



PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF BANK OF RICHMONDVILLE

AS OF DECEMBER 31, 2022

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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BANK OF RICHMONDVILLE – CRA PERFORMANCE EVALUATION

I - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Bank of Richmondville (“BOR” 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, 2022.

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 BOR according to the small banking institution performance standards pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2020, 2021, and 2022 for lending activities. The Department assigned BOR a rating of “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:

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

BOR's average LTD ratio of 52.6% for the evaluation period trailed the peer's average LTD ratio of 69.7%.

The Bank's lower average LTD ratio than its peer group is in part due to the higher level of municipal deposits held by BOR. During the evaluation period, municipal deposits held by the Bank averaged 14.2% of total deposits compared to 9.3% for its peer group. Furthermore, the Bank's average LTD ratio for the current evaluation period was also impacted by a large influx of deposits, while the level of the loan portfolio stayed relatively flat.

2. Assessment Area Concentration:

During the evaluation period, BOR originated 89.1% by number and 82% by dollar value of its HMDA-reportable and small business loans within the assessment area, demonstrating a reasonable concentration of lending.

3. Distribution by Borrower Characteristics:

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

4. Geographic Distribution of Loans:

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

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

Neither DFS nor BOR received any written complaints regarding BOR's CRA performance 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.

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III - PERFORMANCE CONTEXT

A. Institution Profile

Established in 1882, BOR was chartered by New York State in 1893 as a commercial bank. The Bank is headquartered in Cobleskill, Schoharie County, New York.

BOR operates three branch offices in Schoharie County. Supplementing the branch offices are three non-deposit taking automated teller machines (“ATMs”), one at each branch.

BOR offers traditional banking products and services for consumer and businesses. Deposit products include checking, savings, money market deposit accounts, certificates of deposit, and individual retirement accounts. Loan products include personal loans, residential mortgage loans, home equity loans, commercial term loans, commercial mortgage loans and lines of credit. Services offered include bank by mail, mobile banking, telephone banking, and online banking (“Net Teller”), including bill payment and direct deposit services.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2022, filed with the Federal Deposit Insurance Corporation (“FDIC”), BOR reported total assets of \$179.6 million, of which \$78.8 million were net loans and lease financing receivables. It also reported total deposits in domestic offices of \$166.3 million, resulting in a LTD ratio of 47.4%. According to the latest available comparative deposit data as of June 30, 2023, BOR obtained a market share of 3%, or \$162.8 million in a market of \$5.5 billion, ranking it 10th among 17 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, 2020, 2021 and December 31, 2022 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2020		2021		2022	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	52,365	61.0	51,004	61.4	49,918	62.4
Commercial & Industrial Loans	4,100	4.8	3,766	4.5	2,691	3.4
Commercial Mortgage Loans	16,427	19.1	14,503	17.5	11,603	14.5
Multifamily Mortgages	1,974	2.3	896	1.1	1,086	1.4
Consumer Loans	8,331	9.7	11,054	13.3	12,005	15.0
Loans secured by farmland	233	0.3	599	0.7	579	0.7
Construction Loans	2,409	2.8	1,268	1.5	2,157	2.7
Total Gross Loans	85,839		83,090		80,039	

As illustrated in the above table, BOR is primarily a residential real estate lender with 62.4% of its gross loan portfolio comprised of 1-4 family residential mortgage loans.

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

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B. Assessment Area

BOR’s assessment area consists of Schoharie County and portions of Otsego and Schenectady counties.

While the Bank made no changes to its assessment area during the evaluation period, the number of census tracts in the assessment area increased from 11 to 12 due to the 2020 U.S. Census Bureau Report (the “Report”). As a result of the Report, census tract 5907, a middle-income census tract in Otsego County, became two middle-income census tracts (5907.01 and 5907.02). Furthermore, three middle-income census tracts in Schoharie County were reclassified into moderate-income census tracts.

There are 12 census tracts in the Bank’s assessment area, of which seven are moderate-income, four are middle-income and one is a census tract with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Otsego*				3		3	0.0
Schenectady*				1		1	0.0
Schoharie	1		7			8	87.5
Total	1	0	7	4	0	12	58.3

* Partial county

C. Demographic & Economic Data

The assessment area had a population of 41,317 during the evaluation period. Approximately 22.2% of the population were over the age of 65 and 12.3% were under the age of 16.

Of the 11,179 families in the assessment area 26.5% were low-income, 23.8% were moderate-income, 20.5% were middle-income and 29.2% were upper-income. There were 17,297 households in the assessment area, of which 11.2% had income below the poverty level and 2.5% were on public assistance. The weighted average median family income in the assessment area was \$73,945.

There were 23,661 housing units within the assessment area, of which 83% were one-to-four family units and 4% were multifamily units. A majority (56.5%) of the housing units were owner-occupied, 16.6% were rental-occupied units and 26.9% of the housing units were vacant.

Of the 13,365 owner-occupied housing units, 72% were in moderate-income census tracts while 28% were in middle-income census tracts. The median age of the housing stock was 53 years, and the median home value in the assessment area was \$150,215.

There were 2,741 non-farm businesses in the assessment area. Of these, 85.9% were businesses with reported revenues of less than or equal to \$1 million, 2.8% reported revenues of more than \$1 million and 11.4% did not report their revenues. Of all the businesses in the assessment area, 98.1% were businesses with less than fifty employees, while 90.8% operated from a single

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location. The largest industries in the area were services 32.1%, retail 12.3% and agricultural 9.9%; while 15.8% of businesses in the assessment area were not classified.

An analysis of the New York State Department of Labor unemployment data showed that the annual average unemployment rates for New York State (“statewide”) were higher for each year of the evaluation period than the annual unemployment rates for Otsego, Schenectady or Schoharie counties. Unemployment rates were highest in 2020 due to the onset of the COVID-19 pandemic and steadily declined for the remainder of the evaluation period.

Assessment Area Unemployment Rate				
	Statewide	Otsego	Schenectady	Schoharie
2020	8.3	5.5	5.8	5.2
2021	4.8	3.1	3	3.1
2022	3.8	3.6	2.9	3.9
Average of Years above	5.6	4.1	3.9	4.1

D. Community Information

DFS examiners conducted a community contact interview with a representative of a nonprofit organization to get further insights on the credit and banking needs of the community within the Bank’s assessment area and how local financial institutions are meeting those needs.

The nonprofit organization serves Otsego County, New York and its mission is to renovate and build homes for individuals and families with income of 60% or less of the area median income in need of safe and affordable housing. The representative noted that the economic downturn caused by the COVID-19 pandemic exacerbated the need for affordable housing in the community. The representative also noted the need for financial literacy programs targeting LMI borrowers and first-time homebuyers to teach them how create a budget and make them aware of various government programs that provide grants for downpayment and/or closing costs assistance.

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IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated BOR under the small banking institution performance standards in accordance with Sections 76.7 and 76.12 of the GRS, which consist of the following lending test criteria:

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.

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 practices intended to discourage credit applications;
3. Evidence of prohibited discriminatory or other illegal credit practices;
4. The institution's 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, DFS considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which BOR helps meet the credit needs of its entire community.

DFS derived statistics employed in this Evaluation from various sources. BOR 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 demographic 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 2020, 2021 and 2022.

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

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

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Examiners gave greater weight to BOR's HMDA-reportable lending in this Evaluation, as it comprised 60.9% by number and 84.5% by dollar value of all HMDA-reportable and small business loans originated within the assessment area during the evaluation period.

In its prior Community Reinvestment Act Performance Evaluation as of December 31, 2019, DFS assigned BOR a rating of "2" or a "Satisfactory" compliance with regulatory standards.

Current CRA Rating: Satisfactory

A. Lending Test: Satisfactory

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

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

BOR's average LTD ratio was reasonable considering its size, business strategy, and financial condition, as well as the lending activity of its peer group and the demographic characteristics and credit needs of its assessment area.

BOR's average LTD ratio of 52.6% for the evaluation period trailed the peer group's average ratio of 69.7%. Both the Bank's and peer group's current average LTD ratios have declined from the prior evaluation's average LTD ratios of 65.9% and 80.3%, respectively.

The Bank's lower average LTD ratio than its peer group is due in part to the higher level of municipal deposits held by BOR, as during the evaluation period, BOR's ratio of municipal deposits to total deposits averaged 14.2% compared to 9.3% for its peer group. Municipal deposits have to be collateralized; therefore, these deposits provide for limited funding. The level of municipal deposits held by the Bank is also partly responsible for the fluctuation in the Bank's quarterly average LTD ratios, as the quarterly ratios of municipal deposits to total deposits fluctuated from a low of 10.6% to a high of 17.3% during the evaluation period.

The Bank's average LTD ratio for the current evaluation period was also impacted by a large influx of deposits, as total deposits ranged from \$128.7 million to \$188.2 million during the evaluation period, while the Bank's net loans stayed relatively flat, as net loans ranged from \$78.8 million to \$88.1 million during the evaluation period. The influx of deposits was mainly due the COVID-19 pandemic.

The table below shows BOR LTD ratios in comparison with the peer group's ratios for the 12 quarters of this evaluation.

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Loan-to-Deposit Ratios													
	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	Avg.
Bank	65.9	64.3	59.4	58.0	53.0	51.4	48.9	51.1	42.4	44.5	45.2	47.4	52.6
Peer	79.2	77.4	76.5	71.8	68.3	66.7	65.3	64.8	63.4	64.8	67.7	70.1	69.7

2. Assessment Area Concentration:

During the evaluation period, BOR originated 89.1% by number and 82% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a reasonable concentration of lending.

a. HMDA-Reportable Loans:

During the evaluation period, BOR originated 90.3% by number and 84.1% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of BOR’s assessment area reflects a reasonable concentration of lending.

b. Small Business Loans:

During the evaluation period, BOR originated 87.4% by number and 72% by dollar value of its small business loans within the assessment area. This majority of lending inside of BOR’s assessment area reflects a reasonable concentration of lending.

BOR’s small business lending increased significantly in 2020 and 2021, primarily from the Bank’s participation in the U.S. Small Business Administration’s Payment Protection Program (“PPP”). The Bank originated 42 PPP loans totaling \$1.2 million in 2020 and 31 PPP loans totaling \$1 million in 2021 within the assessment area in support of small businesses that were adversely affected by the COVID-19 pandemic.

The following table shows the percentages of BOR’s HMDA-reportable and small business 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	79	89.8%	9	10.2%	88	9,135	86.9%	1,375	13.1%	10,510
2021	61	88.4%	8	11.6%	69	8,035	75.1%	2,660	24.9%	10,695
2022	55	93.2%	4	6.8%	59	7,105	92.9%	540	7.1%	7,645
Subtotal	195	90.3%	21	9.7%	216	24,275	84.1%	4,575	15.9%	28,850
Small Business										
2020	57	95.0%	3	5.0%	60	1,817	88.2%	243	11.8%	2,060
2021	50	82.0%	11	18.0%	61	1,620	58.5%	1,150	41.5%	2,770
2022	18	81.8%	4	18.2%	22	1,021	75.2%	337	24.8%	1,358
Subtotal	125	87.4%	18	12.6%	143	4,458	72.0%	1,730	28.0%	6,188
Grand Total	320	89.1%	39	10.9%	359	28,733	82.0%	6,305	18.0%	35,038

3. Distribution by Borrower Characteristics:

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

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

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

During the evaluation period, BOR's average rates of HMDA-reportable lending of 40.4% by number and 28% by dollar value to LMI borrowers, were comparable to the aggregate's average rates of 41.4% and 32.8% respectively. The Bank's annual lending rates to LMI borrowers in 2020 and 2022 were comparable to the aggregate's rates, while the Bank's lending rates in 2021 trailed the aggregates rates.

Both the Bank's and the peer group's average lending rates to LMI borrowers were below the percentage (ranging from 46.1% to 50.3%) of LMI families living in the Bank's assessment area.

The following table provides a summary of the distribution of BOR'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	8	10.1%	450	4.9%	165	15.5%	16,205	10.3%	24.6%
Moderate	26	32.9%	2,560	28.0%	288	27.0%	37,170	23.6%	21.5%
LMI	34	43.0%	3,010	33.0%	453	42.5%	53,375	33.9%	46.1%
Middle	21	26.6%	2,835	31.0%	280	26.3%	42,960	27.3%	25.7%
Upper	23	29.1%	3,015	33.0%	283	26.5%	52,615	33.4%	28.2%
Unknown	1	1.3%	275	3.0%	50	4.7%	8,620	5.5%	
Total	79		9,135		1,066		157,570		
2021									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	12	20.0%	860	11.0%	167	13.0%	17,915	8.4%	24.6%
Moderate	9	15.0%	895	11.4%	335	26.1%	46,895	22.0%	21.5%
LMI	21	35.0%	1,755	22.4%	502	39.2%	64,810	30.5%	46.1%
Middle	14	23.3%	1,940	24.7%	345	26.9%	57,415	27.0%	25.7%
Upper	25	41.7%	4,155	52.9%	390	30.4%	81,370	38.3%	28.2%
Unknown	0	0.0%	0	0.0%	45	3.5%	9,085	4.3%	
Total	60		7,850		1,282		212,680		
2022									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	16.7%	775	11.2%	131	13.5%	13,535	8.9%	26.5%
Moderate	14	25.9%	1,140	16.5%	289	29.7%	39,175	25.9%	23.8%
LMI	23	42.6%	1,915	27.8%	420	43.2%	52,710	34.9%	50.3%
Middle	14	25.9%	1,410	20.4%	282	29.0%	45,420	30.0%	20.5%
Upper	15	27.8%	3,165	45.9%	253	26.0%	50,855	33.6%	29.2%
Unknown	2	3.7%	410	5.9%	18	1.8%	2,250	1.5%	
Total	54		6,900		973		151,235		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	29	15.0%	2,085	8.7%		13.9%		9.1%	
Moderate	49	25.4%	4,595	19.2%		27.5%		23.6%	
LMI	78	40.4%	6,680	28.0%	1,375	41.4%	170,895	32.8%	
Middle	49	25.4%	6,185	25.9%		27.3%		28.0%	
Upper	63	32.6%	10,335	43.3%		27.9%		35.4%	
Unknown	3	1.6%	685	2.9%		3.4%		3.8%	
Total	193		23,885		3,321		521,485		

b. Small Business Loans:

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

During the evaluation period, the Bank originated 100% of its small business loans to small businesses with annual revenues of \$1 million or less in its assessment area, well above the aggregate's 52.5% by number and 28.2% by dollar value of loans, respectively.

The Bank's 100% origination of small business loans to small businesses with annual revenues of \$1 million or less also exceeded the percentage (ranging from 84.6% to 85.9%) of small businesses with revenue of \$1 million or less located in the Bank's assessment area.

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

Distribution of Small Business Lending by Revenue Size of Business									
2020									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	57	100.0%	1,817	100.0%	223	41.1%	5,134	19.6%	84.6%
Rev. > \$1MM		0.0%		0.0%					3.2%
Rev. Unknown		0.0%		0.0%					12.2%
Total	57		1,817		543		26,190		
2021									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	50	100.0%	1,620	100.0%	336	53.1%	4,281	22.6%	85.5%
Rev. > \$1MM		0.0%		0.0%					3.0%
Rev. Unknown		0.0%		0.0%					11.5%
Total	50		1,620		633		18,951		
2022									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	18	100.0%	1,021	100.0%	412	61.0%	7,272	51.5%	85.9%
Rev. > \$1MM		0.0%		0.0%					2.8%
Rev. Unknown		0.0%		0.0%					11.4%
Total	18		1,021		675		14,126		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	125	100.0%	4,458	100.0%	971	52.5%	16,687	28.2%	
Rev. > \$1MM		0.0%		0.0%					
Rev. Unknown		0.0%		0.0%					
Total	125		4,458		1,851		59,267		

4. Geographic Distribution of Loans:

BOR’s origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending. The Bank’s assessment area did not contain any low-income census tracts; therefore, the analysis emphasized the Bank’s lending in moderate-income census tracts.

a. HMDA-Reportable Loans:

The distribution of BOR’s HMDA-reportable loans among moderate-income census tracts was excellent.

BOR’s HMDA-reportable average lending rates in moderate-income census tracts were 68.2% by number and 66.5% by dollar value of loans, well above the aggregate’s rates of 46.9% and 44.2%, respectively.

The Bank’s annual rates of lending also surpassed the assessment area’s percentage (ranging from 42.3% to 72.1%) of owner-occupied housing units located in moderate-income census tracts for all years of the evaluation period.

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

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2020									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	53	67.1%	5,725	62.7%	422	39.6%	57,160	36.1%	42.3%
LMI	53	67.1%	5,725	62.7%	422	39.6%	57,160	36.1%	42.3%
Middle	26	32.9%	3,410	37.3%	645	60.4%	100,985	63.9%	57.7%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	79		9,135		1,067		158,145		
2021									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	32	52.5%	4,190	52.1%	459	35.8%	70,765	33.2%	42.3%
LMI	32	52.5%	4,190	52.1%	459	35.8%	70,765	33.2%	42.3%
Middle	29	47.5%	3,845	47.9%	824	64.2%	142,100	66.8%	57.7%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	61		8,035		1,283		212,865		
2022									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	48	87.3%	6,220	87.5%	680	69.7%	104,000	67.8%	72.1%
LMI	48	87.3%	6,220	87.5%	680	69.7%	104,000	67.8%	72.1%
Middle	7	12.7%	885	12.5%	295	30.3%	49,505	32.2%	28.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	55		7,105		975		153,505		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	133	68.2%	16,135	66.5%		46.9%		44.2%	
LMI	133	68.2%	16,135	66.5%	1,561	46.9%	231,925	44.2%	
Middle	62	31.8%	8,140	33.5%		53.1%		55.8%	
Upper	0	0.0%	0	0.0%		0.0%		0.0%	
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
Total	195		24,275		3,325		524,515		

b. Small Business Loans:

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

BOR’s small business average lending rates in moderate-income census tracts of 58.4% by number and 54.6% by dollar value of loans exceeded the aggregate’s rates of 48.4% and 42.5%, respectively.

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BOR’s annual small business lending rates also surpassed the assessment area’s percentage (ranging from 35.8% to 73.6%) of small businesses located in moderate-income census tracts in BOR’s assessment area for all years of the evaluation period.

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

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2020									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%		0.0%	0.0%
Moderate	27	47.4%	690	38.0%	183	33.7%	7,679	29.3%	35.8%
LMI	27	47.4%	690	38.0%	183	33.7%	7,679	29.3%	35.8%
Middle	30	52.6%	1,127	62.0%	358	65.9%	17,811	68.0%	63.3%
Upper	0	0.0%	0	0.0%	0	0.0%		0.0%	0.0%
Unknown	0	0.0%	0	0.0%	2	0.4%	700	2.7%	0.0%
Total	57		1,817		543		26,190		
2021									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	29	58.0%	923	57.0%	225	35.5%	7,027	37.1%	36.0%
LMI	29	58.0%	923	57.0%	225	35.5%	7,027	37.1%	36.0%
Middle	21	42.0%	697	43.0%	406	64.1%	10,947	57.8%	63.3%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Unknown	0	0.0%	0	0.0%	2	0.3%	977	5.2%	0.0%
Total	50		1,620		633		18,951		
2022									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	17	94.4%	821	80.4%	488	72.3%	10,476	74.2%	73.6%
LMI	17	94.4%	821	80.4%	488	72.3%	10,476	74.2%	73.6%
Middle	1	5.6%	200	19.6%	187	27.7%	3,650	25.8%	25.6%
Upper	0	0.0%	0	0.0%		0.0%		0.0%	0.0%
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	0.0%
Total	18		1,021		675		14,126		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	73	58.4%	2,434	54.6%		48.4%		42.5%	
LMI	73	58.4%	2,434	54.6%	896	48.4%	25,182	42.5%	
Middle	52	41.6%	2,024	45.4%		51.4%		54.7%	
Upper	0	0.0%	0	0.0%		0.0%		0.0%	
Unknown	0	0.0%	0	0.0%		0.2%		2.8%	
Total	125		4,458		1,851		59,267		

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

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

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B. 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 Community Reinvestment Act

BOR’s board of directors is responsible for reviewing and approving the Bank’s CRA policy annually and appointing a CRA officer to ensure the Bank is in compliance with the policy. The management CRA Oversight Committee assists the CRA officer in developing, implementing and recommending how to monitor and improve the Bank’s CRA performance. The board is kept informed of the Bank’s CRA performance and activities by the CRA officer via the Monthly Board Report and CRA Annual Report.

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

- Evidence of prohibited discriminatory or other illegal credit practices.

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

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

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

The Bank operates three branch offices all in moderate-income tracts in Schoharie County. The branch offices are accessible by public transportation and offer hours of operation from 9:00 a.m. to 4:00 p.m. Monday through Thursday and from 9:00 a.m. to 6:00 p.m. on Friday. The Cobleskill and Schoharie branches also offer drive-thru service and Saturday hours from 8:30 a.m. to 11:30 a.m. The Richmondville branch offers a walk-up window. Each branch office has a non-deposit taking ATM.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
*Schenectady							
Schoharie			3			3	100%
*Otsego							
Total			3			3	100%

* Partial County

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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.*

BOR's employees, management and board of directors are members of local, community and nonprofit organizations, as well as participate in various community events. Bank management's involvement and participation with these organizations assist them in ascertaining the credit needs of the community and provides them an opportunity to make the community aware of the products and services 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.*

BOR advertises its services and products throughout the Bank's assessment area using in local newspapers and circulars, and via local radio stations.

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

During 2020 and 2021, BOR originated seven PPP loans totaling \$338,000 assisting small businesses located outside its assessment area but within New York State, that were adversely affected by the COVID-19 pandemic.

The Bank also made \$18,721 in qualified community development grants during the evaluation period. The grants were made to various local nonprofit, community, and civic organizations within the Bank's assessment area, whose primary focus was to help LMI individuals and families improve their lives.

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);
- Nonprofit organizations serving primarily LMI or other community development needs;

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- 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.

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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

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

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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. 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.

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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;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and

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- 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.