

PUBLIC DISCLOSURE

April 3, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Cattaraugus
RSSD# 92902

24 Main Street
Cattaraugus, New York 14719

Federal Reserve Bank of New York

33 Liberty Street
New York, NY 10045

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION’S CRA RATING: This institution is rated Satisfactory.

The major factors supporting the rating includes the following:

- The loan-to-deposit ratio was reasonable given the bank’s size, financial condition, and credit needs of the assessment area.
- A majority of loans and other lending related activities were originated in the assessment area.
- The distribution of loans to borrowers reflected excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

Procedures

Bank of Cattaraugus’s (“BOC”, “Cattaraugus” or “the bank”) performance was evaluated using the Federal Financial Institutions Examination Council’s (FFIEC’s) Interagency Examination Procedures for Small Institutions. Cattaraugus’s home purchase, refinance, and home improvement loans were not analyzed due to very low loan volumes during the evaluation period. The bank opted not to include consumer loans in the analysis. Cattaraugus is exempt from reporting under the Home Mortgage Disclosure Act since its only branch is located in a Non-Metropolitan Statistical Area. A sample of small business loans originated from July 1, 2022, through December 31, 2022, was used to evaluate small business lending activity for the review period between January 1, 2018, through December 31, 2022, and weighted most heavily for the borrower-distribution analysis. Additional context was considered for the assessment area concentration component. The bank is not required to conduct or submit community development activities but submitted community development activities during the review period for consideration.

Lending performance was assessed within the bank’s only assessment area, which consisted of a portion of a Non-Metropolitan Statistical Area in Cattaraugus County, NY. The assessment area was evaluated as a full-scope review. As shown in the subsequent table, the lending test evaluation and community development activities covered the period January 1, 2018, to December 31, 2022.

Performance Criterion	Evaluation Period
Loan-To-Deposit Ratio	January 1, 2018 – December 31, 2022
Lending In the Assessment Area	January 1, 2018 – December 31, 2022
Borrower Distribution of Loans	January 1, 2018 – December 31, 2022
Response to CRA Complaints	January 1, 2018 – December 31, 2022
Community Development Lending	January 1, 2018 – December 31, 2022
Community Development Qualified Investments	January 1, 2018 – December 31, 2022
Community Development Services	January 1, 2018 – December 31, 2022

Products

Retail loan products evaluated included a sample of 39 small business loans originated between July 1, 2022, and December 31, 2022. The loan sample was selected using the Board of Governors’ sampling procedures, and the files were requested to collect the small business loan data needed to conduct the evaluation. Home purchase, refinance, and home improvement loans were not analyzed as the volumes were too insignificant for analysis. The bank opted not to include consumer loans in the analysis. Examiners

also reviewed community development loans, qualified investments, and community development services that the bank submitted voluntarily.

Lending Distribution Analysis

The evaluation period covered lending for all years between January 1, 2018, and December 31, 2022. To analyze the borrower characteristics of small business loans, the proportion of loans to businesses with gross annual revenues (“GAR”) of \$1 million or less was compared to the proportion of all such businesses as reported by Dun & Bradstreet (“D&B”). An analysis of the dollar amount of small business loans was conducted, focusing on credit extensions under \$100,000, which are considered to be responsive to the needs of smaller businesses.

The geographic distribution of lending in Non-Metropolitan (Cattaraugus County, NY) assessment area was not evaluated since the assessment area contained no low- or moderate-income geographies and Cattaraugus’s three assessment area census tracts were middle-income geographies.

Peer data was used for the loan-to-deposit analysis. In order to choose banks similarly-situated to Cattaraugus, local peer banks were selected based on the amount of deposits and number of branches. Cattaraugus’s loan-to-deposit ratio was compared to its national peer group.

Community Contact

To obtain input on community credit needs, examiners conducted a community contact interview with a representative of a public benefit corporation that addressed economic development. The community contact noted that start-up funding and general assistance for new entrepreneurs were needed, including business plan preparation.

DESCRIPTION OF INSTITUTION

Cattaraugus is a retail bank established in 1882 and operates a single office located at its headquarters in the Village of Cattaraugus in Cattaraugus County in southwestern New York State. Cattaraugus is not part of a holding company or affiliated with any other institution. Cattaraugus offers a variety of consumer and commercial loan and deposit products. The bank’s loan products include residential, commercial, home improvement, and consumer loans. The bank’s deposit products include checking, savings, and certificate of deposit accounts.

Cattaraugus operates in a moderately competitive market with branches of numerous local and regional banks. According to the June 30, 2022 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranked sixth out of eight FDIC-insured institutions in the assessment area, with 1.8 percent market share. The bank’s primary business focus is commercial and consumer lending. BOC maintains originated loans in its portfolio and does not offer secondary market products.

As of December 31, 2022, the bank had total assets of \$30.4 million, total loans and leases of \$12.9 million, and total domestic deposits of \$27.8 million. Of the total gross loans and leases, approximately 30.4% were secured by one-to four-family residential real estate. The bank’s loan portfolio is outlined in the subsequent table according to the Consolidated Report of Condition and Income (“Call Report”).

Composition of Loan Portfolio as of December 31, 2022		
Loan Type	Dollar Amount (000)	Percent of Total Loans
1-4 Family Residential Real Estate Secured	3,937	30.4%
Construction	385	3.0%
Consumer	2,162	16.7%
Agricultural	302	2.3%
Commercial and Industrial	2,502	19.3%
Nonfarm Nonresidential Secured	3,643	28.2%
Other	5	<0.1%
Gross Loans	12,936	100.0%

Source: December 31, 2022 Call Report

Based on the December 31, 2022 Call Report, the bank’s deposit portfolio by dollar volume was comprised of demand deposits, other savings deposits, and time deposits as summarized in the following table:

Deposit Type	Dollar Amount (000)	Percent of Total Deposits
Demand Deposits	13,105	47.1%
Other Savings Deposits	13,976	50.2%
Time Deposits	768	2.7%
Total Deposits	27,849	100.0%

Source: December 31, 2022 Call Report

Cattaraugus’s previous CRA evaluation was conducted as of March 26, 2018, using the FFIEC’s Interagency CRA Procedures for Small Institutions. The bank received an overall rating of Satisfactory. There are no known legal, financial, or other factors that would prevent Cattaraugus from fulfilling its responsibility under CRA.

DESCRIPTION OF NON-METROPOLITAN ASSESSMENT AREA (CATTARAUGUS COUNTY, NY)

Cattaraugus delineates one assessment area for CRA purposes. The bank’s assessment area consists of three middle-income census tracts in Cattaraugus County in New York. Cattaraugus’s assessment area is rural in nature and is not part of a Metropolitan Statistical Area. The assessment area has not changed since the prior CRA evaluation. Cattaraugus’s one office is centrally located within the assessment area.

The assessment area is in compliance with the requirements of Section 228.41 of Regulation BB and does not arbitrarily exclude low- and moderate-income geographies. A map illustrating the bank’s assessment areas is in Appendix A.

PERFORMANCE CONTEXT

The following demographic and economic information were used to describe this assessment area and to evaluate the context in which Cattaraugus operated. The information was obtained from publicly available sources, including the 2011 - 2015 U.S Census Bureau American Community Survey (“2015 ACS”), 2016 - 2020 U.S Census Bureau American Community Survey (“2020 ACS”), U.S. Department of Housing and Urban Development ("HUD") 2015 - 2019 Comprehensive Housing Affordability Strategy data, U.S. Department of Labor ("DOL"), Dun and Bradstreet (“D&B”), and FFIEC.

Non-Metropolitan (Cattaraugus County, NY) Assessment Area

Demographic Characteristics

The Non-Metropolitan (Cattaraugus County, NY) assessment area included Cattaraugus County, NY. According to the 2015 ACS, the population of this assessment area from 2018 to 2021 was 13,548. Also, according to the 2020 Census, the 2022 population of this assessment area was 12,575. The assessment area consisted of three census tracts; all, or 100.0%, were middle-income.

Income Characteristics

From 2018 to 2021, based on the 2015 ACS, the Non-Metropolitan (Cattaraugus County, NY) assessment area had 3,597 families, of which 23.1% were low-income (11.6% of which were below the poverty level), 20.2% were moderate-income, 23.8% were middle-income, and 32.9% were upper-income. Based on the 2020 Census, in 2022, the Non-Metropolitan (Cattaraugus County, NY) assessment area had 3,480 families, of which 19.9% were low-income (10.4% of which were below the poverty level), 21.1% were moderate-income, 23.0% were middle-income, and 35.9% were upper-income.

The FFIEC median family incomes for the counties comprising the MSA as of the 2020 ACS were as follows:

Non-Metropolitan (Cattaraugus County, NY) AA – 2018 - 2022 Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Assessment Area	\$58,913	\$62,587	6.2%
Non-MSA New York	\$65,085	\$69,021	6.0%
New York State	\$78,570	\$87,270	11.1%
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

Housing Characteristics

From 2018 to 2021, based on the 2015 ACS data, the Non-Metropolitan (Cattaraugus County, NY) assessment area had 6,467 housing units, of which 63.4% were owner-occupied, 16.4% were rental, and 20.3% were vacant. Of the total housing units, 100.0% were in middle-income census tracts.

The median age of housing stock in this assessment area was 59 years old, with 44.0% of the stock built before 1950. According to the 2015 ACS, the median housing value in this assessment area was \$91,067 with an affordability ratio of 50.9. The median gross rent in the assessment area was \$601 per month.

Non-Metropolitan (Cattaraugus County, NY) AA Housing Affordability – 2018 to 2021			
Geographic Area	2015 Median Housing Value	2015 Affordability Ratio	2015 Median Gross Rent
Assessment Area	\$91,067	50.88	\$601
Cattaraugus County, NY	\$84,600	50.36	\$617
Non-MSA New York	\$109,604	43.00	\$692
New York State	\$283,400	20.91	\$1,132
<i>Source: 2015 ACS</i>			

In 2022, based on the 2020 Census data, the Non-Metropolitan (Cattaraugus County, NY) assessment area had 6,716 housing units, of which 63.7% were owner-occupied, 14.7% were rental, and 21.6% were vacant. Of the total housing units, 100.0% were in middle-income census tracts.

The median age of housing stock in this assessment area was 61 years old, with 40.0% of the stock built before 1950. According to the 2020 Census, the median housing value in this assessment area was \$101,580 with an affordability ratio of 54.2. The median gross rent in the assessment area was \$657 per month.

Non-Metropolitan (Cattaraugus County, NY) AA Housing Affordability - 2022			
Geographic Area	2020 Median Housing Value	2020 Affordability Ratio	2020 Median Gross Rent
Assessment Area	\$101,580	54.17	\$657
Cattaraugus County, NY	\$90,200	56.21	\$654
Non-MSA New York	\$122,281	44.00	\$755
New York State	\$325,000	21.88	\$1,315
<i>Source: 2020 Census</i>			

Housing Cost Burden

Housing costs were relatively expensive in this assessment area, which indicated that affordable housing for low- and moderate-income individuals and families continued to be a challenge. According to HUD's 2015 - 2019 Comprehensive Housing Affordability Strategy data, within the assessment area, 40.5% of all rental households had rental costs that exceeded 30% of their incomes, 69.4% of low-income rental households had rental costs that exceeded 30% of their income, and 17.5% of moderate-income rental households had rental costs that exceeded 30% of their income.

According to HUD's data, within this assessment area, 16.2% of homeowners had housing costs that exceeded 30% of their incomes, 54.6% of low-income homeowners had housing costs that exceeded 30% of their income, and 18.8% of moderate-income homeowners had housing costs that exceeded 30% of their income. See the "Housing Cost Burden" table below for more details.

Non-Metropolitan (Cattaraugus County, NY) AA – 2018 - 2022 Housing Cost Burden*						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	69.4%	17.5%	40.5%	54.6%	18.8%	16.2%
Non-MSA New York	71.6%	26.6%	41.4%	59.7%	26.5%	18.2%
New York State	75.8%	39.3%	47.2%	70.9%	40.9%	26.4%
<i>*Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: HUD 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Labor, Employment and Economic Characteristics

According to D&B data, there were 366 businesses operating in this assessment area in 2018, of which none were in low- or moderate-income tracts. Of the total businesses operating in the assessment area, 87.7% were small businesses with a GAR of \$1 million or less. In 2019, there were 357 businesses; in 2020, there were 361 businesses; in 2021, there were 358 businesses, and in 2022, there were 358 businesses. Of the total businesses operating in the assessment area in 2019, 2020, 2021, and 2022, 87.1%, 88.1%, 87.7%,

and 87.7% respectively were small businesses with a GAR of \$1 million or less and none were in low- or moderate-income census tracts.

According to the U.S. Bureau of Labor Statistics, unemployment in the assessment area was 5.30% in 2018, decreased to 4.86% in 2019, increased to 9.10% in 2020, decreased to 5.30% in 2021, and decreased to 4.20% in 2022. The state of New York had an unemployment rate of 4.08% in 2018, decreased to 3.82% in 2019, increased to 9.86% in 2020, decreased to 6.94% in 2021 and decreased to 4.67% in 2022. The COVID-19 pandemic caused businesses to close or reduce their workforce across New York State, which drastically increased the unemployment rates in 2020.

Non-Metropolitan (Cattaraugus County, NY) AA 2018 - 2022 Unemployment Rates					
Area	2018	2019	2020	2021	2022
Assessment Area	5.30%	4.86%	9.10%	5.30%	4.20%
Non-MSA New York	4.73%	4.41%	7.75%	4.87%	3.75%
New York State	4.08%	3.82%	9.86%	6.94%	4.67%
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

Additional performance context data for this assessment area is provided in the subsequent and most recent Non-Metropolitan (Cattaraugus County, NY) Assessment Area Demographics Tables:

Non-Metropolitan (Cattaraugus County, NY) Assessment Area Demographics Table 2022								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	693	19.9
Moderate-income	0	0.0	0	0.0	0	0.0	736	21.1
Middle-income	3	100.0	3,480	100.0	363	10.4	800	23.0
Upper-income	0	0.0	0	0.0	0	0.0	1,251	35.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	3	100.0	3,480	100.0	363	10.4	3,480	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0

Middle-income	6,716	4,279	100.0	63.7	986	14.7	1,451	21.6
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	6,716	4,279	100.0	63.7	986	14.7	1,451	21.6
	Total Businesses by		Businesses by Tract & Revenue Size					
	Tract		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	358	100.0	314	100.0	23	100.0	21	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	358	100.0	314	100.0	23	100.0	21	100.0
	Percentage of Total Businesses:			87.7		6.4		5.9
	Total Farms by		Farms by Tract & Revenue Size					
	Tract		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	62	100.0	61	100.0	1	100.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	62	100.0	61	100.0	1	100.0	0	0.0
	Percentage of Total Farms:			98.4		1.6		0.0
<i>2022 FFIEC Census Data and 2021 Dun and Bradstreet Information</i>								

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Cattaraugus’s record of meeting the credit needs of its assessment area through its lending performance is rated overall satisfactory. BOC’s loan-to-deposit ratio was reasonable, given the institution’s size, financial condition, assessment area credit needs, and that the majority of its loans were originated inside its assessment area. Lending reflected excellent penetration among businesses of different sizes. There were no CRA-related complaints during the review period.

LOAN TO DEPOSIT RATIO

Cattaraugus’s loan-to-deposit ratio was reasonable given the bank’s size, financial condition, and the credit needs of its assessment area. Similarly situated institutions were selected based on the amount of deposits and number of branches. The bank’s loan-to-deposit ratio was also compared to its national peer group. BOC’s average loan-to-deposit ratio for the 20 quarters between January 1, 2018, and December 31, 2022, was 62.5%, based on information contained in Cattaraugus’s Consolidated Report of Condition and Income. This ratio exceeded the national peer average of 59.2% for similarly sized banks but, during the review period, was below an average of 73.3% for four similarly situated banks. In addition, the bank maintained a significant portion of municipal deposits. For the previous exam, the bank’s loan-to-deposit ratio was 45.5%, below the national peer average of 60%, and below an average of 77.2% for four similarly situated banks during the previous evaluation period.

Comparative Loan-to-Deposit Ratios January 1, 2018 – December 31, 2022			
Institution	Location	Asset Size \$(000)	Loan-to-Deposit Ratio (%)
			20 Quarter Average
Bank of Cattaraugus	Cattaraugus, NY	30,429	62.5
Similarly Situated Institutions			
Alden State Bank	Alden, NY	433,054	80.6
Citizens National Bank of Hammond	Hammond, NY	27,323	69.5
Bank of Holland	Holland, NY	205,591	68.8
Cattaraugus County Bank	Little Valley, NY	347,346	74.4

LENDING IN THE ASSESSMENT AREA

A majority of bank loans by number and dollar were originated inside the assessment area for the full year period from which the sample was derived. While the sample indicated that the majority of loans were outside of the assessment area, the results were considered atypical for this institution. As such, examiners took into context the bank’s lending for the entire year of the sample period and also considered lending volumes in prior years.

Lending Inside and Outside the Assessment Area (Sample)								
Loan Type	Inside				Outside			
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%
Small Business	16	41.0	423	27.3	23	59.0	1,124	72.7
Total Loans	16	41.0	423	27.3	23	59.0	1,124	72.7

Lending Inside and Outside the Assessment Area January 1, 2022 – December 31, 2022 (Sample Year Period)								
Loan Type	Inside				Outside			
	#	#%	\$(000)	%	#	#%	\$(000)	%
Small Business	150	67.9	764.39	77.3	71	32.1	224.49	22.7
Total Loans	150	67.9	764.39	77.3	71	32.1	224.49	22.7

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The bank’s lending penetration among businesses of different sizes was excellent. Examiners analyzed a sample of small business loans originated in 2022 to evaluate Cattaraugus’s small business lending throughout the review period. The loan sample was comprised of 39 small business loans, of which 16 loans, totaling \$423 thousand were originated in the assessment area. The bank made 100.0% of loans to assessment area businesses with gross revenues of \$1 million or less. The bank’s lending performance for loans in amounts of \$100,000 or less, exceeded the aggregate lenders, which made 87.7% of its loans to these businesses. Loans in dollar amounts of \$100,000 or less are typically considered more responsive to the credit needs of very small businesses and were also an identified need according to the community contact. See the subsequent table for small business lending by revenue and loan size.

Distribution of 2022 Small Business Lending by Revenue Size of Businesses Assessment Area: Non-Metropolitan (Cattaraugus County, NY)					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	16	100.0	423	100.0	87.7
Over \$1 Million	0	0.0	0	0.0	6.4
Revenue Unknown	0	0.0	0	0.0	5.9
Total	16	100.0	423	100.00	100.0
By Loan Size					
\$100,000 or Less	16	100.0	423	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	16	100.0	423	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or Less	16	100.0	423	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	16	100.0	423	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016 - 2020 U.S. Census Bureau: American Community Survey</i>					

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of lending in Non-Metropolitan (Cattaraugus County, NY) assessment area was not evaluated, since all three of Cattaraugus’s assessment area census tracts are middle-income tracts.

RESPONSE TO SUBSTANTIATED COMPLAINTS

Cattaraugus received no complaints relating to the bank’s CRA performance. Since the previous evaluation,

there were no CRA-related complaints filed with the Federal Reserve Bank of New York.

INNOVATIVE/FLEXIBLE LENDING

Cattaraugus originated one Paycheck Protection Program (“PPP”) loan within the assessment area, totaling \$15,437, which was reported as a small business loan. The PPP loan was reviewed for CRA consideration pursuant to CA 21-5: CRA Considerations for Activities in Response to the Coronavirus - FAQs. The PPP loan was originated in a middle-income census tract.

COMMUNITY DEVELOPMENT ACTIVITY

As a small bank, Cattaraugus is not required to conduct or submit community development activities, but the bank opted to submit community development activities for review. While Cattaraugus’s community development activity did not enhance the overall evaluation rating, examiners gave positive consideration to the bank’s activity and recognized that the bank’s lending and investments contributed to meeting community credit needs in a way not often conducted by small institutions. During the current evaluation period, BOC’s community development loans and qualified investments totaled \$121,000. The bank originated one qualified community development loan totaling \$110,000 and made two investments totaling \$11,000 within this assessment area.

Cattaraugus’s community development loan primarily helped finance revitalization and stabilization initiatives and community service efforts. The subsequent tables illustrate the community development lending and investment activity by purpose for the period of January 1, 2018, to December 31, 2022.

Summary of Community Development Loans and Qualified Investments						
January 1, 2018 to December 31, 2022						
Geography or Assessment Area	Loans		Investments		Total	
	\$	#	\$	#	\$	#
Non-Metropolitan (Cattaraugus County) AA	110,000	1	11,000	2	121,000	3
Total	110,000	1	11,000	2	121,000	3

Summary of Community Development Loans and Qualified Investments						
By Primary Purpose Designation						
January 1, 2018 to December 31, 2022						
Designation	Loans		Investments		Total	
	\$	#	\$	#	\$	#
Affordable Housing	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Economic Development	0	0	0	0	0	0
Revitalize and Stabilize	110,000	1	11,000	2	121,000	3
Total	110,000	1	11,000	2	121,000	3

The following summarizes the qualified community development loans, investments, and service activity in the assessment area:

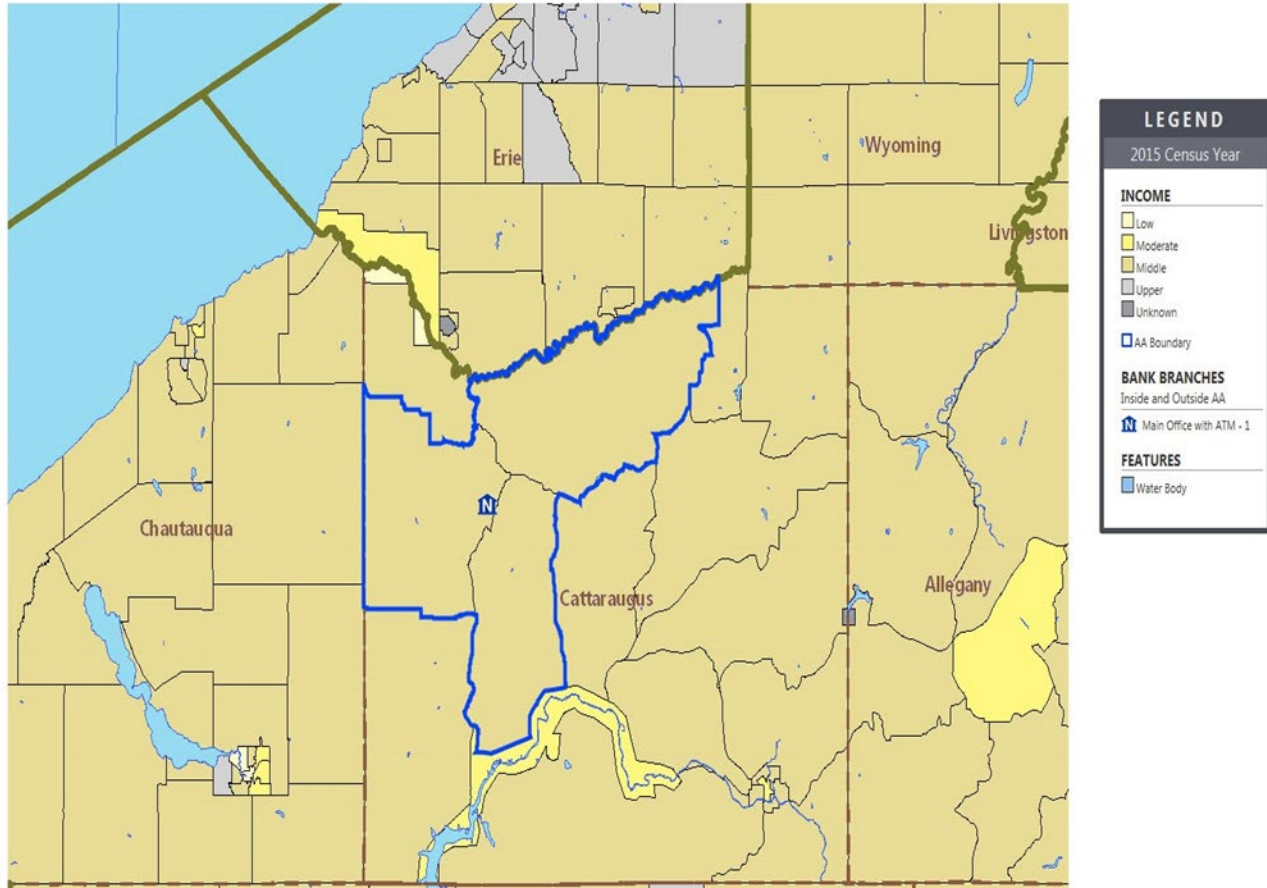
- In 2021, the bank provided a loan for \$110,000 to a corporation to purchase a former funeral home and repurpose the building for affordable housing as part of a revitalization plan of the historic downtown area of Cattaraugus County.

- In 2020 and 2022, the bank provided a total of \$11,000 in donations to a community development organization that provided affordable housing and revitalized and stabilized the community as part of a revitalization plan of the historic downtown area of Cattaraugus County.
- The bank's President served as President of a community development organization, lending her expertise and banking experience to assist the organization's efforts to revitalize and stabilize the Village of Cattaraugus.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Cattaraugus was in compliance with the substantive provisions of the anti-discrimination laws and regulations. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet the community credit needs of the assessment area was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA



APPENDIX B – DEMOGRAPHIC INFORMATION

LENDING TABLES
Small Business Loan Distribution Table - 2022

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Non-Metropolitan (Cattaraugus County, NY)					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	16	100.0	423	100.0	87.7
Over \$1 Million	0	0.0	0	0.0	6.4
Revenue Unknown	0	0.0	0	0.0	5.9
Total	16	100.0	423	100.0	100.0
By Loan Size					
\$100,000 or Less	16	100.0	423	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	16	100.0	423	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	16	100.0	423	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	16	100.0	423	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					

APPENDIX C – GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Non-Metropolitan area (Non-MSA): Any area that is not located within an MSA.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the

multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as 'small business loans' if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the Consolidated Reports of Condition and Income (Call Report) instructions. These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.