

PUBLIC DISCLOSURE

May 9, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Cattaraugus County Bank
Certificate Number: 12959

120 Main Street
Little Valley, New York 14775

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
New York Regional Office

350 Fifth Avenue, Suite 1200
New York, New York 10118

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.

TABLE OF CONTENTS

INSTITUTION RATING.....	1
DESCRIPTION OF INSTITUTION.....	2
DESCRIPTION OF ASSESSMENT AREAS	3
SCOPE OF EVALUATION	3
CONCLUSIONS ON PERFORMANCE CRITERIA	4
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	6
NEW YORK NON-METROPOLITAN STATEWIDE ASSESSMENT AREA) – Full-Scope Review.....	7
BUFFALO-CHEEKTOWAGA, NY MSA ASSESSMENT AREA – Limited-Scope Review	15
APPENDICES.....	18
SMALL BANK PERFORMANCE CRITERIA	18
GLOSSARY	19

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following factors support the institution's rating:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the credit needs of its assessment areas.
- The bank made a substantial majority of its loans in its assessment areas.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- There were no CRA-related complaints during the evaluation period. As a result, examiners did not evaluate this performance criterion.

DESCRIPTION OF INSTITUTION

Cattaraugus County Bank (CCB) is a state-chartered commercial bank headquartered in Little Valley, New York. CCB is a wholly-owned subsidiary of C.C. Bancorp, Inc., a one-bank holding company. CCB operates one insurance subsidiary, CCB Insurance Services, LLC, which offers life and disability insurance. The June 24, 2019 FDIC CRA Performance Evaluation assigned CCB a CRA rating of “Satisfactory” using the Small Institution CRA Examination Procedures.

CCB maintains seven full-service branch offices within Cattaraugus, Chautauqua, and Erie Counties, which are in the southwestern part of New York State. The main office is located in Little Valley, with branch offices located in the cities of Dunkirk and Salamanca, and in the villages of East Randolph, Springville, and South Dayton. Each office offers on-site automated teller machines (ATMs) and drive-up teller windows. In addition, CCB offers mobile banking services. CCB did not open or close any branch offices during the evaluation period.

CCB’s primary business focus continues to be commercial lending, particularly real estate secured loans, and home mortgage lending. CCB offers commercial, residential, and farm real estate loans, as well as commercial and industrial loans, agricultural loans, and consumer loans. In addition, CCB offers personal and business checking and savings accounts, as well as certificates of deposit.

As of March 31, 2022, the bank reported total assets of \$297.3 million and total deposits of \$292.9 million. Assets included total loans of \$184.9 million and total securities of \$102 million. The following table provides a breakdown of the loan portfolio as of March 31, 2022.

Loan Portfolio Distribution as of 3/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	4,271	2.3
Secured by Farmland	1,668	0.9
Secured by 1-4 Family Residential Properties	51,504	27.9
Secured by Multifamily (5 or more) Residential Properties	17,402	9.4
Secured by Nonfarm Nonresidential Properties	88,599	47.9
Total Real Estate Loans	163,444	88.4
Commercial and Industrial Loans	15,977	8.6
Agricultural Production and Other Loans to Farmers	1,904	1.0
Consumer Loans	2,195	1.3
Obligations of State and Political Subdivisions in the U.S.	781	0.4
Other Loans	584	0.3
Total Loans	184,885	100.0
<i>Source: Reports of Condition and Income</i>		

There are no financial, legal, or other impediments affecting the bank’s ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas (AA) within which examiners will evaluate its CRA performance. CCB identified two separate AAs as detailed in the following table.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
New York Non-Metropolitan Statewide AA	Cattaraugus and Chautauqua	57	6
Buffalo-Cheektowaga, NY Metropolitan Statistical AA	Portion of Erie County	14	1
<i>Source: Bank Data</i>			

The two AAs are contiguous and are located in the southwestern portion of New York State. The first AA includes the entire counties of Cattaraugus and Chautauqua, which are within the New York Non-Metropolitan Statewide Area. The second AA includes a portion of Erie County, which is part of the Buffalo-Cheektowaga, NY Metropolitan Statistical Area (MSA) #15380. CCB defined this MSA AA to include the 14 census tracts around its single branch office in Erie County, which includes the areas the bank could reasonably service and where a majority of its lending occurred.

Please refer to the separate New York Non-Metropolitan Statewide AA and Buffalo-Cheektowaga, NY Metropolitan Statistical AA sections of this evaluation for detailed descriptions of the AAs.

SCOPE OF EVALUATION

General Information

Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate CCB's CRA performance since the previous FDIC evaluation dated June 24, 2019, to the current evaluation dated May 9, 2022. These procedures consist of the Lending Test, which includes the following criteria: loan to deposit (LTD) ratio; assessment area concentration; geographic distribution; borrower profile; and response to CRA-related complaints.

Examiners used full-scope procedures to evaluate CCB's performance in the New York Non-MSA Statewide AA and limited-scope procedures in the Buffalo-Cheektowaga, NY MSA AA. Examiners gave more weight to CCB's performance within its New York Non-Metropolitan Statewide AA in arriving at the overall performance rating since a significant portion of the bank's lending and deposit activity occurs within that area.

Activities Reviewed

Examiners reviewed CCB's small business loans and residential mortgage loans, including multifamily loans, to evaluate the bank's lending performance, as these loans represent its major

product lines given its business strategy, its loan composition, and the number and dollar volume of loans originated during the evaluation period. Examiners did not analyze or present data for small farm loans, as these loans do not represent a major product line at less than one percent of the bank's loan portfolio, and provide no material support for conclusions and ratings. This evaluation does not include any lending activity performed by affiliates.

Examiners reviewed the bank's home mortgage loans for 2020 and 2021, which included residential loans subject to the Home Mortgage Disclosure Act (HMDA) data reporting requirements. The HMDA-reportable loans include home purchase, home improvement, and refinanced loans on 1-4 family and multifamily (five or more units) properties. Examiners compared the bank's home mortgage lending data to demographic data in 2020 and 2021, and to aggregate HMDA data for 2020, which is the most recent data available.

Examiners also reviewed the bank's small business loans for 2020 and 2021. Small business loans include commercial real estate or commercial and industrial loans and lines of credit in amounts of \$1 million or less. CCB is not required to collect and report the data due to its asset size; however, in 2020, the bank began collecting the data, though it opted not to report it. Examiners compared the bank's small business lending to the 2020 and 2021 D&B business demographic data.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

CCB demonstrated reasonable performance under the Lending Test. The bank's performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile criteria supports this conclusion.

Loan-to-Deposit Ratio

CCB's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the credit needs of its assessment areas. CCB had an average net LTD ratio of 75.5 percent based on data in the 12 quarterly Reports of Condition and Income published since the previous evaluation dated June 24, 2019.

Examiners compared CCB's average net LTD ratio to that of several similarly situated institutions. Examiners selected the similarly situated institutions based on asset size, geographic location, areas served, and lending focus. CCB's average net LTD ratio exceeds all of the similarly situated institutions except one, as shown in the table below. CCB's average net LTD ratio is reasonable and demonstrates that it is an active lender.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 03/31/2022 (\$000s)	Average Net LTD Ratio (%)
Cattaraugus County Bank	327,641	75.5
Bank of Holland	201,920	68.4
Alden State Bank	446,485	79.0
Cayuga Lake National Bank	240,498	62.4
<i>Source: Reports of Condition and Income 06/30/2019 – 03/31/2022</i>		

Assessment Area Concentration

CCB made a substantial majority of its loans within its AAs. As shown in the table below, the percentage of home mortgage and small business loans inside the AA, by number of loans, exceeded 90.0 percent of total loans for the review period.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	119	90.8	12	9.2	131	19,689	84.6	3,591	15.4	23,279
2021	101	89.4	12	10.6	113	16,044	84.5	2,940	15.5	18,984
Subtotal	220	90.2	24	9.8	244	35,733	84.5	6,531	15.5	42,263
Small Business										
2020	126	94.0	8	6.0	134	11,495	94.1	717	5.9	12,212
2021	116	99.1	1	0.9	117	10,344	99.0	102	1.0	10,446
Subtotal	242	96.4	9	3.6	251	21,839	96.4	819	3.6	22,658
Total	462	93.3	33	6.7	495	57,572	88.7	7,350	11.3	64,921
<i>Source: HMDA Reported Data; CRA Reported Data</i>										

Although not shown in the table above, CCB experienced a significant increase in small business lending during this review period compared to the prior evaluation. The increase was due to the bank's participation in the SBA's Paycheck Protection Program (PPP), a federal loan program developed in response to the COVID-19 Pandemic. The temporary program provided financial relief and assistance to small businesses experiencing financial hardship and duress due to the pandemic. The federal government launched the PPP on April 3, 2020, with an expiration of May 31, 2021.

Geographic Distribution

CCB's geographic distribution of loans reflects reasonable dispersion throughout the AAs. The bank's performance was consistent throughout the AAs, with greater weight placed on the New York Non-Metropolitan AA. Refer to the Geographic Distribution comments within the separate AA sections for a detailed discussion of the bank's performance.

Borrower Profile

CCB's distribution of borrowers reflects, given the demographics of the assessment areas, a reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's performance was consistent throughout the AAs, with greater weight placed on the New York Non-Metropolitan AA. Refer to the Borrower Profile comments within the separate AA sections for a detailed discussion of the bank's performance.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

**NEW YORK NON-METROPOLITAN ASSESSMENT AREA
– Full-Scope Review**

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NEW YORK NON-METROPOLITAN ASSESSMENT AREA

This AA is comprised of Cattaraugus and Chautauqua Counties in southwestern New York. The bank operates its main office and five branch offices within these two counties, which represents 85.7 percent of its total branches. In addition, this AA accounts for 85.7 percent of the bank’s loans and 89.8 percent of its deposits.

Economic and Demographic Data

Cattaraugus and Chautauqua counties are rural and sparsely populated with population centers located within small cities, towns, and villages, primarily those where the bank’s branches are located, including the cities of Salamanca and Dunkirk, the towns of Lakewood and Little Valley, and the villages of South Dayton and Randolph. The two counties are bordered by Lake Erie to the west, Pennsylvania to the south, Erie County to the north, and Wyoming and Allegany Counties to the east. The following table provides pertinent demographic information for this AA.

Demographic Information of the Assessment Area New York Non-Metropolitan Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	57	5.3	10.5	77.2	3.5	3.5
Population by Geography	211,608	2.8	11.6	82.7	2.9	0.0
Housing Units by Geography	107,775	3.0	11.2	84.2	1.6	0.0
Owner-Occupied Units by Geography	59,844	1.0	8.7	88.3	2.0	0.0
Occupied Rental Units by Geography	25,337	8.6	19.9	70.0	1.5	0.0
Vacant Units by Geography	22,594	1.9	8.1	89.3	0.7	0.0
Businesses by Geography	12,808	6.7	11.0	79.7	2.6	0.0
Farms by Geography	810	0.4	2.0	97.0	0.6	0.0
Family Distribution by Income Level	53,605	24.4	18.8	21.8	35.1	0.0
Household Distribution by Income Level	85,181	27.7	17.0	18.5	36.8	0.0
Median Family Income		\$59,570	Median Housing Value Median Gross Rent Families Below Poverty Level			\$86,947 \$621 13.3%

Source: 2015 ACS Data; 2021 D&B Data; FFIEC Estimated Median Family Income; () The NA category consists of geographies that have not been assigned an income classification.*

This AA has three low- and six moderate-income census tracts. One of the AA’s low-income tracts is within the Cattaraugus Reservation, and two of its moderate-income tracts are within the Allegany Reservation. Both reservations are within Cattaraugus County and are part of the Seneca Indian Nation. In general, real estate secured lending on the reservations can present challenges for lenders due to title criteria.

The analysis of small business loans under the Borrower Profile criterion analyzes the distribution of the bank’s small business loans by the gross annual revenue (GAR) of the business for each year. According to 2021 D&B data, there were 12,808 business establishments in the AA. Listed below are the GARs for these businesses.

- 80.0 percent have GARs of \$1 million or less
- 5.6 percent have GARs of more than \$1 million and
- 14.4 percent have unknown revenues.

During the evaluation period, the unemployment rate for the two counties within this AA increased dramatically in 2020 due to the COVID-19 Pandemic. However, as the table below reflects, the unemployment rates for these two counties have declined by year-end 2021, but remain above pre-pandemic levels.

Unemployment Rates New York Non-Metropolitan Assessment Area			
Area	2019	2020	2021
	%	%	%
Cattaraugus County	4.9	9.1	5.3
Chautauqua County	4.5	8.5	5.6
New York State	3.8	9.9	6.9
National Average	3.7	8.3	5.3
<i>Source: Bureau of Labor Statistics</i>			

Despite the decrease in the unemployment rates, there continues to be a decline in the manufacturing job base in the AA. In addition, the general population is aging at a higher rate relative to the state and the nation. The economic base of the AA continues to shift from manufacturing, which tends to have higher wages, to being more service based, which tend to have lower paying wages. The service sector is the largest employer in 2021 at 37.2 percent, followed by retail trade at 14.6 percent; finance, insurance, and real estate at 7.1 percent; construction at 6.5 percent; and agriculture, forestry, and fishing at 6 percent. Additionally, during this period, tourism was hard hit, as the AA has a plethora of outdoor recreational activities. These include Allegany State Park, which is the largest park in New York State, the Allegany River, and public and private ski resorts. Farming, forestry, and fishing remain an important part of the economy, though the number of total farms continues to decline.

Competition

There is a strong level of competition for home mortgage loans among the area’s banks, credit unions, and non-depository mortgage lenders. In 2020, 137 lenders reported 3,326 residential 1- 4 family mortgage loan originations. CCB ranked seventh out of this group of lenders, with a market share of 3.3 percent. The ten most prominent home mortgage lenders accounted for 70.4 percent of total market share.

There is a high level of competition for small business loans within the bank’s AA. According to 2020 aggregate small business data, 78 lenders reported 3,107 small business loans. The top ten

lenders accounted for 70.2 percent of total loans. Most all of the top lenders are large national credit card banks, with the exception of two very large multi-billion dollar regional banks that serve the greater northeast of the country.

The AA is also a competitive market for financial services. According to the FDIC Deposit Market Share report as of June 30, 2021, 11 financial institutions operated 60 offices within the bank's AA. Of these institutions, CCB ranked seventh with a 6.5 percent deposit market share. The five most prominent institutions with the highest deposit market shares accounted for 80.9 percent of total market share.

Community Contact

Examiners contacted a representative of a community action organization in the AA. The contact noted that affordable housing and the rehabilitation and weatherization of older homes are needs for the areas. The contact also noted the difficulty low- and moderate-income individuals are having in obtaining home ownership with the increase in housing prices despite the programs available to assist them. The contact noted there is a lack of new housing and that existing houses are older and require repairs and weatherization, which increases costs.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, the bank's AA has ongoing credit and affordable housing needs, as well as rehabilitation and weatherization lending opportunities. Opportunity exists for originating home mortgage loans, small business loans, and home improvement loans.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW YORK NON-METROPOLITAN ASSESSMENT AREA

LENDING TEST

CCB demonstrated reasonable performance under the Lending Test within this AA. The bank's performance in the Borrower Profile criteria primarily supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects a reasonable dispersion throughout the AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects a reasonable dispersion throughout this AA.

Geographic Distribution of Home Mortgage Loans New York Non-Metropolitan Assessment Area						
Tract Income Level	% of Owner- Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	1.0	0.7	0	0.0	0	0.0
2021	1.0	--	1	1.1	124	0.8
Moderate						
2020	8.7	6.0	6	5.5	1,079	6.4
2021	8.7	--	10	10.5	783	5.1
Middle						
2020	88.3	91.0	101	91.8	15,613	92.2
2021	88.3	--	83	87.4	14,225	92.7
Upper						
2020	2.0	2.4	3	2.7	250	1.5
2021	2.0	--	1	1.1	219	1.4
Totals						
2020	100.0	100.0	110	100.0	16,942	100.0
2021	100.0	--	95	100.0	15,350	100.0
<i>Source: 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available</i>						

The bank did not originate any home mortgage loan in the low-income census tracts in 2020. However, these areas account for a small percentage of the AA's owner-occupied housing, at just 1.0 percent. Additionally, the 2020 aggregate lending data for the low-income geographies indicates that home loan demand is low in those areas, as 10 lenders originated just 19 loans total in those tracts that year. The bank increased its lending in the low-income tracts in 2021 to one loan, or 1.1 percent of total loans, which closely approximates the housing demographics.

The bank's lending in the moderate-income tracts as a percentage of total loans was below the housing demographics in 2020, but was generally consistent with the aggregate data. The bank increased its lending in the moderate-income tracts in 2021 by number of loans and as a percentage of total lending, which was above the housing demographics.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout this AA.

Geographic Distribution of Small Business Loans New York Non-Metropolitan Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2020	7.0	10	9.2	557	5.7
2021	6.7	5	5.0	695	7.6
Moderate					
2020	10.7	17	15.6	2,635	26.9
2021	11.0	8	7.9	704	7.7
Middle					
2020	79.6	82	75.2	6,604	67.4
2021	79.7	86	85.1	6,920	75.9
Upper					
2020	2.7	0	0.0	0	0.0
2021	2.6	2	2.0	800	8.8
Total					
2020	100.0	109	100.0	9,796	100.0
2021	100.0	101	100.0	9,119	100.0
<i>Source: 2020 and 2021 D&B Data; Bank Data</i>					

According to the table above, the bank’s percentage of small business loans in the low- and moderate-income census tracts during 2020 exceeded the percentage of businesses located in those census tracts. However, in 2021, the bank’s number and percentage of small business loans in the low- and moderate-income census tracts declined, and was below the business demographics. The decline resulted from a decrease in overall lending due to the expiration of the PPP and to the continuing effects of the pandemic. Overall, the dispersion of the bank’s small business loans was reasonable based on its good distribution in 2020 and in consideration of the aforementioned performance context factors.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment areas, a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

Home Mortgage Loans

The bank’s home mortgage lending reflects reasonable penetration among individuals of different income levels. Examiners focused on the percentage of HMDA-reportable loans to low- and moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level New York Non-Metropolitan Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	24.4	7.4	2	1.8	82	0.5
2021	24.4	--	7	7.4	304	2.0
Moderate						
2020	18.8	19.3	15	13.6	1,310	7.7
2021	18.8	--	11	11.6	958	6.2
Middle						
2020	21.8	20.9	23	20.9	2,590	15.3
2021	21.8	--	24	25.3	2,414	15.7
Upper						
2020	35.1	38.5	65	59.1	11,752	69.4
2021	35.1	--	47	49.5	9,742	63.5
Income Not Available						
2020	0.0	13.9	5	4.5	1,209	7.1
2021	0.0	--	6	6.3	1,933	12.6
Total						
2020	100.0	100.0	110	100.0	16,942	100.0
2021	100.0	--	95	100.0	15,350	100.0
<i>Source: 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available</i>						

In 2020, CCB’s lending to low-income borrowers as a percentage of total loans was below the demographic and aggregate data. In 2021, the bank increased its lending to low-income borrowers significantly by both number of loans and as a percentage of total lending. In general, the inherent challenges for low-income families to obtain homeownership within the AA affects the bank’s lending to low-income borrowers. As noted previously, the AA’s median housing value is \$86,947, which makes it difficult for most low-income families to own a home. Specifically, low-income families in the AA often have difficulty obtaining the funds necessary for a down payment or qualifying under the debt-to-income repayment requirements. Furthermore, 13.3 percent of the AA’s families are below the poverty level, which represents 54.5 percent of all low-income families in the AA. Given CCB’s increased lending to low-income borrowers in 2021 and the aforementioned performance context factors, the bank’s home mortgage lending to low-income borrowers is reasonable.

In 2020, CCB’s lending to moderate-income borrowers as a percentage of total loans was below the demographic and aggregate data. However, market rank data for 2020 shows that CCB ranked eighth among the 62 HMDA-data reporters for home loan originations to moderate-income borrowers, which is notable given CCB’s status as a small bank. The lenders ranked higher than CCB were generally much larger financial institutions and non-bank lenders. During 2021, the bank’s lending to moderate-income borrowers declined, but was nonetheless reasonable, particularly given the area’s high level of competition.

Small Business Loans

CCB’s distribution of small business loans reflects a reasonable penetration among businesses of different sizes. Examiners focused on the percentage of loans to businesses with GARs of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category New York Non-Metropolitan Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000					
2020	79.0	37	33.9	3,151	32.2
2021	80.0	60	59.4	3,085	33.8
> \$1,000,000					
2020	6.1	29	26.6	4,511	46.0
2021	5.6	21	20.8	5,287	58.0
Revenue Not Available					
2020	14.9	43	39.5	2,134	21.8
2021	14.4	20	19.8	747	8.2
Total					
2020	100.0	109	100.0	9,796	100.0
2021	100.0	101	100.0	9,119	100.0

Source: 2021 D&B Data; Bank Data

As shown in the table above, CCB’s percentage of loans to businesses with GARs of \$1 million or less was lower than the percentage of businesses in that revenue category. However, the 2020 aggregate small business loan data referred to in the Competition section for this AA suggests that loan demand is not as high as the business demographic data suggests. Specifically, the 2020 aggregate small business loan data shows that 30.9 percent of the small business loans reported that year were to businesses with GARs of \$1 million or less, which is far below the percentage of businesses in that revenue category. During 2021, the bank increased its lending to business with GARs of \$1 million or less significantly by both number of loans and as a percentage of total lending, with over half of its loans extended to businesses of this revenue category.

CCB’s small business lending includes a high percentage of loans without revenue data, particularly in 2020. The high percentage of loans without revenue data is due to the bank’s participation in the SBA’s PPP in 2020 and 2021, which did not require lenders to collect the revenue information. During 2020, the bank made 83 PPP loans, including 43 with no revenue information. During 2021, CCB made 74 PPP loans, including 20 with no revenue information. Given the high number of PPP loans with no revenue data, examiners also evaluated these loans using loan size as a proxy for business size. As an example, the following table reflects the bank’s PPP loan distribution for 2020, which is the first year of its participation in the program:

Distribution of Paycheck Protection Program Loans By Loan Size (2020)				
New York Non-Metropolitan Assessment Area				
Loan Size	#	%	\$(000s)	%
<100,000	37	86.0	1,090	51.1
\$100,000 - \$249,999	5	11.6	726	34.0
\$250,000 - \$1,000,000	1	2.4	318	14.9
Total	43	100.0	2,134	100.0
<i>Source: 2020 Bank Data</i>				

As shown in the table above, CCB originated a significant majority, or 86.0 percent, of these PPP loans in amounts less than \$100,000, indicating that the bank is helping to serve the needs of smaller businesses in the assessment area. Although not shown in the table, the bank's PPP loans in 2021 had a similar distribution. Specifically, of the 20 PPP loans made by the bank with no revenue data, 18 loans, or 90 percent, were for amounts less than \$100,000, again indicating a responsiveness to the area's small business credit needs.

BUFFALO-CHEEKTOWAGA, NY METROPOLITAN STATISTICAL AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN BUFFALO-CHEEKTOWAGA, NY METROPOLITAN STATISTICAL AREA

This AA is comprised of a small portion of Erie County in western New York. The area lies south of Buffalo, and is adjacent to Cattaraugus and Chautauqua Counties to the south. The bank operates only one branch office in this AA, which represents 14.3 percent of its total branches. This AA accounts for 16.9 percent of the bank’s deposits and 10.2 percent of its loans.

Economic and Demographic Data

The portion of Erie County that comprises the bank’s AA is rural and sparsely populated. The village of Springville is its population center, and is the location of the bank’s sole branch office in this area. The following table provides pertinent demographic information for this AA.

Demographic Information of the Assessment Area Buffalo-Cheektowaga, New York MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	0.0	7.1	85.7	0.0	7.1
Population by Geography	43,710	0.0	4.0	89.9	0.0	6.1
Housing Units by Geography	18,919	0.0	4.5	95.4	0.0	0.0
Owner-Occupied Units by Geography	13,683	0.0	3.9	96.0	0.0	0.0
Occupied Rental Units by Geography	3,195	0.0	4.7	95.3	0.0	0.0
Vacant Units by Geography	2,041	0.0	8.2	91.8	0.0	0.0
Businesses by Geography	2,570	0.0	4.0	95.7	0.0	0.3
Farms by Geography	190	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	10,960	17.6	18.3	24.4	39.7	0.0
Household Distribution by Income Level	16,878	22.3	14.7	18.2	44.8	0.0
Median Family Income: MSA 15380 Buffalo-Cheektowaga, NY		\$67,108	Median Housing Value Median Gross Rent Families Below Poverty Level			\$118,126 \$636 7.1%

Source: 2015 ACS Data; 2021 D&B Data; FFIEC Estimated Median Family Income; () The NA category consists of geographies that have not been assigned an income classification.*

The analysis of small business loans under the Borrower Profile criterion analyzes the distribution of the bank’s small business loans by the gross annual revenue (GAR) of the business for each year. According to 2021 D&B data, there were 2,570 business establishments in the AA. Listed below are the GARs for these businesses.

- 84.4 percent have GARs of \$1 million or less
- 4.1 percent have GARs of more than \$1 million and
- 11.5 percent have unknown revenues.

During the evaluation period, the unemployment rate for Erie County increased dramatically in 2020 due to the COVID-19 Pandemic. However, as the table below reflects, the unemployment rate declined by year-end 2021, but remained above pre-pandemic levels.

Unemployment Rates			
Buffalo-Cheektowaga, New York MSA Assessment Area			
Area	2019	2020	2021
	%	%	%
Erie County	4.1	9.1	5.5
New York State	3.8	9.9	6.9
National Average	3.7	8.3	5.3
<i>Source: Bureau of Labor Statistics</i>			

CONCLUSIONS ON PERFORMANCE CRITERIA IN BUFFALO-CHEEKTOWAGA, NY METROPOLITAN STATISTICAL AREA ASSESSMENT AREA

LENDING TEST

CCB’s lending performance in this assessment area is consistent with the institution’s lending performance in the assessment area within the nonmetropolitan portion of the state that examiners reviewed using full-scope examination procedures.

Geographic Distribution

The geographic distribution of loans reflects a reasonable dispersion throughout this AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects a reasonable dispersion throughout the AA.

CCB extended all 15 of its loans within the middle-income geographies during 2020 and 2021. Although the bank made no loans in the moderate-income tracts, the demographics show that just 3.9 percent of the area’s owner-occupied housing units are in those tracts. Additionally, the aggregate data reflects only 0.3 percent of total loans were made in the moderate-income tracts. This suggests there are limited opportunities to make home mortgage loans, as the aggregate data is a good approximation of loan demand. In light of the AA’s demographics, the bank’s home mortgage lending performance is reasonable.

Small Business Loans

The geographic distribution of small business loans reflects a reasonable dispersion throughout the AA.

CCB originated all of its small business loans in the middle-income census tracts in 2020 and 2021. The bank did not originate any loans in the one moderate-income tract located within its AA; however, the business demographic data shows that only 4.0 percent of the area's businesses are in those tracts, which indicates limited opportunities. Considering the AA's business demographics, the bank's small business lending performance is reasonable.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, a reasonable penetration based on borrower profile. CCB's distribution of small business loans reflects reasonable penetration among businesses of different sizes, which primarily supports the rating. For home mortgage lending, the bank had a reasonable penetration among individuals of different income levels, including low- and moderate-income persons.

Home Mortgage Loans

The distribution of borrowers reflects a reasonable penetration among individuals of different income levels given the demographics of the assessment area. Examiners focused on the percentage of HMDA-reportable loans to low- and moderate-income borrowers.

The bank did not originate any home mortgage loans to low-income borrowers in 2020, but made two loans, or 33.3 percent of total loans, to these borrowers in 2021. CCB made one loan, or 11.1 percent of total loans, to moderate-income borrowers in 2020; however, it extended no loans to these borrowers in 2021. Considering the bank's limited lending in this AA and the area's demographics, the overall lending is reasonable.

Small Business Loans

The distribution of borrowers reflects a reasonable penetration among businesses of different sizes. Examiners focused on the percentage of loans to businesses with GARs of \$1 million or less.

CCB made 17 small business loans in 2020, including 7 loans, or 41.2 percent of the total, to businesses with GARs of \$1 million or less. In 2021, the bank made 15 small business loans, including 9 loans, or 60.0 percent of the total, to businesses with GARs of \$1 million or less. This lending reflects a reasonable penetration among businesses of different size, including smaller businesses.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the institution under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, 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.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

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

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.