



PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF FULTON SAVINGS BANK

AS OF MARCH 31, 2023

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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FULTON SAVINGS BANK – CRA PERFORMANCE EVALUATION

I - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Fulton Savings Bank (“FSB” 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 Bank’s CRA performance based on an evaluation conducted as of March 31, 2023.

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 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 end of this Evaluation.

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II - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated FSB 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 2020, 2021 and 2022 for the lending test and the period from April 1, 2020, to March 31, 2023, for the community development test. FSB is rated “2,” indicating a “Satisfactory” record of helping to meet community credit needs.

The rating is based on the following factors:

A. Lending Test: Satisfactory

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

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

FSB's average LTD ratio of 59.4% was an improvement from the 52.5% reported at the prior evaluation, but well below its peer group's average LTD ratio of 81.1%. An increase in the Bank's deposit at the onset of the COVID-19 pandemic in 2020 and the selling of loans to the Federal Home Loan Bank (“FHLB”), contributed to the Bank's lower LTD ratio.

2. Assessment Area Concentration: Satisfactory

During the evaluation period, FSB originated 63% by number and 49.2% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of FSB's assessment area reflects a reasonable concentration of lending.

The Bank's lending by dollar value decreased from 70.8% at the prior evaluation to just below 50%. This was in part due to the Bank purchasing loans outside its assessment area, which impacted the concentration of lending. The Bank indicated that they will no longer engage in this practice going forward.

3. Distribution by Borrower Characteristics: Satisfactory

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

During the evaluation period, FSB originated 33.4% by number and 20.7% by dollar value of its HMDA-reportable loans to LMI borrowers, which was slightly above by number and just below by dollar value of loans to the aggregate's ratios of 31.5% and 23.4% respectively.

4. Geographic Distribution of Loans: Outstanding

FSB's origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

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During the evaluation period, FSB originated 21.5% by number and 16.2% by dollar value of its HMDA-reportable loans in LMI census tracts, exceeding the aggregates rates of 14.3% and 12.3%, respectively.

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

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

B. Community Development Test: Satisfactory

FSB's community development performance demonstrated an adequate responsiveness to the community development needs of its assessment area considering the Bank's capacity, and the need for and availability of opportunities for community development in its assessment area.

1. Community Development Lending: Needs to Improve

During the evaluation period, FSB originated \$628,920 in new community development loans, and still had \$752,901 outstanding from prior evaluation periods. This demonstrated a poor level of community development lending over the course of the evaluation period.

The bank's level of community development loans of \$1.4 million for the current evaluation period (3 years), was well below the \$2.6 million recorded at the prior evaluation period (2.75 years).

2. Qualified Investments: Satisfactory

During the evaluation period, FSB made no new qualified investments and had \$1.3 million outstanding from prior evaluation periods. In addition, FSB made \$144,477 in qualified grants. This demonstrated an adequate level of qualified investments over the course of the evaluation period.

3. Community Development Services: Satisfactory

FSB demonstrated an adequate level of community development services over the course of the evaluation period.

4. Responsiveness to Community Development Needs:

FSB demonstrated an adequate level of responsiveness to credit and community development needs.

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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III - PERFORMANCE CONTEXT

A. Institution Profile

FSB, founded in 1871, is a New York State-chartered mutual savings bank, located in Fulton, New York.

FSB operates six full-service branch offices, of which four are in Oswego County and two in Onondaga County. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of 11 ATMs, of which four are located at four branch offices and seven are off-site ATMs accessible 24 hours a day. One of FSB’s ATMs accept deposits. In addition, FSB customers have surcharge free access to over 55,000 ATMs worldwide through the Allpoint Network and the Bank has entered into a reciprocal agreement with a local credit union providing FSB customers surcharge free access to the credit union’s ATMs.

FSB offers various banking products and services to consumers and small businesses. Deposit products offered include checking, savings, time deposit and retirement savings accounts; loan products include residential mortgage, commercial and consumer loans. Services offered include internet and mobile banking, mobile check deposit, bill pay, wire transfers and safe deposit boxes.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2022, filed with the Federal Deposit Insurance Corporation (“FDIC”), FSB reported total assets of \$474.3 million, of which \$220.1 million were net loans and lease financing receivables. It also reported total deposits of \$318.9 million, resulting in an LTD ratio of 69%. According to the latest available comparative deposit data as of June 30, 2023, FSB obtained a market share of 2.2%, or \$326.7 million in a market of \$15 billion, ranking it 11th among 15 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, 2020, 2021 and 2022’s Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	12/31/2020		12/31/2021		12/31/2022	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	155,057	89.1	158,880	88.9	199,683	90.4
Commercial & Industrial Loans	1,538	0.9	1,524	0.9	1,396	0.6
Commercial Mortgage Loans	13,211	7.6	13,458	7.5	14,019	6.3
Multifamily Mortgages	796	0.5	1,773	1.0	1,864	0.8
Consumer Loans	3,256	1.9	2,872	1.6	2,629	1.2
Construction Loans	151	0.1	88	0.0	1,187	0.5
Other Loans	86	0.0	135	0.1	135	0.1
Total Gross Loans	174,095		178,730		220,913	

As illustrated in the above table, FSB is primarily a 1-4 family residential mortgage lender, making up 90.4% of the Bank’s gross loan portfolio.

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

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B. Assessment Area

The Bank’s assessment area consists of portions of Onondaga and Oswego counties, which are a part of the Syracuse Metropolitan Statistical Area in Central New York.

The Bank’s assessment area has not changed by geographical area from the prior evaluation period; however, the number of census tracts has increased from 56 to 68 as a result of the 2020 U.S. Census. The 68 census tracts in the Bank’s assessment area consist of two low-income, 16 moderate-income, 31 middle-income, and 19 upper-income census tracts.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Onondaga*	0	1	2	11	17	31	9.7
Oswego*	0	1	14	20	2	37	40.5
Total	0	2	16	31	19	68	26.5

* Partial county

C. Demographic & Economic Data

The assessment area had a population of 234,092 during the evaluation period. Approximately 16.4% of the population was over the age of 65 and 19.9% was under the age of 16.

Of the 60,883 families in the assessment area 19% were low-income, 17.3% were moderate-income, 21.3% were middle-income and 42.4% were upper-income. There were 93,223 households in the assessment area, of which 11.1% had income below the poverty level and 2.7% were on public assistance. The weighted average median family income in the assessment area was \$85,825.

There were 101,607 housing units within the assessment area, of which 80.4% were one- to four-family units and 12.8% were multifamily units. A majority (67.6%) of the housing units were owner-occupied, 24.2% were renter-occupied and 8.2% were vacant units.

Of the 68,632 owner-occupied housing units, 19.3% were in LMI census tracts while 80.7% were in middle- and upper-income census tracts. The median age of the housing stock was 50 years, and the median home value in the assessment area was \$136,854.

There were 15,047 non-farm businesses in the assessment area. Of these, 85.6% were businesses with reported revenues of less than or equal to \$1 million, 3.7% reported revenues of more than \$1 million and 10.7% did not report their revenues. Of all the businesses in the assessment area, 97.4% were businesses with less than fifty employees while 89.6% operated from a single location. The largest industries in the area were services (36.9%), retail trade (13.7%) and finance, insurance, and real estate (8.6%); and 17% of businesses in the assessment area were not classified.

An analysis based on unemployment data from the New York State Department of Labor, showed that the annual average unemployment rates for New York State, Onondaga and Oswego counties

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steadily declined from a high in 2020 due to the onset of the COVID-19 pandemic to pre-pandemic levels in 2022. Onondaga County’s average annual unemployment rates were lower than the statewide and Oswego County’s rates for each year of the evaluation period.

Assessment Area Unemployment Rate			
	Statewide	Oswego	Onondaga
2020	9.8	8.6	8.0
2021	7.0	5.5	4.9
2022	4.3	4	3.3
Average of Years above	7.0	6.0	5.4

D. Community Information

As part of the evaluation, DFS examiners conducted community contact interviews with representatives of two nonprofit organizations that serve FSB’s assessment area.

The first interview was held with the president of a nonprofit organization that focuses on impactful giving and drives solutions to fund programs and initiatives to address the most pressing human services needs and help create a thriving community. The organization operates food pantries, assists LMI individuals and families with early childhood development, workforce development, financial literacy and housing. The interviewee stated the need for financial institutions to offer home mortgage loan programs that are affordable to LMI borrowers and offer them the opportunity to become homeowners. The interviewee added that this will also help to revitalize and stabilize neighborhoods, particularly in the city of Syracuse where there is a high concentration of poverty. The interviewee also noted that financial institutions have done a good job assisting small businesses by providing capital financing to small businesses that now make up a large portion of the business environment of the area and frequently are women- or minority-owned.

The second interview was conducted with representatives of a nonprofit organization whose economic development mission is served by providing support to small and mid-size businesses by way of funding, training, networking, and education. The representatives stated that financial institutions have been supportive in providing access to needed funding for small businesses. However, they noted that additional first-time homebuyer programs are needed targeted at specific areas with greater devaluation and depressed property values to revitalize these areas. FSB received favorable comments from this organization.

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IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated FSB 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. FSB submitted bank-specific information both as part of the Evaluation process and in its reports 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 loan to deposit ("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 2020 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 nonspecific bank data are only available on a countywide basis, and DFS used this information even where the institution's assessment area includes partial counties.

The evaluation period included calendar years 2020, 2021 and 2022 for lending activities and the period from April 1, 2020, to March 31, 2023, for community development activities.

Examiners considered FSB's HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test.

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In its prior Community Reinvestment Act Performance Evaluation as of March 31, 2020, DFS assigned FSB a rating of “2,” or, “satisfactory” compliance with regulatory standards.

CRA Rating: Satisfactory

A. Lending Test: Satisfactory

FSB’s HMDA-reportable lending activities were reasonable considering FSB’s size, business strategy, financial condition, aggregate and peer group activity, demographic characteristics and the credit needs of the assessment area.

1. **Loan-to-Deposit Ratio and other Lending-Related Activities:** Satisfactory

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

FSB average LTD ratio of 59.4%, while well below its peer group’s average LTD ratio of 81.1% was an improvement over the 52.5% it recorded at the prior evaluation period. A sharp increase in the Bank’s deposit at the onset of the COVID-19 pandemic and the selling of residential loans to FHLB contributed to the Bank’s lower LTD ratio.

The table below shows the FSB’s LTD ratios in comparison with the peer group’s ratios for the 12 quarters of this Evaluation.

Loan-to-Deposit Ratios													
	2020	2020	2020	2020	2021	2021	2021	2021	2022	2022	2022	2022	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Bank	62.5	60.0	59.4	59.4	56.7	54.7	56.7	56.3	55.8	57.8	64.4	69.0	59.4
Peer	90.6	87.9	85.7	82.5	79.1	77.5	76.6	76.0	75.5	78.2	80.8	82.9	81.1

2. **Assessment Area Concentration:** Satisfactory

During the evaluation period, FSB originated 63% by number and 49.2% by dollar value of its total HMDA-reportable loans within the assessment area, demonstrating a reasonable concentration of lending.

The Bank’s practice of purchasing loans outside its assessment area during the evaluation period, impacted its assessment area concentration of lending. FSB’s lending by dollar value decreased from the 70.8% recorded at the prior evaluation period to slightly less than 50% for the current evaluation period. As a result, FSB management indicated they will limit purchasing loans outside the Bank’s assessment area going forward.

The following table shows the percentages of FSB’s HMDA-reportable loans originated inside and outside of the assessment area.

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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										
2020	163	61.3%	103	38.7%	266	20,310	33.6%	40,165	66.4%	60,475
2021	142	72.8%	53	27.2%	195	19,940	71.9%	7,775	28.1%	27,715
2022	188	58.4%	134	41.6%	322	32,950	54.5%	27,525	45.5%	60,475
Subtotal	493	63.0%	290	37.0%	783	73,200	49.2%	75,465	50.8%	148,665
Grand Total	493	63.0%	290	37.0%	783	73,200	49.2%	75,465	50.8%	148,665

3. Distribution by Borrower Characteristics: Satisfactory

FSB’s HMDA-Reportable lending demonstrated a reasonable distribution of loans among individuals of different income levels.

a. One-to-four Family HMDA-Reportable Loans:

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

During the evaluation period, FSB’s average one-to-four family HMDA-reportable lending rate of 33.4% by number of loans exceeded the aggregate’s rate of 31.3%, while the Bank’s rate of 20.7% by dollar value of loans trailed the aggregate’s rate of 23.4%.

FSB’s and the aggregate’s average lending rates to LMI borrowers were below the percentage of LMI family demographics ranging from 36.4% to 37.5% during the evaluation period. However, it should be noted that 11% of the population in the Bank’s assessment area have incomes below the poverty level.

The following table provides a summary of the distribution of FSB’s one-to-four family loans by borrower income.

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Distribution of One-to-Four Family Loans by Borrower Income									
2020									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	6.2%	644	3.2%	427	6.6%	35,025	3.9%	20.1%
Moderate	34	21.1%	2,811	14.0%	1,286	19.7%	137,010	15.2%	17.4%
LMI	44	27.3%	3,455	17.2%	1,713	26.3%	172,035	19.1%	37.5%
Middle	44	27.3%	4,813	23.9%	1,773	27.2%	225,005	25.0%	20.9%
Upper	73	45.3%	11,831	58.9%	2,745	42.1%	460,865	51.2%	41.6%
Unknown		0.0%		0.0%	284	4.4%	42,190	4.7%	
Total	161		20,099		6,515		900,095		
2021									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	21	14.9%	1,545	7.8%	684	9.4%	61,330	5.8%	20.1%
Moderate	32	22.7%	3,250	16.4%	1,649	22.7%	191,355	18.2%	17.4%
LMI	53	37.6%	4,795	24.2%	2,333	32.2%	252,685	24.0%	37.5%
Middle	33	23.4%	5,475	27.6%	1,906	26.3%	259,750	24.7%	20.9%
Upper	55	39.0%	9,535	48.1%	2,698	37.2%	491,610	46.8%	41.6%
Unknown		0.0%		0.0%	318	4.4%	47,150	4.5%	
Total	141		19,805		7,255		1,051,195		
2022									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	24	12.9%	2,039	6.4%	617	11.3%	57,335	7.3%	19.0%
Moderate	42	22.6%	4,619	14.4%	1,364	25.0%	157,970	20.1%	17.3%
LMI	66	35.5%	6,658	20.8%	1,981	36.3%	215,305	27.4%	36.4%
Middle	44	23.7%	6,811	21.3%	1,508	27.6%	208,520	26.5%	21.3%
Upper	76	40.9%	18,552	57.9%	1,850	33.9%	349,790	44.4%	42.4%
Unknown		0.0%		0.0%	120	2.2%	13,520	1.7%	
Total	186		32,021		5,459		787,135		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	55	11.3%	4,228	5.9%	1,728	9.0%	153,690	5.6%	
Moderate	108	22.1%	10,680	14.8%	4,299	22.4%	486,335	17.8%	
LMI	163	33.4%	14,908	20.7%	6,027	31.3%	640,025	23.4%	
Middle	121	24.8%	17,099	23.8%	5,187	27.0%	693,275	25.3%	
Upper	204	41.8%	39,918	55.5%	7,293	37.9%	1,302,265	47.6%	
Unknown	-	0.0%	-	0.0%	722	3.8%	102,860	3.8%	
Total	488		71,925		19,229		2,738,425		

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4. Geographic Distribution of Loans: Outstanding

FSB's origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

a. HMDA-Reportable Loans:

The distribution of FSB's HMDA-reportable loans among census tracts of different income levels was excellent.

During the evaluation period, FSB originated 21.5% by number and 16.2% by dollar value of its HMDA-reportable loans in LMI census tracts, well above the aggregate's 14.3% and 12.3%, respectively. The Bank's lending rates in LMI census tracts also exceeded the aggregate's rates for each year of the evaluation period.

FSB's rates of lending in LMI census tracts by number of loans also exceeded the 15.4% to 19.3% of LMI owner-occupied housing units located in the bank's assessment area for the evaluation period.

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

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Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2020									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%		0.0%	12	0.2%	5,510	0.5%	0.2%
Moderate	26	16.0%	2,395	11.8%	762	11.7%	80,050	7.9%	15.2%
LMI	26	16.0%	2,395	11.8%	774	11.8%	85,560	8.5%	15.4%
Middle	112	68.7%	13,617	67.0%	3,564	54.5%	533,180	52.8%	58.8%
Upper	25	15.3%	4,297	21.2%	2,196	33.6%	390,270	38.7%	25.7%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	163		20,309		6,534		1,009,010		
2021									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	24	0.3%	74,860	5.7%	0.2%
Moderate	30	21.1%	3,210	16.1%	935	12.8%	104,205	7.9%	15.2%
LMI	30	21.1%	3,210	16.1%	959	13.2%	179,065	13.6%	15.4%
Middle	100	70.4%	14,630	73.4%	4,127	56.7%	743,685	56.7%	58.8%
Upper	12	8.5%	2,100	10.5%	2,193	30.1%	389,635	29.7%	25.7%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	142		19,940		7,279		1,312,385		
2022									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	1.1%	201	0.6%	48	0.9%	7,910	1.0%	0.7%
Moderate	48	25.5%	6,041	18.3%	982	17.9%	113,140	13.9%	18.6%
LMI	50	26.6%	6,242	18.9%	1,030	18.8%	121,050	14.8%	19.3%
Middle	88	46.8%	15,378	46.7%	2,336	42.6%	345,270	42.3%	45.3%
Upper	50	26.6%	11,329	34.4%	2,114	38.6%	349,950	42.9%	35.4%
Unknown		0.0%		0.0%		0.0%		0.0%	
Total	188		32,949		5,480		816,270		
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	0.4%	201	0.3%	84	0.4%	88,280	2.8%	
Moderate	104	21.1%	11,646	15.9%	2,679	13.9%	297,395	9.5%	
LMI	106	21.5%	11,847	16.2%	2,763	14.3%	385,675	12.3%	
Middle	300	60.9%	43,625	59.6%	10,027	52.0%	1,622,135	51.7%	
Upper	87	17.6%	17,726	24.2%	6,503	33.7%	1,129,855	36.0%	
Unknown	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Total	493		73,198		19,293		3,137,665		

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

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

FULTON SAVINGS BANK – CRA PERFORMANCE EVALUATION

B. Community Development Test: Satisfactory

FSB’s community development performance demonstrated adequate responsiveness to the community development needs of its assessment area considering FSB’s capacity, and the need for and availability of opportunities for community development in its assessment area.

1. Community Development Lending: Needs to Improve

During the evaluation period, FSB originated \$628,920 in new community development loans, and had \$752,901 outstanding from prior evaluation periods. This demonstrated a poor level of community development lending over the course of the evaluation period.

FSB’s total community development loans of \$1.4 million for the current evaluation period (3 years) represented a significant decrease of 42.5% from the \$2.6 million in community development loans at the prior evaluation period (2.75 years).

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of	\$000	# of Loans	\$000
Affordable Housing	3	267		
Economic Development	3	97	7	753
Community Services	1	95		
Revitalization & Stabilization	3	170		
Total	10	629	7	753

Below are highlights of FSB’s community development lending.

- FBS originated a \$168,750 mortgage to purchase a six-unit apartment building in Syracuse, NY. All six units had rents below the U.S. Department of Housing and Urban Development Fair Market Rents, providing affordable housing to LMI residents in the area.

- FSB refinanced a \$94,520 term loan to a local nonprofit organization in the Bank’s assessment area. The funds were used for much needed repair including the replacement of the roof. The organization is located a moderate-income tract and services provided include affordable daycare.

- FSB originated a \$50,000 term loan for the purchase of a bakery in a moderate-income census tract in Oswego, County. The loan helps to create jobs for LMI residents in Oswego.

2. Qualified Investments: Satisfactory

FSB made no new qualified investments during the evaluation period but had \$1.3 million outstanding from prior evaluation periods and made \$144,477 in new qualified grants. This demonstrated an adequate level of qualified investments.

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Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Affordable Housing				
Economic Development				
Community Services				
Revitalize/Stabilize			3	1,259
Total	0	0	3	1,259
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing				
Economic Development	4	9		
Community Services	13	85		
Revitalize/Stabilize	4	50		
Total	21	144		

Below are highlights of FSB’s qualified grants.

- FSB made donations totaling \$40,000 to help finance a neighborhood revitalization program that helps homeowners and property owners recover part of the cost of their property improvements. The organization specifically targets low-income neighborhoods in the City of Fulton.
- The Bank made donations totaling \$30,000 to a nonprofit health foundation that provides healthcare services to its community regardless of income. Services provided include family support and education, care management, home care, nursing, and mental health services.
- FSB donated a total of \$14,000 to an organization that seeks to improve the lives of its community by addressing local needs and supporting programs that address those needs. Such programs include health, education, homelessness, hunger, domestic abuse, and domestic violence.
- The bank donated a total of \$3,000 to a school district in Fulton where 60% of its students are economically-disadvantaged.

3. Community Development Services: Satisfactory

FSB demonstrated an adequate level of community development services over the course of the evaluation period, by performing 56 activities that qualified as community development services during the evaluation period.

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Community Development Services	
Activity Type	Number of Activities
On-Going Board & Committee Memberships	56
Technical Assistance	0
Seminars	0
Credit Counseling	0
Other Services	0
Total Community Development Services	56

Below are examples of FSB’s community development services:

- The President and CEO of the Bank serves on the board of a public agency that provides a range of services with a focus on promoting the development of communities in Central New York through energy management, land use, information and research, economic development, environmental management, community development, transportation planning and intergovernmental coordination.
- The CFO and senior vice president of the Bank serves on the Board and finance committee of a charity that focuses on caring for those in need and promoting human development through elimination of poverty and injustice.
- An executive vice president of FSB serves on the board of a nonprofit organization whose mission includes rebuilding and preserving neighborhoods through quality affordable housing.
- A vice president of the Bank serves on the board and another vice president serves on the finance committee of an organization that promotes community wellness and ending childhood hunger.

Responsiveness to Community Development Needs:

FSB demonstrated an adequate level of responsiveness to community development needs, primarily through its qualified investments and community development services. FSB’s community development activities mainly supported revitalization and stabilizations and serving on boards and committees of local nonprofit community organizations.

C. Additional Factors

1. 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.

FSB’s Board of Trustees review and approve the CRA policy annually. The CRA officer is responsible for overseeing the Bank’s compliance with the CRA and performing an annual CRA self-assessment and quarterly status reports.

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The annual CRA self-assessments are presented to the Board of Trustees for review. The most recent CRA self-assessment was conducted for the period January 1, 2020 to December 31, 2022. The Bank's CRA officer also presents quarterly status reports to the executive committee of the board. These quarterly reports provide a summary on CRA activities performed by the Bank during the period.

2. 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 practices by FSB intended to discourage applications for the types of credit offered by FSB.

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

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

3. Record of opening and closing offices and providing services at offices

FSB did not open or close any branches during the evaluation period.

In October of 2022, FSB closed an ATM kiosk located at Fulton Commons, 1909 State Route 3, Fulton, New York and simultaneously replaced it with an ATM kiosk at Fulton Byrne Dairy, at 798 West Broadway in Fulton, New York.

The Bank operates six full-service branch offices, of which four are in Oswego County (one branch is in a moderate-income census tract and three are in middle-income census tracts) and two in Onondaga County (one branch is in a moderate-income census tract and one in a middle-income census tract).

FSB's hours of operations are Monday through Thursday 9:00 AM to 4:00 PM, with extended hours to 5:00 PM on Fridays. Drive-thru/walk-up windows are open from 8:00 AM to 5:00 PM, with extended hours to 6:00 PM on Fridays. All branch offices offer Saturday hours from 9:00 AM to 12:00 PM.

The Bank operates 11 ATMs. Four of the Bank's branch offices have an ATM, which is accessible 24 hours a day, the other seven ATMs are at various off-site locations within the Bank's assessment area. Three of the off-site ATMs are located in moderate-income census tracts and the other four in middle-income census tracts. In addition, FSB has entered into a reciprocal agreement with a local credit union providing FSB customers surcharge free access to the credit union's ATMs. The Bank's customers also have surcharge free access to over 55,000 ATMs worldwide through the Allpoint Network.

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Products and services offered by FSB that primarily benefit LMI customers include:

- The “Totally Free Checking Account” is an account that requires no minimum balance, has no monthly service charge and allows unlimited check writing.
- The “50+ Free Interest Checking Account” is an account for customers 50 years and over that offers competitive rates, no minimum balance, no monthly service charge, and unlimited check writing.
- Flexible lending programs such as the “Homebuyer Dream Program” that provides grants to first-time homebuyers earning less than 80% of area median income to assist with down payment and closing costs.

Distribution of Branches within the Assessment Area							
	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Oswego			1	3		4	25%
Onondaga			1	1		2	50%
Total	-	-	2	4	-	6	33%

4. 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.

Members of the Bank’s board, management and employees serve on the board and committees of various local nonprofit community organizations which allows bank management to ascertain the credit needs of its community.

- 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

FSB’s markets its products and services via newspapers ads; direct and electronic mailings; seminars; social media; and through its active involvement with local nonprofit community organizations.

5. Other factors that in the judgment of the Superintendent bear upon the extent to which FSB is helping to meet the credit needs of its entire community

FSB, in 2020, invested in a certificate of deposits (“CD”) from a community development financial institution (“CDFI”) totaling \$250,000. FSB rolled the certificate over in 2021 and 2022 for a total investment including interest of \$754,406. The CDFI operates outside of FSB’s assessment area.

V - 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 (DFS multifamily industry letter <https://www.dfs.ny.gov/system/files/documents/2020/03/i1141204.pdf>) ;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are 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

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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.

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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

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.

Income level of individual or geography	% of the area median income
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

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.

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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 (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

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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.

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%. The program officially ended May 31, 2021.

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.

Small Business Loan

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