

**Lending Test: Satisfactory**

AB’s HMDA-reportable, and small business lending activities were reasonable in light of AB’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of the assessment area.

**Loan-to-Deposit Ratio and Other Lending-Related Activities: Satisfactory**

AB’s average LTD ratio was reasonable considering its size, business strategy, financial condition and peer group activity.

The Bank’s average LTD ratio of 71% trailed the peer group’s average LTD ratio of 81.5% for the evaluation period and was a slight decline from the 72.2% AB recorded for the prior evaluation period. The Bank’s LTD ratio was affected by the municipal deposits held by the Bank, which averaged \$202.6 million for the evaluation period. These types of deposits must be collateralized, which adversely impacted the Bank’s LTD ratio.

The table below shows the Bank’s LTD ratios in comparison with the peer group’s ratios for the 20 quarters since the prior evaluation.

Loan-to-Deposit Ratios																					
	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	Avg.
Bank	70.6	70.6	68.0	71.2	67.0	70.8	71.1	73.0	71.2	70.6	70.4	72.5	68.2	69.7	70.0	78.1	73.2	74.0	68.7	71.0	71.0
Peer	80.0	81.3	81.2	81.1	80.4	81.7	82.1	82.2	81.7	82.8	83.2	83.1	82.2	83.2	82.9	82.4	81.9	80.8	80.0	75.8	81.5

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Assessment Area Concentration: Outstanding

During the evaluation period, AB originated 93.7% by number and 91% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an excellent concentration of lending.

HMDA-Reportable Loans:

AB originated 96.8% by number and 93.8% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of AB's assessment area reflects an excellent concentration of lending.

Small Business Loans:

AB originated 88.3% by number and 84.1% by dollar value of its small business loans within the assessment area. This substantial majority of lending inside of AB's assessment area reflects an excellent concentration of lending.

The following table shows the percentages of AB's HMDA-reportable and small business originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2016	523	96.5%	19	3.5%	542	53,932	95.6%	2,510	4.4%	56,442
2017	548	97.7%	13	2.3%	561	58,876	93.3%	4,253	6.7%	63,129
2018	458	97.0%	14	3.0%	472	59,991	95.8%	2,633	4.2%	62,624
2019	375	96.2%	15	3.8%	390	51,045	90.1%	5,596	9.9%	56,641
2020	377	96.4%	14	3.6%	391	62,053	94.1%	3,921	5.9%	65,974
Subtotal	2,281	96.8%	75	3.2%	2,356	285,897	93.8%	18,913	6.2%	304,810
Small Business										
2016	101	87.8%	14	12.2%	115	11,943	74.5%	4,088	25.5%	16,031
2017	68	86.1%	11	13.9%	79	8,733	76.9%	2,625	23.1%	11,358
2018	81	72.3%	31	27.7%	112	10,586	70.0%	4,531	30.0%	15,117
2019	82	90.1%	9	9.9%	91	10,691	85.9%	1,752	14.1%	12,443
2020	851	90.3%	91	9.7%	942	63,168	90.2%	6,872	9.8%	70,040
Subtotal	1,183	88.3%	156	11.7%	1,339	105,121	84.1%	19,868	15.9%	124,989
Grand Total	3,464	93.7%	231	6.3%	3,695	391,018	91.0%	38,781	9.0%	429,799

Distribution by Borrower Characteristics: Satisfactory

AB's HMDA-reportable and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes.

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One-to-four Family HMDA-Reportable Loans:

AB's one-to-four family HMDA-reportable lending demonstrated a reasonable distribution of loans among borrowers of different income levels.

The Bank's average rates of lending to LMI borrowers of 24% by number and 12.5% by dollar value trailed the aggregate's rates of 29.5% and 19.6%, respectively.

AB's rate of lending by number of loans was comparable to the aggregate's rate each year of the evaluation period except for 2020. The Bank's and the aggregate's rates trailed the assessment area's percentage of LMI families.

The following table provides a summary of the distribution of AB's one-to-four family by borrower income.

Distribution of One-to-Four Family Loans by Borrower Income									
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	36	7.0%	1,171	2.2%	593	7.1%	29,867	3.5%	20.9%
Moderate	97	18.8%	4,538	8.5%	1,720	20.5%	118,106	14.0%	17.5%
LMI	133	25.8%	5,709	10.7%	2,313	27.6%	147,973	17.5%	38.4%
Middle	115	22.3%	8,718	16.4%	2,251	26.9%	196,641	23.3%	21.0%
Upper	257	49.9%	38,220	71.8%	3,559	42.5%	466,501	55.2%	40.6%
Unknown	10	1.9%	591	1.1%	260	3.1%	34,494	4.1%	
<b>Total</b>	<b>515</b>		<b>53,238</b>		<b>8,383</b>		<b>845,609</b>		
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	53	9.9%	1,991	3.4%	744	8.9%	34,944	4.2%	21.6%
Moderate	84	15.6%	5,861	10.2%	1,752	21.0%	126,491	15.2%	17.2%
LMI	137	25.5%	7,852	13.6%	2,496	30.0%	161,435	19.4%	38.8%
Middle	136	25.3%	12,821	22.2%	2,230	26.8%	195,687	23.6%	21.3%
Upper	250	46.5%	36,057	62.4%	3,360	40.4%	443,945	53.5%	39.8%
Unknown	15	2.8%	1,008	1.7%	238	2.9%	29,316	3.5%	
<b>Total</b>	<b>538</b>		<b>57,738</b>		<b>8,324</b>		<b>830,383</b>		
2018									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	28	6.2%	1,397	2.4%	699	8.7%	45,095	4.9%	21.6%
Moderate	81	17.9%	6,542	11.5%	1,713	21.2%	145,765	15.9%	17.2%
LMI	109	24.1%	7,939	13.9%	2,412	29.9%	190,860	20.8%	38.8%
Middle	83	18.4%	8,208	14.4%	2,091	25.9%	214,695	23.4%	21.3%
Upper	251	55.5%	39,954	70.0%	3,357	41.6%	488,335	53.3%	39.8%
Unknown	9	2.0%	976	1.7%	213	2.6%	22,405	2.4%	
<b>Total</b>	<b>452</b>		<b>57,077</b>		<b>8,073</b>		<b>916,295</b>		
2019									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	30	8.1%	2,205	4.5%	882	10.8%	61,880	6.2%	21.6%
Moderate	68	18.4%	5,551	11.3%	1,807	22.1%	163,235	16.5%	17.2%
LMI	98	26.6%	7,757	15.9%	2,689	32.9%	225,115	22.7%	38.8%
Middle	74	20.1%	8,429	17.2%	2,161	26.4%	237,945	24.0%	21.3%
Upper	191	51.8%	31,858	65.1%	3,115	38.1%	499,655	50.4%	39.8%
Unknown	6	1.6%	868	1.8%	210	2.6%	29,330	3.0%	
<b>Total</b>	<b>369</b>		<b>48,911</b>		<b>8,175</b>		<b>992,045</b>		
2020									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	14	3.7%	760	1.2%	674	7.0%	50,980	3.6%	21.6%
Moderate	49	13.0%	4,820	7.8%	1,973	20.4%	203,225	14.3%	17.2%
LMI	63	16.8%	5,580	9.0%	2,647	27.4%	254,205	17.9%	38.8%
Middle	75	19.9%	9,142	14.8%	2,435	25.2%	304,175	21.4%	21.3%
Upper	222	59.0%	44,061	71.1%	4,160	43.0%	779,430	54.8%	39.8%
Unknown	16	4.3%	3,181	5.1%	425	4.4%	85,215	6.0%	
<b>Total</b>	<b>376</b>		<b>61,963</b>		<b>9,667</b>		<b>1,423,025</b>		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	161	7.2%	7,524	2.7%	3,592	8.4%	222,766	4.4%	
Moderate	379	16.8%	27,312	9.8%	8,965	21.0%	756,822	15.1%	
LMI	540	24.0%	34,836	12.5%	12,557	29.5%	979,588	19.6%	
Middle	483	21.5%	47,318	17.0%	11,168	26.2%	1,149,143	22.9%	
Upper	1,171	52.0%	190,150	68.2%	17,551	41.2%	2,677,866	53.5%	
Unknown	56	2.5%	6,623	2.4%	1,346	3.2%	200,760	4.0%	
<b>Total</b>	<b>2,250</b>		<b>278,927</b>		<b>42,622</b>		<b>5,007,357</b>		

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*Small Business Loans:*

AB's small business lending demonstrated an excellent distribution of loans among businesses of different revenue sizes.

The Bank's average rates of lending to businesses with gross annual revenue of \$1 million or less was 70.7% by number and 66.5% by dollar value of loans,<sup>1</sup> well above the aggregate's rates of 44.6% by number and 27.4% by dollar value of loans.

AB's rates of lending to businesses with gross annual revenue of \$1 million or less exceeded the aggregate's rates each year of the evaluation period. Still, the Bank's and the aggregate's rates trailed the assessment area's percentage of businesses with revenue of \$1 million or less.

The following table provides a summary of the distribution of AB's small business loans by the revenue size of the business.

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<sup>1</sup> Paycheck Protection Program loans originated by the Bank during the evaluation period were not included in the analysis of loan distribution by borrower characteristics, because the Bank was not required to collect or report business revenue for PPP loans.

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2016</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus. Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	66	65.3%	6,683	56.0%	3,145	50.3%	99,117	41.7%	78.3%
Rev. > \$1MM	35	34.7%	5,260	44.0%					6.5%
Rev. Unknown	-	0.0%	0	0.0%					15.2%
<b>Total</b>	<b>101</b>		<b>11,943</b>		<b>6,249</b>		<b>237,622</b>		
<b>2017</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus. Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	55	80.9%	7,481	85.7%	3,010	48.4%	86,945	37.7%	78.0%
Rev. > \$1MM	9	13.2%	757	8.7%					6.8%
Rev. Unknown	4	5.9%	495	5.7%					15.3%
<b>Total</b>	<b>68</b>		<b>8,733</b>		<b>6,219</b>		<b>230,533</b>		
<b>2018</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus. Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	62	76.5%	6,691	63.2%	3,048	47.7%	90,464	38.9%	78.1%
Rev. > \$1MM	17	21.0%	3,877	36.6%					6.7%
Rev. Unknown	2	2.5%	18	0.2%					15.2%
<b>Total</b>	<b>81</b>		<b>10,586</b>		<b>6,396</b>		<b>232,842</b>		
<b>2019</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus. Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	55	67.1%	7,306	68.3%	3,112	44.5%	91,384	40.5%	79.2%
Rev. > \$1MM	19	23.2%	3,212	30.0%					6.2%
Rev. Unknown	8	9.8%	173	1.6%					14.6%
<b>Total</b>	<b>82</b>		<b>10,691</b>		<b>6,996</b>		<b>225,682</b>		
<b>2020</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus. Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	47	66.2%	4,480	63.0%	2,476	33.8%	92,637	21.8%	81.4%
Rev. > \$1MM	9	12.7%	1,889	26.6%					5.5%
Rev. Unknown	15	21.1%	740	10.4%					13.2%
<b>Total</b>	<b>71</b>		<b>7,109</b>		<b>7,320</b>		<b>424,948</b>		
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus. Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	285	70.7%	32,641	66.5%	14,791	44.6%	370,386	27.4%	
Rev. > \$1MM	89	22.1%	14,995	30.6%					
Rev. Unknown	29	7.2%	1,426	2.9%					
<b>Total</b>	<b>403</b>		<b>49,062</b>		<b>33,180</b>		<b>1,351,627</b>		

Geographic Distribution of Loans: Needs to Improve

AB's origination of loans in census tracts of varying income levels demonstrated a less than adequate distribution of lending.



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HMDA-Reportable Loans:

The distribution of AB's HMDA-reportable loans among census tracts of different income levels was less than adequate.

The Bank's average rates of lending in LMI census tracts of 8.1% by number and 4.3% by dollar value were below the aggregate's rates of 10.9% and 8.1%, respectively.

AB's rates of lending in LMI census tracts were below the aggregate's rates for each year of the evaluation period. In addition, the Bank's rates were well below the percentage of owner-occupied housing units located in LMI census tracts within the assessment area.

The following table provides a summary of the distribution of the Bank's HMDA-reportable loans by the income level of the geography where the property was located.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2016									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	1.7%	205	0.4%	153	1.8%	27,325	3.0%	2.4%
Moderate	31	5.9%	1,356	2.5%	679	7.8%	48,045	5.3%	10.5%
LMI	40	7.6%	1,561	2.9%	832	9.5%	75,370	8.3%	12.8%
Middle	334	63.9%	32,123	59.6%	5,414	62.1%	517,203	57.2%	59.6%
Upper	149	28.5%	20,248	37.5%	2,470	28.3%	312,117	34.5%	27.6%
Unknown	0	0.0%	0	0.0%	3	0.0%	194	0.0%	0.0%
<b>Total</b>	<b>523</b>		<b>53,932</b>		<b>8,719</b>		<b>904,884</b>		
2017									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	12	2.2%	389	0.7%	277	3.2%	14,620	1.6%	3.2%
Moderate	29	5.3%	2,078	3.5%	718	8.3%	56,132	6.3%	9.6%
LMI	41	7.5%	2,467	4.2%	995	11.5%	70,752	7.9%	12.8%
Middle	317	57.8%	28,451	48.3%	5,308	61.1%	504,797	56.6%	62.6%
Upper	190	34.7%	27,958	47.5%	2,377	27.4%	315,621	35.4%	24.6%
Unknown	0	0.0%	0	0.0%	1	0.0%	62	0.0%	0.0%
<b>Total</b>	<b>548</b>		<b>58,876</b>		<b>8,681</b>		<b>891,232</b>		
2018									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	12	2.6%	632	1.1%	220	2.7%	15,180	1.5%	3.2%
Moderate	27	5.9%	2,185	3.6%	725	8.9%	66,355	6.6%	9.6%
LMI	39	8.5%	2,817	4.7%	945	11.6%	81,535	8.1%	12.8%
Middle	235	51.3%	26,398	44.0%	4,814	59.3%	552,680	54.9%	62.6%
Upper	184	40.2%	30,776	51.3%	2,362	29.1%	373,250	37.0%	24.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>458</b>		<b>59,991</b>		<b>8,121</b>		<b>1,007,465</b>		
2019									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	17	4.5%	1,152	2.3%	278	3.4%	27,260	2.6%	3.2%
Moderate	21	5.6%	2,068	4.1%	688	8.4%	60,260	5.7%	9.6%
LMI	38	10.1%	3,220	6.3%	966	11.7%	87,520	8.3%	12.8%
Middle	200	53.3%	23,473	46.0%	4,973	60.5%	586,185	55.4%	62.6%
Upper	137	36.5%	24,351	47.7%	2,285	27.8%	363,955	34.4%	24.6%
Unknown	0	0.0%	0	0.0%	2	0.0%	20,170	1.9%	0.0%
<b>Total</b>	<b>375</b>		<b>51,045</b>		<b>8,226</b>		<b>1,057,830</b>		
2020									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	2.1%	592	1.0%	208	2.1%	38,960	2.6%	3.2%
Moderate	19	5.0%	1,697	2.7%	802	8.3%	82,160	5.5%	9.6%
LMI	27	7.2%	2,288	3.7%	1,010	10.4%	121,120	8.1%	12.8%
Middle	164	43.5%	23,692	38.2%	5,666	58.4%	798,520	53.4%	62.6%
Upper	186	49.3%	36,073	58.1%	3,021	31.1%	557,655	37.3%	24.6%
Unknown	0	0.0%	0	0.0%	2	0.0%	17,470	1.2%	0.0%
<b>Total</b>	<b>377</b>		<b>62,053</b>		<b>9,699</b>		<b>1,494,765</b>		
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	58	2.5%	2,970	1.0%	1,136	2.6%	123,345	2.3%	
Moderate	127	5.6%	9,384	3.3%	3,612	8.3%	312,952	5.8%	
LMI	185	8.1%	12,353	4.3%	4,748	10.9%	436,297	8.1%	
Middle	1,250	54.8%	134,137	46.9%	26,175	60.2%	2,959,385	55.3%	
Upper	846	37.1%	139,406	48.8%	12,515	28.8%	1,922,598	35.9%	
Unknown	-	0.0%	-	0.0%	8	0.0%	37,896	0.7%	
<b>Total</b>	<b>2,281</b>		<b>285,897</b>		<b>43,446</b>		<b>5,356,176</b>		

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*Small Business Loans:*

The distribution of AB's small business loans among census tracts of varying income levels was reasonable.

The Bank's average rate of lending to businesses in LMI census tracts was 19.8% by number and 26.4% by dollar value, which was comparable to the aggregate's rates of 19.6% by number and 21.9% by dollar value. AB's and the aggregate's rates were comparable to the percentage of small businesses located in LMI geographies within the assessment area.

The following table provides a summary of the distribution of AB's small business loans by the income level of the geography where the businesses were located.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2016									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	4.0%	417	3.5%	209	3.5%	4,113	1.9%	3.6%
Moderate	13	12.9%	1,978	16.6%	863	14.4%	30,493	13.7%	15.9%
LMI	17	16.8%	2,395	20.1%	1,072	17.9%	34,606	15.6%	19.5%
Middle	50	49.5%	5,673	47.5%	3,294	55.1%	122,553	55.3%	53.7%
Upper	32	31.7%	3,769	31.6%	1,570	26.2%	58,737	26.5%	25.5%
Unknown	2	2.0%	106	0.9%	46	0.8%	5,892	2.7%	1.4%
<b>Total</b>	<b>101</b>		<b>11,943</b>		<b>5,982</b>		<b>221,788</b>		
2017									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	10.3%	791	9.1%	505	8.5%	21,670	9.8%	8.2%
Moderate	6	8.8%	633	7.2%	706	11.8%	33,320	15.1%	14.1%
LMI	13	19.1%	1,424	16.3%	1,211	20.3%	54,990	24.9%	22.3%
Middle	27	39.7%	2,599	29.8%	3,054	51.2%	106,789	48.4%	53.7%
Upper	27	39.7%	4,635	53.1%	1,659	27.8%	52,212	23.7%	23.4%
Unknown	1	1.5%	75	0.9%	46	0.8%	6,662	3.0%	1.4%
<b>Total</b>	<b>68</b>		<b>8,733</b>		<b>5,970</b>		<b>220,653</b>		
2018									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	8.6%	1,418	13.4%	481	7.8%	23,435	10.6%	8.2%
Moderate	11	13.6%	2,124	20.1%	702	11.4%	29,684	13.4%	14.0%
LMI	18	22.2%	3,542	33.5%	1,183	19.2%	53,119	23.9%	22.2%
Middle	30	37.0%	2,591	24.5%	3,230	52.5%	105,016	47.3%	53.0%
Upper	31	38.3%	4,228	39.9%	1,679	27.3%	54,346	24.5%	23.8%
Unknown	2	2.5%	225	2.1%	60	1.0%	9,645	4.3%	1.0%
<b>Total</b>	<b>81</b>		<b>10,586</b>		<b>6,152</b>		<b>222,126</b>		
2019									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	9.8%	641	6.0%	534	7.9%	18,439	8.6%	8.2%
Moderate	6	7.3%	1,553	14.5%	769	11.4%	31,451	14.7%	13.8%
LMI	14	17.1%	2,194	20.5%	1,303	19.3%	49,890	23.3%	22.1%
Middle	36	43.9%	4,031	37.7%	3,430	50.7%	108,727	50.8%	53.1%
Upper	32	39.0%	4,466	41.8%	1,986	29.3%	49,772	23.3%	23.8%
Unknown	0	0.0%	0	0.0%	49	0.7%	5,477	2.6%	1.0%
<b>Total</b>	<b>82</b>		<b>10,691</b>		<b>6,768</b>		<b>213,866</b>		
2020									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	69	8.1%	6,891	10.9%	607	8.3%	45,795	10.8%	8.3%
Moderate	103	12.1%	11,257	17.8%	941	12.9%	61,211	14.4%	13.7%
LMI	172	20.2%	18,148	28.7%	1,548	21.1%	107,006	25.2%	22.0%
Middle	344	40.4%	22,761	36.0%	3,738	51.1%	199,217	46.9%	52.5%
Upper	326	38.3%	20,143	31.9%	1,958	26.7%	106,925	25.2%	24.6%
Unknown	9	1.1%	2,116	3.3%	76	1.0%	11,800	2.8%	0.9%
<b>Total</b>	<b>851</b>		<b>63,168</b>		<b>7,320</b>		<b>424,948</b>		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	95	8.0%	10,158	9.7%	2,336	7.3%	67,657	7.7%	
Moderate	139	11.7%	17,545	16.7%	3,981	12.4%	124,948	14.2%	
LMI	234	19.8%	27,703	26.4%	6,317	19.6%	192,605	21.9%	
Middle	487	41.2%	37,655	35.8%	16,746	52.0%	443,085	50.4%	
Upper	448	37.9%	37,241	35.4%	8,852	27.5%	215,067	24.5%	
Unknown	14	1.2%	2,522	2.4%	277	0.9%	27,676	3.2%	
<b>Total</b>	<b>1,183</b>		<b>105,121</b>		<b>32,192</b>		<b>878,433</b>		

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Action Taken in Response to Written Complaints with Respect to CRA: N/A

Neither DFS nor AB received any written complaints during the evaluation period regarding AB's CRA performance.

**Community Development Test: Satisfactory**

AB's community development performance demonstrated reasonable responsiveness to the community development needs of its assessment area, mainly through its community development loans, considering AB's capacity, and the need for and availability of opportunities for community development in its assessment area.

Community Development Lending: Outstanding

During the evaluation period, AB originated \$57.8 million in new community development loans and had no loans outstanding from prior evaluation periods. AB's community development lending increased by an annualized 112.7% from the prior evaluation period's \$21.5 million. This demonstrated an excellent level of community development lending over the course of the evaluation period.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	3	135		
Economic Development	16	6,665		
Community Services	35	43,675		
Revitalization/Stabilization	27	7,348		
Total	81	57,823	0	0

Below are highlights of AB's community development lending:

- The Bank originated 22 Paycheck Protection Program ("PPP") loans totaling \$7.4 million to small businesses affected by the COVID-19 pandemic.
- AB extended a \$3.5 million working capital line of credit, renewed annually<sup>2</sup>, for a total of \$14 million to a nonprofit organization that provides various services to adults, youths and seniors with disabilities. These services include adult and senior services, employment services, and youth services.
- AB extended a \$1.9 million construction loan to a nonprofit organization to construct a new daycare facility in Herkimer County, New York. This project aims to help low-income families overcome challenges of childcare while seeking meaningful employment.

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<sup>2</sup> For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the exam.

- The Bank participated in the amount of \$533,000 in a \$1.6 million loan to a nonprofit organization, to finance the construction of a grocery store in Oneida County. The organization operates the store in line with its mission to serve individuals lacking basic life necessities, such as affordable food, clothing, housing, employment and financing.
- AB extended a \$127,000 line of credit, renewed annually, for a total of \$481,000 to an economic development corporation that provides various types of loans to small businesses throughout New York State.

Qualified Investments: Needs to Improve

During the evaluation period, AB made \$1.8 million in new qualified investments and had \$411,622 outstanding from prior evaluation periods. In addition, AB made \$742,822 in qualified grants. The level of AB’s total qualified investments, including grants, declined by an annualized 75% from the prior evaluation period. This demonstrated a less than adequate level of qualified investments over the course of the evaluation period.

<b>Qualified Investments and Grants</b>				
	<b>This Evaluation Period</b>		<b>Outstandings from Prior Evaluation Periods</b>	
	<b># of Inv.</b>	<b>\$000</b>	<b># of Inv.</b>	<b>\$000</b>
CD Investments				
Affordable Housing				
Economic Development				
Community Services	2	237		
Revitalization/Stabilization	10	1,561	4	412
<b>Total</b>	<b>12</b>	<b>1,798</b>	<b>4</b>	<b>412</b>
CD Grants	<b># of Grants</b>	<b>\$000</b>	<i>Not Applicable</i>	
Affordable Housing	4	15		
Economic Development	5	62		
Community Services	97	666		
Revitalization/Stabilization				
<b>Total</b>	<b>106</b>	<b>743</b>		

Below are highlights of AB’s qualified investments and grants:

- AB invested \$525,610 in two Revenue Anticipation Bonds issued by a local municipality located in a middle-income census tract. The bonds were issued in anticipation of the disaster aid to be received from FEMA for repairs, renovation and replacement of a bridge that connects the middle-income area to a moderate-income census tract.
- The Bank made a grant of \$35,000 to a nonprofit, civic service organization that provides community services to the LMI residents of Utica/Rome, including community meals and educational services.
- AB made five donations totaling \$62,000 to a nonprofit economic development corporation

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that supports small businesses in Oneida County. The organization provides services to start-up and existing businesses through loans and project financing, grants, and workforce skill development programs.

#### Community Development Services: Needs to Improve

AB demonstrated a less than adequate level of community development services over the course of the evaluation period.

AB conducted eight instances of community development services. These included six seminars sponsored by AB in which bank employees educated seniors on how to avoid financial exploitation and two employees providing financial education, in a community center, to potential future homeowners.

#### Responsiveness to Community Development Needs:

AB demonstrated a reasonable level of responsiveness to credit and community development needs of its assessment area.

AB offered special credit-related programs, included the First Home Club program introduced in 2016 in conjunction with the Federal Home Loan Bank of New York and the Home Ownership Center. AB offered a Flood Relief Loan Program to those individuals impacted by a flooding incident. There was also a program offered to federal government employees impacted by the government shutdown, which included a payment deferral option and a loan option for those who needed financial assistance during the shutdown.

In addition, during the evaluation period, AB originated 780 PPP loans in the amount of \$98 million. The Bank provided customers who were adversely affected by the COVID-19 pandemic with a 90-day payment deferral on residential mortgage, consumer and commercial loans and waived service charges and fees for a 90-day period from March to June 2020. Fees waived for customers included ATM, overdraft, wire transfer, late payment, check cashing and stop payment fees.

The most notable program was its loan, mortgage payments deferral, and fee relief program for its customers who were adversely affected by the COVID-19 pandemic, which was advertised in daily newspapers.

#### **Additional Factors**

**The extent of participation by the banking institution's Board of Directors or Board of Trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the CRA.**

AB's board keeps informed and updated on CRA activities and lending performance via the board's audit committee. The SVP, risk manager provides the committee with the quarterly fair lending/CRA report. The report contains fair lending and CRA performance and issues discussed

in the quarterly management fair lending/CRA committee meetings. The report includes an analysis of HMDA data, CRA lending patterns, and fair lending and CRA risk assessment. The board is also provided with detailed and summary fair lending and CRA reports for review annually.

**Discrimination and other illegal practices**

- *Any practices intended to discourage applications for types of credit set forth in the banking institution’s CRA Public File.*

DFS examiners did not note evidence of practices by AB intended to discourage applications for the types of credit offered by the Bank.

- *Evidence of prohibited discriminatory or other illegal credit practices.*

DFS examiners did not note evidence by AB of prohibited discriminatory or other illegal practices.

**Record of opening and closing offices and providing services at offices**

On August 15, 2019, AB opened a branch in an upper-income census tract in Essex County.

AB operates 19 banking offices in the following counties: nine in Oneida, five in Herkimer, two in Essex, two in Franklin, and one in Clinton. Supplementing the banking offices is an automated teller machine network consisting of a deposit-taking machine at each branch. Two (11%) of the 19 branches are located in low- or moderate-income census tracts. The Bank also operates a loan production office in Onondaga County.

<b>Distribution of Branches within the Assessment Area</b>							
<b>County</b>	<b>N/A #</b>	<b>Low #</b>	<b>Moderate #</b>	<b>Middle #</b>	<b>Upper #</b>	<b>Total #</b>	<b>LMI %</b>
Herkimer				4	1	5	0%
Oneida		2		4	3	9	22%
Clinton*				1		1	0%
Essex*					2	2	0%
Franklin*				2		2	0%
Fulton*							0%
Hamilton*							0%
Lewis*							0%
Madison*							0%
Montgomery*							0%
<b>Total</b>	<b>0.00</b>	<b>2</b>	<b>-</b>	<b>11</b>	<b>6</b>	<b>19</b>	<b>11%</b>

\*Partial county



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## Process Factors

- Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution...

The Bank's employees ascertain the credit needs of its community by providing financial education in conjunction with nonprofit organizations in the community. In addition, senior management meets monthly with a local church committee to understand the banking needs of church members.

- The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution

AB's marketing efforts are varied. They include placing advertisements in traditional print media like local newspapers and professional publications. The bank issues press releases, and advertises products and services within its branches, including through the use of counter cards, foam core posters, and LED digital displays. AB also sends letters to customers to collect email addresses and announce products. AB employs Google ads and publicizes products and services on the Bank's website.

### **Other factors that in the judgment of the Superintendent bear upon the extent to which AB is helping to meet the credit needs of its entire community**

DFS noted no other factors.

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## **GLOSSARY**

### **Aggregate Lending**

“Aggregate lending” means the number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

### **Banking Development District (“BDD”) Program**

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

### **Community Development**

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

### **Community Development Loan**

“Community development loan” means a loan that has its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving LMI persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;

- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

### **Community Development Service**

“Community development service” means a service that has community development as its *primary purpose*, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
  - ❖ Serving on a loan review committee;
  - ❖ Developing loan application and underwriting standards;
  - ❖ Developing loan processing systems;
  - ❖ Developing secondary market vehicles or programs;
  - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
  - ❖ Furnishing financial services training for staff and management;
  - ❖ Contributing accounting/bookkeeping services; and
  - ❖ Assisting in fund raising, including soliciting or arranging investments.

### **Community Development Financial Institution (“CDFI”)**

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

### **Fair Market Rents (“FMRs”)**

Fair Market Rents are published and developed annually by the US Department of Housing and Urban Development (“HUD”) and used to determine rent payments for affordable housing projects such as Section 8 contracts in defined metropolitan statistical areas (“MSAs”) nationwide. For easy reference of annual FMRs in New York MSAs or counties, go to [www.huduser.gov/portal/datasets/fmr.html](http://www.huduser.gov/portal/datasets/fmr.html)

### **Geography**

“Geography” means a census tract delineated by the United States Bureau of the Census in the most recent decennial census.

### **Home Mortgage Disclosure Act (“HMDA”)**

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

### **Income Level**

The income level for borrowers is based on household or family income. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

### **Small Business Loan**

A small business loan is a loan less than or equal to \$1 million.

### **LMI Geographies**

“LMI geographies” means those census tracts or block numbering areas where, according to the most current U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a MSA or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of Block Numbering Areas (“BNAs”) and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

### **LMI Borrowers**

“LMI borrowers” means borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the Federal Financial Institutions Examination Council (“FFIEC”).

### **LMI Individuals/Persons**

“LMI individuals” or “LMI persons” means individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by the FFIEC.

### **LMI Penetration Rate**

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

### **Low-Income Housing Tax Credit (“LIHTC”)**

LIHTC were created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low-income Americans. The tax credits provide a dollar-for-dollar reduction in a taxpayer’s federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

### **Minority Depository Institutions (“MDIs”)**

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to [FDIC.gov](http://FDIC.gov) (Minority Depository Institutions Program) including list of MDIs.

### **New Markets Tax Credit (“NMTC”)**

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (“CDEs”). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the

taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the CDFI Fund, an agency of the United States Department of the Treasury.

### **Qualified Investment**

“Qualified investment” means a lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

### **Paycheck Protection Program (“PPP”) Loans**

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%.