



PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF BANK OF MILLBROOK

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 MILLBROOK – CRA PERFORMANCE EVALUATION

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BANK OF MILLBROOK – CRA PERFORMANCE EVALUATION

I - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Bank of Millbrook (“BOM” 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.

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II - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated BOM 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 2019, 2020, 2021, 2022, and 2023 for lending activities. The Department assigned BOM 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:

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

BOM's average LTD ratio of 39.4% was well below its peer group average of 73.6%.

2. Assessment Area Concentration:

During the evaluation period, BOM originated 91.9% by number and 92.3% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

3. Distribution by Borrower Characteristics:

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

BOM's small business lending demonstrated an excellent distribution of loans among businesses of different revenue sizes, while the bank's HMDA-reportable lending demonstrated a poor distribution of loans among individuals of different income levels.

4. Geographic Distribution of Loans:

The Bank'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 BOM received any written complaints regarding the Bank'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

Chartered in 1891, Bank of Millbrook is a commercial bank headquartered in Millbrook, New York. The Bank is a wholly owned subsidiary of Millbrook Bank Systems Inc.

As of the evaluation date, BOM operates four branches located in Dutchess County. Two of the Bank’s branches are in middle-income census tracts and two are in moderate-income census tracts. Supplementing the branch offices is an automated teller machine (“ATM”) network consisting of five deposit-taking ATMs, including two ATMs located at the main branch in Millbrook and one at each of the remaining three branches. In addition, BOM has one off-site ATM which only dispenses cash located at the Fountains of Millbrook, a senior living community.

The Bank offers traditional personal and business banking products including checking, savings and money market accounts, certificates of deposit and IRAs, consumer loans and mortgage loans. The Bank’s alternative delivery systems include online banking, e-statements, telebanking, and mobile banking.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2023, filed with the Federal Deposit Insurance Corporation (“FDIC”), BOM reported total assets of \$286 million, of which \$110 million were net loans and lease financing receivables. It also reported total deposits of \$259 million, resulting in an LTD ratio of 42.5%. According to the latest available deposit market share report as of June 30, 2024, BOM had a market share of 2.6%, or \$257.8 million in a market of \$9.8 billion, ranking it 13th among 18 deposit-taking institutions in the assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2019, 2020, 2021, 2022, and 2023 Call Reports.

TOTAL GROSS LOANS OUTSTANDING										
Loan Type	12/31/2019		12/31/2020		12/31/2021		12/31/2022		12/31/2023	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	52,352	55.9	55,163	54.3	56,090	56.7	64,964	65.6	69,017	69.7
Commercial & Industrial Loans	4,404	4.7	11,744	11.6	4,464	4.5	3,102	3.1	4,973	5.0
Commercial Mortgage Loans	21,832	23.3	22,461	22.1	25,766	26.0	29,607	29.9	30,860	31.2
Multifamily Mortgages	1,157	1.2	970	1.0	0	0.0	0	0.0	0	0.0
Consumer Loans	3,715	4.0	2,755	2.7	2,782	2.8	2,714	2.7	3,103	3.1
Agricultural Loans	7,238	7.7	6,586	6.5	3,659	3.7	3,522	3.6	3,136	3.2
Construction Loans	2,518	2.7	1,554	1.5	6,056	6.1	3,927	4.0	1,127	1.1
Other Loans	406	0.4	345	0.3	166	0.2	164	0.2	245	0.2
Total Gross Loans	93,622		101,578		98,983		108,000		112,461	

As illustrated in the above table, BOM is primarily a residential real estate lender, with 69.7% of its gross loan portfolio in one to four family residential mortgage loans as of December 31, 2023.

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

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B. Assessment Area

BOM’s assessment area encompasses parts of Dutchess and Columbia counties.

There are 31 census tracts in the Bank’s assessment area, of which none are low-income, two are moderate-income, 17 are middle-income, 12 are upper-income, and no tracts have no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI %
Dutchess*	0	0	2	14	8	24	8.3
Columbia*	0	0	0	3	4	7	0.0
Total	0	0	2	17	12	31	6.5

* Partial county

C. Demographic & Economic Data

The assessment area had a population of 91,187 during the evaluation period. Approximately 20.9% of the population were over the age of 65 and 14.7% were under the age of 16.

Of the 24,292 families in the assessment area 17.3% were low-income, 15.6% were moderate-income, 21% were middle-income and 46.1% were upper-income. There were 36,532 households in the assessment area, of which 8.4% had income below the poverty level and 1.9% were on public assistance. The weighted average median family income in the assessment area was \$106,651.

There were 43,749 housing units within the assessment area, of which 88.7% were one-to-four family units and 5.7% were multifamily units. A majority (62.6%) of the housing units were owner-occupied, while 20.9% were rental-occupied units and 16.5% of housing units were vacant. Of the 27,402 owner-occupied housing units, 6% were in LMI census tracts while 94% were in middle- and upper-income census tracts. The median age of the housing stock was 54 years, and the median home value in the assessment area was \$307,205.

There were 12,391 non-farm businesses in the assessment area. Of these, 92.8% were businesses with reported revenues of less than or equal to \$1 million, 2.2% reported revenues of more than \$1 million and 5.1% did not report their revenues. Of all the businesses in the assessment area, 98.5% were businesses with less than fifty employees while 95.5% operated from a single location. The largest industries in the area were services (32.4%), retail trade (10%) and finance, insurance and real estate (8.5%); 26% of businesses in the assessment area were not classified.

The New York State Department of Labor’s unemployment data showed that the average unemployment rates for both counties in the Bank’s assessment area for the evaluation period were lower than the New York statewide average unemployment rate. Dutchess County consistently had higher annual average unemployment rates than Columbia County. The annual average unemployment rates for both counties and statewide spiked in 2020 due to the onset of the COVID-19 pandemic, but by the end of 2023 they had recovered to pre-pandemic levels.

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Assessment Area Unemployment Rate			
	Statewide	Dutchess	Columbia
2019	3.9	3.4	3.1
2020	9.8	7.3	6.0
2021	7.1	4.5	3.9
2022	4.3	3.1	2.8
2023	4.2	3.3	3.0
Average of Years above	5.9	4.3	3.8

D. Community Information

DFS examiners conducted a community contact interview with representatives of a nonprofit organization to gain additional insight into the credit needs of the communities in the Bank’s assessment area.

The organization operates in the Hudson Valley region and offers various services for underprivileged children, their families, and refugees. These services include counseling, literacy development, academic instruction, food support, and assistance with medical and housing needs.

The representatives identified pockets of poverty in both rural and urban areas within their service area, specifically in the cities of Poughkeepsie and Newburgh as well as in rural regions of eastern Dutchess County. The representative noted the lack of job opportunities in some of these areas, attributing this to the decline in manufacturing jobs.

Regarding the general banking and credit needs of the population served by the organization, the representatives pointed out that many of their clients are unbanked and unfamiliar with common banking products, such as checking and savings accounts. They emphasized a clear need for financial education among the adults and students they serve. While some banks provide financial education, the representative indicated there is a need for more comprehensive programs and opportunities to expand existing offerings, particularly in local schools.

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IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated BOM 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 BOM helps meet the credit needs of its entire community.

DFS derived statistics employed in this Evaluation from various sources. BOM 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 2019, 2020, 2021, 2022, and 2023. Examiners considered BOM's small business and HMDA-reportable loans in evaluating factors (2), (3), and (4) of the lending test noted above.

HMDA-reportable and small business loan data examined in this evaluation represent actual originations.

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As the Bank made very few small farm loans, DFS based all analyses on HMDA and small business lending only.

In its prior Community Reinvestment Act Performance Evaluation as of December 31, 2018, DFS assigned BOM a rating of “2” reflecting a “Satisfactory” compliance with regulatory standards.

Current CRA Rating: Satisfactory

A. Lending Test: Satisfactory

BOM’s small business and HMDA-reportable lending activities were reasonable considering its 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. Loan-to-Deposit Ratio and other Lending-Related Activities:

BOM’s average LTD ratio was poor 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 during the current evaluation period.

The Bank’s average LTD ratio has historically trailed its peer group’s ratio and this trend continued for the current evaluation period. BOM’s average LTD ratio of 39.4% was well below its peer group average of 73.6% and was also a decline from its average LTD ratio of 49.8% recorded for the prior evaluation period.

BOM’s ratio fluctuated from a high of 47.4% in the second quarter of 2019 to a low of 32.4% in the fourth quarter of 2021.

BOM’s historically low average LTD ratios are primarily attributed to its holding of municipal deposits, competition from larger financial institutions, and the absence of 30-year fixed-rate mortgage products. During the current evaluation, the Bank’s LTD ratios were further affected by the COVID-19 pandemic. The uncertainty caused by the pandemic led many people to withdraw their investments and instead deposit their money in banks, resulting in a significant surge in bank deposits.

The table below shows BOM’s LTD ratios in comparison with the peer group’s ratios for the years 2019, 2020, 2021, 2022 and 2023.

Loan-to-Deposit Ratios																					
	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	Average
Bank	45.1	47.4	45.2	45.8	42.1	46.4	41.5	41.4	36.3	36.9	32.9	32.4	32.6	33.4	33.6	36.9	36.4	38.1	40.1	42.5	39.4
Peer	80.1	80.5	80.4	79.8	79.2	77.4	76.4	71.8	68.3	66.8	65.4	67.9	66.5	69.2	71.2	73.8	74.5	76.6	73.4	73.6	73.6

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2. Assessment Area Concentration:

During the evaluation period, BOM originated 91.9% by number and 92.3% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

i. HMDA-Reportable Loans:

BOM originated 92.9% by number and 93.4% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

ii. Small Business Loans:

BOM originated 91.5% by number and 90.1% by dollar value of its small business loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

The following table shows the percentages of the Bank’s HMDA-reportable and 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
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2019	35	94.6%	2	5.4%	37	6,553	95.6%	300	4.4%	6,853
2020	50	96.2%	2	3.8%	52	12,922	95.9%	558	4.1%	13,480
2021	37	88.1%	5	11.9%	42	12,406	89.2%	1,499	10.8%	13,905
2022	38	92.7%	3	7.3%	41	16,208	94.6%	934	5.4%	17,142
2023	22	91.7%	2	8.3%	24	10,112	92.5%	820	7.5%	10,932
Subtotal	182	92.9%	14	7.1%	196	58,201	93.4%	4,111	6.6%	62,312
Small Business										
2019	46	95.8%	2	4.2%	48	4,881	96.9%	156	3.1%	5,037
2020	173	91.5%	16	8.5%	189	9,094	83.9%	1,743	16.1%	10,837
2021	87	93.5%	6	6.5%	93	6,305	98.5%	95	1.5%	6,400
2022	29	80.6%	7	19.4%	36	2,678	79.0%	712	21.0%	3,390
2023	42	91.3%	4	8.7%	46	4,718	93.3%	340	6.7%	5,058
Subtotal	377	91.5%	35	8.5%	412	27,676	90.1%	3,046	9.9%	30,722
Grand Total	559	91.9%	49	8.1%	608	85,877	92.3%	7,157	7.7%	93,034

3. Distribution by Borrower Characteristics:

BOM’s one-to-four family HMDA-reportable and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes.

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BOM's small business lending demonstrated an excellent distribution of loans among businesses of different revenue sizes, while the Bank's HMDA-reportable lending demonstrated a poor distribution of loans among individuals of different income levels.

a. One-to-Four Family HMDA-Reportable Loans

The Bank's one-to-four family HMDA-reportable lending demonstrated a poor distribution of loans among individuals of different income levels.

During the evaluation period, the Bank originated 17.3% by number and 8.8% by dollar value of its one-to-four family loans to LMI borrowers, which trailed the aggregate's lending rates of 21% and 12.5%, respectively. In addition, the Bank's annual rates of lending to LMI borrowers trailed the aggregate's rates by number and dollar value for each year of the evaluation period except 2020.

Both BOM's and the aggregate's rates of lending to LMI borrowers were below the percentage of LMI families living in the Bank's assessment area for each year of the evaluation period.

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

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Distribution of One-to-Four Family Loans by Borrower Income									
2019									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	11.8%	273	4.3%	97	5.1%	11,775	2.4%	18.8%
Moderate	3	8.8%	327	5.1%	318	16.7%	54,280	10.9%	18.2%
LMI	7	20.6%	600	9.4%	415	21.7%	66,055	13.3%	37.0%
Middle	5	14.7%	934	14.6%	488	25.6%	101,610	20.4%	22.4%
Upper	16	47.1%	3,400	53.1%	938	49.1%	311,940	62.7%	40.5%
Unknown	6	17.6%	1,469	22.9%	68	3.6%	18,030	3.6%	0.0%
Total	34		6,403		1,909		497,635		
2020									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	8.0%	675	5.2%	130	4.4%	19,100	2.1%	18.8%
Moderate	8	16.0%	1,408	10.9%	449	15.1%	89,705	9.9%	18.2%
LMI	12	24.0%	2,083	16.1%	579	19.5%	108,805	12.0%	37.0%
Middle	9	18.0%	2,220	17.2%	734	24.7%	172,620	19.1%	22.4%
Upper	25	50.0%	7,315	56.6%	1,531	51.6%	563,475	62.3%	40.5%
Unknown	4	8.0%	1,304	10.1%	123	4.1%	59,005	6.5%	0.0%
Total	50		12,922		2,967		903,905		
2021									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	113	3.3%	16,505	1.5%	18.8%
Moderate	3	8.3%	590	5.2%	536	15.8%	109,920	9.9%	18.2%
LMI	3	8.3%	590	5.2%	649	19.2%	126,425	11.4%	37.0%
Middle	6	16.7%	1,320	11.7%	813	24.0%	196,095	17.7%	22.4%
Upper	12	33.3%	5,088	44.9%	1,812	53.6%	722,090	65.1%	40.5%
Unknown	15	41.7%	4,328	38.2%	108	3.2%	64,010	5.8%	0.0%
Total	36		11,326		3,382		1,108,620		
2022									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	124	5.6%	22,990	3.0%	17.3%
Moderate	7	18.4%	1,236	7.6%	421	19.0%	88,165	11.6%	15.6%
LMI	7	18.4%	1,236	7.6%	545	24.6%	111,155	14.7%	32.9%
Middle	6	15.8%	1,025	6.3%	538	24.3%	127,070	16.8%	21.0%
Upper	15	39.5%	8,553	52.8%	1,078	48.7%	471,920	62.3%	46.1%
Unknown	10	26.3%	5,393	33.3%	54	2.4%	47,590	6.3%	0.0%
Total	38		16,207		2,215		757,735		
2023									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	4.8%	150	1.5%	73	5.0%	9,615	2.1%	17.3%
Moderate	1	4.8%	340	3.5%	242	16.6%	46,060	10.0%	15.6%
LMI	2	9.5%	490	5.0%	315	21.6%	55,675	12.0%	32.9%
Middle	6	28.6%	913	9.4%	369	25.3%	79,075	17.1%	21.0%
Upper	5	23.8%	2,562	26.2%	731	50.2%	306,445	66.3%	46.1%
Unknown	8	38.1%	5,797	59.4%	42	2.9%	21,120	4.6%	0.0%
Total	21		9,762		1,457		462,315		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	5.0%	1,098	1.9%	537	4.5%	79,985	2.1%	
Moderate	22	12.3%	3,901	6.9%	1,966	16.5%	388,130	10.4%	
LMI	31	17.3%	4,999	8.8%	2,503	21.0%	468,115	12.5%	
Middle	32	17.9%	6,412	11.3%	2,942	24.7%	676,470	18.1%	
Upper	73	40.8%	26,918	47.5%	6,090	51.0%	2,375,870	63.7%	
Unknown	43	24.0%	18,291	32.3%	395	3.3%	209,755	5.6%	
Total	179		56,620		11,930		3,730,210		

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b. Small Business Loans

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

In 2020 and 2021, BOM participated in the U.S. Small Business Administration's Paycheck Protection Program ("PPP"), a program that was implemented to provide financial assistance to small businesses impacted by the COVID-19 pandemic. However, as PPP loans did not require revenue information to be collected or maintained for loan approval, they were excluded from the evaluation of this criterion to not skew the analysis. Still, of the Bank's 205 PPP loans totaling \$9.3 million (each with a loan amount of \$1 million or less) originated in 2020 and 2021 within the Bank's assessment area, 185 or 90.2% of these loans were in an amount of less than or equal to \$100,000, which generally is an indication that these loans were originated to small businesses with revenue size of \$1 million or less.

BOM's average small business lending rates during the evaluation period to businesses with revenues of \$1 million or less of 73.3% by number and 62.1% by dollar value of loans, were well above the aggregate's average lending rates of 47.4% and 31%, respectively. Furthermore, The Bank's annual lending rates to small businesses with revenue of \$1 million or less exceeds the aggregate's lending rates by number and dollar value of loans for each year of the evaluation period.

The following table provides a summary of the distribution of the Bank's small business loans (excluding PPP loans), by the revenue size of the business.

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Distribution of Small Business Lending by Revenue Size of Business									
2019									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	28	60.9%	1,910	39.1%	1,041	47.0%	23,070	32.3%	88.6%
Rev. > \$1MM	18	39.1%	2,971	60.9%					3.9%
Rev. Unknown	0	0.0%	0	0.0%	0		0		7.5%
Total	46		4,881		2,214		71,385		
2020									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	23	69.7%	1,508	56.2%	934	37.5%	27,779	24.7%	90.2%
Rev. > \$1MM	10	30.3%	1,177	43.8%					3.3%
Rev. Unknown	0	0.0%	0	0.0%					6.5%
Total	33		2,685		2,488		112,513		
2021									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	20	90.9%	2,391	70.5%	1,302	46.2%	29,036	28.6%	90.8%
Rev. > \$1MM	2	9.1%	1,001	29.5%					2.8%
Rev. Unknown	0	0.0%	0	0.0%					6.4%
Total	22		3,392		2,816		101,542		
2022									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	24	82.8%	2,189	81.7%	1,346	50.3%	21,523	35.0%	90.9%
Rev. > \$1MM	5	17.2%	489	18.3%					2.7%
Rev. Unknown	0	0.0%	0	0.0%					6.4%
Total	29		2,678		2,675		61,423		
2023									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	31	73.8%	3,399	72.0%	1,379	55.9%	23,817	42.0%	92.8%
Rev. > \$1MM	11	26.2%	1,319	28.0%					2.2%
Rev. Unknown	0	0.0%	0	0.0%					5.1%
Total	42		4,718		2,467		56,648		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	126	73.3%	11,397	62.1%	6,002	47.4%	125,225	31.0%	
Rev. > \$1MM	46	26.7%	6,957	37.9%					
Rev. Unknown	0	0.0%	0	0.0%					
Total	172		18,354		12,660		403,511		

4. Geographic Distribution of Loans:

BOM's origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending. The Bank's assessment area does not have any low-income census tracts.

BANK OF MILLBROOK – CRA PERFORMANCE EVALUATION

a. HMDA-Reportable Loans

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

BOM's average rates of lending in moderate-income geographies of 13.7% by number and 13.3% by dollar value of loans were well above the aggregate's lending rates of 9.1% and 11.1%, respectively. BOM's annual lending rates by number of loans in moderate-income census tracts exceeded the aggregate's rates each year of the evaluation period except in 2020, while by dollar value of loans the Bank's annual lending rates exceeded the aggregate's rates in 2021 and 2022, but trailed in 2019, 2020 and 2023.

BOM's annual lending rates by number of loans also exceeded the percentage of owner-occupied housing units located in moderate-income census tracts in 2019, 2021, 2022 and 2023.

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

BANK OF MILLBROOK – CRA PERFORMANCE EVALUATION

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2019									
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	5	14.3%	546	8.3%	212	11.0%	65,530	12.7%	13.1%
LMI	5	14.3%	546	8.3%	212	11.0%	65,530	12.7%	13.1%
Middle	21	60.0%	4,238	64.7%	720	37.5%	207,170	40.0%	39.6%
Upper	9	25.7%	1,769	27.0%	988	51.5%	244,580	47.3%	47.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	35		6,553		1,920		517,280		
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	3	6.0%	325	2.5%	297	10.0%	100,065	10.4%	13.1%
LMI	3	6.0%	325	2.5%	297	10.0%	100,065	10.4%	13.1%
Middle	25	50.0%	7,320	56.6%	1,178	39.5%	401,700	41.7%	39.6%
Upper	22	44.0%	5,277	40.8%	1,507	50.5%	461,605	47.9%	47.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	50		12,922		2,982		963,370		
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	7	18.9%	2,096	16.9%	352	10.4%	134,640	11.9%	13.1%
LMI	7	18.9%	2,096	16.9%	352	10.4%	134,640	11.9%	13.1%
Middle	18	48.6%	5,631	45.4%	1,369	40.3%	479,345	42.4%	39.6%
Upper	12	32.4%	4,679	37.7%	1,673	49.3%	517,685	45.7%	47.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	37		12,406		3,394		1,131,670		
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	8	21.1%	4,582	28.3%	142	6.4%	83,990	10.5%	6.0%
LMI	8	21.1%	4,582	28.3%	142	6.4%	83,990	10.5%	6.0%
Middle	24	63.2%	9,826	60.6%	1,185	53.1%	385,745	48.3%	56.8%
Upper	6	15.8%	1,800	11.1%	903	40.5%	328,445	41.1%	37.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	38		16,208		2,230		798,180		
2023									
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	2	9.1%	210	2.1%	94	6.4%	48,090	9.8%	6.0%
LMI	2	9.1%	210	2.1%	94	6.4%	48,090	9.8%	6.0%
Middle	18	81.8%	9,488	93.8%	760	51.8%	251,180	51.1%	56.8%
Upper	2	9.1%	414	4.1%	613	41.8%	192,755	39.2%	37.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	22		10,112		1,467		492,025		
GRAND TOTAL									
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	25	13.7%	7,759	13.3%	1,097	9.1%	432,315	11.1%	
LMI	25	13.7%	7,759	13.3%	1,097	9.1%	432,315	11.1%	
Middle	106	58.2%	36,503	62.7%	5,212	43.5%	1,725,140	44.2%	
Upper	51	28.0%	13,939	23.9%	5,684	47.4%	1,745,070	44.7%	
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	182		58,201		11,993		3,902,525		

BANK OF MILLBROOK – CRA PERFORMANCE EVALUATION

b. Small Business Loans

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

BOM's average rates of lending in moderate-income census tracts were 14.1% by number and 21.3% by dollar value of loans for the evaluation period. These rates of lending exceeded the aggregate's lending rates of 11.2% and 13.3%, respectively.

BOM's annual rates of lending in moderate-income census tracts in 2019, 2022 and 2023 exceeded the percentage of small businesses located in moderate-income census tracts within the bank's assessment area.

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

BANK OF MILLBROOK – CRA PERFORMANCE EVALUATION

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2019									
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	9	19.6%	1,134	23.2%	330	14.9%	12,406	17.4%	14.0%
LMI	9	19.6%	1,134	23.2%	330	14.9%	12,406	17.4%	14.0%
Middle	19	41.3%	2,335	47.8%	927	41.9%	31,391	44.0%	40.2%
Upper	18	39.1%	1,412	28.9%	957	43.2%	27,588	38.6%	45.8%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	46		4,881		2,214		71,385		
2020									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	17	9.8%	1,370	15.1%	391	15.7%	15,954	14.2%	14.2%
LMI	17	9.8%	1,370	15.1%	391	15.7%	15,954	14.2%	14.2%
Middle	83	48.0%	4,390	48.3%	1,048	42.1%	47,206	42.0%	40.8%
Upper	73	42.2%	3,334	36.7%	1,049	42.2%	49,353	43.9%	45.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	173		9,094		2,488		112,513		
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	12	13.8%	1,357	21.5%	428	15.2%	18,700	18.4%	14.4%
LMI	12	13.8%	1,357	21.5%	428	15.2%	18,700	18.4%	14.4%
Middle	44	50.6%	3,245	51.5%	1,137	40.4%	45,635	44.9%	40.3%
Upper	31	35.6%	1,703	27.0%	1,251	44.4%	37,207	36.6%	45.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	87		6,305		2,816		101,542		
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	6	20.7%	352	13.1%	136	5.1%	2,363	3.8%	5.8%
LMI	6	20.7%	352	13.1%	136	5.1%	2,363	3.8%	5.8%
Middle	22	75.9%	2,226	83.1%	1,520	56.9%	37,875	61.7%	57.6%
Upper	1	3.4%	100	3.7%	1,016	38.0%	21,185	34.5%	36.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	29		2,678		2,672		61,423		
2023									
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	9	21.4%	1,673	35.5%	134	5.4%	4,047	7.1%	6.0%
LMI	9	21.4%	1,673	35.5%	134	5.4%	4,047	7.1%	6.0%
Middle	31	73.8%	2,989	63.4%	1,461	59.2%	32,936	58.1%	57.4%
Upper	2	4.8%	56	1.2%	872	35.3%	19,665	34.7%	36.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	42		4,718		2,467		56,648		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Moderate	53	14.1%	5,886	21.3%	1,419	11.2%	53,470	13.3%	
LMI	53	14.1%	5,886	21.3%	1,419	11.2%	53,470	13.3%	
Middle	199	52.8%	15,185	54.9%	6,093	48.1%	195,043	48.3%	
Upper	125	33.2%	6,605	23.9%	5,145	40.6%	154,998	38.4%	
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	377		27,676		12,657		403,511		

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

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

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

The board of directors at BOM reviews and approves the Bank's CRA statement and policy on an annual basis. The CRA Officer is tasked with overseeing the Bank's CRA performance and updating the board regularly on the Bank's CRA activities through period reports. Additionally, the CRA Officer is responsible for reviewing any CRA-related complaints and offering guidance to management on how to address these issues.

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

- Evidence of prohibited discriminatory or other illegal credit practices.

DFS examiners did not note evidence of prohibited discriminatory or other illegal practices on the part of BOM.

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

BOM did not open or close any branches during the evaluation period; however, in 2022, the Bank relocated its branch at 5094 Route 22, Amenia, NY 12501, to 4958 Route 22, Amenia, NY 12501, within the same moderate-income census tract.

As of the current evaluation, BOM operated four banking offices: the main branch in Millbrook and three additional branches in Amenia, Pine Plains, and Stanfordville. All four branches are in Dutchess County. The branches in Amenia and Pine Plains are located in moderate-income census tracts while the Millbrook and Stanfordville branches are in middle-income census tracts. The Bank's assessment area contains no low-income census tracts, and BOM does not have any branches in Columbia County, which is also a part of its assessment area.

The Bank's branch hours are 8:30 am to 4:00 pm Monday through Thursday, and BOM offers extended hours on Fridays from 8:30 am to 5:00 pm and Saturday hours from 8:30 am to noon at the Millbrook and Amenia branches and 8:30am to 11:30 am at the Pine Plains and Stanfordville

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branches. Supplementing the branch offices is an automated teller machine (“ATM”) network consisting of five deposit-taking machines with two ATMs located at the main branch and one ATM at each of the remaining branches. In addition, BOM also operates one cash dispensing ATM at the Fountains of Millbrook, a senior living community in an upper-income census tract within the Bank’s assessment area.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Dutchess*			2	2		4	50%
Columbia*						-	
Total	-	-	2	2	-	4	50%

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.*

Senior management, directors and bank employees are actively engaged in the community and collaborate with local business associations and nonprofit organizations. Their ongoing interaction with these groups enables management to understand the credit need of the community. Management attributes its active involvement with the community for its quick implementation of the PPP lending program to assist local businesses during the onset of the COVID-19 pandemic.

- *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.*

The Bank promotes its services in local journals and publications. The Bank focuses on ‘relationship marketing’ rather than product marketing and encourages employees to inform the community of its banking and credit services and products. Branch managers and lenders provide potential customers with detailed information on credit services and products available.

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

DFS examiners noted no other factors.

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](#));
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community

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loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;

- Local, state, and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

Community Development Service

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

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

Community Development Financial Institution (“CDFI”)

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

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Fair Market Rents (“FMRs”)

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

Geography

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

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

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

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

LMI Geographies

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

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

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income. In cases where the residential property is 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.

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 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.

BANK OF MILLBROOK – CRA PERFORMANCE EVALUATION

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

Small Business Loan

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