



PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF PATHFINDER BANK

AS OF SEPTEMBER 30, 2024

New York State Department of Financial Services
Consumer Protection and Financial Enforcement Division
One State Street, New York NY 10004

Note: This Evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.

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PATHFINDER BANK – CRA PERFORMANCE EVALUATION

I. - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Pathfinder Bank (“Pathfinder” 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, 2024.

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 end of this Evaluation.

II. - OVERVIEW OF INSTITUTION’S PERFORMANCE

The Department evaluated Pathfinder according to the large banking institutions performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. Although Pathfinder is an intermediate small bank based on its asset size, the Bank elected to be evaluated under the large banking institution’s performance criteria and as required under the criteria, collected and reported its small business loan data. The evaluation period included calendar years 2021, 2022 and 2023 for lending activities and the period from October 1, 2021 to September 30, 2024 for community development activities. The Department assigned Pathfinder a rating of “2,” indicating a “Satisfactory” record of meeting community credit needs.

This rating is based on the following factors:

A. Lending Test: High Satisfactory

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

1. Lending Activity:

Pathfinder’s lending levels were adequate considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

Pathfinder’s average LTD ratio of 76.4% for the evaluation period was comparable to the peer group’s average LTD ratio of 77.2%.

2. Assessment Area Concentration:

During the evaluation period, Pathfinder originated 86.9% by number and 82.6% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a good concentration of lending.

3. Geographic Distribution of Loans:

Pathfinder’s origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

4. Distribution by Borrower Characteristics:

Pathfinder’s one-to-four family HMDA-reportable and small business lending demonstrated a good distribution of loans among individuals of different income levels and businesses of different revenue sizes.

Pathfinder’s average one-to-four family HMDA-reportable lending rates to LMI borrowers trailed the aggregate’s rates both by number and dollar value, while Pathfinder’s average small business

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lending rates exceeded the aggregate's rates both by number and dollar value.

5. Community Development Lending:

During the evaluation period, Pathfinder originated \$24.1 million in new community development loans and had \$10.5 million outstanding from prior evaluation periods. This demonstrated a good level of community development lending over the course of the evaluation period.

B. Investment Test: Low Satisfactory

1. Qualified Investments

During the evaluation period, Pathfinder made \$3.8 million in new qualified investments and had \$1.7 million outstanding from prior evaluation periods. In addition, Pathfinder made \$246,304 in qualified grants. This demonstrated an adequate level of qualified investments and grants over the course of the evaluation period.

2. Innovativeness of Qualified Investments:

Pathfinder made no use of innovative investments to support community development.

3. Responsiveness of Qualified Investments to Credit and Community Development Needs:

Pathfinder's qualified investments exhibited adequate responsiveness to the assessment area's credit and community development needs.

C. Service Test: High Satisfactory

1. Retail Banking Services:

Pathfinder has a good branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

2. Community Development Services:

Pathfinder provided an adequate level of community development services.

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.

III. - PERFORMANCE CONTEXT

A. Institution Profile

Incorporated in 1859, Pathfinder is a New York State-chartered commercial bank headquartered in Oswego, New York. The Bank is a wholly owned subsidiary of Pathfinder Bancorp, Inc.

Pathfinder operates 12 full-service banking offices, of which seven are in Oswego County and five in Onondaga County. The Bank also has a loan production banking office in Oneida County which is outside of the Bank’s assessment area. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of 13 machines. In addition, Pathfinder has four off-site cash-dispensing-only ATMs at various remote locations within its assessment area. Four of the banking offices and one off-site ATM are in LMI census tracts.

Pathfinder offers traditional deposit and lending products that include checking and saving accounts, certificates of deposit, credit cards, personal and business loans, and lines of credit. Services include investments, debit cards, notary, safe deposit boxes, and wire transfers. The Bank also offers online and mobile banking which allows for 24/7 access to online account balances and bill pay.

In its Consolidated Report of Condition (the “Call Report”) as of September 30, 2024, filed with the Federal Deposit Insurance Corporation (“FDIC”), Pathfinder reported total assets of \$1.5 billion, of which \$904.4 million were net loans and lease financing receivables. It also reported total deposits of \$1.2 billion, resulting in an LTD ratio of 75.1% on September 30, 2024. According to the latest available comparative deposit data as of June 30, 2024, Pathfinder obtained a market share of 7.9%, or \$1.1 billion in a market of \$14.1 billion, ranking it 5th among 15 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, 2021, December 31, 2022, and December 31, 2023 Call Reports:

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TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2021		2022		2023	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	276,270	33.2	293,793	32.7	294,149	32.8
Commercial & Industrial Loans	152,199	18.3	187,430	20.9	200,336	22.3
Commercial Mortgage Loans	202,241	24.3	230,600	25.7	231,104	25.8
Multifamily Mortgages	52,545	6.3	44,557	5.0	41,476	4.6
Consumer Loans	108,889	13.1	89,240	9.9	78,957	8.8
Agricultural Loans	161	0.0	135	0.0	104	0.0
Construction Loans	32,589	3.9	44,033	4.9	46,865	5.2
Obligations of States & Municipalities	5,720	0.7	4,229	0.5	3,410	0.4
Other Loans	1,409	0.2	3,489	0.4	751	0.1
Lease financing	446	0.1	258	0.0	65	0.0
Total Gross Loans	832,469		897,764		897,217	

As illustrated in the above table, Pathfinder is primarily a commercial lender, with 25.8% of its loan portfolio in commercial mortgage loans and 22.3% in commercial and industrial loans, for a total of 48.1% of the loan portfolio as of December 31, 2023.

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

B. Assessment Area

The Bank's assessment area consists of Oswego and Onondaga Counties.

There are 187 census tracts in the Bank's assessment area, of which 19 are low-income, 36 are moderate-income, 80 are middle-income, 44 are upper-income, and 8 are tracts with no income indicated.

While the Bank's assessment area did not change from the prior evaluation period, the number of census tracts increased from 170 in the prior evaluation to 187 census tracts. This increase in census tracts was the result of the 2020 census conducted by the U.S. Census Bureau.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Onondaga	7	18	21	54	42	142	27.5
Oswego	1	1	15	26	2	45	35.6
Total	8	19	36	80	44	187	29.4

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C. Demographic & Economic Data

The assessment area had a population of 594,041 during the evaluation period. Approximately 16.5% of the population was over the age of 65 and 20.8% was under the age of 16.

Of the 143,373 families in the assessment area, 22.2% were low-income, 17.2% were moderate-income, 20.4% were middle-income and 40.2% were upper-income. There were 233,946 households in the assessment area, of which 13.4% had income below the poverty level and 3.4% were on public assistance.

The weighted average median family income in the assessment area was \$82,616.

There were 263,690 housing units within the assessment area, of which 79.7% were one- to-four family units and 16.4% were multifamily units. A majority (59.1%) of the housing units were owner-occupied, 29.6% were rental-occupied units, and 11.3% were vacant units.

Of the 155,814 owner-occupied housing units, 17.7% were in LMI census tracts while 81.9% were in middle- and upper-income census tracts. The median age of the housing stock was 82 years, and the median home value in the assessment area was \$132,643.

There were 46,703 non-farm businesses in the assessment area. Of these, 83.9% were businesses with reported revenues of less than or equal to \$1 million, 4.8% reported revenues of more than \$1 million and 11.4% did not report their revenues. Of all the businesses in the assessment area, 96.8% were businesses with less than fifty employees while 88.5% operated from a single location. The largest industries in the area were services (38.1%), retail trade (12.8%) and finance, insurance & real estate (9.4%); 18.4% of businesses in the assessment area were not classified.

According to New York State Department of Labor data, the annual average unemployment rates for New York State and the two counties in the Bank’s assessment area, were significantly lower in 2022 and 2023 compared to 2021. This can be attributed to the ebbing of the COVID-19 pandemic, and the resulting improvement in economic conditions.

Assessment Area Unemployment Rate			
	Statewide	Onondaga	Oswego
2021	7.1	5.0	5.6
2022	4.3	3.4	4.2
2023	4.2	3.5	4.3
Average of Years above	5.2	4.0	4.7

D. Community Information

DFS examiners conducted a community contact interview to help identify community credit needs within the Bank’s assessment area. The interview involved a representative from a nonprofit organization that primarily serves LMI neighborhoods in Oswego County, New York. This organization offers various programs including assistance for the homeless, safety services for

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abuse victims, and educational support and meals for the elderly, disabled, and youth. The representative stated that the community has significant banking and credit needs, and that many of the individuals are unbanked due to their low income. The representative emphasized the necessity for financial literacy programs tailored to LMI individuals, savings incentives and accessible banking services. Additionally, the representative urged banks to increase community outreach efforts to better understand community needs, and ensure consumers are aware of the products and services available to them. While the representative acknowledged that banks typically participate in community projects such as housing initiatives, the community desires greater access to financial services for LMI individuals. Pathfinder received positive feedback from this organization.

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IV. - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated Pathfinder under the large banking institutions performance criteria in accordance with Sections 76.7, 76.8, 76.9 and 76.10 of the GRS, which consist of the lending, investment and service tests. 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. 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.

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

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

DFS derived the demographic data referred to in this report from the 2020 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 2021, 2022 and 2023 for lending activities and the period from October 1, 2021, to September 30, 2024, for community development activities.

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

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

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

In its prior Community Reinvestment Act Performance Evaluation as of September 30, 2021, DFS assigned Pathfinder a rating of "2" or a "**Satisfactory**" compliance with regulatory standards.

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Current CRA Rating: Satisfactory

A. Lending Test: High Satisfactory

The Bank's lending performance was evaluated pursuant to the following criteria:

- (1) Lending Activity;*
- (2) Assessment Area Concentration;*
- (3) Geographic Distribution of Loans;*
- (4) Borrower Characteristics;*
- (5) Community Development Lending; and*
- (6) Flexible and/or Innovative Lending Practices.*

Pathfinder's HMDA-reportable and small business lending activities were good considering Pathfinder's 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. Pathfinder's good level of community development lending for revitalization/stabilization, community service and economic development purposes, demonstrates the Bank's commitment to meet its community credit needs.

1. Lending Activity:

Pathfinder's lending levels were adequate considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

Pathfinder's average LTD ratio of 76.4% for the evaluation period was comparable to the peer group's average LTD ratio of 77.2%. The Bank's average quarterly LTD ratios ranged from a low of 72.9% to a high of 78.6%.

The table below shows Pathfinder's LTD ratios in comparison with the peer group's ratios for the 12 quarters of this evaluation period.

Loan-to-Deposit Ratios													
	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	Avg.
Bank	77.8	78.4	72.9	76.6	74.7	74.2	73.2	77.6	77.2	78.6	77.6	78.2	76.4
Peer	77.5	75.2	72.7	72.1	71.4	74.5	76.8	79.3	79.8	81.9	82.0	83.4	77.2

2. Assessment Area Concentration:

During the evaluation period, Pathfinder originated 86.9% by number and 82.6% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a good concentration of lending.

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a. HMDA-Reportable Loans:

During the evaluation period, Pathfinder originated 89.2% by number and 84.1% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of its assessment area reflects a good concentration of lending.

The Bank’s concentration of HMDA-reportable lending within its assessment area decreased in 2022 by dollar volume of lending primarily due to three large loans totaling \$10 million that the Bank made within New York State but outside of its assessment area.

b. Small Business Loans:

Pathfinder originated 85.0% by number and 80.4% by dollar value of its small business loans within the assessment area during the evaluation period. This majority of lending inside of its assessment area reflects a good concentration of lending.

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

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2021	375	88.9%	47	11.1%	422	77,335	85.5%	13,115	14.5%	90,450
2022	241	89.9%	27	10.1%	268	61,115	79.1%	16,195	20.9%	77,310
2023	173	88.7%	22	11.3%	195	35,805	90.6%	3,700	9.4%	39,505
Subtotal	789	89.2%	96	10.8%	885	174,255	84.1%	33,010	15.9%	207,265
Small Business										
2021	576	91.1%	56	8.9%	632	58,772	88.9%	7,308	11.1%	66,080
2022	146	73.7%	52	26.3%	198	29,354	74.2%	10,225	25.8%	39,579
2023	148	76.3%	46	23.7%	194	24,927	71.3%	10,018	28.7%	34,945
Subtotal	870	85.0%	154	15.0%	1,024	113,053	80.4%	27,551	19.6%	140,604
Grand Total	1,659	86.9%	250	13.1%	1,909	287,308	82.6%	60,561	17.4%	347,869

* DFS based its analysis of HMDA-reportable and small business lending on actual loans.

3. Geographic Distribution of Loans:

Pathfinder’s origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

Pathfinder’s rates of lending HMDA-reportable loans and small business loans in LMI areas were significantly higher than aggregate lenders both by number of loans and by dollar value of loans.

a. HMDA-Reportable Loans:

The distribution of Pathfinder’s HMDA-reportable loans by the income level of the geography was

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excellent.

During the evaluation period, Pathfinder’s HMDA-reportable lending rates of 25.6% by number and 20.1% by dollar value in LMI census tracts, were well above the aggregate’s lending rates of 16.5% and 13.9% respectively.

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

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2021									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	2.4%	4,555	5.9%	330	2.0%	113,290	4.0%	3.0%
Moderate	79	21.1%	14,975	19.4%	1,934	11.9%	242,090	8.5%	13.2%
LMI	88	23.5%	19,530	25.3%	2,264	13.9%	355,380	12.5%	16.2%
Middle	213	56.8%	34,345	44.4%	7,858	48.3%	1,230,970	43.3%	50.2%
Upper	74	19.7%	23,460	30.3%	6,149	37.8%	1,248,595	43.9%	33.5%
Unknown	0	0.0%	0	0.0%	15	0.1%	11,135	0.4%	0.1%
Total	375		77,335		16,286		2,846,080		
2022									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	3.3%	1,700	2.8%	287	2.3%	51,955	2.3%	2.7%
Moderate	54	22.4%	8,480	13.9%	1,883	15.3%	234,285	10.5%	15.0%
LMI	62	25.7%	10,180	16.7%	2,170	17.6%	286,240	12.8%	17.7%
Middle	122	50.6%	35,260	57.7%	5,656	45.9%	871,980	39.1%	47.9%
Upper	54	22.4%	14,340	23.5%	4,407	35.8%	862,005	38.6%	34.0%
Unknown	3	1.2%	1,335	2.2%	81	0.7%	212,355	9.5%	0.4%
Total	241		61,115		12,314		2,232,580		
2023									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	6.4%	1,235	3.4%	292	3.0%	86,270	5.0%	2.7%
Moderate	41	23.7%	3,995	11.2%	1,597	16.3%	219,835	12.7%	15.0%
LMI	52	30.1%	5,230	14.6%	1,889	19.3%	306,105	17.6%	17.7%
Middle	90	52.0%	18,600	51.9%	4,517	46.2%	706,185	40.7%	47.9%
Upper	30	17.3%	11,680	32.6%	3,320	34.0%	681,520	39.3%	34.0%
Unknown	1	0.6%	295	0.8%	53	0.5%	41,495	2.4%	0.4%
Total	173		35,805		9,779		1,735,305		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	28	3.5%	7,490	4.3%	909	2.4%	251,515	3.7%	
Moderate	174	22.1%	27,450	15.8%	5,414	14.1%	696,210	10.2%	
LMI	202	25.6%	34,940	20.1%	6,323	16.5%	947,725	13.9%	
Middle	425	53.9%	88,205	50.6%	18,031	47.0%	2,809,135	41.2%	
Upper	158	20.0%	49,480	28.4%	13,876	36.2%	2,792,120	41.0%	
Unknown	4	0.5%	1,630	0.9%	149	0.4%	264,985	3.9%	
Total	789		174,255		38,379		6,813,965		

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b. Small Business Loans:

The distribution of Pathfinder’s small business loans among census tracts of varying income levels was excellent.

During the evaluation period, Pathfinder’s small business lending rates of 34.4% by number and 38.3% by dollar value in LMI census tracts were well above the aggregate’s corresponding lending rates of 21.0% and 22.8% respectively. Also, Pathfinder’s annual lending rates in LMI census tracts exceeded the aggregate’s corresponding rates and the business demographics for each year of the evaluation period.

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

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2021									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	50	8.7%	6,470	11.0%	837	7.2%	50,964	9.3%	8.9%
Moderate	143	24.8%	16,025	27.3%	1,480	12.8%	74,075	13.5%	13.6%
LMI	193	33.5%	22,495	38.3%	2,317	20.1%	125,039	22.8%	22.5%
Middle	254	44.1%	22,661	38.6%	5,045	43.7%	240,453	43.9%	41.6%
Upper	121	21.0%	12,300	20.9%	3,955	34.2%	158,541	28.9%	33.6%
Unknown	8	1.4%	1,316	2.2%	239	2.1%	23,759	4.3%	2.4%
Total	576		58,772		11,556		547,792		
2022									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	17	11.6%	3,345	11.4%	620	6.1%	21,023	6.0%	7.7%
Moderate	43	29.5%	8,393	28.6%	1,648	16.3%	60,141	17.2%	14.3%
LMI	60	41.1%	11,738	40.0%	2,268	22.4%	81,164	23.3%	22.1%
Middle	53	36.3%	11,219	38.2%	4,412	43.6%	148,800	42.6%	42.0%
Upper	27	18.5%	5,212	17.8%	2,983	29.5%	97,806	28.0%	29.1%
Unknown	6	4.1%	1,185	4.0%	451	4.5%	21,119	6.1%	6.8%
Total	146		29,354		10,114		348,889		
2023									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	5.4%	1,641	6.6%	498	5.4%	22,104	6.9%	7.7%
Moderate	38	25.7%	7,438	29.8%	1,425	15.4%	48,187	15.1%	14.3%
LMI	46	31.1%	9,079	36.4%	1,923	20.7%	70,291	22.1%	22.1%
Middle	67	45.3%	10,252	41.1%	4,103	44.2%	154,846	48.7%	42.0%
Upper	27	18.2%	3,550	14.2%	2,843	30.7%	75,372	23.7%	29.1%
Unknown	8	5.4%	2,046	8.2%	404	4.4%	17,774	5.6%	6.8%
Total	148		24,927		9,273		318,283		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	75	8.6%	11,456	10.1%	1,955	6.3%	94,091	7.7%	
Moderate	224	25.7%	31,856	28.2%	4,553	14.7%	182,403	15.0%	
LMI	299	34.4%	43,312	38.3%	6,508	21.0%	276,494	22.8%	
Middle	374	43.0%	44,132	39.0%	13,560	43.8%	544,099	44.8%	
Upper	175	20.1%	21,062	18.6%	9,781	31.6%	331,719	27.3%	
Unknown	22	2.5%	4,547	4.0%	1,094	3.5%	62,652	5.2%	
Total	870		113,053		30,943		1,214,964		

4. Distribution by Borrower Characteristics:

Pathfinder’s one-to-four HMDA-reportable and small business lending demonstrated a good distribution of loans among individuals of different income levels and businesses of different

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revenue sizes.

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

Pathfinder's one-to-four family HMDA-reportable lending demonstrated an adequate distribution of loans among individuals of different income levels.

Pathfinder's lending rates of 29.5% by number and 17.1% by dollar value to LMI borrowers during the evaluation period, trailed the aggregate's rates of 34.4% and 24.5% respectively, and the LMI family demographics' average rate of 39.3%. Also, the aggregate's annual rates of lending to LMI borrowers trailed the annual percentage of LMI families in the assessment area for each year of the evaluation period.

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

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Distribution of One-to-Four Family Loans by Borrower Income									
2021									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	33	8.9%	3,505	5.3%	1,573	9.7%	144,715	5.9%	22.1%
Moderate	58	15.7%	6,420	9.7%	3,679	22.7%	424,575	17.3%	16.9%
LMI	91	24.7%	9,925	14.9%	5,252	32.4%	569,290	23.3%	39.0%
Middle	69	18.7%	9,155	13.8%	4,074	25.1%	549,910	22.5%	20.2%
Upper	185	50.1%	44,235	66.5%	6,215	38.4%	1,224,155	50.0%	40.9%
Unknown	24	6.5%	3,180	4.8%	662	4.1%	104,540	4.3%	
Total	369		66,495		16,203		2,447,895		
2022									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	24	10.6%	2,180	5.6%	1,456	11.9%	138,330	7.5%	22.2%
Moderate	43	19.0%	4,365	11.2%	3,073	25.1%	361,705	19.5%	17.2%
LMI	67	29.6%	6,545	16.9%	4,529	37.1%	500,035	27.0%	39.4%
Middle	52	23.0%	7,010	18.1%	3,192	26.1%	443,290	23.9%	20.4%
Upper	71	31.4%	20,995	54.1%	4,139	33.9%	854,915	46.2%	40.2%
Unknown	36	15.9%	4,270	11.0%	359	2.9%	53,375	2.9%	
Total	226		38,820		12,219		1,851,615		
2023									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	22	13.3%	2,060	8.4%	997	10.3%	85,555	5.9%	22.2%
Moderate	44	26.7%	3,680	15.0%	2,324	24.0%	256,730	17.6%	17.2%
LMI	66	40.0%	5,740	23.4%	3,321	34.3%	342,285	23.5%	39.4%
Middle	31	18.8%	3,335	13.6%	2,498	25.8%	345,470	23.7%	20.4%
Upper	56	33.9%	13,680	55.9%	3,551	36.6%	716,345	49.2%	40.2%
Unknown	12	7.3%	1,730	7.1%	326	3.4%	51,950	3.6%	
Total	165		24,485		9,696		1,456,050		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	79	10.4%	7,745	6.0%	4,026	10.6%	368,600	6.4%	
Moderate	145	19.1%	14,465	11.1%	9,076	23.8%	1,043,010	18.1%	
LMI	224	29.5%	22,210	17.1%	13,102	34.4%	1,411,610	24.5%	
Middle	152	20.0%	19,500	15.0%	9,764	25.6%	1,338,670	23.3%	
Upper	312	41.1%	78,910	60.8%	13,905	36.5%	2,795,415	48.6%	
Unknown	72	9.5%	9,180	7.1%	1,347	3.5%	209,865	3.6%	
Total	760		129,800		38,118		5,755,560		

b. Small Business Loans:

Pathfinder's small business lending demonstrated a good distribution of loans among businesses of different revenue sizes.

Pathfinder participated in the U.S. Small Business Administration's Paycheck Protection Program ("PPP"), which was implemented in 2020 and offered until early 2021 to support small business impacted by the COVID-19 pandemic. In 2021, the Bank originated 419 PPP loans totaling \$28.3

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million, within its assessment area. The PPP did not require the Bank to collect revenue information to approve these loans, therefore revenue information was not collected and maintained on these loans. The Department excluded these loans from the table below so as not to skew the results of the analysis.

Pathfinder’s rates of lending to small business with gross annual revenue of \$1 million or less were 55.4% by number and 52.4% by dollar value of loans during the evaluation period, which exceeded the aggregate’s rates of 49.7% and 31% respectively. Furthermore, Pathfinder’s annual lending rates by number of loans and dollar value outperformed the aggregate’s corresponding rates, for each year of the evaluation period. Both the Bank’s and the aggregate’s annual lending rates to small businesses with revenue of \$1 million or less trailed the average annual percentage (83.8%) of the corresponding small business demographics.

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

Distribution of Small Business Lending by Revenue Size of Business									
2021									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	80	51.0%	13,889	45.6%	5,108	44.2%	152,498	27.8%	83.5%
Rev. > \$1MM	61	38.9%	14,502	47.6%					5.1%
Rev. Unknown	16	10.2%	2,055	6.7%					11.4%
Total	157		30,446		11,556		547,792		
2022									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	83	56.8%	17,768	60.5%	5,100	50.4%	116,381	33.4%	83.9%
Rev. > \$1MM	57	39.0%	11,351	38.7%					4.8%
Rev. Unknown	6	4.1%	235	0.8%					11.4%
Total	146		29,354		10,114		348,889		
2023									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	87	58.8%	12,780	51.3%	5,179	55.9%	107,870	33.9%	83.9%
Rev. > \$1MM	58	39.2%	12,026	48.2%					4.8%
Rev. Unknown	3	2.0%	121	0.5%					11.4%
Total	148		24,927		9,273		318,283		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	250	55.4%	44,437	52.4%	15,387	49.7%	376,749	31.0%	
Rev. > \$1MM	176	39.0%	37,879	44.7%					
Rev. Unknown	25	5.5%	2,411	2.8%					
Total	451		84,727		30,943		1,214,964		

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5. Community Development Lending:

During the evaluation period, Pathfinder originated \$24.1 million in new community development loans and had \$10.5 million outstanding from prior evaluation periods. This demonstrated a good level of community development lending over the course of the evaluation period.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	0	-	0	-
Economic Development	2	4,602	4	6,269
Community Services	2	6,300	3	4,275
Revitalize and Stabilize	3	13,194	0	-
Other (Please Specify)	0	-	0	-
Total	7	24,096	7	10,544

Below are highlights of Pathfinder’s community development lending.

- A \$5.0 million commercial mortgage to assist in the construction of a community health center located in a low-income census tract. The health center’s mission is to provide high-quality healthcare services to the residents of Onondaga County, especially those who are uninsured, disadvantaged or who face other obstacles to obtaining healthcare.
- A \$3.9 million commercial mortgage to fund the purchase of a property that will complement an existing elementary school’s community services. Eighty nine percent of the students in the current school are economically disadvantaged.
- A \$6.8 million commercial mortgage to renovate a health care facility located in a moderate-income census tract. The health care facility is a non-profit that provides community services and generates the majority of its revenue from Medicare and Medicaid.
- A \$3.1 million commercial mortgage to renovate a property and transform it into a microbrewery and restaurant space. The renovation of the property will create job opportunities for LMI individuals generating economic development.

a. Flexible and/or Innovative Lending Practices:

Pathfinder made significant use of flexible or innovative lending practices.

PPP loans:

In 2021, Pathfinder originated 419 PPP loans totaling \$28.3 million within its assessment area. PPP loans provided financial relief to small businesses due to disruptions caused by the COVID-

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19 pandemic. These loans were designed to help employers retain employees and cover certain operational expenses.

United States Department of Agriculture (“USDA”) Single Family Housing Guaranteed Loan Program:

The program allows for loans to be financed at a 100% loan to value ratio and provides a 90% loan note guarantee to the bank, which reduces the risk of the loan. Eligible borrowers must have an income below 115% of median household income and must occupy the dwelling as a primary residence. The flexible loan terms benefit LMI borrowers. Pathfinder made one mortgage loan under this program in 2021 for \$84,000.

Federal National Mortgage Association (“Fannie Mae”) HomeReady:

This program is targeted to LMI borrowers and offers financing of up to 97% loan-to-value for purchase or limited cash-out refinance of a one-to-four family principal residence. Pathfinder originated 16 loans totaling \$1.7 million under this program during the evaluation period.

Federal Home Loan Bank of New York (“FHLB NY”) The Homebuyer Dream Program:

Pathfinder originated 38 loans totaling \$3.6 million under the Homebuyer Dream Program offered by FHLB NY. This program provides funds in the form of a grant to be used towards down payment and closing cost assistance to first-time homebuyers earning at or below 80% of the area median income.

B. Investment Test: Low Satisfactory

The Department evaluated Pathfinder’s investment performance pursuant to the following criteria:

- (1) The dollar amount of qualified investments;*
- (2) The innovativeness or complexity of qualified investments; and*
- (3) The responsiveness of qualified investments to the credit and community development needs of the assessment area.*

1. Qualified Investments

During the evaluation period, Pathfinder made \$3.8 million in new qualified investments and had \$1.7 million outstanding from prior evaluation periods. In addition, Pathfinder made \$246,304 in qualified grants. This demonstrated an adequate level of qualified investments and grants over the course of the evaluation period.

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Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing			1	500
Economic Development			3	1,203
Community Services	11	\$ 1,799		
Revitalize and Stabilize	4	\$ 1,955		
Other (Please Specify)				
Total	15	\$ 3,754	4	1,703
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing	3	\$ 0		
Economic Development	27	\$ 47		
Community Services	82	\$ 111		
Revitalize and Stabilize	16	\$ 88		
Other (Please Specify)				
Total	128	\$ 246		

Below are highlights of Pathfinder’s qualified investments and grants.

- Pathfinder invested \$929,000 in municipal bonds. Proceeds of these bonds will be used to assist with the purchase of school buses for two school districts in which a majority of the student population is eligible for free or reduced lunch program. This investment qualifies under community services.
- Pathfinder invested \$519,000 in a local city’s municipal bond that will support various infrastructure projects that will revitalize and stabilize the city. The median family income of the city is 60% of New York State level.
- Pathfinder invested \$406,000 in a municipal bond that will support the reconstruction of the wastewater treatment plant. The median family income of the city is 60% of New York State level.
- Pathfinder donated a total of \$40,000 to a nonprofit organization which is engaged in funding revitalization of neighborhoods and economically distressed communities in Oswego County.

2. Innovativeness of Qualified Investments:

Pathfinder made no use of innovative investments to support community development.

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3. Responsiveness of Qualified Investments to Credit and Community Development Needs:

Pathfinder’s qualified investments exhibited adequate responsiveness to the assessment area’s credit and community development needs.

C. Service Test: High Satisfactory

The Department evaluated Pathfinder’s retail service performance pursuant to the following criteria:

- (1) The current distribution of the banking institution’s branches;
- (2) The institution’s record of opening and closing branches;
- (3) The availability and effectiveness of alternative systems for delivering retail services; and
- (4) The range of services provided.

The Department evaluated Pathfinder’s community development service performance pursuant to the following criteria:

- (1) The extent to which the banking institution provides community development services; and
- (2) The innovativeness and responsiveness of community development services.

1. Retail Banking Services:

Pathfinder Bank has a good branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

a. Current distribution of the banking institution’s branches:

Pathfinder has a good distribution of branches within its assessment area.

Pathfinder operates a total of 12 banking offices in its assessment area. As of the evaluation, four or 33% of Pathfinder’s branch offices are in moderate-income census tracts. In addition, the Bank maintains a loan production office in Utica, Oneida County.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Oswego	0	0	3	4	0	7	43%
Onondaga	2	0	1	2	0	5	20%
Total	2	-	4	6	-	12	33%

b. Record of opening and closing branches:

Pathfinder’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.

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During the evaluation period, Pathfinder opened a branch in an unknown-income census tract and another branch in a moderate-income census tract of Onondaga County.

c. Availability and effectiveness of alternative systems for delivering retail services:

Pathfinder's delivery systems are readily accessible to significant portions of the Bank's assessment area, including LMI geographies and individuals.

Alternative delivery systems including but not limited to online banking, mobile banking via smart phone or tablet, free bill pay, Apple Pay, Zelle, online mortgage and consumer applications, and ACH are maintained to provide convenient access to banking products and services to individuals and small businesses, within the assessment areas served by the Bank. In addition, the Bank provides retail mobile deposit capture and online wire transfers.

d. Range of services provided:

Pathfinder's services meet the convenience, and accessibility needs of its assessment area, including LMI geographies and individuals.

Branch hours are generally between 8:00 AM to 4:00 PM from Monday through Thursday and 8:30 AM to 5:00 PM on Friday. The East Syracuse branch also operates on Saturday from 9:00 AM to 12:00 PM.

Pathfinder offers the following retail products that benefit LMI individuals and small businesses throughout its assessment area.

- Free and Easy Checking – A non-interest earned checking transaction account that requires a minimum opening deposit of \$25 with the minimum age requirement of 17. There is no minimum balance to maintain the account and no monthly service fees associated with it. There are no fees for making deposits or withdrawals at any of the Bank's facilities or ATMs that the Bank owns and operates.
- Simple Business Checking – A checking account that is available to businesses, with \$100 minimum deposit to open, no minimum balance requirement, no per item transaction fees, unlimited check writing and a monthly service fee of \$25.
- Statement IRA Savings – A variable rate savings account that provides either a tax-deferred or tax-free way for consumers to save for retirement. The account is variable for both Traditional and Roth IRA plans with a minimum deposit of \$5 to open, and no minimum monthly service fee nor minimum balance requirement to maintain the account.
- Municipal Checking Account – Unlimited transactions, no service fees, free digital banking, and no minimum balance requirement. Additional benefits include a dedicated municipal banker, and a free Visa eRewards debit card.

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2. Community Development Services:

Pathfinder provided an adequate level of community development services. There were 71 instances of qualified community development services.

Community Development Services	
Activity Type	Number of Activities
On-Going Board & Committee Memberships	52
Technical Assistance	0
Seminars	19
Credit Counseling	0
Other Services	0
Total Community Development Services	71

Below are highlights of Pathfinder’s community development services.

- A senior officer serves on the Board of Directors of a nonprofit healthcare system based in Oswego, NY. The organization provides support to the uninsured, underinsured, and indigent residents of Oswego County and surrounding central New York regions.
- A senior executive serves on the Board of Trustees of a community college located in Syracuse, NY. Its mission is to provide accessible education for success through student retention, academic excellence, career advancement, and community engagement. Part of the SUNY system, it serves over 10,000 students annually offering affordable education, emergency funding, and workforce training primarily to Onondaga County residents. In Onondaga County, NY, a significant number of students are eligible for free and reduced-price school lunches. The Syracuse City School District has the highest percentage of students qualifying for free lunch in the county at over 84%.
- A regional officer serves on the Board of Directors of a community revitalization initiative in Fulton, NY. Its mission is to improve housing conditions and community stability for LMI residents by offering financial grants for property improvements and promoting neighborhood pride.
- Pathfinder employees participated in “Money Smart”, a comprehensive financial education course designed by the FDIC to enhance financial skills of students and adults. Topics included “Keeping Safe in an Electronic World,” “Banking 101,” “Budgeting Basics,” and “Understanding Credit.” The free events were held in schools, libraries, and community organizations, reaching diverse groups such as vocational students in Oswego County and high schoolers in Onondaga County, where 89% of the students are economically disadvantaged. Additionally, classes were also available online.

D. Additional Factors

The following factors were also considered in assessing Pathfinder’s record of performance.

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.

The Board of Directors (“Board”) is responsible for the Bank’s CRA performance and for formulating CRA policies. The CRA Officer provides reports to the Board regarding the Bank’s assessment area, lending performance, community development lending, and innovative or flexible lending programs. Some directors serve in community organizations as board members, trustees or advisors. This participation also provides insight into the effectiveness of the Bank’s CRA program and for evaluating community needs.

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 Pathfinder intended to discourage applications for the types of credit offered by Pathfinder.

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

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

3. 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.*

Pathfinder ascertained the community credit needs through various community and civic affiliations: as board or committee members of local associations, local chambers of commerce, community groups, nonprofit organizations, civic organizations or in partnership with government agencies. The Bank also worked with SBA and local municipalities to offer special loan programs.

- *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.*

Pathfinder’s advertising channels traditional methods such as in-branch materials, employees, and realtor networking. The Bank also advertises digitally via their website,

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social media, targeted advertisements, and email campaigns.

- *Action Taken in Response to Written Complaints with Respect to CRA*

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

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

Pathfinder originated one qualified community development loan outside its assessment area, but within New York State, totaling \$1.2 million. This was a bridge loan to facilitate the sale of a 42-unit apartment complex senior living facility in Rochester, NY. The majority (54%) of the facility's revenue is from Medicaid.

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 (DFS multifamily industry letter www.dfs.ny.gov/industry_guidance/industry_letters/il20141204_guidelines_bank_lending_multifamily_properties_cra_updated) ;

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- 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

“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.

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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.

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

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.

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

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 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 (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.

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;

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- 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.