



## PUBLIC DISCLOSURE

July 23, 2018

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The National Union Bank of Kinderhook  
Charter Number 929

One Hudson Street Kinderhook, NY 12106

Office of the Comptroller of the Currency

343 Thornall Street Suite 610 Edison, NJ 08837

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Outstanding.**

The major factors supporting this rating include:

- Based on the data in the Tables and applicable performance context discussed in this evaluation, the overall geographic distribution of loans is good and overall borrower distribution of loans is good;
- Community development (CD) loans offered were effective in helping the bank address community credit needs and had a significantly positive impact on the bank's lending test rating. Kinderhook originated a significant volume of CD loans under various programs. In addition, SBA and USDA loan products offered were effective in helping the bank address additional community credit needs;
- Qualified investments were effective and responsive in helping the bank address CD needs. The bank made a significant volume of donations and contributions to many local as well as regional qualified CD groups and programs;
- Community development services were effective and responsive in helping the bank address community development needs. CD lending and donations to borrowers for affordable housing and community services provide a significant impact in the community and are consistent with the bank's capacity and financial expertise.

## **Scope of Examination**

The evaluation period for this CRA assessment is May 18, 2015 through December 31, 2017. All community development activities and transactions between those dates were taken into consideration. Kinderhook's performance under the lending test covers the time period January 1, 2015 through December 31, 2017. The bank's lending test performance for the years 2015 and 2016 were evaluated on a combined basis. Due to changes in census data effective in 2017, the 2017 lending performance was evaluated separately. The bank's primary loan category during this evaluation period was Home Mortgage Disclosure Act (HMDA) reportable mortgages, which include home purchase loans, home improvement loans, and home refinance loans. We combined loan types (home purchase, home improvement and refinancing) together making the geographic and borrower home mortgage lending analysis more meaningful.

Outreach with several community development organizations serving the Albany-Schenectady-Troy MSA and Non-MSA AA indicate a need for financial institution involvement in the areas of economic development, small business loans, and affordable housing loans.

## **Selection of Areas for Full-Scope Review**

The Albany-Schenectady-Troy, NY MSA and the Non-MSA AA were both evaluated as full-scope reviews.

## **Ratings**

The bank's overall rating is based primarily on those areas that received full-scope reviews.

## **Description of Institution**

The National Union Bank of Kinderhook was chartered in 1853 and is a community bank headquartered in Kinderhook, New York. Kinderhook lies approximately eighteen miles southeast of Albany, the state capital of New York. The bank is wholly-owned by Kinderhook Bank Corp., a one-bank holding company, and has one affiliate, Kleeber Insurance Services.

In November 2017, Kinderhook acquired Patriot Federal Savings Bank, another local community bank. Upon completion of the acquisition, Kinderhook obtained three additional branch offices and expanded their assessment area to include Montgomery and Fulton counties in New York. Patriot Federal Savings Bank's loan portfolio primarily consisted of 1-4 family HMDA reportable loans, consumer loans, and commercial loans. Due to the timing of the acquisition being so late during the evaluation period, lending performance in Montgomery and Fulton counties is not given as much weight compared to the other counties in this evaluation.

Kinderhook operates eleven branches, three of which are new additions with the acquisition of Patriot Federal Bank. The main office and three others are located in Columbia County, two are located in Albany County, and two are in Rensselaer County. Two of the three new acquired branches are located in Montgomery County in middle-income census tracts and the third branch is located in Fulton County in a middle-income census tract. All branches offer a full-line of banking services for both consumer and commercial customers. Kinderhook also offers SBA and USDA loan products for small business customers. Branches offer traditional banking hours Monday through Friday with several branches offering extended lobby and drive-thru hours on Fridays. Ten of the eleven branches offer Saturday hours as well.

Kinderhook had total assets of \$619 million as of March 31, 2018. Total loans amounted to \$464 million while total deposits totaled \$549 million. The bank's loan portfolio is primarily commercial real estate, \$237.2 million, \$169.3 million in residential real estate loans, \$40.0 million in commercial and industrial, \$11.0 million in consumer and individual loans, \$1.1 million in agricultural loans, and \$287.0 thousand in other loans. Of the \$237.2 million in commercial real estate loans, \$60.3 million is in multifamily lending. Kinderhook operates as a traditional commercial bank offering a variety of loan products for individuals and businesses. A majority of the bank's loan originations and

purchases during the evaluation period were HMDA-reportable loans consisting of 1-4 family and multifamily properties.

Kinderhook operates in a competitive financial services market in the Albany area with multi-national, regional, and local institutions. There are no financial or legal impediments to hinder the bank's ability to help meet the credit needs of the communities it serves. The bank received a "Satisfactory" rating on its prior CRA Performance Evaluation dated May 18, 2015.

## Description of Assessment Areas

Kinderhook has two assessment areas that consists of five counties within New York State. Two of the counties, Albany and Rensselaer, are located within the Albany-Schenectady-Troy Metropolitan Statistical Area (MSA). The other three counties, Columbia, Fulton and Montgomery, are not in an MSA. Columbia County is within the Hudson, NY Micropolitan Statistical Area. Fulton County is within the Gloversville, NY Micropolitan Statistical Area and Montgomery County is part of the Amsterdam, NY Micropolitan Statistical Area. Both the Albany-Schenectady-Troy Metropolitan Statistical Area (MSA) and the Non-MSAs are located in the Albany-Schenectady-Amsterdam Combined Statistical Area (CSA). Kinderhook’s assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

The two assessment areas are described below:

### Albany and Rensselaer Counties within the Albany-Schenectady-Troy MSA

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Kinderhook- Albany –Schenectady-Troy Metropolitan Statistical Area ( MSA) Albany and Rensselaer Counties)</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	117	12.0	18.8	46.2	22.2	0.9
Population by Geography	467,363	9.6	18.3	45.2	25.9	1.1
Housing Units by Geography	209,823	11.1	19.4	45.6	23.9	0.0
Owner-Occupied Units by Geography	113,240	3.9	12.3	52.0	31.8	0.0
Occupied Rental Units by Geography	73,658	18.8	29.1	36.7	15.4	0.0
Vacant Units by Geography	22,925	22.2	23.4	42.1	12.3	0.1
Businesses by Geography	28,441	16.5	12.0	45.0	26.1	0.3
Farms by Geography	771	1.6	6.1	66.4	25.8	0.1
Family Distribution by Income Level	107,383	21.5	17.4	21.4	39.7	0.0
Household Distribution by Income Level	186,898	25.6	16.0	18.5	39.9	0.0
Median Family Income MSA - 10580 Albany-Schenectady-Troy, NY MSA		\$81,103	Median Housing Value			\$190,597
			Median Gross Rent			\$905
			Families Below Poverty Level			8.3%
<i>Source: 2015 ACS Census and 2017 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

As presented above, Kinderhook’s AA consists of 75 census tracts in Albany County, and 42 census tracts in Rensselaer County, which is part of the Albany-Schenectady-

Troy Metropolitan Statistical Area (MSA). The Albany-Schenectady-Troy MSA consists of 117 geographies.

The AA census tracts are spread among 12.0 percent low-income, 18.8 percent moderate-income, 46.2 percent middle-income, 22.2 percent upper-income and 0.9 percent listed as “unknown” by the 2015 ACS U.S. Census Bureau. Kinderhook operates four branches and four ATMs within the Albany-Schenectady-Troy MSA. Of Kinderhook’s four branches within the AA, one is located within a low-income geography, two are located in middle-income geographies, and one is located in an upper-income geography.

The 2015 ACS Census Data reports a total population of 467,363. This AA contains 186,898 households and 107,383 households that are families. Approximately 21.5 percent of the families are categorized as low-income, 17.4 percent as moderate-income, 21.4 percent as middle-income, and 39.7 percent as upper-income. Approximately 8.3 percent of households are below the poverty level. The FFIEC 2017 estimated median family income (MFI) for Albany-Schenectady-Troy MSA was \$81,103 and the median value of a home was \$190,597.

As of June 30, 2017, Kinderhook had a deposit market share in Albany and Rensselaer Counties of 0.61 percent, which ranked 12<sup>th</sup> out of 18 financial institutions gathering deposits in both counties. KeyBank National Association, Citizens Bank, National Association and Manufacturers and Traders Trust Company held the top three market shares, which together constituted nearly 77 percent of the deposit market in the two counties.

Based on data from the US Bureau of Labor Statistics, the 2017 annual unemployment rate for Albany County was 4.3 percent and Rensselaer County was 4.5 percent, compared to the national rate of 4.4 percent. The primary industry sectors in Albany-Schenectady-Troy MSA include government offices, colleges, healthcare services, and professional and business services. Albany-Schenectady-Troy MSA top employers included St. Peter’s Heath Partners, Albany Medical Center, Golub Corp., GE, and Hannaford Supermarkets.

The Albany-Schenectady-Troy MSA job market is moving forward at a consistent pace. Job gains are comparable with the U.S., but a stable base of institutional drivers has brought steady gains in education and healthcare. Conversely, state government and manufacturing both key drivers have slowed, putting downward pressure on payrolls.

The unemployment rate has crept above that of the state for the first time since tracking began in 1990, indicating some labor market slack. Increases in housing prices have been bolstered by supply constraints, but the acceleration pales in comparison to the U.S. and many of New York peers.

The Albany-Schenectady-Troy MSA unemployment rate is projected to decline, and wage growth is projected to increase at a modest pace, helped by the manufacturing and biopharma industries. Longer term, solid demographics and stable drivers are a plus, but a lack of high wage opportunities will present limited growth.

Based on Moody's Analytics, Albany-Schenectady-Troy MSA AA strengths are strong technical skills from graduates of local universities, global semiconductor production hub from the presence of the universities and Global Foundries and central location relative to New York City western New York and New England. However, among the area's weaknesses are dependence of state government jobs.

**Non – MSAs**

**Columbia County within the Hudson, NY Micropolitan Statistical Area  
 Fulton within the Gloversville, NY Micropolitan Statistical Area  
 Montgomery within the Amsterdam, NY Micropolitan Statistical Area**

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Kinderhook - Non MSA ( Columbia, Fulton and Montgomery Counties)</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	52	5.8	17.3	46.2	30.8	0.0
Population by Geography	166,580	3.9	17.5	53.5	25.1	0.0
Housing Units by Geography	84,603	4.2	16.5	52.9	26.3	0.0
Owner-Occupied Units by Geography	46,934	2.5	12.3	56.7	28.5	0.0
Occupied Rental Units by Geography	20,121	8.5	29.7	44.3	17.5	0.0
Vacant Units by Geography	17,548	3.8	12.7	52.7	30.8	0.0
Businesses by Geography	9,113	4.3	19.0	49.7	27.0	0.0
Farms by Geography	672	0.4	10.0	55.4	34.2	0.0
Family Distribution by Income Level	42,830	21.6	16.4	19.9	42.2	0.0
Household Distribution by Income Level	67,055	23.4	15.3	17.3	44.0	0.0
Median Family Income Non-MSAs - NY		\$59,570	Median Housing Value			\$153,161
			Median Gross Rent			\$777
			Families Below Poverty Level			11.4%
<i>Source: 2015 ACS Census and 2017 D&amp;B Data                  Due to rounding, totals may not equal 100.0                  (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Kinderhook’s Non-MSA AA consists of 21 census tracts in Columbia county, 15 census tracts in Fulton county, and 16 census tracts in Montgomery County. The Non-MSA area consists of 52 geographies.

The AA census tracts are spread among 5.8 percent low-income, 17.3 percent moderate-income, 46.2 percent middle-income, and 30.8 percent upper-income by the 2015 ACS U.S. Census Bureau. Within the Non-MSA AA, Kinderhook operates seven branches that have seven ATMs in the branch offices. Of Kinderhook’s seven branches within the AA, one is located in a moderate-income geography, four located in middle-income geographies, and two located in upper-income geographies.

The 2015 ACS Census Data reports a total population of 166,580. This AA contains 67,055 households and 42,830 households that are families. Approximately 21.6 percent of the families are categorized as low-income, 16.4 percent as moderate-income, 19.9 percent as middle-income, and 42.2 percent as upper-income. Approximately 11.4 percent of households are below the poverty level. The FFIEC 2017 estimated median family income (MFI) for the Non MSA was \$59,570 and the median value of a home was \$153,161.

Based on data from the US Bureau of Labor Statistics, the 2017 annual unemployment rate for Columbia County was 3.8 percent, Fulton County was 5.8 percent, and Montgomery County was 5.8 percent, compared to the national rate of 4.4 percent. Similar challenges are faced in the Non-MSA AA compared to the Albany-Schenectady-Troy MSA AA.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test is rated Satisfactory. Based on a full-scope review, Kinderhook's performance in the Albany-Schenectady-Troy NY MSA and Non-MSA AAs is good.

#### **Lending Activity**

Based on the data in Lending Volume Tables in Appendix A and the following performance context considerations, we concluded lending activity is good. The bank originated an adequate volume of loans in the AA relative to its capacity based on deposits, competition, and market presence.

- The proportion of bank loans is significantly greater than the proportion of bank deposits in the AA;
- The bank's market share and rank in loans is comparable to the bank's share and rank in deposits. The bank's performance in the AA is driven by the fact that this represents a significant market with a limited branch presence and limited marketing of products; and
- The bank has a limited presence in the market relative to the largest depository and lending institutions. KeyBank, Citizens Bank NA, TrustCo Bank, and Bank of America are the dominant competitors, comprising the vast majority of loans and deposits in the bank's AAs. The concentration of deposits and loans with a few competitors creates constraints for the bank, considering its branch presence, in achieving high volumes of deposits and loans.

#### **Loan-to-Deposit Ratio**

Kinderhook's average loan-to-deposit ratio is reasonable. The bank's quarterly average net loan-to-deposit ratio during the evaluation period is 82.5 percent. During this period, the bank's ratio performance ranged from a low of 78.8 percent on September 30, 2016 to a high of 86.8 percent on September 30, 2015.

Kinderhook's average loan-to-deposit ratio is comparable to six peer institutions of similar size, location, and product offerings. Kinderhook ranks fifth among seven similarly situated banks. However, Kinderhook's average net loan-to-deposit ratio is higher than the average net loan-to-deposit ratio of the six peer institutions. The aggregate average

net loan-to-deposit ratio for the six peer institutions over the same time period is 79.2 percent, ranging from a low of 47.7 percent to a high of 92.8 percent.

### **Lending in Assessment Area**

Kinderhook's record of lending within the designated AA is outstanding. Kinderhook originated a substantial majority of HMDA-reportable loans inside its AA throughout the evaluation period.

According to Table 1a in Appendix A, Kinderhook originated 173 home mortgage loans totaling \$45.1 million in 2015 and 2016. Home mortgage loans within Kinderhook's AA account for 76.9 percent of loans by amount and 74.3 percent of loans by dollar volume.

According to Table 1b in Appendix A, Kinderhook originated 79 home mortgage loans totaling \$24.4 million in 2017. Home mortgage loans within Kinderhook's AA account for 84.8 percent of loans by amount and 69.0 percent of loans by dollar volume.

### **Distribution of Loans by Income Level of the Geography**

The distribution of the bank's home mortgage loans in low- and moderate-income geographies is good. The proportion of loans was stronger than the proportion of owner-occupied housing units in those geographies, and stronger than the aggregate distribution of loans in those geographies.

### **Home Mortgage Loans**

Based on the data in Tables 2a and 2b in Appendix A, the bank's overall geographic distribution of home mortgage loan originations and purchases in the Albany-Schenectady-Troy MSA AA for this evaluation period is excellent.

- For 2015 and 2016 combined, the proportion of home mortgage loans in low-income and moderate-income geographies was significantly stronger than the percentage of owner-occupied housing units in those geographies;
- The bank's overall performance in home mortgage lending in low- and moderate-income geographies was significantly stronger than the aggregate distribution of loans in those geographies; and
- The bank's home mortgage lending in 2017 is comparable to 2015 and 2016.

Based on the data in Tables 2a and 2b in Appendix A, the bank's overall geographic distribution of home mortgage loan originations and purchases in the Non-MSA AA for this evaluation period is poor.

- For 2015 and 2016 combined the proportion of home mortgage loans in low-income and moderate-income geographies was poor, as the bank did not originate or purchase any home mortgage loans during the evaluation period in low- or moderate-income geographies in their Non-MSA AA. However, lending

opportunities in this AA are limited, as there is only a small percentage of owner-occupied housing units located in a low- or moderate-income census tract in this AA;

- The bank's overall performance in home mortgage lending in low- and moderate-income geographies was poor, as the bank did not originate or purchase any home mortgage loans during the evaluation period in low- or moderate-income geographies in their Non-MSA AA; and
- The bank's home mortgage lending in 2017 is comparable to 2015 and 2016.

### **Lending Gap Analysis**

We performed a lending gap analysis that included a review of reports and maps showing the distribution of branches, applications and loans. We did not identify any unexplained conspicuous gaps in the bank's AA.

### **Distribution of Loans by Income Level of the Borrower**

The distribution of the bank's home mortgage loans to low- and moderate-income borrowers is poor. The proportion of loans was weaker than the percentage of owner-occupied units and weaker than the percentage comparable to the aggregate distribution reported for Albany and Renssalaer Counties for both low- and moderate-income borrowers.

Kinderhook also reported a large portion of HMDA loans that had income levels that were unreported. This is primarily due to lending to commercial applicants, where under HMDA reporting requirements, income is not required to be reported. Kinderhook has a significant volume of commercial borrowers who obtained HMDA reportable loans during the evaluation period and this is taken into consideration for the distribution of loans by income level of the borrower test. Please refer to the AA Market Profile Table for further details.

### **Home Mortgage Loans**

Based on the data in Tables 3a and 3b in Appendix A and the following performance context considerations, the bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation period is poor.

- The proportion of loans to low- and moderate-income borrowers compared to the proportion of low- and moderate-income families is weaker than the percentage of owner-occupied units and negatively impacted by the ratio of median housing value to income in the AA.
- Overall the bank's home mortgage lending to low- and moderate-income borrowers is weaker than the percentage comparable to the aggregate distribution reported for Albany and Renssalaer Counties for both low- and moderate-income borrowers.
- The bank's home mortgage lending in 2017 is comparable to 2015 and 2016.

Based on the data in Tables 3a and 3b in Appendix A, the bank's overall borrower distribution of home mortgage loan originations and purchases in the Albany-Schenectady-Troy MSA for this evaluation period is poor.

- For 2015 and 2016 combined the proportion of home mortgage loans to low-income and moderate-income borrowers was weaker than the proportion of families in those geographies.
- The bank's overall performance in home mortgage lending to low- and moderate-income borrowers was lower than the aggregate distribution of loans in those geographies.
- The bank's home mortgage lending in 2017 is comparable to 2015 and 2016.

Based on the data in Tables 3a and 3b in Appendix A, the bank's overall borrower distribution of home mortgage loan originations and purchases in the Non-MSA AA for this evaluation period is good.

- The 2015 and 2016 combined the proportion of home mortgage loans to low-income borrowers was poor, as bank originations were lower than the percentage of low-income families in the Non-MSA AA. The combined proportion of home mortgage loans to moderate-income borrowers was good, as bank loan originations were comparable to the percentage of moderate-income families in the Non-MSA AA.
- The bank's overall performance in home mortgage lending to low-income borrowers was good, as the bank's lending was comparable to the aggregate distribution in the Non-MSA AA. The bank's overall performance in home mortgage lending to moderate-income borrowers was good, as the bank's originations were comparable to the aggregate distribution of moderate-income families in the Non-MSA AA.
- The bank's home mortgage lending in 2017 to low-income borrowers is comparable to 2015 and 2016, however lending to moderate-income borrowers was excellent, as the bank exceeded both the percentage of moderate-income families and aggregate distribution in the Non-MSA AA.

### **Responses to Complaints**

Kinderhook did not receive any CRA-related complaints during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

### **CD Loans**

Community development loans were effective in helping the bank address community credit needs. Kinderhook originated a significant volume of CD loans throughout the AA under various loan programs. Community Development lending volume has a significant positive impact on the lending test conclusion in the AA.

- The level of CD lending in the Albany-Schenectady-Troy MSA is excellent. Kinderhook made 61 qualified CD loans in the MSA for a total of \$30.95 million, which represents 55.02 percent of tier 1 capital. The primary purpose of the qualified loans consists of a mix of affordable housing, economic development and, revitalization and stabilization of the AA.
- The level of CD lending in the Columbia County AA is good. Kinderhook made 10 Qualified CD loans in the Columbia County AA for a total of \$4.01 million, which represents 7.13 percent of tier 1 capital.
- Due to the excellent responsiveness to CD needs within the AA, we considered an additional eight CD loans extended by Kinderhook in the broader regional area. These supplementary loans totaled an additional \$1.87 million, representing 3.32 percent of tier 1 capital.

Examples of CD Loans in the AAs Include:

- Kinderhook provided \$1.5 million to a local organization to rehabilitate and preserve an aging, historic opera house located in a moderate-income tract in Columbia County. This opera house promotes the arts throughout the community through presenting programs such as concerts, plays, readings and dance performances as well as providing after-school programs for youth including, dance classes, yoga and educational arts programs. Additionally, the opera house provides an employment training program for local community members between 16 and 25.
- Kinderhook provided \$780 thousand to a local real estate developer to construct multi-unit affordable housing in a moderate-income tract in Rensselaer County.
- Kinderhook provided a \$192 thousand loan to a local developer to renovate and provide affordable housing in Albany County.

## CD Donations

Kinderhook's level of CD donations throughout the AAs were excellent and responsive to community needs. In total, Kinderhook made 116 donations in the amount of \$78.9 thousand to CD organizations during the evaluation period. The CD organizations provided health and human services and financial literacy training to LMI individuals and families. Additionally, the CD organizations provided economic development services to LMI areas and small businesses.

- Kinderhook made seventy-eight donations for a total of \$43.71 thousand to CD organizations within the Albany-Schenectady-Troy MSA, accounting for 67.2 percent by number and 55.4 percent by dollar amount of total donations.
- Kinderhook made 29 donations for a total of \$30.84 thousand to CD organizations within the Columbia County AA, representing 25 percent by number and 39 percent by dollar amount of total donations.
- Additionally, Kinderhook made nine donations for a total of \$4.35 thousand to CD organizations in the broader regional area, representing 7.8 percent by number and 5.5 percent by dollar amount of total donations.

Examples of CD donations include:

- \$5,500 to a local non-profit regional and economic development organization dedicated to establishing and advancing local businesses throughout the Capital region.
- \$3,000 to a local organization dedicated to provide affordable housing and permanent solutions for homeless individuals in the capital region.
- \$1,920 to a community group dedicated to serving and empowering persons in need, focusing on the poor, vulnerable and homeless in Albany County.

## Community Development Services

Kinderhook's level of CD services throughout the AA were effective and responsive to local community needs. In total, bank employees and senior management participated in leadership roles within 16 of the 27 different CD organizations. Twenty-eight different bank representatives reported 3,745 hours dedicated to CD services throughout the evaluation period, representing over 100 hours per month. Bank employees and senior management worked with 18 CD service organizations that brought education, health and human services, financial literacy, as well as, job and skill training to low- and moderate-income individuals and families throughout the AA. Additionally, bank employees and senior management worked with two different affordable housing advocacy groups and six separate economic development groups dedicated to establishing and advancing local small businesses.

- Kinderhook's level of CD services within the Albany-Schenectady-Troy MSA is excellent. Of the 27 different CD organizations bank employees and senior management participated with, 20 are within the MSA, representing 74 percent of

the organizations. Bank employees and senior management dedicated 2,693 hours to organizations within the MSA, accounting for 71.7 percent of total hours.

- Kinderhook's level of CD services within the Columbia County AA is good. Of the 27 different CD organizations bank employees and senior management participated with, seven directly benefit the Columbia County AA, accounting for 26 percent of the participating organizations. Bank employees and senior management dedicated 1,061 hours to organizations inside the Columbia County AA, accounting for 28.3 percent of total hours.

Notable examples of community development services include:

- Senior Vice President performing senior leadership duties including Vice-Chair of the Board of Directors and Chair of the Finance Committee for a non-profit academic medical center serving the surrounding community without regard for the ability of repayment.
- Senior Vice President that serves on the Finance Committee at a local Church organization that provides basic human services, including food pantry, clothing drives and senior care to those in need.
- Vice President acting as Treasurer for an economic development organization that provides small businesses with grants and low-cost funding options.
- Assistant Vice President providing financial literacy educational services to LMI youth in grades three through six, which primarily serves low-income students.

**Appendix A**

<b>Table 1a - Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2015	61	72.6	23	27.4	84	19,917	74.1	6,945	25.9	26,862
2016	72	80.9	17	19.1	89	13,553	74.5	4,642	25.5	18,195
<b>Subtotal</b>	<b>133</b>	<b>76.9</b>	<b>40</b>	<b>23.1</b>	<b>173</b>	<b>33,470</b>	<b>74.3</b>	<b>11,587</b>	<b>25.7</b>	<b>45,057</b>
<b>Total</b>	<b>133</b>	<b>76.9</b>	<b>40</b>	<b>23.1</b>	<b>173</b>	<b>33,470</b>	<b>74.3</b>	<b>11,587</b>	<b>25.7</b>	<b>45,057</b>
<i>Source: Evaluation Period: 1/1/2015 - 12/31/2016 Bank Data                      Due to rounding, totals may not equal 100.0</i>										

<b>Table 1b - Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2017	67	84.8	12	15.2	79	16,857	69.0	7,586	31.0	24,443
<b>Subtotal</b>	<b>67</b>	<b>84.8</b>	<b>12</b>	<b>15.2</b>	<b>79</b>	<b>16,857</b>	<b>69.0</b>	<b>7,586</b>	<b>31.0</b>	<b>24,443</b>
<b>Total</b>	<b>67</b>	<b>84.8</b>	<b>12</b>	<b>15.2</b>	<b>79</b>	<b>16,857</b>	<b>69.0</b>	<b>7,586</b>	<b>31.0</b>	<b>24,443</b>
<i>Source: Evaluation Period: 1/1/2017 - 12/31/2017 Bank Data                      Due to rounding, totals may not equal 100.0</i>										

<b>Table 2a : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																			<b>2015-16</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Kinderhook - Non MSA	69	8,024	51.9	2,961	1.5	0.0	1.1	9.9	0.0	7.9	58.9	36.2	55.3	29.7	63.8	35.7	0.0	0.0	0.0	
Kinderhook - Albany-Schenectadt - Troy MSA	64	25,446	48.1	10,528	5.5	14.1	4.4	13.7	18.8	12.9	49.0	42.2	48.6	31.8	25.0	34.2	0.0	0.0	0.0	
<b>Total</b>	<b>133</b>	<b>33,470</b>	<b>100.0</b>	<b>13,489</b>	<b>4.3</b>	<b>6.8</b>	<b>3.6</b>	<b>12.6</b>	<b>9.0</b>	<b>11.8</b>	<b>51.9</b>	<b>39.1</b>	<b>50.1</b>	<b>31.2</b>	<b>45.1</b>	<b>34.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0

**Table 2b : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2017**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Kinderhook - Non MSA	28	3,224	41.8	3,100	2.5	0.0	1.9	12.3	7.1	10.8	56.7	25.0	55.0	28.5	67.9	32.2	0.0	0.0	0.0
Kinderhook - Albany-Sc henectadt - Troy MSA	39	13,633	58.2	9,628	3.9	12.8	4.4	12.3	33.3	14.8	52.0	33.3	51.2	31.8	20.5	29.6	0.0	0.0	0.0
<b>Total</b>	<b>67</b>	<b>16,857</b>	<b>100.0</b>	<b>12,728</b>	<b>3.5</b>	<b>7.5</b>	<b>3.8</b>	<b>12.3</b>	<b>22.4</b>	<b>13.8</b>	<b>53.4</b>	<b>29.9</b>	<b>52.1</b>	<b>30.8</b>	<b>40.3</b>	<b>30.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

<b>Table 3a: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																			<b>2015-16</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Kinderhook - Non MSA	69	8,024	51.9	2,961	19.2	4.3	3.7	17.7	15.9	16.0	19.4	17.4	22.0	43.6	46.4	43.0	0.0	15.9	15.3	
Kinderhook - Albany-Schenechtadt -Troy MSA	64	25,446	50.8	10,528	22.1	3.2	7.8	17.9	7.8	21.3	20.6	12.5	24.9	39.4	18.8	30.6	0.0	59.4	15.5	
<b>Total</b>	<b>133</b>	<b>33,470</b>	<b>100.0</b>	<b>13,489</b>	<b>21.3</b>	<b>3.0</b>	<b>6.9</b>	<b>17.9</b>	<b>12.0</b>	<b>20.1</b>	<b>20.2</b>	<b>15.0</b>	<b>24.2</b>	<b>40.6</b>	<b>33.1</b>	<b>33.3</b>	<b>0.0</b>	<b>36.8</b>	<b>15.4</b>	

*Source: 2010 U.S Census ; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0*

**Table 3b: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** **2017**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Kinderhook - Non MSA	28	3,224	41.8	3,100	21.6	7.1	5.6	16.4	21.4	16.6	19.9	21.4	24.4	42.2	35.7	40.2	0.0	14.3	13.1
Kinderhook - Albany-Schene ctadt -Troy MSA	39	13,633	58.2	9,628	21.5	5.1	7.7	17.4	7.7	22.5	21.4	23.1	25.3	39.7	23.1	31.5	0.0	41.0	13.0
<b>Total</b>	<b>67</b>	<b>16,857</b>	<b>100.0</b>	<b>12,728</b>	<b>21.5</b>	<b>6.0</b>	<b>7.2</b>	<b>17.1</b>	<b>13.4</b>	<b>21.1</b>	<b>21.0</b>	<b>22.4</b>	<b>25.1</b>	<b>40.4</b>	<b>28.4</b>	<b>33.6</b>	<b>0.0</b>	<b>29.9</b>	<b>13.0</b>

*Source: 2015 ACS Census ; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0*