PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF ULSTER SAVINGS BANK

AS OF DECEMBER 31, 2024

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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I - GENERAL INFORMATION

This document is an evaluation (the "Evaluation") of the Community Reinvestment Act ("CRA") performance of Ulster Savings Bank ("USB" 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, 2024.

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.

II - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated USB according to the intermediate small banking institutions performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2022, 2023, and 2024 for the lending test and the period from October 1, 2022, to December 31, 2024, for the community development test. USB is rated "**2**" indicating a "**Satisfactory**" record of helping to meet community credit needs.

The rating is based on the following factors:

A. Lending Test: Satisfactory

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

USB's average loan-to-deposit ("LTD") ratio was reasonable considering its size, business strategy, financial condition, and peer group activity. The Bank's average LTD ratio of 85.4% for the evaluation period trailed the peer's average LTD ratio of 89.4%.

Assessment Area Concentration:

During the evaluation period, USB originated 80.7% by number and 72.0% by dollar value of its HMDA-reportable and small business loans within the assessment area, demonstrating a reasonable concentration of lending.

2. Distribution by Borrower Characteristics:

USB'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.

3. Geographic Distribution of Loans:

USB's origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

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

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

B. Community Development Test: Outstanding

USB's community development performance demonstrated an excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and services, considering the Bank's capacity, and the need for and availability of opportunities for community development in its assessment area.

1. Community Development Lending:

During the evaluation period, USB originated $28.0 million in new community development loans and had $9.7 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending.

2. Qualified Investments:

During the evaluation period, USB made $3.0 million in new qualified investments and had $4.4 million outstanding from prior evaluation periods. In addition, USB made $890,000 in qualified grants. This demonstrated an adequate level of qualified investments over the course of the evaluation period.

3. Community Development Services:

USB demonstrated an excellent level of community development services over the course of the evaluation period.

4. Responsiveness to Community Development Needs:

USB demonstrated an excellent level of responsiveness to credit and community development needs.

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

III - PERFORMANCE CONTEXT

A. Institution Profile

Chartered in 1851, USB is a mutual savings bank located in Kingston, NY. The Bank has five wholly-owned subsidiaries: USB Agency, Inc. - a title insurance company, Ulster Insurance Services, Inc. - an insurance agency, Ulster Financial Group, Inc., - a provider of financial and investment services, USB Assignment Corp. and USB Friar Tusk REO Inc. – both real estate holding companies. The subsidiaries' activities were not considered for this evaluation.

USB operates 15 banking branches, five of which are in Dutchess County, one in Orange County and nine in Ulster County. Supplementing the banking offices is an automated teller machine ("ATM") network consisting of 19 machines with at least one at each branch location and one off-site ATM. All USB's ATMs have deposit taking capabilities except for the off-site ATM.

The Bank offers banking services to both retail and business customers within its community. Depository products and services include personal and business checking and savings accounts, health savings accounts, money market accounts, interest on lawyer accounts, and individual retirement accounts. USB's loan products include mortgages, home equity loans, commercial loans, business lines of credit and Small Business Administration loans. Other services provided include telephone banking, banking by mail, mobile banking, and online banking and bill pay.

In its Consolidated Report of Condition (the "Call Report") as of December 31, 2024, filed with the Federal Deposit Insurance Corporation ("FDIC"), USB reported total assets of $1.3 billion, of which $1.0 billion were net loans and lease financing receivables. It also reported total deposits of $1.2 billion, resulting in an LTD ratio of 84.4% as of December 31, 2024. According to the latest available comparative deposit data as of June 30, 2024, USB obtained a market share of 4.8%, or $1.1 billion in a market of $23.8 billion, ranking it eighth among 30 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, 2022, 2023 and 2024 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
	12/31/2022		12/31/2023		12/31/2024	
Loan Type	$000's	%	$000's	%	$000's	%
1-4 Family Residential Mortgage Loans	494,696	52.5	552,280	54.2	581,978	57.5
Commercial & Industrial Loans	44,572	4.7	50,362	4.9	47,374	4.7
Commercial Mortgage Loans	202,030	21.4	204,450	20.1	206,990	20.5
Multifamily Mortgages	75,492	8.0	101,052	9.9	99,764	9.9
Consumer Loans	31,701	3.4	28,382	2.8	20,307	2.0
Agricultural Loans	10,352	1.1	9,386	0.9	9,199	0.9
Construction Loans	80,819	8.6	71,665	7.0	45,434	4.5
Other Loans	2,602	0.3	1,807	0.2	231	0.0
Total Gross Loans	**942,264**		**1,019,384**		**1,011,277**	

As illustrated in the above table, USB is primarily a residential real estate lender, with 57.5% of its loan portfolio in 1-4 family residential mortgage loans as of December 31, 2024.

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

B. Assessment Area

The Bank's assessment area consists of Dutchess, Orange and Ulster counties. The Bank's assessment area has not changed since the prior evaluation period; however, the number of census tracts increased from 205 in the prior evaluation period to 224 in the current evaluation period based on the latest census.

There are 224 census tracts in the Bank's assessment area, of which 15 are low-income, 33 are moderate-income, 131 are middle-income, 41 are upper-income, and four are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Dutchess	3	5	6	50	18	82	13.4
Orange	0	10	17	47	18	92	29.3
Ulster	1	0	10	34	5	50	20.0
Total	**4**	**15**	**33**	**131**	**41**	**224**	**21.4**

C. Demographic & Economic Data

The assessment area had a population of 879,072 during the evaluation period. Approximately 16% of the population was over the age of 65 and 21.2% was under the age of 16.

Of the 206,058 families in the assessment area, 21.4% were low-income, 17.5% were moderate-income, 21.3% were middle-income, and 39.8% were upper-income. There were 310,611

households in the assessment area, of which 10.3% had income below the poverty level and 2.1% were on public assistance.

The weighted average median family income in the assessment area was $98,526.

There were 350,797 housing units within the assessment area, of which 82.8% were one- to four-family units and 13.6% were multifamily units. A majority (60.3%) of the housing units were owner-occupied, while 28.2% were rental-occupied units, and 11.5% were vacant units.

Of the 211,641 owner-occupied housing units, 13.3% were in LMI census tracts while 86.2% were in middle- and upper-income census tracts. The median age of the housing stock was 56 years and the weighted average median home value in the assessment area was $269,734.

There were 117,033 non-farm businesses in the assessment area. Of these, 92.1% were businesses with reported revenues of less than or equal to $1 million, 2.2% reported revenues of more than $1 million and 5.7% did not report their revenues. Of all the businesses in the assessment area, 98.4% were businesses with less than fifty employees while 94.6% operated from a single location. The largest industries in the area were services (31.7%), retail trade (10.7%) and finance, insurance and real estate (8.8%); 29.6% of businesses in the assessment area were not classified.

According to New York State Department of Labor data, the average annual unemployment rate for New York State and each of the counties in the Bank's assessment area remained stable during the evaluation period. All three counties in the assessment area experienced lower average unemployment rates than the statewide average, with Dutchess County being the lowest and Orange County the highest.

Assessment Area Unemployment Rate				
	Statewide	**Dutchess**	**Orange**	**Ulster**
2022	4.3	3.0	3.4	3.3
2023	4.1	3.0	3.5	3.4
2024	4.3	3.2	3.7	3.6
Average of Years above	**4.2**	**3.1**	**3.5**	**3.4**

D. Community Information

DFS examiners conducted a community contact interview with the Executive Director of a non-profit organization whose mission is to provide LMI children in the Hudson Valley with accessible and affordable high-quality performing arts programming, including theatre, computer arts technology, and music instruction.

The representative noted that financial institutions could better support LMI households by offering products and services tailored to their specific banking and credit needs. According to the representative there is a need for financial literacy initiatives, including budgeting, savings education, and homeownership training programs.

The Director further highlighted the challenges surrounding affordable housing. The area is experiencing a deterioration of existing housing due to limited resources for repairs, as well as the displacement of long-time residents as housing costs and rents continue to rise. The Director also reported that residents in the community often lack the liquid capital necessary for down payments and face difficulty qualifying for loans despite having stable income and adequate credit. The contact stressed that increased support from financial institutions, particularly through flexible lending products, down-payment assistance, and expanded financial education, would help address barriers to property ownership and overall financial stability within the LMI population.

IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

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

The lending test includes:

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

The community development test includes:

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

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

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

DFS derived statistics employed in this Evaluation from various sources. USB 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 loan to deposit ("LTD") ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from call report data.

DFS derived the demographic data referred to in this report from the 2020 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2022, 2023, and 2024 for lending activities and the period from October 1, 2022 to December 31, 2024 for community development activities.

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

HMDA-reportable and small business loan data evaluated in this Evaluation represented actual originations.

As USB made very few small farm loans, DFS based all analysis on small business lending only.

Examiners gave greater weight to USB's HMDA-reportable lending in this evaluation as it represents 86.8% by dollar value and 81.2% by number of total HMDA-reportable and small business loans originated by the Bank in its assessment area during the evaluation period.

In its prior Community Reinvestment Act Performance Evaluation as of September 30, 2022, DFS assigned USB a rating of "2" or a "satisfactory" compliance with regulatory standards.

CRA Rating: Satisfactory

A. Lending Test: Satisfactory

USB's HMDA-reportable and small business activities were reasonable considering USB'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:

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

The Bank's average LTD ratio of 85.4% trailed its peer's average LTD ratio of 89.44%. However, USB's average LTD ratio this evaluation period increased from the average LTD ratio of 81.3% recorded at the prior evaluation period. USB's quarterly LTD ratios ranged from 68.6% to 92.7% for the current evaluation period.

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

Loan-to-Deposit Ratios													
	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	Avg.
Bank	68.6	72.3	79.1	86.4	89.5	90.5	92.7	92.4	91.9	89.5	87.2	84.6	85.4
Peer	78.2	81.5	84.2	87.7	89.8	91.7	92.3	94.1	93.2	93.8	93.1	93.1	89.4

2. Assessment Area Concentration:

During the evaluation period, USB originated 80.7% by number and 72.0% 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, USB originated 78.2% by number and 70.0% by dollar value of its HMDA-reportable loans within the assessment area.

This majority of lending inside of USB's assessment area reflects a reasonable concentration of lending.

b. Small Business Loans:

During the evaluation period, USB originated 93.6% by number and 88.7% by dollar value of its small business loans within the assessment area.

This substantial majority of lending inside USB's assessment area reflects an excellent concentration of lending.

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										
2022	658	75.4%	215	24.6%	873	178,066	66.8%	88,554	33.2%	266,620
2023	419	79.8%	106	20.2%	525	107,483	68.5%	49,324	31.5%	156,807
2024	365	82.0%	80	18.0%	445	91,512	79.6%	23,454	20.4%	114,966
Subtotal	1,442	78.2%	401	21.8%	1,843	377,061	70.0%	161,332	30.0%	538,393
Small Business										
2022	129	92.1%	11	7.9%	140	26,618	85.0%	4,707	15.0%	31,325
2023	98	90.7%	10	9.3%	108	15,718	86.1%	2,542	13.9%	18,260
2024	107	98.2%	2	1.8%	109	14,953	99.6%	54	0.4%	15,007
Subtotal	334	93.6%	23	6.4%	357	57,289	88.7%	7,303	11.3%	64,592
Grand Total	1,776	80.7%	424	19.3%	2,200	434,350	72.0%	168,635	28.0%	602,985

3. Distribution by Borrower Characteristics:

USB'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:

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

The Bank originated 34.6% of loans by number and 19.6% by dollar amount of its one-to-four family HMDA reportable loans to LMI borrowers which exceeded the aggregate rates of 27.0% and 18.9%, respectively.

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

Distribution of One-to-Four Family Loans by Borrower Income									
2022									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	69	10.7%	8,295	5.0%	1,491	7.5%	245,695	4.5%	21.4%
Moderate	169	26.2%	27,610	16.7%	4,405	22.3%	967,735	17.5%	17.5%
LMI	238	36.9%	35,905	21.7%	5,896	29.8%	1,213,430	22.0%	38.9%
Middle	152	23.6%	34,020	20.5%	5,607	28.4%	1,441,945	26.1%	21.3%
Upper	239	37.1%	92,108	55.5%	7,498	37.9%	2,637,700	47.8%	39.8%
Unknown	16	2.5%	3,790	2.3%	763	3.9%	227,825	4.1%	
Total	**645**		**165,823**		**19,764**		**5,520,900**		
2023									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	36	8.8%	3,104	3.3%	878	6.6%	131,520	3.6%	21.4%
Moderate	93	22.6%	12,618	13.4%	2,702	20.3%	538,250	14.9%	17.5%
LMI	129	31.4%	15,722	16.7%	3,580	26.9%	669,770	18.5%	38.9%
Middle	100	24.3%	19,065	20.3%	3,845	28.9%	942,555	26.1%	21.3%
Upper	158	38.4%	53,741	57.2%	5,219	39.3%	1,794,835	49.7%	39.8%
Unknown	24	5.8%	5,491	5.8%	646	4.9%	207,610	5.7%	
Total	**411**		**94,019**		**13,290**		**3,614,770**		
2024									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	40	11.1%	3,805	4.5%	856	6.1%	167,880	4.1%	21.4%
Moderate	83	23.0%	12,214	14.4%	2,386	17.0%	445,650	11.0%	17.5%
LMI	123	34.1%	16,019	18.9%	3,242	23.1%	613,530	15.1%	38.9%
Middle	95	26.3%	17,442	20.6%	3,899	27.8%	968,975	23.8%	21.3%
Upper	135	37.4%	49,372	58.3%	5,956	42.4%	2,107,580	51.9%	39.8%
Unknown	8	2.2%	1,848	2.2%	941	6.7%	373,315	9.2%	
Total	**361**		**84,681**		**14,038**		**4,063,400**		
GRAND TOTAL									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	145	10.2%	15,204	4.4%	3,225	6.8%	545,095	4.1%	
Moderate	345	24.3%	52,442	15.2%	9,493	20.2%	1,951,635	14.8%	
LMI	490	34.6%	67,646	19.6%	12,718	27.0%	2,496,730	18.9%	
Middle	347	24.5%	70,527	20.5%	13,351	28.4%	3,353,475	25.4%	
Upper	532	37.5%	195,221	56.7%	18,673	39.7%	6,540,115	49.5%	
Unknown	48	3.4%	11,129	3.2%	2,350	5.0%	808,750	6.1%	
Total	**1,417**		**344,523**		**47,092**		**13,199,070**		

b. Small Business Loans:

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

The Bank's average rates of lending to businesses with revenues of less than $1 million were 65.0% by number and 55.6% by dollar value of loans, well above the aggregate rates of 53.2% and 36.0%, respectively.

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

Distribution of Small Business Lending by Revenue Size of Business									
2022									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. < = $1MM	84	65.1%	14,637	55.0%	13,246	50.3%	255,151	37.6%	89.6%
Rev. > $1MM	45	34.9%	11,981	45.0%					2.9%
Rev. Unknown	-	0.0%	0	0.0%					7.6%
Total	**129**		**26,618**		**26,343**		**678,876**		
2023									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. < = $1MM	56	57.1%	8,548	54.4%	13,694	54.0%	218,115	35.0%	91.7%
Rev. > $1MM	42	42.9%	7,170	45.6%					2.3%
Rev. Unknown	-	0.0%	0	0.0%					6.0%
Total	**98**		**15,718**		**25,337**		**623,029**		
2024									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. < = $1MM	77	72.0%	8,677	58.0%	15,597	55.0%	241,472	35.4%	92.1%
Rev. > $1MM	30	28.0%	6,276	42.0%					2.2%
Rev. Unknown	-	0.0%	0	0.0%					5.7%
Total	**107**		**14,953**		**28,347**		**682,438**		
GRAND TOTAL									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. < = $1MM	217	65.0%	31,862	55.6%	42,537	53.2%	714,738	36.0%	
Rev. > $1MM	117	35.0%	25,427	44.4%					
Rev. Unknown	-	0.0%	-	0.0%					
Total	**334**		57,289		**80,027**		**1,984,343**		

4. Geographic Distribution of Loans:

USB's origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

a. HMDA-Reportable Loans:

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

USB's average rates of lending in LMI census tracts of 18.8% by number and 16.6% by dollar value were comparable to the aggregate rates of 16.6% and 17.1%, respectively. The Bank's annual rates of lending trailed both the aggregate rate and the percentage of owner-occupied units in low-

income census tracts in each year of the evaluation period. However, the Bank's annual rates of lending in moderate-income census tracts were well above the aggregate rate and the percentage of owner-occupied housing units for each year of the evaluation period.

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

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2022									
Geographic	**Bank**				**Aggregate**				**OO HUs**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	14	2.1%	6,887	3.9%	964	4.8%	356,310	5.9%	2.2%
Moderate	95	14.4%	23,529	13.2%	2,210	11.1%	612,780	10.2%	11.1%
LMI	109	16.6%	30,416	17.1%	3,174	15.9%	969,090	16.1%	13.3%
Middle	454	69.0%	119,217	67.0%	12,120	60.9%	3,571,280	59.4%	62.4%
Upper	77	11.7%	21,801	12.2%	4,532	22.8%	1,438,930	23.9%	23.8%
Unknown	18	2.7%	6,632	3.7%	82	0.4%	33,590	0.6%	0.6%
Total	**658**		**178,066**		**19,908**		**6,012,890**		
2023									
Geographic	**Bank**				**Aggregate**				**OO HUs**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	6	1.4%	1,241	1.2%	564	4.2%	180,090	4.6%	2.2%
Moderate	81	19.3%	15,870	14.8%	1,587	11.9%	445,815	11.4%	11.1%
LMI	87	20.8%	17,111	15.9%	2,151	16.1%	625,905	16.0%	13.3%
Middle	261	62.3%	72,118	67.1%	8,099	60.5%	2,324,955	59.6%	62.4%
Upper	63	15.0%	16,644	15.5%	3,080	23.0%	932,010	23.9%	23.8%
Unknown	8	1.9%	1,610	1.5%	48	0.4%	17,150	0.4%	0.6%
Total	**419**		**107,483**		**13,378**		**3,900,020**		
2024									
Geographic	**Bank**				**Aggregate**				**OO HUs**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	2	0.5%	458	0.5%	862	6.1%	352,600	8.1%	2.2%
Moderate	73	20.0%	14,484	15.8%	1,690	12.0%	492,220	11.3%	11.1%
LMI	75	20.5%	14,942	16.3%	2,552	18.1%	844,820	19.4%	13.3%
Middle	230	63.0%	63,229	69.1%	8,404	59.5%	2,509,820	57.6%	62.4%
Upper	55	15.1%	12,712	13.9%	3,116	22.1%	978,500	22.5%	23.8%
Unknown	5	1.4%	629	0.7%	54	0.4%	24,300	0.6%	0.6%
Total	**365**		**91,512**		**14,126**		**4,357,440**		
GRAND TOTAL									
Geographic	**Bank**				**Aggregate**				**OO HUs**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	22	1.5%	8,586	2.3%	2390	5.0%	889,000	6.2%	
Moderate	249	17.3%	53,883	14.3%	5,487	11.6%	1,550,815	10.9%	
LMI	271	18.8%	62,469	16.6%	7,877	16.6%	2,439,815	17.1%	
Middle	945	65.5%	254,564	67.5%	28,623	60.4%	8,406,055	58.9%	
Upper	195	13.5%	51,157	13.6%	10,728	22.6%	3,349,440	23.5%	
Unknown	31	2.1%	8,871	2.4%	184	0.4%	75,040	0.5%	
Total	**1,442**		**377,061**		**47,412**		**14,270,350**		

b. Small Business Loans:

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

During the evaluation, the Bank originated 20.1% of its small business loans by number and 23.0% by dollar value in LMI census tracts. While these levels were below the aggregate rates of lending of 27.0% by number and 28.0% by dollar value, the Bank's performance remained generally comparable with business demographic data.

Management indicated that since the prior evaluation, USB has expanded its outreach and implemented targeted marketing efforts, leveraging its broad branch network and longstanding community presence. These efforts helped the Bank maintain lending penetration that aligned with the proportion of businesses operating in LMI geographies.

The peer small business market share report for the Bank's assessment area showed the top five lenders, primarily large regional and national institutions, controlled a substantial share of small business lending activity, representing 67.3% of all reported originations in 2022 and 73.3% in 2023. This high degree of market concentration limits the competitive opportunities available to USB. Given these factors, performance comparable to business demographics, enhanced outreach efforts and competition from dominant market institutions, the Bank's small business lending in LMI census tracts is considered reasonable.

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.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2022									
Geographic	**Bank**				**Aggregate**				**Bus.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	6	4.7%	2,776	10.4%	3,268	12.4%	115,805	17.1%	8.6%
Moderate	20	15.5%	2,694	10.1%	3,256	12.4%	75,025	11.1%	13.9%
LMI	26	20.2%	5,470	20.6%	6,524	24.8%	190,830	28.1%	22.5%
Middle	92	71.3%	19,376	72.8%	14,298	54.3%	357,776	52.7%	57.0%
Upper	8	6.2%	1,362	5.1%	5,417	20.6%	128,109	18.9%	20.1%
Unknown	3	2.3%	410	1.5%	104	0.4%	2,161	0.3%	0.4%
Total	**129**		**26,618**		**26,343**		**678,876**		
2023									
Geographic	**Bank**				**Aggregate**				**Bus.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	6	6.1%	1,615	10.3%	3,632	14.3%	100,565	16.1%	9.2%
Moderate	15	15.3%	2,821	17.9%	3,109	12.3%	74,268	11.9%	13.9%
LMI	21	21.4%	4,436	28.2%	6,741	26.6%	174,833	28.1%	23.1%
Middle	66	67.3%	9,720	61.8%	13,327	52.6%	315,735	50.7%	56.5%
Upper	7	7.1%	1,231	7.8%	5,164	20.4%	130,809	21.0%	20.0%
Unknown	4	4.1%	331	2.1%	105	0.4%	1,652	0.3%	0.4%
Total	**98**		**15,718**		**25,337**		**623,029**		
2024									
Geographic	**Bank**				**Aggregate**				**Bus.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	2	1.9%	175	1.2%	4,882	17.2%	109,698	16.1%	9.3%
Moderate	18	16.8%	3,093	20.7%	3,439	12.1%	80,463	11.8%	14.0%
LMI	20	18.7%	3,268	21.9%	8,321	29.4%	190,161	27.9%	23.3%
Middle	79	73.8%	9,672	64.7%	14,304	50.5%	346,431	50.8%	56.4%
Upper	3	2.8%	1,550	10.4%	5,609	19.8%	143,436	21.0%	19.9%
Unknown	5	4.7%	463	3.1%	113	0.4%	2,410	0.4%	0.4%
Total	**107**		**14,953**		**28,347**		**682,438**		
GRAND TOTAL									
Geographic	**Bank**				**Aggregate**				**Bus.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	14	4.2%	4,566	8.0%	11,782	14.7%	326,068	16.4%	
Moderate	53	15.9%	8,608	15.0%	9,804	12.3%	229,756	11.6%	
LMI	67	20.1%	13,174	23.0%	21,586	27.0%	555,824	28.0%	
Middle	237	71.0%	38,768	67.7%	41,929	52.4%	1,019,942	51.4%	
Upper	18	5.4%	4,143	7.2%	16,190	20.2%	402,354	20.3%	
Unknown	12	3.6%	1,204	2.1%	322	0.4%	6,223	0.3%	
Total	**334**		**57,289**		**80,027**		**1,984,343**		

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

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

B. Community Development Test: Outstanding

USB's community development performance demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans,

qualified investments and community development services, considering USB's capacity, and the need for and availability of opportunities for community development in its assessment area.

During the evaluation period, USB originated $28.0 million in new community development loans and still had $9.7 million outstanding from prior evaluation periods. Also, during the evaluation period, USB made $3.0 million in new qualified investments and had $4.4 million outstanding from prior evaluation periods. USB made $890,000 in qualified grants.

A more detailed description of USB's community development activity follows:

1. Community Development Lending:

During the evaluation period, USB originated $28.0 million in new community development loans and had $9.7 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

Community Development Lending				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
Purpose	# of	$000	# of Loans	$000
Affordable Housing	15	14,068	6	3,327
Economic Development	3	4,106	6	1,855
Community Services	27	7,527	13	2,630
Revitalization & Stabilization	3	2,292	2	1,891
Total	48	27,993	27	9,703

Below are highlights of USB's community development lending:

- In 2023, USB originated a $3.4 million term loan to refinance and support a low-income housing development. The underlying property has 50 of 62 units (96%) with rents below the United States Department of Housing and Urban Development ("HUD") Fair Market Rents ("FMR"), supporting affordable rental housing for LMI households.

- The Bank extended a $2.5 million line of credit to a non-profit housing corporation in Ulster County to facilitate the preservation and creation of permanent affordable housing. The loan proceeds supported two projects: (1) the conversion of an old inn into an 82-unit apartment complex and (2) a 55-unit workforce and senior housing project.

- USB originated a $2.1 million loan to finance the acquisition of a mixed-use property that will provide employment opportunities for moderate-income individuals through its retail component. The residential portion includes four affordable units below HUD FMRs and three units reserved for households with Section 8 housing vouchers.

5. Qualified Investments:

During the evaluation period, USB made $3.0 million in new qualified investments and had $4.4 million outstanding from prior evaluation periods. In addition, USB made $890,000 in qualified grants. This demonstrated an adequate level of qualified investments over the course of the evaluation period.

Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
CD Investments	# of Inv.	$000	# of Inv.	$000
Affordable Housing	1	1,000	1	487
Economic Development	0	0	1	568
Community Services	3	2,032	3	3,304
Revitalization & Stabilization	0	0	0	-
Total	4	3,032	5	4,359
CD Grants	# of Grants	$000	Not Applicable	
Affordable Housing	14	44		
Economic Development	67	79		
Community Services	267	709		
Revitalization & Stabilization	14	58		
Total	362	890		

Below are highlights of USB's qualified investments and grants:

Investments:

- USB invested $1 million in a Ginnie Mae Multifamily Real Estate Mortgage Investment Conduit ("REMIC") Trust supporting the development of a rehabilitation facility; 62% of the users are Medicaid recipients.

- The Bank made a $1 million investment in a multifamily housing complex located in a moderate-income census tract, providing housing primarily to LMI residents.

Grants:

- USB donated a total of $55,000 to support digital financial literacy training across multiple school districts within the Bank's assessment area. The programs primarily serve students receiving free or reduced-price lunches, college students receiving federal aid, and homeless youth, through a partnering community center.

- The Bank contributed a total of $52,800 to a nonprofit organization serving Dutchess and Orange Counties, supporting community needs in food access education, financial stability and services for veterans through its community fund.

- USB donated a total of $25,000 to a local nonprofit food bank focused on ending hunger and alleviating poverty in the region.

- The Bank made $23,500 in sponsorship contributions to a local nonprofit housing agency providing free homeownership counseling, rental and emergency assistance and other community-focused housing services.

6. Community Development Services:

USB demonstrated an excellent level of community development services over the course of the evaluation period. The Bank's community development services included board and/or committee memberships in local community organizations and the provision of financial education seminars.

Community Development Services	
Activity Type	**Number of Activities**
On-Going Board & Committee Memberships	87
Technical Assistance	
Seminars	30
Credit Counseling	
Other Services	
Total Community Development Services	**117**

Below are highlights of USB's community development services:

- A senior bank officer serves on the boards of several nonprofit organizations that provide free arts programming to LMI youth, offer education and professional development, promote sustainable community initiatives, drive regional business innovation and expansion, and support workforce development and self-sufficiency.

- A vice president serves on the board member of an organization that unites businesses, not-for-profits, and community members to strengthen the local economy.

- An assistant vice president serves on the boards of organizations who are focused on alleviating poverty and hunger especially among children, and job creation and retention.

Responsiveness to Community Development Needs:

USB demonstrated an excellent level of responsiveness through community development lending, investments, and services.

The Bank made efforts to expand its presence in LMI communities by enhancing outreach through bilingual community liaisons. To better address the credit needs of its assessment area, USB increased its staffing of bilingual liaison officers and Spanish speaking personnel within both the business development department and branch offices, a need identified by the community contact. These efforts strengthened the Bank's ability to engage with and serve the growing population of Spanish speaking households within its assessment area.

The Bank offers some special loan programs which include Fannie Mae Home Ready, Fannie Mae HomeStyle Renovation mortgages, FHA programs, Freddie Mac Home Possible mortgage, SONYMA Achieving the Dream program, SONYMA Low Interest program, SONYMA Remodel NY, SONYMA Habitat for Humanity & SONYMA Homes for Veterans, USB's Express Equity, USB Community Portfolio Lending Product, USDA Rural Development and VA Fixed Rate mortgage. These loan programs are designed to help LMI households obtain financing to purchase a home, by offering terms that are more flexible. Often, these loans are done in conjunction with Federal Home Loan Bank of New York Grant Programs and other grant programs.

During the evaluation period USB participated in the Federal Home Loan Bank of New York's small business recovery grant program. USB was awarded a total of $100,000, which was used to assist several non-profit organizations in obtaining funds up to $10,000 each.

The Bank's new alternative basic banking account, "Bank Smart Checking Account," has the following features: an initial deposit of $25.00, a minimum balance of $.01, unlimited withdrawals; and a $3.00 maintenance service charge (per periodic cycle).

C. Additional Factors

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

The Board of Directors ("Board") appoints the CRA Officer annually to carry out the CRA policy which is reviewed and approved at least annually. The Board stays informed of the Bank's CRA performance through periodic evaluation reports. The CRA Officer conducts an annual CRA Self-Assessment which is submitted to the Board Risk Committee.

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

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

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

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

USB did not open or close any offices during the current evaluation period. The Bank offices operate during normal business hours (8:30am to 5:00pm) Monday through Thursday with extended hours available on Fridays (8:30am till 6:00pm). In addition, 12 branches are open on Saturdays, and 14 offices have drive-thru banking services.

Distribution of Branches within the Assessment Area							
	N/A	Low	Moderate	Middle	Upper	Total	LMI
County	#	#	#	#	#	#	%
Dutchess	-	1	-	4	-	5	20%
Orange	-	-	1	-	-	1	100%
Ulster	-	-	1	8	-	9	11%
Total	**-**	**1**	**2**	**12**	**-**	**15**	20%

7. 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*.

USB has ascertained the primary credit needs of its community to be small business lending and affordable housing. By developing a working relationship with area developers, nonprofit housing agencies and community organizations, the Bank can provide workforce housing and affordable senior housing credit services. In addition, Bank personnel actively participate on boards of non-profit developers who create multi-family housing projects targeting LMI citizens. The personnel provide feedback to USB management enabling the Bank to tailor its credit services accordingly. USB communicates with the community about the Bank's credit services by conducting free homebuyer education seminars and financial literacy workshops.

- *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 implemented and expanded its marketing efforts by including external messaging on public transit buses that travel through Dutchess and Ulster counties. Mortgage and homeownership messaging is done through billboards in Poughkeepsie and Newburgh. In addition, the Bank markets and advertises its products and services in local publications and magazines, radio, and digital media (social media, email blasts).

The Bank conducted presentations and outreach at the Dutchess County Association of Realtors annual meetings on affordability within Dutchess County and available products and grants offered.

8. Other factors that in the judgment of the Superintendent bear upon the extent to which USB 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 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;

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

Community Development Service

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

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

- Assisting in fund raising, including soliciting or arranging investments.

Community Development Financial Institution ("CDFI")

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

Fair Market Rents ("FMRs")

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

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 income. In cases where the residential property is in an 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 an MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by the FFIEC.

LMI Penetration Rate

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

Low-Income Housing Tax Credit ("LIHTC")

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

Minority Depository Institutions ("MDIs")

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is

minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

New Markets Tax Credit ("NMTC")

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities ("CDEs"). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the CDFI Fund, an agency of the United States Department of the Treasury.

Paycheck Protection Program ("PPP") Loans

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") temporarily permits the U.S. Small Business Administration ("SBA") to guarantee 100% of 7(a) loans under a new program titled the "Paycheck Protection Program". The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%. The program officially ended May 31, 2021.

Qualified Investment

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

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;

- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

Small Business Loan

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