

# **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.

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## 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.

<b>Loan Portfolio Distribution as of 3/31/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
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
<b>Total Real Estate Loans</b>	<b>163,444</b>	<b>88.4</b>
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
<b>Total Loans</b>	<b>184,885</b>	<b>100.0</b>
<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
<b>Subtotal</b>	<b>220</b>	<b>90.2</b>	<b>24</b>	<b>9.8</b>	<b>244</b>	<b>35,733</b>	<b>84.5</b>	<b>6,531</b>	<b>15.5</b>	<b>42,263</b>
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
<b>Subtotal</b>	<b>242</b>	<b>96.4</b>	<b>9</b>	<b>3.6</b>	<b>251</b>	<b>21,839</b>	<b>96.4</b>	<b>819</b>	<b>3.6</b>	<b>22,658</b>
<b>Total</b>	<b>462</b>	<b>93.3</b>	<b>33</b>	<b>6.7</b>	<b>495</b>	<b>57,572</b>	<b>88.7</b>	<b>7,350</b>	<b>11.3</b>	<b>64,921</b>
<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.

<b>Demographic Information of the Assessment Area New York Non-Metropolitan Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
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%
<i>Source: 2015 ACS Data; 2021 D&amp;B Data; FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

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
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>110</b>	<b>100.0</b>	<b>16,942</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>95</b>	<b>100.0</b>	<b>15,350</b>	<b>100.0</b>
<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.

<b>Geographic Distribution of Small Business Loans New York Non-Metropolitan Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
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
<b>Total</b>					
<b>2020</b>	<b>100.0</b>	<b>109</b>	<b>100.0</b>	<b>9,796</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>101</b>	<b>100.0</b>	<b>9,119</b>	<b>100.0</b>
<i>Source: 2020 and 2021 D&amp;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.

<b>Distribution of Home Mortgage Loans by Borrower Income Level New York Non-Metropolitan Assessment Area</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
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
<b>Total</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>110</b>	<b>100.0</b>	<b>16,942</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>95</b>	<b>100.0</b>	<b>15,350</b>	<b>100.0</b>
<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.

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

*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:

<b>Distribution of Paycheck Protection Program Loans By Loan Size (2020)</b>				
<b>New York Non-Metropolitan Assessment Area</b>				
<b>Loan Size</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<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
<b>Total</b>	<b>43</b>	<b>100.0</b>	<b>2,134</b>	<b>100.0</b>
<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.

<b>Demographic Information of the Assessment Area Buffalo-Cheektowaga, New York MSA Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
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.

<b>Unemployment Rates</b>			
<b>Buffalo-Cheektowaga, New York MSA Assessment Area</b>			
<b>Area</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>%</b>	<b>%</b>	<b>%</b>
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.



## **PUBLIC SUMMARY**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF CATTARAUGUS COUNTY BANK**

**AS OF DECEMBER 31, 2021**

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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# CATTARAUGUS COUNTY BANK – CRA PERFORMANCE EVALUATION

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## I - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Cattaraugus County Bank (“CCB 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 institution’s CRA performance based on an evaluation conducted as of December 31, 2021.

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 back of this evaluation.

# CATTARAUGUS COUNTY BANK – CRA PERFORMANCE EVALUATION

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## II - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated CCB according to the small banking institution performance standards pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2018, 2019, 2020 and 2021. CCB 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: Satisfactory

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

CCB's average LTD ratio of 80% for the evaluation period exceeded the peer's average LTD ratio of 75.1%.

#### 2. Assessment Area Concentration: Outstanding

During the evaluation period, CCB originated 93.7% by number and 89.4% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an outstanding concentration of lending.

#### 3. Distribution by Borrower Characteristics: Needs to Improve

CCB's HMDA-reportable lending demonstrated a less than satisfactory distribution of loans among individuals of different income levels. CCB's small business lending which consisted of PPP loans was not evaluated for this criterion, as borrower income for PPP loans is not required to be reported.

#### 4. Geographic Distribution of Loans: Outstanding

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

#### 5. Action Taken in Response to Written Complaints with Respect to CRA: N/A

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

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

# CATTARAUGUS COUNTY BANK – CRA PERFORMANCE EVALUATION

## III - PERFORMANCE CONTEXT

### A. Institution Profile

Established in 1902, CCB is a commercial bank headquartered in the village of Little Valley, Cattaraugus County, NY. The Bank is a wholly-owned subsidiary of C.C. Bancorp, Inc., a one-bank holding company. CCB Insurance Services, a subsidiary of CCB, offers insurance products to consumers.

CCB operates seven banking offices, located in the following counties: Four in Cattaraugus, two in Chautauqua and one in Erie. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of seven deposit-taking ATMs one at each branch.

CCB offers traditional commercial and consumer banking products and services, including commercial and agricultural loans, home mortgage loans, home equity loans, personal installment loans, credit cards, a variety of personal and business checking and savings accounts. In addition, the Bank offers various online services including mobile banking, and online banking allowing customers to view account balances, transfer funds, and pay bills.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2021, filed with the Federal Deposit Insurance Corporation (“FDIC”), CCB reported total assets of \$331.8 million, of which \$183.3 million were net loans and lease financing receivables. It also reported total deposits of \$288.2 million, resulting in a LTD ratio of 63.6%. In the latest available comparative deposit data as of June 30, 2021, the Bank had a market share of 0.41%, or \$288.3 million in a market of \$70.1 billion, ranking it 13th among 20 deposit-taking institutions in its assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2018, 2019, 2020 and 2021 call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>								
Loan Type	2018		2019		2020		2021	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	61,235	31.8	59,094	29.4	52,659	26.3	49,444	26.5
Commercial & Industrial Loans	27,602	14.4	27,409	13.6	29,446	14.7	15,579	8.4
Commercial Mortgage Loans	74,408	38.7	72,619	36.1	74,487	37.3	91,218	48.9
Multifamily Mortgages	12,481	6.5	23,637	11.7	21,726	10.9	17,238	9.2
Consumer Loans	1,793	0.9	2,629	1.3	2,308	1.2	2,300	1.2
Agricultural Loans	5,083	2.6	4,565	2.3	4,683	2.3	4,961	2.7
Construction Loans	8,118	4.2	10,110	5.0	13,409	6.7	4,340	2.3
Obligations of States & Municipalities	1,190	0.6	985	0.5	912	0.5	835	0.4
Other Loans	358	0.2	293	0.1	171	0.1	519	0.3
Lease financing	0	0.0	0	0.0	73	0.0	73	0.0
Total Gross Loans	192,268		201,341		199,874		186,507	

As illustrated in the above table, CCB is primarily a commercial mortgage lender with 48.9% of its loan portfolio in commercial mortgage loans and 9.2% in multifamily mortgage loans as of December 31, 2021.

## CATTARAUGUS COUNTY BANK – CRA PERFORMANCE EVALUATION

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

### **B. Assessment Area**

The Bank's assessment area is comprised of the entire counties of Cattaraugus and Chautauqua and the southern portion of Erie County.

There are 71 census tracts in the Bank's assessment area, of which three are low-income, seven are moderate-income, fifty-six are middle-income, two are upper-income, and three are tracts with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Cattaraugus	1	1	2	17	0	21	14.3
Chautauqua	1	2	4	27	2	36	16.7
Erie*	1	0	1	12	0	14	7.1
<b>Total</b>	<b>3</b>	<b>3</b>	<b>7</b>	<b>56</b>	<b>2</b>	<b>71</b>	<b>14.1</b>

\* Partial county

### **C. Demographic & Economic Data**

The assessment area had a population of 255,318 during the evaluation period. Approximately 17.1% of the population were over the age of 65 and 18.7% were under the age of 16.

Of the 64,565 families in the assessment area, 23.2% were low-income, 18.7% were moderate-income, 22.3% were middle-income and 35.9% were upper-income. There were 102,059 households in the assessment area, of which 16% had income below the poverty level and 3.5% were on public assistance.

The weighted average median family income in the assessment area was \$57,037.

There were 126,694 housing units within the assessment area, of which 85.2% were one- to four-family units, and 6.4% were multifamily units. A majority (58%) of the housing units were owner-occupied, while 22.5% were rental-occupied units. Of the 73,527 owner-occupied housing units, 8.6% were in LMI census tracts while 91.4% were in middle- and upper-income census tracts. The median age of the housing stock was 66 years, and the median home value in the assessment area was \$91,603.

There were 15,378 non-farm businesses in the assessment area. Of these, 80.8% were businesses with reported revenues of less than or equal to \$1 million, 5.3% reported revenues of more than \$1 million and 13.9% did not report their revenues.

Of all the businesses in the assessment area, 96.4% were businesses with less than fifty employees, and 86.9% operated from a single location. The largest industries in the area were services (36.8%), retail trade (14.4%) and finance, insurance & real estate (7%), while 14.4% of businesses in the assessment area were not classified.

## CATTARAUGUS COUNTY BANK – CRA PERFORMANCE EVALUATION

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According to the New York State Department of Labor, the four-year average unemployment rate for each of the three counties in the Bank’s assessment area were lower than the statewide average rate during the evaluation period. With the onset of the COVID-19 pandemic, unemployment rates in 2020 were the highest statewide and for the three counties in the Bank’s assessment area. In 2021, unemployment rates declined both statewide and for the assessment area in particular.

	Statewide	Cattaraugus	Chautauqua	Erie*
2018	4.10%	5.30%	5.00%	4.40%
2019	3.80%	4.90%	4.50%	4.10%
2020	9.90%	9.10%	8.50%	9.10%
2021	6.90%	5.30%	5.60%	5.50%
Average	6.18%	6.15%	5.90%	5.78%

*\*The Bank’s assessment area includes part of this county, but the percentages in the table represent the entire county.*

### **D. Community Information**

DFS examiners interviewed two chief executive officers (“CEO”) of two nonprofit organizations headquartered in the Bank’s assessment area. The organizations’ mission focus on the economic health of the area, its communities, and its residents. The interviewees highlighted the largely rural nature and high poverty levels in Cattaraugus and Chautauqua counties. The COVID-19 pandemic significantly impacted the financial health of the region as it relies heavily on tourism, which declined significantly during the onset of the pandemic. As a result, the CEO stated that there was a need for personal and business loan programs and products that provide access to funds and financing.

One CEO stated that banks, in general, did not provide much needed direct financing to individuals and families in need, nor did the banks participate in nonprofit networks which would have informed them of these needs. The CEO stated that some families were living in unsafe housing facilities and without the funds needed to repair their homes, others and others were without water and lack the funds to drill a well. Furthermore, local bank branch hours were reduced drastically during the pandemic, making it more difficult for consumers to access their services or funds.

The other CEO stated that banks responded well to the needs of local businesses, especially by means of federal programs such as the Paycheck Protection Program (“PPP”). The CEO mentioned the following banks and credit unions as being specifically helpful to local businesses: Cattaraugus County Bank, Five Star Bank, Teachers Federal Credit Union, and the Seneca Nation Federal Credit Union. The CEO stated that affordable housing is a critical need, as affordable housing units are limited, especially in the town of Salamanca, in which a waitlist has been established for affordable housing units.

## CATTARAUGUS COUNTY BANK – CRA PERFORMANCE EVALUATION

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### IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

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

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

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

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

Finally, DFS considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which CCB helps meet the credit needs of its entire community.

DFS derived statistics employed in this Evaluation from various sources. CCB submitted bank-specific information both as part of the evaluation process and in its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business demographic data on Dun & Bradstreet reports, which are updated annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and DFS used this information even where the institution's assessment area includes partial counties (Erie County).

The evaluation period included calendar years 2018, 2019, 2020 and 2021.

Examiners considered CCB's small business and HMDA-reportable loans in evaluating factors (2), and (4) of the lending test noted above. Small business loans were not evaluated for (3) distribution by borrower characteristics, as they are all PPP loans where reporting of borrower income is not required.

## CATTARAUGUS COUNTY BANK – CRA PERFORMANCE EVALUATION

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Examiners gave greater weight to CCB’s HMDA-reportable lending in this evaluation. HMDA-reportable loans accounted for 61.5% by number and 71.8% by dollar value of its total loans considered for this evaluation. CCB originated all of its small business loans under the Paycheck Protection Program<sup>1</sup> (“PPP”) in support of businesses affected by the COVID-19 pandemic during years 2020 and 2021.

In its prior Community Reinvestment Act Performance Evaluation as of December 31, 2017, DFS assigned CCB a rating of “2” or a “Satisfactory”.

### **Current CRA Rating: Satisfactory**

#### **A. Lending Test:** Satisfactory

CCB’s small business and HMDA-reportable lending activities were satisfactory in light of its size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

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

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

CCB’s average LTD ratio of 80% was higher than the peer group’s ratio of 75.1% during the evaluation period. This was an increase, compared to the Bank’s prior evaluation period’s average ratio of 71.8%.

From 2018 to 2020, CCB’s quarterly LTD ratios consistently exceeded its peer group’s ratios. However, starting in 2021, the Bank’s quarterly ratios trended lower than the peer group’s ratios. Bank management attributed the decline to the Covid-19 pandemic impact on the economy within the Bank’s assessment area.

The table below shows CCB’s LTD ratios in comparison with the peer group’s ratios for the sixteen quarters of the evaluation period.

<b>Loan-to-Deposit Ratios</b>																	
	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020	2020	2020	2021	2021	2021	2021	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Bank	87.8	89.3	88.9	85.6	84.8	85.0	87.8	88.8	86.7	80.6	78.9	74.6	67.0	67.1	64.0	63.6	80.0
Peer	76.6	78.9	79.8	78.8	77.5	79.1	78.9	77.5	76.7	74.4	73.8	69.3	72.3	70.9	69.4	67.9	75.1

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<sup>1</sup>Refer to the Glossary Section of this report for more information on Payment Protection Program.

## CATTARAUGUS COUNTY BANK – CRA PERFORMANCE EVALUATION

### 2. Assessment Area Concentration: Outstanding

During the evaluation period, CCB originated 93.7% by number and 89.4% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an outstanding concentration of lending.

#### *i. HMDA-Reportable Loans:*

CCB originated 91.9% by number and 86.8% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an outstanding concentration of lending.

#### *ii. Small Business Loans:*

CCB originated 96.8% both by number and dollar value of its small business loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an outstanding concentration of lending.

The following table shows the percentages of CCB’s HMDA-reportable and small business loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable</b>										
Year 2018	80	93.0%	6	7.0%	86	10,512	90.0%	11,671	99.9%	11,681
Year 2019	86	95.6%	4	4.4%	90	9,286	92.7%	10,003	99.9%	10,013
Year 2020	119	90.8%	12	9.2%	131	19,688	84.6%	23,259	99.9%	23,279
Year 2021	101	89.4%	12	10.6%	113	16,044	84.5%	18,968	99.9%	18,984
<b>Subtotal</b>	<b>386</b>	<b>91.9%</b>	<b>34</b>	<b>8.1%</b>	<b>420</b>	<b>55,530</b>	<b>86.8%</b>	<b>63,901</b>	<b>99.9%</b>	<b>63,957</b>
<b>Small Business</b>										
Year 2020	126	94.7%	7	5.3%	133	11,495	94.9%	623	5.1%	12,118
Year 2021	116	99.1%	1	0.9%	117	10,344	99.0%	102	1.0%	10,446
<b>Subtotal</b>	<b>242</b>	<b>96.8%</b>	<b>8</b>	<b>3.2%</b>	<b>250</b>	<b>21,839</b>	<b>96.8%</b>	<b>725</b>	<b>3.2%</b>	<b>22,564</b>
<b>Grand Total</b>	<b>628</b>	<b>93.7%</b>	<b>42</b>	<b>6.3%</b>	<b>670</b>	<b>77,369</b>	<b>89.4%</b>	<b>64,626</b>	<b>74.7%</b>	<b>86,521</b>

### 3. Distribution by Borrower Characteristics: Needs to Improve

CCB’s one-to-four family HMDA-reportable lending demonstrated a less than satisfactory distribution of loans among individuals of different income levels. Small business lending was not rated for this criterion, as small business loans consisted entirely of PPP loans for which borrower income is not required to be reported.

## CATTARAUGUS COUNTY BANK – CRA PERFORMANCE EVALUATION

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

CCB's one-to-four family HMDA-reportable lending demonstrated a less than satisfactory distribution of loans among individuals of different income levels.

During the evaluation period, CCB originated 22.6% by number of loans and 11.5% by dollar value of its one-to-four family HMDA-reportable loans to LMI borrowers. These rates were significantly lower than the aggregate's rates of lending of 33.5% and 22.5%, respectively. While CCB's rates of lending to LMI borrowers trailed the aggregate's rates in 2019 and 2020, the Bank's rates declined well below the aggregate's rates in 2021. Both the aggregate and the Bank's rates of lending to LMI borrowers were substantially lower than the 41.9% of LMI families (family demographics) living in the Bank's assessment area during the evaluation period.

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

## CATTARAUGUS COUNTY BANK – CRA PERFORMANCE EVALUATION

Distribution of One-to-Four Family Loans by Borrower Income									
2018									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	8.5%	370	5.4%	398	11.2%	24,100	6.5%	23.2%
Moderate	13	18.3%	825	12.0%	901	25.4%	71,895	19.3%	18.7%
LMI	19	26.8%	1,195	17.4%	1,299	36.6%	95,995	25.8%	41.9%
Middle	18	25.4%	1,110	16.1%	938	26.5%	89,370	24.0%	22.3%
Upper	34	47.9%	4,570	66.5%	1,215	34.3%	176,085	47.4%	35.9%
Unknown	0	0.0%	0	0.0%	94	2.7%	10,340	2.8%	
<b>Total</b>	<b>71</b>		<b>6,875</b>		<b>3,546</b>		<b>371,790</b>		
2019									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	12.2%	315	4.4%	433	11.7%	27,185	6.5%	23.2%
Moderate	16	19.5%	869	12.1%	833	22.6%	72,255	17.3%	18.7%
LMI	26	31.7%	1,184	16.5%	1,266	34.3%	99,440	23.8%	41.9%
Middle	20	24.4%	1,440	20.0%	993	26.9%	100,035	23.9%	22.3%
Upper	36	43.9%	4,573	63.5%	1,269	34.4%	201,375	48.1%	35.9%
Unknown	0	0.0%	0	0.0%	165	4.5%	17,795	4.3%	
<b>Total</b>	<b>82</b>		<b>7,197</b>		<b>3,693</b>		<b>418,645</b>		
2020									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	1.7%	82	0.5%	355	8.2%	24,475	4.2%	23.2%
Moderate	16	13.9%	1,456	8.3%	958	22.1%	90,400	15.3%	18.7%
LMI	18	15.7%	1,538	8.8%	1,313	30.2%	114,875	19.5%	41.9%
Middle	24	20.9%	2,733	15.6%	1,067	24.6%	124,215	21.1%	22.3%
Upper	69	60.0%	12,521	71.7%	1,729	39.8%	316,135	53.7%	35.9%
Unknown	4	3.5%	677	3.9%	232	5.3%	33,860	5.7%	
<b>Total</b>	<b>115</b>		<b>17,469</b>		<b>4,341</b>		<b>589,085</b>		
2021									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	9.0%	450	3.0%	530	10.2%	40,050	5.4%	23.2%
Moderate	11	11.0%	958	6.4%	1,214	23.3%	125,320	17.1%	18.7%
LMI	20	20.0%	1,408	9.4%	1,744	33.5%	165,370	22.5%	41.9%
Middle	26	26.0%	2,742	18.4%	1,276	24.5%	159,530	21.7%	22.3%
Upper	49	49.0%	9,962	66.8%	1,935	37.2%	378,085	51.4%	35.9%
Unknown	5	5.0%	793	5.3%	249	4.8%	31,995	4.4%	
<b>Total</b>	<b>100</b>		<b>14,905</b>		<b>5,204</b>		<b>734,980</b>		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	27	7.3%	1,217	2.6%		10.2%		5.5%	
Moderate	56	15.2%	4,108	8.8%		23.3%		17.0%	
LMI	83	22.6%	5,325	11.5%		33.5%		22.5%	
Middle	88	23.9%	8,025	17.3%		25.5%		22.4%	
Upper	188	51.1%	31,626	68.1%		36.6%		50.7%	
Unknown	9	2.4%	1,470	3.2%		4.4%		4.4%	
<b>Total</b>	<b>368</b>		<b>46,446</b>						

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### 4. Geographic Distribution of Loans: Outstanding

CCB's origination of loans in census tracts of varying income levels demonstrated an outstanding distribution of lending. This rating reflects the greater weight given to HMDA lending as noted above in the report.

#### *a. HMDA-Reportable Loans*

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

During the evaluation period, CCB originated 8.8% by number of loans and 6.5% by dollar value of its HMDA-reportable loans in LMI census tracts. These rates of lending exceeded the aggregate's 5.1% and 3.8 %, respectively.

CCB's rates of lending in LMI census tracts consistently outperformed the aggregate's rates of lending, in both number and dollar value of loans. In addition, CCB's average rate of lending in LMI census tracts by number of loans exceeded the 8.6% of LMI owner-occupied housing units (owner-occupied demographics) within the Bank's assessment area during the evaluation period.

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

## CATTARAUGUS COUNTY BANK – CRA PERFORMANCE EVALUATION

<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2018</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO Hus</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	19	0.5%	755	0.2%	0.8%
Moderate	9	11.3%	1,228	11.7%	181	5.1%	12,125	3.2%	7.8%
LMI	9	11.3%	1,228	11.7%	200	5.6%	12,880	3.4%	8.6%
Middle	70	87.5%	9,190	87.4%	3,318	93.0%	362,940	94.7%	89.7%
Upper	1	1.3%	93	0.9%	48	1.3%	7,490	2.0%	1.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>80</b>		<b>10,511</b>		<b>3,566</b>		<b>383,310</b>		
<b>2019</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO Hus</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	11	0.3%	645	0.2%	0.8%
Moderate	8	9.3%	396	4.3%	189	5.1%	12,355	2.9%	7.8%
LMI	8	9.3%	396	4.3%	200	5.4%	13,000	3.0%	8.6%
Middle	78	90.7%	8,890	95.7%	3,449	93.0%	407,825	95.3%	89.7%
Upper	0	0.0%	0	0.0%	55	1.5%	6,675	1.6%	1.6%
Unknown	0	0.0%	0	0.0%	3	0.1%	455	0.1%	0.0%
<b>Total</b>	<b>86</b>		<b>9,286</b>		<b>3,707</b>		<b>427,955</b>		
<b>2020</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO Hus</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	19	0.4%	1,865	0.3%	0.8%
Moderate	6	5.0%	1,079	5.5%	185	4.2%	18,515	3.0%	7.8%
LMI	6	5.0%	1,079	5.5%	204	4.7%	20,380	3.4%	8.6%
Middle	110	92.4%	18,359	93.2%	4,084	93.5%	578,180	95.2%	89.7%
Upper	3	2.5%	250	1.3%	80	1.8%	8,680	1.4%	1.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>119</b>		<b>19,688</b>		<b>4,368</b>		<b>607,240</b>		
<b>2021</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO Hus</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	1.0%	124	0.8%	22	0.4%	15,180	2.0%	0.8%
Moderate	10	9.9%	783	4.9%	239	4.6%	20,275	2.7%	7.8%
LMI	11	10.9%	907	5.7%	261	5.0%	35,455	4.7%	8.6%
Middle	89	88.1%	14,919	93.0%	4,881	93.4%	712,065	94.0%	89.7%
Upper	1	1.0%	219	1.4%	85	1.6%	9,555	1.3%	1.6%
Unknown	0	0.0%	0	0.0%	1	0.0%	85	0.0%	0.0%
<b>Total</b>	<b>101</b>		<b>16,045</b>		<b>5,228</b>		<b>757,160</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO Hus</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.3%	124	0.2%	71	0.4%	18,445	0.8%	
Moderate	33	8.5%	3,486	6.3%	794	4.7%	63,270	2.9%	
LMI	34	8.8%	3,610	6.5%	865	5.1%	81,715	3.8%	
Middle	347	89.9%	51,358	92.5%	15,732	93.3%	2,061,010	94.7%	
Upper	5	1.3%	562	1.0%	268	1.6%	32,400	1.5%	
Unknown	-	0.0%	-	0.0%	4	0.0%	540	0.0%	
<b>Total</b>	<b>386</b>		<b>55,530</b>		<b>16,869</b>		<b>2,175,665</b>		

*b. Small Business Loans*

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

## CATTARAUGUS COUNTY BANK – CRA PERFORMANCE EVALUATION

During the evaluation period, CCB originated 16.5% by number of loans and 21% by dollar value of its small business loans in LMI census tracts. These rates exceeded the aggregate’s 13.1% and 19%, respectively. In addition, CCB’s average rates of lending both by number and dollar value of loans were comparable to the assessment area’s 15.4% (business demographics) of businesses with revenue of \$1 million or less within the Bank’s assessment area during the evaluation period.

In 2020, CCB’s rates of lending by number of loans in LMI census tracts were significantly higher than those of the aggregate, as well as the assessment area’s business demographics. In 2021, CCB’s rates of lending both by number and dollar value of loans in LMI census tracts declined sharply from the Bank’s 2020 rates.

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

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2020</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	10	7.9%	557	4.8%	174	5.0%	18,490	8.5%	5.8%
Moderate	17	13.5%	2,635	22.9%	287	8.2%	23,868	11.0%	9.6%
LMI	27	21.4%	3,192	27.8%	461	13.2%	42,358	19.6%	15.4%
Middle	99	78.6%	8,303	72.2%	2,949	84.7%	167,936	77.6%	82.3%
Upper	0	0.0%	0	0.0%	66	1.9%	5,812	2.7%	2.2%
Unknown	0	0.0%	0	0.0%	4	0.1%	360	0.2%	0.1%
<b>Total</b>	<b>126</b>		<b>11,495</b>		<b>3,480</b>		<b>216,466</b>		
<b>2021</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	5	4.3%	695	6.7%	168	4.9%	11,884	7.2%	5.6%
Moderate	8	6.9%	704	6.8%	280	8.1%	18,467	11.2%	9.8%
LMI	13	11.2%	1,399	13.5%	448	12.9%	30,351	18.4%	15.4%
Middle	101	87.1%	8,145	78.7%	2,945	85.1%	131,073	79.3%	82.4%
Upper	2	1.7%	800	7.7%	66	1.9%	3,725	2.3%	2.2%
Unknown		0.0%		0.0%	1	0.0%	89	0.1%	0.1%
<b>Total</b>	<b>116</b>		<b>10,344</b>		<b>3,460</b>		<b>165,238</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	15	6.2%	1,252	5.7%	342	4.9%	30,374	8.0%	
Moderate	25	10.3%	3,339	15.3%	567	8.2%	42,335	11.1%	
LMI	40	16.5%	4,591	21.0%	909	13.1%	72,709	19.0%	
Middle	200	82.6%	16,448	75.3%	5,894	84.9%	299,009	78.3%	
Upper	2	0.8%	800	3.7%	132	1.9%	9,537	2.5%	
Unknown	-	0.0%	-	0.0%	5	0.1%	449	0.1%	
<b>Total</b>	<b>242</b>		<b>21,839</b>		<b>6,940</b>		<b>381,704</b>		

### 5. Action Taken in Response to Written Complaints with Respect to CRA: N/A

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

## CATTARAUGUS COUNTY BANK – CRA PERFORMANCE EVALUATION

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### **B. Additional Factors**

1. The extent of participation by the banking institution’s board of directors or board of trustees in formulating the banking institution’s policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act

CCB’s board of directors appoints the CRA officer and reviews and approves the CRA policy annually (most recently in October 2021). The board is kept abreast of the Bank’s CRA lending activities and community development activities through management meetings and via an annual CRA self-assessment. CCB performs an annual CRA self-assessment which includes all CRA lending test criteria related activities, community development loans and qualified investments, and CCB’s performance in meeting the credit needs of its assessment area.

2. Discrimination and other illegal practices

As part of the evaluation, DFS examiners sought to identify any practices intended to discourage applications for types of credit set forth in the banking institution’s CRA statements, and any evidence of prohibited discriminatory or other illegal credit practices.

DFS examiners did not note any evidence that CCB engaged in prohibited discriminatory or other illegal practices.

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

On August 31, 2018, CCB closed the Franklinville branch, which was in a middle-income census tract. As of the end of the evaluation, CCB operated seven full-service banking offices, one in a moderate-income census tract, five in middle-income tracts, and one in an upper-income tract.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Cattaraugus			1	3		4	25%
Chautauqua				1	1	2	0%
Erie*				1		1	0%
<b>Total</b>	-	-	1	5	1	7	14%

\* Partial County

CCB’s branches offer service hours as follows: Monday from 9:00 A.M. to 4:00 P.M., Tuesday and Thursday from 9:00 A.M. to 3:00 P.M.; Wednesday from 9:00 A.M. to 1:00 P.M.; and Friday from 9:00 A.M. to 5:00 P.M. The Bank offers no Saturday hours. All CCB’s branches are supplemented by full-service automated teller machines (“ATMs”).

CCB customers can avail of a variety of banking services through alternative channels such as online and mobile banking. Customers can use online banking to pay bills, view account information, and perform remote check deposits and internal account transfers.

## CATTARAUGUS COUNTY BANK – CRA PERFORMANCE EVALUATION

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### 4. Process Factors

- *Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.*

CCB's management and employees ascertain the credit needs of its community through ordinary course of business. In addition, some of the Bank's officers and employees are board members of local nonprofit community organizations, business organizations, and foundations which serve LMI individuals and small businesses. These board members help management ascertain the credit needs of these organizations and the communities they serve.

- *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*

While CCB markets its loan and deposit products and services primarily through its website and with signage in its branches, it also advertised by means of print ads and email blasts to the Bank's current customer base. Ads featured free reward accounts, electronic banking options, and residential lending products, which were promoted throughout the Bank's market area.

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

As a small bank, CCB is not evaluated under the community development test. However, in addition to the PPP loans that the Bank originated in support of businesses affected by the Covid-19 pandemic, the Bank also made the following community development loans, qualified investments and community services during the evaluation period:

- CCB extended a \$100,000 working capital line of credit, renewed each year of the four-year evaluation period, to a regional planning agency serving Allegany, Cattaraugus, and Chautauqua counties, the mission of which agency is to help coordinate and enhance planning and development activities in the region.
- The Bank made three investments totaling \$5 million in mortgage-backed securities ("MBS") from a Community Development Financial Institution. The underlying securities for these investments are one-to-four family properties for low- and moderate-income borrowers and other housing projects providing housing in underserved communities.
- CCB participated in several community development services during the evaluation period by serving on boards, loan review finance and audit committees of nonprofit and community organizations within the local community. These organizations provided services to LMI individuals and families, and small businesses in the assessment area. A total of eight management staff served as board members or committee members to six nonprofit and community-based organizations.

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

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

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

### **Community Development Service**

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

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

### **Community Development Financial Institution (“CDFI”)**

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

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### **Fair Market Rents (“FMRs”)**

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

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

### **LMI Geographies**

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

### **LMI Borrowers**

“LMI borrowers” means borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family

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income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the Federal Financial Institutions Examination Council (“FFIEC”).

### **LMI Individuals/Persons**

“LMI individuals” or “LMI persons” means individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. The area median family incomes used to measure individual income levels are updated annually by the FFIEC.

### **LMI Penetration Rate**

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

### **Low-Income Housing Tax Credit (“LIHTC”)**

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

### **Minority Depository Institutions (“MDIs”)**

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to [FDIC.gov](http://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.

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### **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.