



**NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
CONSUMER PROTECTION AND FINANCIAL ENFORCEMENT
DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2018

Institution: Citizens Bank of Cape Vincent
154 E. Broadway
Cape Vincent, NY 13618

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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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Citizens Bank of Cape Vincent (“CBCV” 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, 2018.

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 written summary (“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 document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated CBCV according to the small banking institution performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The assessment period included calendar years 2014 through 2018. CBCV is rated “**Satisfactory**” or “2.” This rating means CBCV had a satisfactory record of helping to meet community credit needs.

The rating is based on the following factors:

Lending Test: “Satisfactory”

Loan-to-Deposit Ratio and Other Lending-Related Activities: “Satisfactory”

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

CBCV’s average LTD ratio of 55.8% for the evaluation period was significantly lower than the peer’s average LTD ratio of 70.9%. According to Bank management, the low LTD ratio was the result of growth in municipal deposits, which are not available for lending.

Assessment Area Concentration: “Satisfactory”

During the evaluation period, CBCV originated 76.2% by number and 82.6% by dollar value of its total HMDA-reportable and consumer loans within the assessment area. This majority of lending inside of its assessment area reflects a reasonable concentration of lending within CBCV’s assessment area.

Distribution by Borrower Characteristics: “Satisfactory”

CBCV’s HMDA-reportable and consumer lending demonstrated a reasonable distribution of loans among individuals of different income levels.

The Bank’s rate of HMDA lending to LMI borrowers of 15.7% by number of loans and 7.9% by dollar value, slightly trailed the aggregate’s respective rates of 18.4% and 10.4%.

Consumer loans made to LMI borrowers averaged 59.2% by number and 31.9% by dollar value of loans. This level of lending compared favorably to the average LMI demographics of approximately 35% for the evaluation period.

Geographic Distribution of Loans: “Not Rated”

There are four census tracts in CBCV’s assessment area, all of which are classified as middle-income census tracts. Therefore, this criterion was not rated.

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

Neither DFS nor CBCV received any written complaints regarding CBCV's CRA performance during this 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.

PERFORMANCE CONTEXT

Institution Profile

Chartered in 1919, CBCV is a commercial bank headquartered in Cape Vincent, New York. CBCV operates three branches in Jefferson County. In addition to the main office in Cape Vincent, the Bank operates one branch in Chaumont and one in La Fargeville.

CBCV's banking products include deposit accounts such as consumer checking, statement savings, and certificates of deposit; loan programs include one-to-four family residential and multifamily mortgage loans, time and demand notes, consumer, and commercial real estate loans; services include wire transfers, night depository, ATMs, and internet banking.

In its Consolidated Report of Condition (the "Call Report") as of December 31, 2018, filed with the Federal Deposit Insurance Corporation ("FDIC"), CBCV reported total assets of \$70.7 million, of which \$35.2 million were net loans and lease financing receivables. It also reported total deposits of \$64.3 million, resulting in a LTD ratio of 54.7%. According to the latest available comparative deposit data as of June 30, 2018, CBCV had a market share of 3.8%, or \$62.1 million in a market of \$1.6 billion, ranking it 6th among 10 deposit-taking institutions in the assessment area.

The following is a summary of the Bank's loan portfolio, based on Schedule RC-C of the Bank's December 31, 2014, 2015, 2016, 2017, and 2018 Call Reports:

Loan Type	2014		2015		2016		2017		2018	
	\$000's	%								
1-4 Family Residential Mortgage Loans	22,602	72.4	25,356	76.9	25,851	78.1	26,366	79.1	28,553	79.7
Commercial & Industrial Loans	485	1.6	407	1.2	336	1.0	385	1.2	376	1.0
Commercial Mortgage Loans	4,016	12.9	3,942	12.0	3,604	10.9	3,199	9.6	3,362	9.4
Multifamily Mortgages		0.0		0.0	127	0.4	440	1.3	397	1.1
Consumer Loans	2,460	7.9	2,316	7.0	1,858	5.6	1,690	5.1	1,745	4.9
Agricultural Loans		0.0	97	0.3	134	0.4	95	0.3	87	0.2
Construction Loans	254	0.8	128	0.4	126	0.4	124	0.4	122	0.3
Obligations of States & Municipalities	507	1.6	200	0.6	138	0.4	92	0.3	254	0.7
Other Loans	521	1.7	467	1.4	891	2.7	916	2.7	942	2.6
Farmland Loans	363	1.2	43	0.1	37	0.1	23	0.1	0	0.0
Total Gross Loans	31,208		32,956		33,102		33,330		35,838	

As illustrated in the above table, CBCV is primarily a residential real estate lender. As of December 31, 2018, 79.7% of the Bank's loan portfolio consisted of one-to-four family residential mortgage loans. Consumer loans made up 4.9% of the dollar volume of CBCV's loan portfolio. However, in terms of the number of loans originated, consumer loans represent a significant portion of the loans made. The Bank's mix of loans remained relatively unchanged since the prior evaluation.

CBCV operates three banking offices, all of which are in middle-income census tracts in Jefferson County. Each branch operates a full-service deposit-taking automated teller machine (“ATM”) and offers similar products and services, except for the Chaumont branch, which also offers drive-through banking services during normal banking hours. Branch hours are 9:00 AM to 4:00 PM Monday through Wednesday, and 9:00 AM to 5:00 PM Thursday and Friday; the Chaumont branch’s services are available from 9:00 AM to noon seasonally.

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

Assessment Area

CBCV’s assessment area is comprised of the northwest part of Jefferson County. There are four census tracts in the assessment area, all of which are middle-income. The Bank added one census tract since the prior evaluation.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Jefferson*	0	0	0	4	0	4	0
Total	0	0	0	4	0	4	0

* Partial County

The assessment area appears reasonable based upon the location of the bank’s offices and its lending patterns.

Demographic & Economic Data

The assessment area had a population of 20,746 during the examination period. About 17.8% of the population were over the age of 65 and 18.3% were under the age of sixteen.

Of the 5,723 families in the assessment area, 14.4% were low-income, 17.9% were moderate-income, 22.9% were middle-income, and 44.9% were upper-income. There were 7,944 households in the assessment area, of which 9.6% had income below the poverty level and 1.9% were on public assistance.

The weighted average median family income in the assessment area was \$62,317.

There were 15,583 housing units within the assessment area; 75% were one- to-four family units. A majority (39%) of the area’s housing units were owner-occupied, while 12% were rental units. A high percentage of the housing units (49%) were vacant. The median age of the housing stock was 46 years, and the median home value in the assessment area was \$146,659.

There were 1,137 non-farm businesses in the assessment area. Of these, 78.8% were businesses with reported revenues of less than or equal to \$1 million, 6.5% reported revenues of more than \$1 million, and 14.7% did not report their revenues. Of the businesses in the assessment area, 97.2% were businesses with less than fifty employees while 86.1% operated from a single location. The largest industries in the area were services (33.8%), retail trade (15.5%), and construction (11.1%), while 7.7% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State declined each year during the evaluation period. Unemployment rates in Jefferson County were consistently higher than the rates for New York State overall. The average unemployment rate for New York State decreased from 6.3% in 2014 to 4.1% in 2018, compared to 7.6% and 5.6% for Jefferson County, respectively.

Assessment Area Unemployment Rate		
	Statewide	JeffersonCounty
2014	6.3	7.6
2015	5.3	6.6
2016	4.9	6.2
2017	4.7	6.5
2018	4.1	5.6

Community Information

Examiners interviewed the executive director of a nonprofit organization that focuses on affordable housing and community renewal projects for low-income individuals and families. The organization helps develop, locate, and rehabilitate affordable housing units through available grants from state and federal funding. For more than 40 years, the organization has helped provide affordable housing for low-income residents living in the towns of northern Jefferson County.

The contact indicated that a primary community need is to assist homeowners rehabilitate and repair their aging properties. Low-income seniors are particularly vulnerable, as maintenance costs may exceed their limited fixed incomes. The organization is engaged in a project to rehabilitate a local low-income senior housing project, which will provide affordable housing for low-income individuals, including seniors.

The contact mentioned that banks in the area could be more responsive to community credit needs but gave neither positive nor negative feedback on the performance of any local financial institution.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated CBCV 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 CBCV helps meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. CBCV submitted bank-specific information both as part of the examination process and on 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 Dun & Bradstreet updates 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.

The evaluation period included calendar years 2014 through 2018.

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

Because CBCV is primarily a residential real estate lender, examiners gave greater weight to CBCV’s HMDA-reportable loans in this evaluation.

At its **prior** Performance Evaluation, as of December 31, 2012, DFS assigned CBCV a rating of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs.

Current CRA Rating: “Satisfactory”

Lending Test: “Satisfactory”

CBCV’s HMDA-reportable and consumer lending activities were reasonable 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.

Loan-to-Deposit Ratio and Other Lending-Related Activities: “Satisfactory”

CBCV’s average loan-to-deposit (“LTD”) ratio was reasonable 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.

CBCV’s average LTD ratio was 55.8%, significantly lower than the peer group’s 70.9%. CBCV’s average LTD ratio was also lower during this evaluation, compared to the previous evaluation’s average ratio of 64.4%. Bank management stated that the low LTD ratio was the result of growth in municipal deposits, which are not available for lending.

The table below shows CBCV’s LTD ratios in comparison with the peer group’s ratios for the 20 quarters since the prior evaluation.

Loan-to-Deposit Ratios																					
	2014 Q1	2014 Q2	2014 Q3	2014 Q4	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	Avg.
Bank	56.3	59.6	60.1	62.5	55.9	55.3	55.8	57.8	55.9	57.1	56.3	56.5	54.9	53.9	50.9	53.1	52.4	52.9	54.9	54.7	55.8
Peer	67.1	68.4	69.5	69.5	69.1	69.9	70.3	71.3	71.2	71.8	71.0	71.4	71.1	72.1	72.1	71.8	71.9	72.6	72.4	72.6	70.9

Assessment Area Concentration: “Satisfactory”

During the evaluation period, CBCV originated 76.2% by number and 82.6% by dollar value of its total HMDA-reportable and consumer loans within the assessment area. This majority of lending inside of its assessment area reflects a reasonable concentration of lending within CBCV’s assessment area.

HMDA-Reportable Loans

CBCV originated 83.5% by number and 84.8% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of its assessment area

reflects a reasonable concentration of lending inside its assessment area.

Consumer Loans

CBCV originated 73.4% by number and 71.4% by dollar value of its consumer loans within the assessment area. This majority of lending inside of its assessment area reflects a reasonable concentration of lending within CBCV's assessment area.

The following table shows the percentages of CBCV's HMDA-reportable and consumer 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											
2014	23	88.5%	3	11.5%	26	2,785	94.2%	172	5.8%	2,957	
2015	31	77.5%	9	22.5%	40	3,965	85.3%	682	14.7%	4,647	
2016	31	86.1%	5	13.9%	36	3,227	78.9%	865	21.1%	4,092	
2017	18	85.7%	3	14.3%	21	2,250	83.5%	445	16.5%	2,695	
2018	39	83.0%	8	17.0%	47	5,129	84.5%	939	15.5%	6,068	
Subtotal	142	83.5%	28	16.5%	170	17,356	84.8%	3,103	15.2%	20,459	
Consumer											
2014	59	69.4%	26	30.6%	85	502	66.1%	257	33.9%	759	
2015	89	74.8%	30	25.2%	119	728	76.4%	225	23.6%	953	
2016	67	75.3%	22	24.7%	89	682	73.3%	249	26.7%	931	
2017	58	73.4%	21	26.6%	79	374	70.6%	156	29.4%	530	
2018	58	73.4%	21	26.6%	79	569	69.1%	254	30.9%	823	
Subtotal	331	73.4%	120	26.6%	451	2,855	71.4%	1,141	28.6%	3,996	
Grand Total	473	76.2%	148	23.8%	621	20,211	82.6%	4,244	17.4%	24,455	

Distribution by Borrower Characteristics: "Satisfactory"

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

HMDA-Reportable Loans

CBCV's HMDA-reportable lending demonstrated a reasonable distribution of loans among individuals of different income levels.

The Bank's rate of lending to LMI borrowers of 15.7% by number of loans and 7.9% by dollar value, slightly trailed the aggregate's rates of 18.4% and 10.4%, respectively.

CBCV's average rates of lending to low-income borrowers during the evaluation period was 5.2% by number of loans and 2.2% by dollar value. This level of lending exceeded the aggregate's rates of 3.9% and 1.5%, respectively. However, the Bank's average rates of lending to moderate-income borrowers of 10.4% by number of loans and 5.7% by dollar

value trailed the aggregate's rates of 13.8% and 7.8%, respectively.

The following table provides a summary of the distribution of CBCV's 1-4 family loans by borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2014									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	5.6%	33	1.3%	12	2.7%	448	0.8%	14.9%
Moderate	1	5.6%	108	4.3%	56	12.6%	3,845	7.2%	16.6%
LMI	2	11.1%	141	5.6%	68	15.3%	4,293	8.0%	31.5%
Middle	4	22.2%	414	16.5%	92	20.7%	7,894	14.7%	21.0%
Upper	12	66.7%	1,952	77.9%	272	61.1%	39,243	73.2%	47.5%
Unknown	0	0.0%	0	0.0%	13	2.9%	2,178	4.1%	
Total	18		2,507		445		53,608		
2015									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	8.7%	116	3.4%	22	5.0%	1,292	2.3%	14.9%
Moderate	2	8.7%	188	5.5%	40	9.0%	2,844	5.2%	16.6%
LMI	4	17.4%	304	8.9%	62	14.0%	4,136	7.5%	31.5%
Middle	4	17.4%	488	14.3%	106	23.9%	10,683	19.4%	21.0%
Upper	15	65.2%	2,614	76.7%	259	58.5%	37,649	68.2%	47.5%
Unknown	0	0.0%	0	0.0%	16	3.6%	2,731	4.9%	
Total	23		3,406		443		55,199		
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	21	4.0%	1,029	1.5%	14.9%
Moderate	4	18.2%	362	13.3%	91	17.2%	6,629	9.9%	16.6%
LMI	4	18.2%	362	13.3%	112	21.1%	7,658	11.4%	31.5%
Middle	7	31.8%	927	33.9%	119	22.5%	11,163	16.6%	21.0%
Upper	11	50.0%	1,443	52.8%	275	51.9%	43,881	65.3%	47.5%
Unknown	0	0.0%	0	0.0%	24	4.5%	4,532	6.7%	
Total	22		2,732		530		67,234		
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	18	4.1%	695	1.2%	14.4%
Moderate	1	7.7%	50	2.6%	67	15.3%	5,050	8.6%	17.9%
LMI	1	7.7%	50	2.6%	85	19.4%	5,745	9.8%	32.2%
Middle	5	38.5%	840	43.1%	99	22.6%	11,901	20.2%	22.9%
Upper	7	53.8%	1,059	54.3%	238	54.3%	38,528	65.6%	44.9%
Unknown	0	0.0%	0	0.0%	16	3.7%	2,598	4.4%	
Total	13		1,949		438		58,772		
2018									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	7.7%	200	3.9%	63	6.9%	5,615	4.3%	14.4%
Moderate	4	10.3%	191	3.7%	119	13.0%	10,605	8.1%	17.9%
LMI	7	17.9%	391	7.6%	182	20.0%	16,220	12.4%	32.2%
Middle	9	23.1%	911	17.8%	224	24.6%	25,500	19.5%	22.9%
Upper	23	59.0%	3,826	74.6%	452	49.6%	79,730	61.1%	44.9%
Unknown	0	0.0%	0	0.0%	54	5.9%	9,010	6.9%	
Total	39		5,128		912		130,460		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Demo
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	5.2%	349	2.2%	136	4.9%	9,079	2.5%	
Moderate	12	10.4%	899	5.7%	373	13.5%	28,973	7.9%	
LMI	18	15.7%	1,248	7.9%	509	18.4%	38,052	10.4%	
Middle	29	25.2%	3,580	22.8%	640	23.1%	67,141	18.4%	
Upper	68	59.1%	10,894	69.3%	1,496	54.0%	239,031	65.4%	
Unknown	0	0.0%	0	0.0%	123	4.4%	21,049	5.8%	
Total	115		15,722		2,768		365,273		

Consumer Loans

CBCV's consumer lending demonstrated a reasonable distribution of loans among borrowers of different income levels.

The Bank's origination of consumer loans to LMI borrowers averaged 59.2% by number and 31.9% by dollar value of loans. This level of lending compared favorably to the assessment area's average LMI demographics of approximately 35% for the evaluation period.

The following table provides a summary of the distribution of CBCV's consumer loans by borrower income level.

Distribution of Consumer Lending by Borrower Income					
2014					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	21	35.6%	79	15.7%	22.1%
Moderate	17	28.8%	105	20.9%	14.7%
LMI	38	64.4%	184	36.7%	36.9%
Middle	8	13.6%	111	22.1%	17.7%
Upper	6	10.2%	59	11.8%	45.4%
Unknown	7	11.9%	148	29.5%	
Total	59		502		
2015					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	30	33.7%	100	13.7%	22.1%
Moderate	28	31.5%	127	17.4%	14.7%
LMI	58	65.2%	227	31.2%	36.9%
Middle	16	18.0%	149	20.5%	17.7%
Upper	11	12.4%	293	40.2%	45.4%
Unknown	4	4.5%	59	8.1%	
Total	89		728		
2016					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	10	14.9%	28	4.1%	22.1%
Moderate	18	26.9%	99	14.5%	14.7%
LMI	28	41.8%	127	18.6%	36.9%
Middle	15	22.4%	241	35.3%	17.7%
Upper	20	29.9%	302	44.3%	45.4%
Unknown	4	6.0%	12	1.8%	
Total	67		682		
2017					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	27	46.6%	106	28.3%	18.5%
Moderate	14	24.1%	97	25.9%	14.8%
LMI	41	70.7%	203	54.3%	33.3%
Middle	5	8.6%	38	10.2%	22.2%
Upper	5	8.6%	64	17.1%	44.5%
Unknown	7	12.1%	69	18.4%	
Total	58		374		
2018					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	20	34.5%	86	15.1%	18.5%
Moderate	11	19.0%	84	14.8%	14.8%
LMI	31	53.4%	170	29.9%	33.3%
Middle	12	20.7%	167	29.3%	22.2%
Upper	10	17.2%	164	28.8%	44.5%
Unknown	5	8.6%	68	12.0%	
Total	58		569		
GRAND TOTAL					
Borrower	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	108	32.6%	399	14.0%	
Moderate	88	26.6%	512	17.9%	
LMI	196	59.2%	911	31.9%	
Middle	56	16.9%	706	24.7%	
Upper	52	15.7%	882	30.9%	
Unknown	27	8.2%	356	12.5%	
Total	331		2,855		

Geographic Distribution of Loans: “Not Rated”

There are four census tracts in CBCV’s assessment area, all of which are middle-income census tracts. Therefore, an analysis of the geographic distribution of loans was not part of this evaluation.

Action Taken In Response to Written Complaints with Respect to CRA: “N/A”

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

Additional Factors

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

The board of directors does not actively participate in the Bank’s CRA-related activities. However, CBCV revised its CRA policy to indicate that the board of directors would perform an annual review of CBCV’s CRA’s policies and performance.

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

DFS examiners noted no evidence of practices by CBCV intended to discourage applications for the types of credit offered by CBCV.

Evidence of prohibited discriminatory or other illegal credit practices

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

Record of opening and closing offices and providing services at offices

CBCV operates three full-service banking offices and ATMs in middle-income census tracts. Additionally, all of the census tracts in the Bank’s assessment area are middle-income census tracts. CBCV did not open or close any offices during the evaluation period.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Jefferson County*				3		3	0%
Total				3		3	0%

*Partial County

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.*

CBCV ascertains the credit needs of its community through outreach to community groups and not-for-profit organizations, as well as having Bank officers and board members serving with various community development organizations.

- *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.*

CBCV does not actively market its products and services. Information regarding the Bank's products and services can be found at all branch locations and on the Internet.

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

During the evaluation period, CBCV extended 354 time and demand notes totaling nearly \$2.1 million. These are small-dollar, short-term loans with expected repayment windows of 30, 60, or 90 days. These small dollar credit offerings help LMI borrowers meet financial shortfalls for basic living essentials.

GLOSSARY

Aggregate Lending

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.

Community Development

“Community development”:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. 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;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3) above.

Community Development Loan

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 low or moderate income (“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 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

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.

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 Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level for borrowers is based on household or family income. A geography's income is categorized by median family income for the geography. In both cases, the income is compared to the Metropolitan Statistical Area ("MSA") or statewide nonmetropolitan median income.

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

Small Business Loan

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

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas where, according to the 2000 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 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

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is 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 U.S. Department of Housing and Urban Development ("HUD").

LMI Individuals/Persons

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 HUD.

LMI Penetration Rate

A number that represents the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Low-Income Housing Tax Credit (LIHTC)

A dollar for dollar tax credit for affordable housing, 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. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they 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.

New Markets Tax Credit (NMTC)

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate 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 US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Qualified Investment

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.