



## **PUBLIC SUMMARY**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF BANK OF UTICA**

**AS OF DECEMBER 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.

# BANK OF UTICA – CRA PERFORMANCE EVALUATION

---

## TABLE OF CONTENTS

### Sections

- I. **General Information**
- II. **Overview of Institution’s Performance**
- III. **Performance Context**
  - A. Institution Profile
  - B. Assessment Area
  - C. Demographic & Economic Data
  - D. Community Information
- IV. **Performance Standards and Assessment Factors**
  - A. Lending Test
  - B. Investment Test
  - C. Service Test
  - D. Additional Factors
- V. **Glossary**

# BANK OF UTICA – CRA PERFORMANCE EVALUATION

---

## I. - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Bank of Utica (“BU” 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 December 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.

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

---

### II. - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated BU according to the large banking institutions performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The evaluation period included calendar years 2021 and 2022 for lending activities and the period from January 1, 2021, to December 31, 2023, for community development activities. The Department assigned BU a rating of “2,” indicating a “**Satisfactory**” record of meeting community credit needs.

This rating is based on the following factors:

#### **A. Lending Test: High Satisfactory**

BU's small business lending activities were good considering BU's size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

##### 1. Lending Activity:

BU's lending levels were adequate considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

The Bank's average LTD ratio of 9.5% for the evaluation period was significantly below its peer group ratio of 74.9%.

BU's LTD ratios have historically been low, primarily reflecting BU's strategy of maintaining a large part of its assets in its securities portfolio. Other factors that contribute to BU's low LTD ratio include having only one branch location, competition from large and regional banks, a decreasing and an aging population, and below average income levels, as more than 14% of the population in the Bank's assessment area have income below the poverty level.

##### 2. Assessment Area Concentration:

During the evaluation period, BU originated 88.4% by number and 76.8% by dollar value of its total small business loans within the assessment area, demonstrating a good concentration of lending.

##### 3. Geographic Distribution of Loans:

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

BU's average rates of small business lending in LMI tracts were 48.8% by number and 40.7% by dollar value of loans for the evaluation period, well above the aggregate's rates of 24.2% and 27%, respectively.

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

---

### 4. Distribution by Borrower Characteristics:

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

BU's average rates of lending of 75.2% by number and 44.9% by dollar value of loans to small businesses with gross annual revenue of \$1 million or less, were well above the aggregate's rates of 48.6% and 28.5%, respectively.

### 5. Community Development Lending:

During the evaluation period, BU originated \$36.1 million in new community development loans and had \$6 million of outstanding loans from prior evaluation periods. This demonstrated a good level of community development lending over the course of the evaluation period.

## **B. Investment Test: High Satisfactory**

### 1. Qualified Investments

During the evaluation period, BU made \$12.7 million in new qualified investments and had \$7.1 million in outstanding investments from prior evaluation periods. In addition, BU made \$615,000 in qualified grants. This demonstrated a significant level of qualified investments and grants over the course of the evaluation period.

### 2. Innovativeness of Qualified Investments:

BU made occasional use of innovative investments to support community development.

### 3. Responsiveness of Qualified Investments to Credit and Community Development Needs:

BU's qualified investments exhibited good responsiveness to the assessment area's credit and community development needs.

## **C. Service Test: High Satisfactory**

### 1. Retail Banking Services:

BU has a good branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

### 2. Community Development Services:

BU provided a good level of community development services. Bank personnel participated in 57 instances of qualified community development services during the evaluation period.

*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.*

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

### III. - PERFORMANCE CONTEXT

#### A. Institution Profile

BU is a New York State chartered commercial Bank headquartered in Utica, New York. BU has one affiliate, the Bank of Utica Foundation, Inc., a nonprofit charitable organization that makes charitable donations on behalf of the Bank.

BU operates one branch office located in Utica, New York. Supplementing the branch office are two automated teller machines (“ATM”) one located in the lobby of the branch and one a drive-up ATM at the branch. In addition, BU is a member of the Allpoint Network of ATMs giving its debit card customers access surcharge-free to 55,000 ATMs within the network. The branch also has a drive-up night depository.

The Bank offers a variety of personal and business deposit accounts including checking, savings, money markets and certificate of deposits. Loan products offered include commercial lines of credit and term loans, commercial mortgage loans, personal secured and unsecured installment loans and vehicle loans. Bank services include safe deposit boxes, 24-hour telephone banking, free mobile banking, free online bill pay and wire transfers.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2022, filed with the Federal Deposit Insurance Corporation (“FDIC”), BU reported total assets of \$1.4 billion, of which \$101.6 million were net loans and lease financing receivables. It also reported total deposits of \$1.1 billion, resulting in a loan-to-deposit ratio of 9.3%. According to the latest available comparative deposit data as of June 30, 2023, BU obtained a market share of 23.5%, or \$1 billion in a market of \$4.4 billion, ranking it first among nine deposit-taking institutions in the Bank’s assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2021 and 2022, Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>				
Loan Type	2021		2022	
	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	1,409	1.2	1,522	1.5
Commercial & Industrial Loans	69,184	57.8	65,436	63.8
Commercial Mortgage Loans	38,834	32.5	25,934	25.3
Multifamily Mortgages	6,383	5.3	6,006	5.9
Consumer Loans	3,635	3.0	3,185	3.1
Other Loans	188	0.2	547	0.5
Total Gross Loans	119,633		102,630	

As illustrated in the above table, BU is primarily a commercial lender, with 89.1% of its total gross loan portfolio in commercial & industrial loans (63.8%) and commercial mortgage loans (25.3%).

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

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

### **B. Assessment Area**

BU's assessment area consists of parts of Oneida County, made up primarily of the City of Utica and its adjacent geographies.

There are 50 census tracts in the Bank's assessment area, of which six are low-income, eight are moderate-income, 14 are middle-income, 13 are upper-income, and nine are census tracts with no income indicated. While the Bank's assessment area has not changed since the last Evaluation, the number of census tracts has increased from 49 census tracts (based on 2010 US census data) to 50 census tracts for the current Evaluation (based on 2020 US census data). The change in number of census tracts, was due to the replacement of census tract 256.00 with census tracts 256.01 and 256.02 based on the 2020 US census data.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Oneida*	9	6	8	14	13	50	28
Total	9	6	8	14	13	50	28

\* Partial county

### **C. Demographic & Economic Data**

The assessment area had a population of 150,484 during the evaluation period. Approximately 17.4% of the population was over the age of 65 and 21.4% was under the age of 16.

Of the 35,561 families in the assessment area, 23.7% were low-income, 15.7% were moderate-income, 19.9% were middle-income and 40.7% were upper-income. There were 56,510 households in the assessment area, of which 14.1% had income below the poverty level and 2.9% were on public assistance. The weighted average median family income in the assessment area was \$74,170.

There were 64,385 housing units within the assessment area, of which 83.7% were one- to four-family units and 12.4% were multifamily units. A majority (58.5%) of the housing units were owner-occupied, while 29.3% were rental-occupied units.

Of the 37,664 owner-occupied housing units, 19.2% were in LMI census tracts while 78.4% were in middle- and upper-income census tracts. The median age of the housing stock was 69 years, and the weighted average median home value in the assessment area was \$126,433.

There were 10,555 non-farm businesses in the assessment area. Of these, 83% were businesses with reported revenues of less than or equal to \$1 million, 5.2% reported revenues of more than \$1 million and 11.8% did not report their revenues. Of all the businesses in the assessment area, 96.4% were businesses with less than fifty employees while 88.4% operated from a single location. The largest industries in the area were Services (38.2%), Retail Trade (14.7%), and Finance, Insurance & Real Estate (8.4%); 16.9% of businesses in the assessment area were not classified.

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

---

An analysis of the New York State Department of Labor annual unemployment data showed that the average annual unemployment rates for New York State and Oneida County decreased from 2021 to 2022. This trend coincided with the waning of the COVID-19 pandemic and the resulting improvement in the economic conditions. Annual average unemployment rates for Oneida County were lower than the statewide rates in each year of the evaluation period.

<b>Assessment Area Unemployment Rate</b>		
	<b>Statewide</b>	<b>Oneida</b>
2021	7.0%	5.1%
2022	4.3%	3.5%
<b>Average of Years above</b>	<b>5.7%</b>	<b>4.3%</b>

### **D. Community Information**

DFS examiners conducted meetings with representatives from two nonprofit organizations to gain additional insight into the needs of the community. The first organization’s mission is to provide training and technical assistance to entrepreneurs, small business owners, including start-ups, who are looking to start or expand a business. The second organization is an economic development organization whose primary mission is to help businesses grow, thrive and succeed.

The representative of the first organization stated that there is a need for financial education in the community, to teach high school students how to save and to invest for the future. The representative mentioned certain areas in the City of Utica have a high level of poverty and need homeless shelters, more affordable housing, and better public transportation. According to the representative, some banking institutions are well aware of their CRA responsibilities, while others fall short. As a result, there is an ongoing need for participation in and/or funding of programs offered by various local community development organizations. Local financial institutions should be proactive and engage in conversation with nonprofit organizations regarding the credit needs of all members of the community. BU was favorably mentioned as a local financial institution that helps to meet the credit needs of its community.

The representative of the second organization stated that there is a need for more flexible lending programs for small businesses, as only a few financial institutions are offering such programs. As a result, it is difficult for start-ups or struggling businesses to access the funding needed to expand their business or overcome challenges. The representative also noted the need for local financial institutions to finance more affordable housing projects, as there is a shortage of affordable housing in the area. The representative identified a few local financial institutions that are particularly responsive and willing to work with small businesses.

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

---

### IV. - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated BU under the large banking institutions performance criteria in accordance with Sections 76.7, 76.8, 76.9 and 76.10 of the GRS, which consist of the lending, investment and service tests. 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. 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.

Finally, the Evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which BU helps to meet the credit needs of its entire community.

DFS derived statistics employed in this Evaluation from various sources. BU 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 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 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 2021 and 2022 for lending activities and the period from January 1, 2021, to December 31, 2023, for community development activities.

Examiners considered BU's small business loans in evaluating factors (2), (3) and (4) of the lending test noted below. DFS based all analyses on small business lending only, as BU did not originate any HMDA-reportable and small farm loans during the evaluation period. Small business loan data evaluated in this Evaluation represented actual originations.

In its prior Community Reinvestment Act Performance Evaluation as of December 31, 2020, DFS assigned BU a rating of "2," or a "Satisfactory" compliance with regulatory standards.

**Current CRA Rating: Satisfactory**

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

### **A. Lending Test: High Satisfactory**

*The Bank's lending performance was evaluated pursuant to the following criteria: (1) Lending Activity;*

*(2) Assessment Area Concentration;*

*(3) Geographic Distribution of Loans;*

*(4) Borrower Characteristics;*

*(5) Community Development Lending; and*

*(6) Flexible and/or Innovative Lending Practices.*

BU's small business lending activities were good in light of BU's size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area. BU's level of community development lending for economic development and revitalization/stabilization purposes demonstrates the Bank's commitment to meeting its community's credit needs.

#### 1. Lending Activity:

BU's lending levels were adequate considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

During the evaluation period, BU's average LTD ratio was 9.5%, significantly below its peer group ratio of 74.9%.

The Bank's LTD ratios have historically been low, mainly reflecting BU's strategy of maintaining a large part of its assets in its securities portfolio. Other factors that contribute to BU's low LTD ratio include having only one branch location, a decreasing and an aging population, and below average income levels in its assessment area, as more than 14% of the population live below the poverty level, resulting in limited lending opportunities.

Also, BU's competition for small business loans includes large national and regional banks, and non-bank small business lenders. Nevertheless, in 2021 and 2022, BU ranked among the top 15 lenders of a total of 66 and 57 lenders, respectively, by number of small business loans originated within the Bank's assessment area.

The table below shows BU's LTD ratios in comparison with the peer group's ratios for the eight quarters of this evaluation period.

<b>Loan-to-Deposit Ratios</b>									
	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	Avg.
Bank	10.7	10.3	10.2	9.8	8.1	8.7	8.9	9.3	9.5
Peer	77.5	75.2	72.7	72.1	71.4	74.6	76.8	79.3	74.9

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

### 2. Assessment Area Concentration:

During the evaluation period, BU originated 88.4% by number and 76.8% by dollar value of its small business loans within the assessment area, demonstrating a good concentration of lending.

Small business loans originated in 2021 mainly consisted of Small Business Administration (SBA) Paycheck Protection Program (PPP) loans. BU originated 124 PPP loans totaling \$12.4 million in 2021.

The following table shows the percentages of BU’s small business loans 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
	#	%	#	%		\$	%	\$	%	
Small Business										
2021	178	89.0%	22	11.0%	200	15,318	76.6%	4,684	23.4%	20,002
2022	80	87.0%	12	13.0%	92	8,217	77.3%	2,418	22.7%	10,635
Grand Total	258	88.4%	34	11.6%	292	23,535	76.8%	7,102	23.2%	30,637

### 3. Geographic Distribution of Loans:

The distribution of BU’s small business loans among census tracts of varying income levels was excellent.

BU’s average rates of lending in LMI tracts were 48.8% by number and 40.7% by dollar value of loans for the evaluation period, well above the aggregate’s rates of 24.2% and 27%, respectively.

The Bank’s annual rates of lending in LMI census tracts fluctuated significantly by number and dollar value of loans from 59% and 52.1% in 2021, to 26.3% and 19.3% in 2022, respectively. The fluctuation of the Bank’s annual lending rates in LMI census tracts from 2021 to 2022 was mainly due to the reclassification of census tracts within the assessment area (the Bank’s assessment area did not change). In 2021, the Bank’s assessment area contained 18 LMI census tracts (13 low- and five moderate-income) and four census tracts with income unknown, while in 2022 there were 14 LMI census tracts (six low- and eight moderate-income) and nine census tracts with unknown revenue. Still, BU’s annual lending rates in LMI census tracts exceeded the aggregate’s annual lending rates in 2021 and 2022.

BU’s annual rates of lending in LMI census tracts by number of loans, also exceeded the percentage of small businesses located in LMI census tracts (business demographics) in the Bank’s assessment area.

The following table provides a summary of the distribution of BU’s small business loans by the income level of the geography where the business was located.

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2021</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Low	82	46.1%	5,827	38.0%	543	18.6%	23,440	20.7%	21.3%
Moderate	23	12.9%	2,161	14.1%	329	11.3%	15,893	14.1%	12.2%
LMI	105	59.0%	7,988	52.1%	872	29.9%	39,333	34.8%	33.5%
Middle	24	13.5%	1,752	11.4%	740	25.4%	24,174	21.4%	27.0%
Upper	45	25.3%	4,713	30.8%	1,255	43.1%	41,949	37.1%	38.1%
Unknown	4	2.2%	865	5.6%	47	1.6%	7,581	6.7%	1.4%
<b>Total</b>	<b>178</b>		<b>15,318</b>		<b>2,914</b>		<b>113,037</b>		
<b>2022</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	12.5%	1,148	14.0%	174	6.8%	5,179	6.7%	9.3%
Moderate	11	13.8%	439	5.3%	277	10.9%	6,800	8.8%	11.2%
LMI	21	26.3%	1,587	19.3%	451	17.7%	11,979	15.6%	20.5%
Middle	17	21.3%	1,216	14.8%	849	33.3%	22,933	29.8%	35.1%
Upper	16	20.0%	1,851	22.5%	1,031	40.5%	28,591	37.2%	32.4%
Unknown	26	32.5%	3,563	43.4%	216	8.5%	13,385	17.4%	12.0%
<b>Total</b>	<b>80</b>		<b>8,217</b>		<b>2,547</b>		<b>76,888</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Low	92	35.7%	6,975	29.6%	717	13.1%	28,619	15.1%	
Moderate	34	13.2%	2,600	11.0%	606	11.1%	22,693	11.9%	
LMI	126	48.8%	9,575	40.7%	1,323	24.2%	51,312	27.0%	
Middle	41	15.9%	2,968	12.6%	1,589	29.1%	47,107	24.8%	
Upper	61	23.6%	6,564	27.9%	2,286	41.9%	70,540	37.1%	
Unknown	30	11.6%	4,428	18.8%	263	4.8%	20,966	11.0%	
<b>Total</b>	<b>258</b>		<b>23,535</b>						

#### 4. Distribution by Borrower Characteristics:

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

During the evaluation period, BU's average rates of lending to small businesses with gross annual revenue of \$1 million or less were 75.2% by number and 44.9% by dollar value of loans, well above the aggregate's rates of 48.6% and 28.5%, respectively. Furthermore, the Bank's annual rates of lending to small businesses with gross annual revenue of \$1 million or less exceeded the aggregate's rates for each year of the evaluation period.

BU's annual rates of lending to small businesses with gross annual revenue of \$1 million or less trailed the percentages (82.6% and 83%) of small businesses with annual revenue of \$1 million or less located in the Bank's assessment area, for each year of the evaluation period.

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

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

Distribution of Small Business Lending by Revenue Size of Business									
2021									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	137	77.0%	6,386	41.7%	1,348	46.3%	28,804	25.5%	82.6%
Rev. > \$1MM	41	23.0%	8,932	58.3%					5.5%
Rev. Unknown		0.0%		0.0%					12.0%
<b>Total</b>	<b>178</b>		<b>15,318</b>		<b>2,914</b>		<b>113,037</b>		
2022									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	57	71.3%	4,175	50.8%	1,304	51.2%	25,389	33.0%	83.0%
Rev. > \$1MM	23	28.8%	4,042	49.2%					5.2%
Rev. Unknown		0.0%		0.0%					11.8%
<b>Total</b>	<b>80</b>		<b>8,217</b>		<b>2,547</b>		<b>76,888</b>		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	194	75.2%	10,561	44.9%	2,652	48.6%	54,193	28.5%	
Rev. > \$1MM	64	24.8%	12,974	55.1%					
Rev. Unknown	-	0.0%	-	0.0%					
<b>Total</b>	<b>258</b>		<b>23,535</b>		<b>5,461</b>		<b>189,925</b>		

### 5. Community Development Lending:

During the evaluation period, BU originated \$36.1 million in new community development loans and had \$6 million in outstanding loans from prior evaluation periods. This demonstrated a good level of community development lending over the course of the evaluation period.<sup>1</sup>

BU's new community development loans mainly supported economic development within the assessment area.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing				
Economic Development	4	30,100	1	1,546
Community Services			1	897
Revitalization/Stabilizatio	1	6,000	1	3,558
<b>Total</b>	<b>5</b>	<b>36,100</b>	<b>3</b>	<b>6,001</b>

Below are highlights of BU's community development lending.

- BU renewed an existing \$4.0 million line of credit ("LOC") three times during the evaluation period for a total of \$12.0 million. The LOC provides working capital to a

<sup>1</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.

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

---

brewery located in a low-income census tract in downtown Utica and provides economic development by helping this small business to grow and provide jobs for LMI residents in the area.

- BU also renewed a \$3.2 million working capital LOC each year of the evaluation period, for a total of \$9.6 million. The LOC provides working capital to a business, located in a low-income census tract in downtown Utica, that sells medical equipment, surgical supplies, healthcare and office furniture to local hospitals and medical facilities. The business supports economic development and provides employment to LMI individuals in the area.
- BU renewed a LOC for a total of \$6 million during the evaluation period. The LOC was to a nonprofit organization located in a low-income census tract in the City of Utica. This organization provides assistive community services to individuals who are visually impaired. Services provided include pre-school vision screening, transportation, educational services, technology training, and occupational therapy.
- BU made a working capital LOC for \$2 million and renewed it twice during the evaluation period for a total amount of \$6 million. The LOC was made to a construction company located in a LMI census tract in the City of Utica. The business supports economic development and provides general laborer jobs to local residents.

a. Flexible and/or Innovative Lending Practices:

BU made significant use of flexible or innovative lending practices.

The Bank participated in the SBA PPP loan program that aided businesses affected by the COVID-19 pandemic and in 2021, BU originated 124 PPP loans totaling \$12.4 million. The Bank also participates in the SBA 7a loan program. In addition, BU offers a micro-loan program that offers loans in the amount of \$2,000 to \$20,000 for entrepreneurs and small business owners.

### **B. Investment Test: High Satisfactory**

*BU's investment performance pursuant to the following criteria:*

- (1) The dollar amount of qualified investments;*
- (2) The innovativeness or complexity of qualified investments; and*
- (3) The responsiveness of qualified investments to the credit and community development needs of the assessment area.*

#### 1. Qualified Investments

During the evaluation period, BU made \$12.7 million in new qualified investments and had \$7.1 million in outstanding investments from prior evaluation periods. In addition, BU made \$615,000 in qualified grants. This demonstrated a significant level of qualified investments and grants over the course of the evaluation period.

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

The Bank’s new qualified investments solely supported the community development purpose of revitalization and stabilization and grants primarily supported community services in the Bank’s assessment area.

<b>Qualified Investments and Grants</b>				
	<b>This Evaluation Period</b>		<b>Outstandings from Prior Evaluation Periods</b>	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing				
Economic Development				
Community Services				
Revitalization/Stabilization	5	12,665	17	7,055
<b>Total</b>	<b>5</b>	<b>12,665</b>	<b>17</b>	<b>7,055</b>
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing				
Economic Development				
Community Services	27	603		
Revitalization/Stabilization	1	12		
<b>Total</b>	<b>28</b>	<b>615</b>		

Below are highlights of BU’s qualified investments and grants.

- During the evaluation period, BU purchased five municipal bonds totaling \$12.7 million issued by Oneida County and the City of Utica. The bonds funded essential public improvement projects including but not limited to school improvements, building renovations, reconstruction of streets, and improvements to bridges and public parking in the City of Utica and Oneida County helping to revitalize and stabilize the area.
- BU made grants totaling \$96,000 to an organization that focuses on improving access to health, education, and financial stability for those in need. The organization provides community services and programs that include child development and education, employment, housing services, and financial education.
- The Bank donated a total of \$60,000 to an organization that empowers children, families and individuals by providing health, education and legal services, as well as a range of other programs.
- BU also donated \$40,000 to a nonprofit organization located in a low-income census tract that provides free or low-cost services to the blind or visually impaired that include vision treatment and other needed services to help individuals live productive and independent lives.

### 2. Innovativeness of Qualified Investments:

BU made occasional use of innovative investments to support community development.

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

### 3. Responsiveness of Qualified Investments to Credit and Community Development Needs:

BU's qualified investments exhibited good responsiveness to the assessment area's credit and community development needs.

#### **C. Service Test: High Satisfactory**

The Department evaluated BU's retail service performance pursuant to the following criteria:

- (1) The current distribution of the banking institution's branches;
- (2) The institution's record of opening and closing branches;
- (3) The availability and effectiveness of alternative systems for delivering retail services; and
- (4) The range of services provided.

The Department evaluated BU's community development service performance pursuant to the following criteria:

- (1) The extent to which the banking institution provides community development services; and
- (2) The innovativeness and responsiveness of community development services.

#### 1. Retail Banking Services:

BU has a good branch location, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

##### a. Current distribution of the banking institution's branches:

BU has a good distribution of branches within its assessment area.

BU has a single branch office located in the City of Utica in a census tract with unknown income and adjacent to two census tracts with unknown income, one moderate- and four low-income census tracts. The branch is accessible to residents of the area and banking hours are Monday through Friday from 9:00 am to 5:00 pm.

<b>Distribution of the Branch 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>
*Oneida	1					1	0%
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>0%</b>

##### b. Record of opening and closing branches:

BU did not open or close any branch offices during the evaluation period.

##### c. Availability and effectiveness of alternative systems for delivering retail services:

BU's delivery systems are accessible to a significant portions of the Bank's assessment area, including LMI geographies and individuals.

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

---

There are two automated teller machines (“ATMs”) at the branch, with one ATM located at the drive-up window and the other in the branch lobby area. The drive-up ATM is accessible 24 hours and the ATM in the lobby is accessible during branch hours. Neither ATM has deposit taking capabilities. In addition, BU’s Quickdraw Visa debit card customers have surcharge-free access to over 55,000 ATMs nationwide through the Allpoint network of ATMs.

The branch also offers drive-thru service available during regular branch hours, with extended hours till 5:30 pm on Friday. Alternative systems for delivering the Bank’s retail services to its customers include electronic banking, debit card services, direct deposit, 24-hour telephone banking, free bank-by-mail and remote deposit capture.

*d. Range of services provided:*

BU’s services meet the convenience and accessibility needs of its assessment area, including LMI geographies and individuals.

In addition to the regular deposit and lending products, BU offers the following products that are focused on LMI individuals and small businesses:

- *Free Personal Checking* – a checking account with no minimum balance requirement, no monthly service charges, unlimited deposits and the ability to write as many checks as you want. The account includes free online banking, mobile banking, debit card, nationwide ATM access through the Allpoint network, bank-by-mail and direct deposit.
- *Small Business Checking* – a low-cost small business checking account with no minimum balance requirement, no monthly service charge, and first 200 items per month free, as well as free access to online banking, bill payment and mobile banking.
- *Small Business Lending* – includes lines of credit, commercial mortgages, long-term and short-term notes, accounts receivable and inventory financing, and government guaranteed low-interest loan programs.

2. Community Development Services:

BU provided a good level of community development services. Bank personnel participated in 57 instances of community development services during the evaluation period.

<b>Community Development Services</b>	
<b>Activity Type</b>	<b>Number of Activities</b>
On-Going Board & Committee Memberships	54
Technical Assistance	
Seminars	2
Credit Counseling	
Other Services	1
<b>Total Community Development Services</b>	<b>57</b>

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

---

Below are highlights of BU's community development services.

- A senior vice president of the Bank serves on the board of a nonprofit organization that seeks to address homelessness and hunger in the City of Utica. The organization serves several thousand hot meals yearly.
- An executive vice president of the Bank serves on the board of a nonprofit organization that supports economic development in Oneida County. The organization promotes business growth and retention by connecting businesses in the Bank's assessment area to financial resources, by offering loan and grant programs.
- A vice president of BU serves on the board of a nonprofit organization that provides training and technical assistance to small business owners, including start-ups and minority- and women-owned businesses, to help them succeed.

### **D. Additional Factors**

The following factors were also considered in assessing BU's record of performance.

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.

The Board is kept abreast of the Bank's CRA activities via an annual report prepared by the CRA officer. The report summarizes the Bank's previous year CRA activities and highlights community development activities, qualified investments, charitable donations, and community development services that benefit small business, LMI individuals/families, and communities.

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 BU intended to discourage applications for the types of credit offered by BU.

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

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

3. 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.*

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

---

Bank personnel serve on boards and committees of various community development organizations and participate in financial literacy workshops. These activities help BU ascertain the credit needs of its community and allow bank personnel to make the organizations and the community aware of services and credit programs offered by the Bank.

- *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*

BU advertises its products and services through various printed media including local newspapers and also advertises on local radio stations that broadcast in the Bank's assessment area.

- *Action Taken in Response to Written Complaints with Respect to CRA*

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

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

During the evaluation period, BU made one loan modification to a business affected by the pandemic. The Bank deferred principal and interest payments on the loan for a three-month period. The Bank also offered restaurants occupying a space in a building to be renovated a 1%, 12-month term loan to help with relocation expenses. One of the restaurants took out a \$30,000 loan to help with relocation expenses.

BU also made 25 investments totaling \$5.8 million outside of its assessment area but within New York State. The investments, consisting of municipal bonds, were used to finance building renovations, road construction, improvements to police and fire departments, and the purchase of new school buses which ensured safe transportation for all students including students living in LMI geographies.

**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 [www.dfs.ny.gov/industry\\_guidance/industry\\_letters/il20141204\\_guidelines\\_bank\\_lending\\_multifamily\\_properties\\_cra\\_updated](http://www.dfs.ny.gov/industry_guidance/industry_letters/il20141204_guidelines_bank_lending_multifamily_properties_cra_updated) ) ;
- Nonprofit organizations serving primarily LMI or other community development needs;

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

---

- 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.

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

---

### **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

### **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

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

---

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 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;

## BANK OF UTICA – CRA PERFORMANCE EVALUATION

---

- 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.