



## **PUBLIC SUMMARY**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF ALDEN STATE BANK**

**AS OF SEPTEMBER 30, 2022**

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.

TABLE OF CONTENTS

Sections

- I. **General Information**
  - II. **Overview of Institution’s Performance**
  - III. **Performance Context**
    - A. Institution Profile
    - B. Assessment Area
    - C. Demographic & Economic Data
    - D. Community Information
  - IV. **Performance Standards and Assessment Factors**
    - A. Lending Test
    - B. Community Development Test
    - C. Additional Factors
  - V. **Glossary**
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# ALDEN STATE 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 Alden State Bank (“ASB” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This Evaluation represents the Department’s current assessment and rating of the Bank’s CRA performance based on an evaluation conducted as of September 30, 2022.

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.

# ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

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## II - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated ASB according to the intermediate small banking institution performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2015 to 2021 for the lending test and the period from January 1, 2016 to September 30, 2022 for the community development test. ASB 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

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

During the evaluation period, ASB's average LTD ratio of 82.1% was slightly higher than the peer group's average ratio of 79.2%.

#### 2. Assessment Area Concentration: Satisfactory

During the evaluation period, ASB originated 83.8% by number and 81.8% by dollar value of its total HMDA-reportable and small business loans within the assessment area demonstrating a reasonable concentration of lending.

#### 3. Distribution by Borrower Characteristics: Satisfactory

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

ASB's small business lending demonstrated an excellent distribution of loans among businesses of different revenue sizes, while the Bank's one-to-four family HMDA-reportable lending demonstrated a reasonable distribution of loans among borrowers of different income levels.

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

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

ASB's small business lending demonstrated a poor distribution of loans to LMI census tracts, while the Bank's HMDA-reportable lending in LMI census tracts was reasonable. HMDA lending was given more weight in the rating for this criterion.

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

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

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

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### **B. Community Development Test:** Satisfactory

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

#### 1. Community Development Lending: Satisfactory

During the evaluation period, ASB originated \$12.3 million in new community development loans, and had no outstanding loans from prior evaluation periods. This demonstrated an adequate level of community development lending over the course of the evaluation period.

#### 2. Qualified Investments: Needs to Improve

During the evaluation period, ASB made \$500,000 in new qualified investments and had no outstanding investments from prior evaluation periods. In addition, ASB made \$12,000 in qualified grants. This demonstrated a poor level of qualified investments over the course of the evaluation period.

#### 3. Community Development Services: Satisfactory

ASB demonstrated an adequate level of community development services over the course of the evaluation period with senior management and bank employees actively serving on boards and committees of various local nonprofits and other community organizations.

#### 4. Responsiveness to Community Development Needs:

ASB demonstrated an adequate level of responsiveness to credit and community development needs.

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

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

### III - PERFORMANCE CONTEXT

#### A. Institution Profile

Established in 1916, ASB is a New York State-chartered commercial bank headquartered in the Village of Alden, NY, which is located on the eastern edge of Erie County. In addition to the main office, which also functions as a full-service branch, ASB operates two full-service branches in Erie County.

ASB offers various personal and business banking products, including consumer and business checking accounts, savings accounts, certificates of deposit, health savings accounts, and individual retirement accounts. Loan products offered include residential mortgage loans, home equity loans, commercial mortgage loans, small business loans and lines of credit. The Bank also offers on-line banking, mobile banking, telephone banking, e-statements and wire transfer services to support and supplement its banking products.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2021, filed with the Federal Deposit Insurance Corporation (“FDIC”), ASB reported total assets of \$442.9 million, of which \$294.9 million were net loans and lease financing receivables. It also reported total deposits of \$390.2 million, resulting in an LTD ratio of 75.6%. According to the latest available comparative deposit data as of June 30, 2022, ASB obtained a market share of 0.6% or \$389 million in a market of \$67.8 billion, ranking it 11<sup>th</sup> among 18 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 Call Reports as of December 31 of 2015 to 2021:

<b>TOTAL GROSS LOANS OUTSTANDING</b>														
Loan Type	12/31/2015		12/31/2016		12/31/2017		12/31/2018		12/31/2019		12/31/2020		12/31/2021	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	145,173	69.0	148,224	67.9	153,383	65.8	169,959	65.2	182,890	64.4	176,927	62.8	170,303	56.9
Commercial & Industrial Loans	13,316	6.3	16,655	7.6	19,906	8.5	23,043	8.8	31,468	11.1	31,735	11.3	37,674	12.6
Commercial Mortgage Loans	29,860	14.2	29,836	13.7	31,728	13.6	32,343	12.4	35,026	12.3	46,470	16.5	46,632	15.6
Multifamily Mortgages	7,032	3.3	8,577	3.9	11,173	4.8	13,786	5.3	18,662	6.6	14,937	5.3	18,701	6.3
Consumer Loans	4,836	2.3	4,629	2.1	5,253	2.3	6,848	2.6	4,570	1.6	3,196	1.1	3,493	1.2
Agricultural Loans	32	0.0	32	0.0	33	0.0	31	0.0	26	0.0	3	0.0	0	0.0
Construction Loans	10,021	4.8	10,120	4.6	11,425	4.9	14,511	5.6	11,053	3.9	8,511	3.0	22,373	7.5
Other Loans	45	0.0	102	0.0	64	0.0	232	0.1	106	0.0	63	0.0	28	0.0
<b>Total Gross Loans</b>	<b>210,315</b>		<b>218,175</b>		<b>232,965</b>		<b>260,753</b>		<b>283,801</b>		<b>281,842</b>		<b>299,204</b>	

As illustrated in the above table, ASB is primarily a residential real estate lender with 63.2% of its loan portfolio in 1-4 family residential mortgage (56.9%) and multifamily mortgage (6.3%) loans.

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

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

### **B. Assessment Area**

ASB's current assessment area is comprised of Erie, Genesee, Wyoming and Niagara counties.

During the current evaluation period the Bank expanded its assessment area as follows: from the prior evaluation period of December 31, 2014 until February 2017, the Bank's assessment area consisted of parts of Erie, Genesee and Wyoming counties and comprised only 20 census tracts. In February 2017, the Bank expanded its assessment area to include all census tracts in Erie, Genesee and Wyoming counties. In May 2020, the Bank again expanded the assessment area to also include Niagara County due to the increasing number of loans made in the county, and in anticipation of the opening of the Bank's Clarence branch in 2021.

The current assessment area's 325 census tracts consist of 46 low-income, 55 moderate-income, 142 middle-income, 72 upper-income, and 10 census tracts with no income indicated, while prior to February 2017, the Bank's assessment area consisted of one low-income, one moderate-income, nine middle-income, eight upper-income and one census tract with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>							
<b>County</b>	<b>N/A</b>	<b>Low</b>	<b>Mod</b>	<b>Middle</b>	<b>Upper</b>	<b>Total</b>	<b>LMI %</b>
Erie	8	38	41	90	60	237	33.3
Genesee	0	0	1	13	1	15	6.7
Wyoming	0	0	0	10	1	11	0.0
Niagara	2	8	13	29	10	62	33.9
<b>Total</b>	<b>10</b>	<b>46</b>	<b>55</b>	<b>142</b>	<b>72</b>	<b>325</b>	<b>31.1</b>

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

The assessment area had a population of 1,236,638 during the evaluation period. Approximately 16.3% of the population were over the age of 65 and 18.2% were under the age of 16.

Of the 311,272 families in the assessment area 21.7% were low-income, 16.7% were moderate-income, 20.6% were middle-income and 41.1% were upper-income. There were 510,378 households in the assessment area, of which 14.4% had income below the poverty level and 3.1% were on public assistance.

The weighted average median family income in the assessment area was \$69,820.

There were 563,625 housing units within the assessment area, of which 86% were one- to four-family units and 11.7% were multifamily units. A majority (60.4%) of the housing units were owner-occupied, while 30.1% were rental-occupied units and 9.5% of units were vacant.

Of the 340,515 owner-occupied housing units, 16.8% were in LMI census tracts while 83.2% were in middle- and upper-income census tracts. The median age of the housing stock was 65 years, and the median home value in the assessment area was \$124,046.

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

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There were 97,440 non-farm businesses in the assessment area. Of these, 84.6% were businesses with reported revenues of less than or equal to \$1 million, 5% reported revenues of more than \$1 million and 10.4% did not report their revenues. Of all the businesses in the assessment area, 96% were businesses with less than fifty employees while 89.8% operated from a single location. The largest industries in the area were services (37.8%), retail trade (12.7%) and finance, insurance and real estate (8.5%); 20.3% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the annual unemployment rates for New York State steadily declined from the beginning of the current evaluation period until 2020, which was similar to the four counties in the Bank’s assessment area except for a slight increase in rates from 2016 to 2017. In 2020, unemployment rates increased significantly for New York State and the four counties in the Bank’s assessment due to COVID-19 pandemic. Then in 2021 the rates declined after a nationwide return-to-normal policy was put in place. During the evaluation period, Niagara County had the highest average annual unemployment rates for each year of the evaluation period among the four counties, while Genesee County maintained the lowest average annual unemployment rates.

<b>Assessment Area Unemployment Rate</b>					
	Statewide	Erie	Genesee	Niagara	Wyoming
2015	5.2%	5.4%	5.0%	6.2%	5.7%
2016	4.9%	5.0%	4.7%	5.9%	5.4%
2017	4.6%	5.1%	4.7%	6.1%	5.6%
2018	4.1%	4.4%	4.1%	5.2%	4.6%
2019	3.8%	4.1%	3.8%	4.8%	4.2%
2020	9.9%	9.1%	7.1%	10.1%	7.2%
2021	6.9%	5.5%	4.3%	5.7%	4.5%
<b>Average</b>	<b>5.6%</b>	<b>5.5%</b>	<b>4.8%</b>	<b>6.3%</b>	<b>5.3%</b>

### **D. Community Information**

As part of the evaluation, examiners conducted community contact interviews with two local organizations to help identify credit needs and opportunities within the Bank’s assessment area.

One interview was held with the executive director of a nonprofit organization that supports affordable housing for LMI families via construction, rehabilitation and preservation of affordable housing. The director stated that LMI families also struggle to find affordable day care services and face financial difficulties due to the high rents in the area while being paid minimum wage. The director added that while the organization has partnerships with local banks, more involvement is needed including mortgage assistance programs for LMI families.

The other interview was held with the executive director of a civil rights organization with a mission to promote the value of diversity and to ensure equal housing opportunity through education, advocacy and counselling for the residents in Western New York. The interviewee identified the need for quality affordable housing in the community that is accessible to persons with disabilities and LMI families.



## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

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### **IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

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

The lending test includes:

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

The community development test includes:

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

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

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

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

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2015 to 2021 for lending activities and the period from January 1, 2016 to September 30, 2022 for community development activities.

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

As ASB did not make any small farm loans, DFS based all analyses on small business lending only.

**ALDEN STATE BANK – CRA PERFORMANCE EVALUATION**

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

ASB is not required to report small business loan data, so ASB's small business lending is not included in the aggregate data. The aggregate data are shown only for comparative purposes.

Examiners gave greater weight to ASB’s HMDA-reportable lending in this evaluation, as the Bank’s HMDA-reportable loans represented 86.1% by number and 84.1% by dollar value of total loans the Bank originated within its assessment area during the current evaluation period.

In its prior Community Reinvestment Act Performance Evaluation as of December 31, 2014, DFS assigned ASB a rating of “2,” or a “satisfactory” with regulatory standards.

**CRA Rating: Satisfactory**

**A. Lending Test:** Satisfactory

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

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

ASB’s average LTD ratio was satisfactory considering its size, business strategy, financial condition and peer group activity.

During the evaluation period, ASB’s average LTD ratio of 82.1% was slightly higher than the peer group’s average ratio of 79.2%. The Bank’s quarterly average ratios fluctuated from a high of 93.8% to a low of 63.3% but were mostly in line with the peer group’s ratios. In 2020, ASB’s LTD ratios steadily declined primarily due to an increase in deposits in part due to the COVID-19 pandemic.

The table below shows ASB’s LTD ratios in comparison with the peer group’s ratios for the 28 quarters of this evaluation.

<b>Loan-to-Deposit Ratios</b>																
	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Bank	79.1	81.0	85.6	86.2	85.3	83.9	83.2	82.7	81.4	79.7	82.3	81.0	83.2	83.1	87.6	90.1
Peer	77.8	79.0	78.6	78.7	78.0	79.1	79.4	81.1	80.4	81.7	82.1	82.2	81.7	82.8	83.2	83.1

<b>Loan-to-Deposit Ratios</b>													
	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	Avg.
Bank	90.2	91.4	92.4	93.8	87.2	82.4	77.5	75.2	66.5	63.3	68.2	75.6	<b>82.1</b>
Peer	82.2	83.2	82.9	82.4	81.9	80.8	80.0	75.8	72.3	70.9	69.4	67.9	<b>79.2</b>

**ALDEN STATE BANK – CRA PERFORMANCE EVALUATION**

2. Assessment Area Concentration: Satisfactory

During the evaluation period, ASB originated 83.8% by number and 81.8% by dollar value of its total HMDA-reportable and small business loans within the assessment area demonstrating a reasonable concentration of lending. ASB’s concentration of lending in its assessment area significantly improved since 2017 as the Bank amended its assessment area to include Erie, Genesee and Wyoming counties in their entirety. Accordingly, ASB’s assessment area concentration rates for both number and dollar value of loans were at or above 90% in each year of the evaluation period since 2017.

*a. HMDA-Reportable Loans:*

During the evaluation period, ASB originated 82.8% by number and 80.3% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of ASB’s assessment area reflects a reasonable concentration of lending.

*b. Small Business Loans:*

During the evaluation period, ASB originated 90.5% by number and 90.6% by dollar value of its small business loans within the assessment area. This substantial majority of lending inside of ASB’s assessment area reflects an excellent concentration of lending.

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

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2015	196	59.2%	135	40.8%	331	13,823	38.6%	21,973	61.4%	35,796
2016	193	58.1%	139	41.9%	332	12,763	38.8%	20,112	61.2%	32,875
2017	303	94.1%	19	5.9%	322	31,288	90.8%	3,189	9.2%	34,477
2018	347	90.8%	35	9.2%	382	47,556	90.0%	5,292	10.0%	52,848
2019	287	90.8%	29	9.2%	316	45,456	92.8%	3,532	7.2%	48,988
2020	254	94.8%	14	5.2%	268	38,609	94.9%	2,080	5.1%	40,689
2021	254	95.8%	11	4.2%	265	45,184	97.1%	1,360	2.9%	46,544
Subtotal	1,834	82.8%	382	17.2%	2,216	234,680	80.3%	57,538	19.7%	292,217
Small Business										
2015	8	57.1%	6	42.9%	14	435	36.9%	744	63.1%	1,179
2016	12	57.1%	9	42.9%	21	1,466	50.1%	1,459	49.9%	2,925
2017	38	95.0%	2	5.0%	40	6,933	97.4%	187	2.6%	7,120
2018	57	98.3%	1	1.7%	58	8,793	98.9%	100	1.1%	8,893
2019	64	92.8%	5	7.2%	69	8,670	92.8%	670	7.2%	9,340
2020	57	91.9%	5	8.1%	62	9,999	91.2%	968	8.8%	10,967
2021	60	95.2%	3	4.8%	63	7,915	94.6%	452	5.4%	8,367
Subtotal	296	90.5%	31	9.5%	327	44,211	90.6%	4,580	9.4%	48,791
Grand Total	2,130	83.8%	413	16.2%	2,543	278,891	81.8%	62,118	18.2%	341,008

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

### 3. Distribution by Borrower Characteristics: Satisfactory

ASB’s HMDA-reportable and small business lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes. The Bank’s one-to-four family HMDA-reportable lending demonstrated a reasonable distribution of loans among borrowers of different income levels, while its small business lending demonstrated an outstanding distribution of loans among businesses of different revenue sizes.

#### *a. One-to-four Family HMDA-Reportable Loans:*

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

During the evaluation period, ASB originated 29.8% by number and 18.5% by dollar value of its one-to-four family HMDA-reportable loans to LMI borrowers which slightly trailed the aggregate’s average lending rates of 31.1% and 21.6%. However, ASB’s average lending rates to low-income borrowers outperformed the aggregate’s rates by both number and dollar value in all years of the evaluation period.

The following table provides a summary of the distribution of ASB’s one-to-four family HMDA-reportable loans by borrower income.

<b>Distribution of One-to-Four Family Loans by Borrower Income</b>									
<b>2015</b>									
<b>Borrower Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	31	15.9%	917	6.7%	101	6.6%	6,505	3.0%	12.6%
Moderate	48	24.6%	2,459	18.0%	331	21.6%	32,761	15.2%	15.0%
LMI	79	40.5%	3,376	24.7%	432	28.2%	39,266	18.3%	27.7%
Middle	60	30.8%	3,751	27.4%	410	26.7%	52,123	24.2%	24.5%
Upper	44	22.6%	4,886	35.7%	616	40.2%	112,717	52.4%	47.9%
Unknown	12	6.2%	1,682	12.3%	75	4.9%	10,929	5.1%	0.0%
<b>Total</b>	<b>195</b>		<b>13,695</b>		<b>1,533</b>		<b>215,035</b>		
<b>2016</b>									
<b>Borrower Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	36	18.8%	1,259	9.9%	103	6.1%	6,064	2.6%	12.6%
Moderate	45	23.6%	2,136	16.8%	326	19.5%	31,612	13.3%	15.0%
LMI	81	42.4%	3,395	26.7%	429	25.6%	37,676	15.9%	27.7%
Middle	46	24.1%	2,999	23.6%	461	27.5%	59,679	25.2%	24.5%
Upper	54	28.3%	5,536	43.5%	712	42.5%	127,668	53.9%	47.9%
Unknown	10	5.2%	796	6.3%	73	4.4%	11,848	5.0%	0.0%
<b>Total</b>	<b>191</b>		<b>12,726</b>		<b>1,675</b>		<b>236,871</b>		
<b>2017</b>									
<b>Borrower Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	41	13.5%	2,407	7.7%	1,377	8.5%	96,970	4.2%	21.6%
Moderate	56	18.5%	3,238	10.3%	3,744	23.1%	363,959	15.7%	16.5%
LMI	97	32.0%	5,645	18.0%	5,121	31.6%	460,929	19.9%	38.1%
Middle	78	25.7%	6,845	21.9%	4,173	25.7%	523,623	22.6%	20.2%
Upper	75	24.8%	9,832	31.4%	6,145	37.9%	1,139,496	49.3%	41.7%
Unknown	53	17.5%	8,966	28.7%	777	4.8%	188,890	8.2%	
<b>Total</b>	<b>303</b>		<b>31,288</b>		<b>16,216</b>		<b>2,312,938</b>		

**ALDEN STATE BANK – CRA PERFORMANCE EVALUATION**

2018									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	34	9.9%	2,581	5.9%	2,090	9.8%	167,460	5.9%	21.6%
Moderate	54	15.7%	4,681	10.7%	5,078	23.9%	526,170	18.5%	16.5%
LMI	88	25.6%	7,262	16.6%	7,168	33.7%	693,630	24.3%	38.1%
Middle	75	21.8%	7,651	17.5%	5,376	25.3%	661,040	23.2%	20.2%
Upper	96	27.9%	17,434	39.9%	7,656	36.0%	1,346,760	47.2%	41.7%
Unknown	85	24.7%	11,357	26.0%	1,041	4.9%	150,345	5.3%	
<b>Total</b>	<b>344</b>		<b>43,704</b>		<b>21,241</b>		<b>2,851,775</b>		
2019									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	28	10.3%	1,936	5.2%	2,091	9.5%	177,405	5.5%	21.6%
Moderate	38	14.0%	3,178	8.6%	5,155	23.5%	577,315	18.0%	16.5%
LMI	66	24.3%	5,113	13.8%	7,246	33.1%	754,720	23.5%	38.1%
Middle	51	18.8%	6,621	17.8%	5,504	25.1%	736,200	22.9%	20.2%
Upper	69	25.4%	12,981	35.0%	7,974	36.4%	1,526,180	47.5%	41.7%
Unknown	86	31.6%	12,415	33.4%	1,197	5.5%	195,735	6.1%	
<b>Total</b>	<b>272</b>		<b>37,130</b>		<b>21,921</b>		<b>3,212,835</b>		
2020									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	22	9.0%	1,997	6.5%	2,279	7.2%	212,985	4.0%	21.7%
Moderate	36	14.7%	4,330	14.0%	6,806	21.4%	848,000	15.9%	16.7%
LMI	58	23.7%	6,327	20.5%	9,085	28.6%	1,060,985	19.9%	38.4%
Middle	51	20.8%	5,101	16.5%	7,974	25.1%	1,196,370	22.4%	20.6%
Upper	68	27.8%	10,683	34.6%	12,604	39.7%	2,714,610	50.9%	41.1%
Unknown	68	27.8%	8,801	28.5%	2,068	6.5%	363,780	6.8%	
<b>Total</b>	<b>245</b>		<b>30,912</b>		<b>31,731</b>		<b>5,335,745</b>		
2021									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	24	10.0%	2,041	5.8%	2,963	8.3%	303,315	4.9%	21.7%
Moderate	40	16.6%	4,745	13.4%	8,026	22.5%	1,059,700	17.0%	16.7%
LMI	64	26.6%	6,786	19.2%	10,989	30.8%	1,363,015	21.9%	38.4%
Middle	57	23.7%	7,159	20.2%	9,184	25.7%	1,470,940	23.7%	20.6%
Upper	55	22.8%	10,829	30.6%	13,346	37.4%	2,988,850	48.1%	41.1%
Unknown	65	27.0%	10,658	30.1%	2,196	6.1%	395,680	6.4%	
<b>Total</b>	<b>241</b>		<b>35,432</b>		<b>35,715</b>		<b>6,218,485</b>		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	216	12.1%	13,137	6.4%	11,004	8.5%	970,704	4.8%	
Moderate	317	17.7%	24,767	12.1%	29,466	22.7%	3,439,517	16.9%	
LMI	533	29.8%	37,905	18.5%	40,470	31.1%	4,410,221	21.6%	
Middle	418	23.3%	40,126	19.6%	33,082	25.4%	4,699,975	23.1%	
Upper	461	25.7%	72,182	35.2%	49,053	37.7%	9,956,281	48.8%	
Unknown	379	21.2%	54,674	26.7%	7,427	5.7%	1,317,207	6.5%	
<b>Total</b>	<b>1,791</b>		<b>204,887</b>		<b>130,032</b>		<b>20,383,684</b>		

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

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### *b. Small Business Loans:*

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

During the evaluation period, ASB's rates of lending to small businesses with revenues of \$1 million or less averaged 73.3% by number and 64.1% by dollar value, outperforming the aggregate's rates of 46.3% and 28.6%, respectively. The Bank's annual lending rates by number and dollar value of loans to small businesses with revenue of \$ 1 million or less, were well above the aggregate's rates for five consecutive years beginning in 2017.

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

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

Distribution of Small Business Lending by Revenue Size of Business									
2015									
Rev. Size	Bank				Aggregate				Bus. Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	4	50.0%	350	80.5%	537	53.2%	17,096	37.3%	79.8%
Rev. > \$1MM	-	0.0%	0	0.0%					5.6%
Rev. Unknown	4	50.0%	85	19.5%					14.6%
<b>Total</b>	<b>8</b>		<b>435</b>		<b>1,009</b>		<b>45,822</b>		
2016									
Rev. Size	Bank				Aggregate				Bus. Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	7	58.3%	573	39.1%	568	53.2%	17,000	39.7%	83.2%
Rev. > \$1MM	-	0.0%	0	0.0%					6.7%
Rev. Unknown	5	41.7%	893	60.9%					10.2%
<b>Total</b>	<b>12</b>		<b>1,466</b>		<b>1,067</b>		<b>42,829</b>		
2017									
Rev. Size	Bank				Aggregate				Bus. Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	22	57.9%	3,107	44.8%	7,304	52.8%	212,005	33.8%	79.6%
Rev. > \$1MM	-	0.0%	0	0.0%					7.7%
Rev. Unknown	16	42.1%	3,826	55.2%					12.7%
<b>Total</b>	<b>38</b>		<b>6,933</b>		<b>13,842</b>		<b>628,070</b>		
2018									
Rev. Size	Bank				Aggregate				Bus. Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	44	77.2%	6,193	70.4%	6,688	47.2%	207,622	32.4%	79.7%
Rev. > \$1MM	-	0.0%	0	0.0%					7.6%
Rev. Unknown	13	22.8%	2,600	29.6%					12.7%
<b>Total</b>	<b>57</b>		<b>8,793</b>		<b>14,179</b>		<b>640,864</b>		
2019									
Rev. Size	Bank				Aggregate				Bus. Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	55	85.9%	5,978	69.0%	7,931	47.6%	249,064	35.3%	80.9%
Rev. > \$1MM	-	0.0%	0	0.0%					7.0%
Rev. Unknown	9	14.1%	2,692	31.0%					12.2%
<b>Total</b>	<b>64</b>		<b>8,670</b>		<b>16,656</b>		<b>705,941</b>		
2020									
Rev. Size	Bank				Aggregate				Bus. Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	46	80.7%	8,064	80.6%	11,003	41.0%	427,089	23.7%	83.3%
Rev. > \$1MM	-	0.0%	0	0.0%					5.8%
Rev. Unknown	11	19.3%	1,935	19.4%					10.9%
<b>Total</b>	<b>57</b>		<b>9,999</b>		<b>26,814</b>		<b>1,805,015</b>		
2021									
Rev. Size	Bank				Aggregate				Bus. Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	39	65.0%	4,074	51.5%	12,566	46.6%	355,820	26.8%	84.6%
Rev. > \$1MM	-	0.0%	0	0.0%					5.0%
Rev. Unknown	21	35.0%	3,841	48.5%					10.5%
<b>Total</b>	<b>60</b>		<b>7,915</b>		<b>26,987</b>		<b>1,329,955</b>		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus. Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	217	73.3%	28,339	64.1%	46,597	46.3%	1,485,696	28.6%	
Rev. > \$1MM	-	0.0%	-	0.0%					
Rev. Unknown	79	26.7%	15,872	35.9%					
<b>Grand Total</b>	<b>296</b>		<b>44,211</b>		<b>100,554</b>		<b>5,198,496</b>		

4.

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

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### Geographic Distribution of Loans: Satisfactory

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

ASB's HMDA-reportable lending in LMI census tracts was reasonable, while the Bank's small business lending in LMI census tracts was poor. More weight was given to the Bank's HMDA lending.

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

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

ASB's average lending rates in LMI census tracts for the evaluation period of 13.5% by number and 14.8% by dollar value of loans exceeded the aggregate's rates of 12% and 8.8%, respectively.

In 2015 and 2016, ASB did not originate any HMDA-reportable loans in LMI census tracts within the Bank's assessment area. However, this was just below the aggregate and the percentage of owner-occupied housing demographics of the assessment area indicating limited lending opportunities, as the assessment area included only one low- and one moderate-income census tract for those years. In 2017, when the Bank first expanded its assessment area to include all of Erie, Genesee and Wyoming County its lending rates in LMI census tracts increased but trailed the aggregate's rates and the owner-occupied housing demographics. In 2018, the Bank's lending rates in LMI census tracts were similar to the aggregate, but slightly below the owner-occupied housing demographics. In 2019, 2020 and 2021 the Bank's lending rates in LMI census tracts both by number and dollar value of loans were well above the aggregate's rates and the owner-occupied housing demographics of the assessment area.

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



**ALDEN STATE BANK – CRA PERFORMANCE EVALUATION**

<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2015</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.02%
Moderate	0	0.0%	0	0.0%	3	0.2%	148	0.0%	0.72%
LMI	0	0.0%	0	0.0%	3	0.2%	148	0.0%	0.74%
Middle	138	70.4%	9,933	71.9%	685	43.9%	84,184	27.7%	49.19%
Upper	58	29.6%	3,890	28.1%	871	55.9%	219,201	72.2%	50.07%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>196</b>		<b>13,823</b>		<b>1,559</b>		<b>303,533</b>		
<b>2016</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.02%
Moderate	0	0.0%	0	0.0%	1	0.1%	86	0.0%	0.72%
LMI	0	0.0%	0	0.0%	1	0.1%	86	0.0%	0.7%
Middle	134	69.4%	8,509	66.7%	746	43.8%	85,182	33.9%	49.19%
Upper	58	30.1%	4,235	33.2%	956	56.1%	165,999	66.1%	50.07%
Unknown	1	0.5%	19	0.1%	1	0.1%	19	0.0%	0.0%
<b>Total</b>	<b>193</b>		<b>12,763</b>		<b>1,704</b>		<b>251,286</b>		
<b>2017</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</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	1.7%	664	2.1%	741	4.5%	101,964	4.0%	6.6%
Moderate	14	4.6%	1,295	4.1%	1,499	9.1%	154,927	6.1%	10.1%
LMI	19	6.3%	1,959	6.3%	2,240	13.6%	256,891	10.0%	16.7%
Middle	180	59.4%	17,149	54.8%	7,969	48.5%	995,501	38.9%	47.2%
Upper	104	34.3%	12,180	38.9%	6,208	37.8%	1,304,610	51.0%	36.1%
Unknown	0	0.0%	0	0.0%	8	0.0%	2,569	0.1%	0.0%
<b>Total</b>	<b>303</b>		<b>31,288</b>		<b>16,425</b>		<b>2,559,571</b>		
<b>2018</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	14	4.0%	1,425	3.0%	955	4.5%	124,115	3.7%	6.6%
Moderate	35	10.1%	3,048	6.4%	1,823	8.5%	216,915	6.4%	10.1%
LMI	49	14.1%	4,473	9.4%	2,778	13.0%	341,030	10.1%	16.7%
Middle	180	51.9%	17,745	37.3%	9,840	45.9%	1,257,700	37.2%	47.2%
Upper	118	34.0%	25,338	53.3%	8,784	41.0%	1,621,960	48.0%	36.1%
Unknown	0	0.0%	0	0.0%	13	0.1%	156,475	4.6%	0.0%
<b>Total</b>	<b>347</b>		<b>47,556</b>		<b>21,415</b>		<b>3,377,165</b>		
<b>2019</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	33	11.5%	7,548	16.6%	990	4.5%	148,510	3.6%	6.6%
Moderate	38	13.2%	4,482	9.9%	1,929	8.7%	234,605	5.7%	10.1%
LMI	71	24.7%	12,030	26.5%	2,919	13.2%	383,115	9.3%	16.7%
Middle	130	45.3%	13,829	30.4%	10,039	45.4%	1,769,545	43.2%	47.2%
Upper	86	30.0%	19,597	43.1%	9,142	41.3%	1,932,710	47.1%	36.1%
Unknown	0	0.0%	0	0.0%	12	0.1%	15,010	0.4%	0.0%
<b>Total</b>	<b>287</b>		<b>45,456</b>		<b>22,112</b>		<b>4,100,380</b>		

**ALDEN STATE BANK – CRA PERFORMANCE EVALUATION**

2020									
Geograph	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	28	11.0%	3,641	9.4%	1,062	3.3%	150,140	2.6%	6.3%
Moderate	31	12.2%	4,147	10.7%	2,338	7.3%	304,740	5.2%	10.5%
LMI	59	23.2%	7,788	20.2%	3,400	10.6%	454,880	7.8%	16.8%
Middle	109	42.9%	13,996	36.3%	14,294	44.8%	2,198,510	37.8%	48.0%
Upper	86	33.9%	16,826	43.6%	14,222	44.5%	3,136,170	53.9%	35.2%
Unknown	0	0.0%	0	0.0%	14	0.0%	32,080	0.6%	0.0%
<b>Total</b>	<b>254</b>		<b>38,609</b>		<b>31,930</b>		<b>5,821,640</b>		
2021									
Geograph	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	20	7.9%	3,084	6.8%	1,354	3.8%	179,280	2.6%	6.3%
Moderate	29	11.4%	5,363	11.9%	3,081	8.6%	443,935	6.4%	10.5%
LMI	49	19.3%	8,447	18.7%	4,435	12.3%	623,215	9.0%	16.8%
Middle	125	49.2%	18,767	41.5%	16,728	46.5%	2,803,180	40.3%	48.0%
Upper	80	31.5%	17,969	39.8%	14,764	41.1%	3,468,180	49.8%	35.2%
Unknown	0	0.0%	0	0.0%	27	0.1%	68,535	1.0%	0.0%
<b>Total</b>	<b>254</b>		<b>45,184</b>		<b>35,954</b>		<b>6,963,110</b>		
GRAND TOTAL									
Geograph	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	100	5.5%	16,362	7.0%	5,102	3.9%	704,009	3.0%	
Moderate	147	8.0%	18,335	7.8%	10,674	8.1%	1,355,356	5.8%	
LMI	247	13.5%	34,698	14.8%	15,776	12.0%	2,059,365	8.8%	
Middle	996	54.3%	99,929	42.6%	60,301	46.0%	9,193,802	39.3%	
Upper	590	32.2%	100,034	42.6%	54,947	41.9%	11,848,830	50.7%	
Unknown	1	0.1%	19	0.0%	75	0.1%	274,688	1.2%	
<b>Grand To</b>	<b>1,834</b>		<b>234,680</b>		<b>131,099</b>		<b>23,376,685</b>		

*b. Small Business Loans:*

ASB's distribution of small business loans among census tracts of varying income levels was poor.

The Bank's average rates of lending in LMI census tracts for the current evaluation period were 7.8% by number and 9.6% by dollar value, which were significantly below the aggregate's rates of 18.5% and 20.6%, respectively. In addition, ASB's rates of lending in LMI census tracts trailed the aggregate's rates as well as the percentage of small businesses located in LMI census tracts (business demographics) within the assessment area, for each year of the evaluation period.

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

**ALDEN STATE BANK – CRA PERFORMANCE EVALUATION**

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2015</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	6	0.6%	78	0.2%	0.6%
LMI	0	0.0%	0	0.0%	6	0.6%	78	0.2%	0.6%
Middle	2	25.0%	120	27.6%	515	51.0%	23,261	50.8%	52.2%
Upper	6	75.0%	315	72.4%	488	48.4%	22,483	49.1%	47.1%
Unknown		0.0%		0.0%	0	0.0%	0	0.0%	0.1%
<b>Total</b>	<b>8</b>		<b>435</b>		<b>1,009</b>		<b>45,822</b>		
<b>2016</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	2	0.2%	25	0.1%	0.6%
LMI	0	0.0%	0	0.0%	2	0.2%	25	0.1%	0.6%
Middle	8	66.7%	1,330	90.7%	530	49.7%	18,563	43.3%	52.5%
Upper	4	33.3%	136	9.3%	535	50.1%	24,241	56.6%	46.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.1%
<b>Total</b>	<b>12</b>		<b>1,466</b>		<b>1,067</b>		<b>42,829</b>		
<b>2017</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	3	7.9%	629	9.1%	1,148	8.3%	62,491	9.9%	8.7%
Moderate	1	2.6%	206	3.0%	1,323	9.6%	66,662	10.6%	10.7%
LMI	4	10.5%	835	12.0%	2,471	17.9%	129,153	20.6%	19.5%
Middle	22	57.9%	3,687	53.2%	5,576	40.3%	240,333	38.3%	40.3%
Upper	12	31.6%	2,411	34.8%	5,454	39.4%	232,179	37.0%	36.3%
Unknown	0	0.0%	0	0.0%	341	2.5%	26,405	4.2%	3.9%
<b>Total</b>	<b>38</b>		<b>6,933</b>		<b>13,842</b>		<b>628,070</b>		
<b>2018</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	1	1.8%	1,000	11.4%	1,187	8.4%	66,310	10.3%	8.6%
Moderate	1	1.8%	225	2.6%	1,321	9.3%	73,800	11.5%	10.7%
LMI	2	3.5%	1,225	13.9%	2,508	17.7%	140,110	21.9%	19.4%
Middle	24	42.1%	3,091	35.2%	5,662	39.9%	233,059	36.4%	40.1%
Upper	31	54.4%	4,477	50.9%	5,670	40.0%	246,117	38.4%	36.6%
Unknown	0	0.0%	0	0.0%	339	2.4%	21,578	3.4%	3.9%
<b>Total</b>	<b>57</b>		<b>8,793</b>		<b>14,179</b>		<b>640,864</b>		
<b>2019</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	3	4.7%	253	2.9%	1,480	8.9%	66,155	9.4%	9.0%
Moderate	1	1.6%	300	3.5%	1,576	9.5%	80,626	11.4%	10.8%
LMI	4	6.3%	553	6.4%	3,056	18.3%	146,781	20.8%	19.8%
Middle	25	39.1%	3,174	36.6%	6,632	39.8%	274,241	38.8%	39.5%
Upper	35	54.7%	4,943	57.0%	6,540	39.3%	255,382	36.2%	36.9%
Unknown	0	0.0%	0	0.0%	428	2.6%	29,537	4.2%	3.8%
<b>Total</b>	<b>64</b>		<b>8,670</b>		<b>16,656</b>		<b>705,941</b>		

**ALDEN STATE BANK – CRA PERFORMANCE EVALUATION**

2020									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	3.5%	440	4.4%	2,199	8.2%	160,288	8.9%	9.0%
Moderate	4	7.0%	225	2.3%	2,881	10.7%	216,890	12.0%	11.6%
LMI	6	10.5%	665	6.7%	5,080	18.9%	377,178	20.9%	20.6%
Middle	21	36.8%	2,726	27.3%	10,712	39.9%	722,431	40.0%	40.2%
Upper	30	52.6%	6,608	66.1%	10,327	38.5%	622,176	34.5%	35.8%
Unknown	0	0.0%	0	0.0%	695	2.6%	83,230	4.6%	3.4%
<b>Total</b>	<b>57</b>		<b>9,999</b>		<b>26,814</b>		<b>1,805,015</b>		
2021									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	8.3%	815	10.3%	2,468	9.1%	112,811	8.5%	9.8%
Moderate	2	3.3%	144	1.8%	2,965	11.0%	165,582	12.5%	11.8%
LMI	7	11.7%	959	12.1%	5,433	20.1%	278,393	20.9%	21.6%
Middle	27	45.0%	2,200	27.8%	10,688	39.6%	536,437	40.3%	39.0%
Upper	26	43.3%	4,756	60.1%	10,224	37.9%	450,980	33.9%	35.7%
Unknown	0	0.0%	0	0.0%	642	2.4%	64,145	4.8%	3.8%
<b>Total</b>	<b>60</b>		<b>7,915</b>		<b>26,987</b>		<b>1,329,955</b>		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	14	4.7%	3,137	7.1%	8,482	8.4%	468,055	9.0%	
Moderate	9	3.0%	1,100	2.5%	10,074	10.0%	603,663	11.6%	
LMI	23	7.8%	4,237	9.6%	18,556	18.5%	1,071,718	20.6%	
Middle	129	43.6%	16,328	36.9%	40,315	40.1%	2,048,325	39.4%	
Upper	144	48.6%	23,646	53.5%	39,238	39.0%	1,853,558	35.7%	
Unknown	0	0.0%	0	0.0%	2,445	2.4%	224,895	4.3%	
<b>Total</b>	<b>296</b>		<b>44,211</b>		<b>100,554</b>		<b>5,198,496</b>		

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

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

**B. Community Development Test:** Satisfactory

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

During the evaluation period, ASB originated \$12.3 million in new community development loans. Also during the evaluation period, ASB made \$500,000 in new qualified investments and \$12,000 in qualified grants.

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

### 1. Community Development Lending: Satisfactory

During the evaluation period, ASB originated \$12.3 million in new community development loans and had no loans outstanding from prior evaluation periods. This demonstrated a reasonable level of community development lending over the course of the evaluation period.

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	2	335		
Economic Development	1	10,000		
Community Services				
Revitalization & Stabilization	1	2,000		
<b>Total</b>	<b>4</b>	<b>12,335</b>	<b>0</b>	<b>0</b>

Below are highlights of ASB’s community development lending.

- In 2020 ASB made a \$10 million loan commitment to an economic development company headquartered in New York, to fund PPP loans to small businesses adversely affected by the COVID-19 pandemic.
- The Bank, in 2021 extended a \$2 million construction to permanent loan for the rehabilitation of a former industrial warehouse into a film studio. The subject property is in a low-income census tract and within an economic opportunity zone, supporting revitalization and stabilization of downtown Buffalo, NY.

### 2. Qualified Investments: Needs to Improve

During the evaluation period, ASB made \$500,000 in new qualified investments and had none outstanding from prior evaluation periods. In addition, ASB made \$12,000 in qualified grants. This demonstrated a poor level of qualified investments over the course of the evaluation period.

<b>Qualified Investments and Grants</b>				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing				
Economic Development				
Community Services	1	500		
Revitalization Community				
<b>Total</b>	<b>1</b>	<b>500</b>	<b>0</b>	<b>0</b>
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing				
Economic Development				
Community Services	3	12		
Other (Please Specify)				
<b>Total</b>	<b>3</b>	<b>12</b>		

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

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### Investments

- ASB invested \$500,000 in a bond anticipation note. The funds were used to build a fire hall in a fire district adjacent to LMI census tracts.

### Grants

- ASB donated \$10,000 to a foundation that provides annual scholarships to disadvantaged minority students who graduated from a school district within Erie County.

### 3. Community Development Services: Satisfactory

ASB provided a reasonable level of community development services over the course of the evaluation period with senior management and bank employees actively serving on the boards and committees of local nonprofit and other organizations.

<b>Community Development Services</b>	
<b>Activity Type</b>	<b>Number of Activities</b>
On-Going Board & Committee Memberships	15
Technical Assistance	
Credit Counseling	
<b>Total Community Development Services</b>	15

Below are highlights of ASB’s community development services.

- A member of senior management served on the academic advisory board of a college alumni group. The alumni group is responsible for grants and scholarships of a college where more than 70% of the students are considered low-income.
- A bank employee served as a board member of a nonprofit economic development organization that supports and promotes the growth of commerce and industry within the Bank’s assessment area.
- An employee served as a member of advisory committee of a nonprofit, charitable organization that prepares and delivers meals to low-income individuals and families.

### Responsiveness to Community Development Needs:

ASB demonstrated a reasonable level of responsiveness through community development lending and services. The Bank’s community development lending primarily supported small businesses adversely affected by the pandemic and community development services consisted of bank employees serving on the board or committees of various nonprofit and other organizations during the evaluation period.

### C. Additional Factors

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

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

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The board of directors discuss CRA activities and evaluate their impact on the Bank’s CRA compliance, including the Bank’s marketing efforts. The board annually reviews the CRA statement and quarterly receives and reviews CRA compliance reports.

### 2. Discrimination and other illegal practices

- *Any practices intended to discourage applications for types of credit set forth in the banking institution’s CRA Public File.*

DFS examiners did not note practices by ASB intended to discourage applications for the types of credit offered by ASB.

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

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

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

In November 2021, ASB opened a branch in East Amherst in an upper-income census tract. The Bank did not close any branches during the evaluation period. ASB’s other two branches are located in the Village of Alden in a middle-income census tract and in the Town of Lancaster in an upper-income census tract. All three branches are in Erie County, NY.

Branch hours are from 9:00AM to 4:30PM, Monday to Wednesday, with extended hours on Thursday and Friday. The East Amherst and Lancaster branches offer Saturday hours from 9:00AM to 12:00PM. All branches have drive-thru windows which open at 8:00AM. Supplementing the banking offices, is an automated teller machine (“ATM”) network consisting of three drive-thru machines, one at each branch and available 24/7.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Erie				1	2	3	0%
Genesee							0%
Wyoming							0%
Niagara							0%
<b>Total</b>				<b>1</b>	<b>2</b>	<b>3</b>	<b>0%</b>

### 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.*

ASB ascertains its community’s credit and other banking needs through regular contact between the Bank’s board of directors, officers and employees and local government and

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

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school officials, local businesses, farmers, officers, and members of local non-for-profit organizations and through contact with the public.

- 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

ASB's marketing efforts have been limited primarily to name and brand recognition, and some marketing for deposits. The Bank's management tailor its marketing efforts by its capacity to lend, closely monitoring its LTD ratios.

The methods through which ASB advertises include television, radio, newspaper, sponsorships and digital (social media).

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

During the evaluation period, ASB made two additional CRA qualified investments totaling \$780,000. These investments were in New York State, but outside of the assessment area.

- The Bank made a \$500,000 investment in a municipal anticipation bond issued by a local city to finance various improvements including street resurfacing, fire station, ramp replacement, construction and replacement of water supply lines in LMI census tracts.
- ASB purchased \$280,000 in municipal bonds issued by a central school district located about 65 miles outside the Bank's assessment area. A majority (51% or more) of the student population in the school district qualify for the free or reduced lunch program. The funds were used to purchase school buses.



**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

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

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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.

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

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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

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

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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. In all instances, the area median family incomes used to measure individual income levels are updated annually by the FFIEC.

### **LMI Penetration Rate**

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

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

LIHTC were created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low-income Americans. The tax credits provide a dollar-for-dollar reduction in a taxpayer’s federal income tax. It is more 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.

## ALDEN STATE BANK – CRA PERFORMANCE EVALUATION

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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.