



PUBLIC DISCLOSURE

July 10, 2023

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Generations Bank
Charter Number: 718024

19 Cayuga Street
Seneca Falls, NY 13148

Office of the Comptroller of the Currency

5000 Brittonfield Parkway, Suite A132
East Syracuse, NY 13057

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, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Needs to Improve**.

The Lending Test is rated: Needs to Improve.

The Community Development test is rated: Satisfactory.

The major factors that support this rating include:

- The Lending Test rating is based on Generations Bank (bank) performance in the assessment areas (AAs) in the state of New York, which did not meet the criteria for satisfactory performance as a substantial majority of the bank's loans are outside of its AAs.
- The Community Development (CD) Test rating is based on the bank's performance in the state of New York, which demonstrated adequate responsiveness to CD needs through CD loans, qualified investments, and CD services.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's loan-to-deposit (LTD) ratio is more than reasonable.

Generations Bank's LTD ratio is calculated on a bank-wide basis and meets the standard for outstanding performance. The bank's average LTD ratio for the 12-quarter period from January 1, 2020, through December 31, 2022, was 91.4 percent, with quarterly ratios ranging from a low of 86.5 percent to a high of 95.5 percent. In comparison, the quarterly average LTD ratio of four similarly situated banks was 56.3 percent, ranging from a low of 31.1 percent to a high of 74.3 percent.

Lending in Assessment Area

A substantial majority of the bank's loans are outside its AAs and does not meet the criteria for satisfactory performance.

The bank originated and purchased 34.9 percent of its total home mortgage loans inside its AAs during the evaluation period, as show in the table below. The volume of AA lending, compared to the capacity based upon local deposits, is poor and indicates the bank is not adequately serving the credit needs of its AAs. According to reported mortgage loan data, demand for home mortgage loans existed during the evaluation period. During 2020, 2021, and 2022, the bank originated and purchased 325 loans out of the 25,000 total loans reported inside the AA. The low loan concentration and declining percentage of home mortgage loan originations and purchases negatively affected the bank's overall CRA rating.

During the evaluation period, the bank heavily relied on residential loan purchase programs to generate loan growth given favorable loan yields. Management did not appropriately consider the needs of the AAs or the impact to its CRA performance prior to implementing this strategy as evidenced by the disproportionate volume of home mortgage loan purchases inside and outside of the bank's AAs. The bank originated and purchased a total of 931 home mortgages during the evaluation period. Home mortgage purchases accounted for 668 or 71.8 percent of total home mortgage loans and 534 or 79.9

percent of home mortgage purchases were outside of the AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	81	19.3	338	80.7	419	9,566	23.6	30,997	76.4	40,563
2021	74	33.3	148	66.7	222	9,092	38.1	14,742	61.9	23,834
2022	170	58.6	120	41.4	290	37,325	71.6	14,823	28.4	52,148
Total	325	34.9	606	65.1	931	55,983	48.0	60,562	52.0	116,545
<i>Source: 01/01/2020 – 12/31/2022 Bank Data Due to rounding, totals may not equal 100.0%</i>										

Description of Institution

Generations Bank is a \$384.9 million intrastate stock savings bank headquartered in Seneca Falls, New York (N.Y.). The bank is a wholly owned subsidiary of Generations Bancorp NY, Inc., a one-bank holding company also headquartered in Seneca Falls, N.Y. The current ownership structure was organized in January 2021 as part of the Seneca-Cayuga Bancorp, Inc. conversion from the mutual holding company to the stock holding company form of organization. The bank has two operating subsidiaries, Generations Agency, Inc., which provides personal and commercial lines of insurance, as well as Medicare navigation services, and Generations Commercial Bank, which provides municipal deposit services.

Generations Bank operates nine full-service branch offices and a separate headquarters located in two AAs, the NY Non Metropolitan Statistical Area (MSA) AA and the Rochester NY MSA AA. In May 2021, the bank closed their branch office in Albion, N.Y., which was located in a middle-income census tract. The bank has not opened any new branch offices since the prior evaluation period. Each branch office has at least one 24-hour automated teller machine (ATM) and there are four non-deposit taking ATMs located in the Seneca County Office Building, Medina Hospital, Shelridge Country Club, and White Birch Country Club. The two designated AAs do not arbitrarily exclude any low- or moderate-income areas.

The bank's lending strategy focuses on home mortgage lending, in addition to, offering other noncomplex retail loans and business loan products for consumer and commercial borrowers. As of December 31, 2022, the bank's balance sheet included \$306.4 million in total loans consisting of 49.8 percent in residential real estate mortgages, 40.7 percent in consumer loans, 8.4 percent in commercial loans, and 1.1 percent in agricultural loans. In 2019, the bank deemphasized automobile and commercial lending and employed a strategy to focus on home mortgage and other consumer lending, reflecting a sizable shift in its balance sheet composition. As part of this strategy, the bank began purchasing loans from a variety of external sources including Homestead Mortgage, LLC; Triad Financial Services, First Credit Corporation, OneSource Mortgage, and Premier Mortgage Company, given its limited in-house mortgage origination staff. During the evaluation period, the bank purchased 668 or 71.8 percent of its home mortgage loans from these sources.

The bank uses business development officers and branch staff to both directly source and generate mortgage referrals and develop working relationships with realtors and communities of influence. Management has entered into or established programs to promote home loan funding for both low- and moderate-income borrowers and to fund home loans in the low- and moderate-income census tracts in the AAs. These programs include United States Department of Agriculture loans and the Federal Home Loan Bank's First Home Club grant program. In addition, the bank offers a no down payment product limited to low- and moderate-income borrowers and a no closing cost loan product to assist low- and moderate-income borrowers. Generations Bank continues to service Seneca County Habitat for Humanity loans and now, Orleans County Habitat for Humanity. The bank also continues to offer affordable automobile loans targeted to low- and moderate-income borrowers.

As of December 31, 2022, bank-wide deposits total \$320.6 million. Deposits are sourced substantially from the bank's market area via the bank's branch network. Product offerings include various checking accounts, savings accounts, and certificates of deposit, including a free checking account and school and health savings accounts. The bank also offers retail non-deposit investment products and services.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of the communities it serves. The bank received a "Satisfactory" rating for its prior CRA Performance Evaluation, dated July 24, 2020.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation assessed the bank's performance in its AAs under the CRA. The bank was evaluated using the Intermediate Small Bank CRA examination procedures, which included the Lending Test and the Community Development Test. The Lending Test evaluated the bank's record of meeting the credit needs of its AAs through its primary lending product, home mortgages. The Community Development Test assessed the bank's engagement in community development activities, including CD loans and services, qualified investments, grants, and donations, based on the needs of the community and the bank's capacities. The evaluation period for both tests was January 1, 2020, through December 31, 2022. The OCC assessed 2020 and 2021 lending activities against the 2015 American Community Survey (ACS) data and 2022 lending activities against the 2020 U.S. Census data.

Home mortgage loans include home purchase, home improvement, home mortgage refinance, and multi-family loans as reported on the Loan Application Register required by the Home Mortgage Disclosure Act (HMDA). HMDA aggregate lending as well as market share percentages consider only lenders that submit HMDA data. Lenders that collect but do not submit data are not considered in the percentages.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated Non MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under the State Rating for details

regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is based on its performance within the state of New York. The state rating is based on full-scope reviews of the bank's NY Non MSA AA and the Rochester NY MSA AA. The OCC placed more weight on the NY Non MSA as it represents 65.3 percent of total deposits, 55.5 percent of branches, and 40 percent of total home mortgage originations and purchases.

The state ratings are based on performance in all bank AAs. Refer to the "Scope" section under each state Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), 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 AA 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 bank has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this bank engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the bank'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.

State Rating

State of New York

CRA rating for the State of New York: Needs to Improve

The Lending Test is rated: Needs to Improve

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- A substantial majority of the bank's home mortgage loan originations and purchases are outside of its AAs.
- A reasonable distribution of loans to geographies and individuals of different income levels.
- Adequate responsiveness to CD needs in the state of New York through CD loans, qualified investments, and CD services.

Description of Institution's Operations in New York

Generations Bank's primary lending focus in the state of New York during the evaluation period was home mortgage loans. Home mortgage lending activities rely heavily on external loan purchase programs to supplement organic originations and generate loan growth given the bank's limited in-house mortgage origination staff. Third parties used to purchase home mortgage loans during the evaluation period included Homestead Mortgage, LLC; Triad Financial Services, First Credit Corporation, OneSource Mortgage, and Premier Mortgage Company.

As of December 31, 2022, the bank had two designated AAs in the state of New York, the NY Non MSA AA and the Rochester NY MSA AA. The NY Non MSA AA includes Seneca and Cayuga counties in their entirety and the Rochester NY MSA AA includes a portion of the Rochester NY MSA – Ontario and Orleans counties. Both AAs met the requirements of the CRA regulation and did not arbitrarily exclude any low- or moderate-income geographies.

The following tables and supporting information summarize the demographic information for the NY Non MSA AA and the Rochester NY MSA AA.

NY Non MSA AA

The NY Non MSA AA consists of Seneca and Cayuga counties in their entirety. According to the 2015 ACS data, the AA consisted of 30 contiguous census tracts, which included one low-income census tract, two moderate-income census tracts, 20 middle-income census tracts, six upper-income census tracts, and one census tract without an income classification. According to the 2020 U.S. Census data, the AA now consists of 36 contiguous census tracts and includes one low-income census tract, four moderate-income census tracts, 22 middle-income census tracts, seven upper-income census tracts, and two census tracts without an income classification.

The bank offered its full range of products and services to its customer base through its five branch locations, main office, nine deposit taking ATMs, and one non-deposit taking ATM located in the AA,

as well as online banking and mobile banking applications. All branches in the AA are located in middle- or upper-income census tracts. The bank did not open or close any branches in the AA during the evaluation period.

As of June 30, 2022, Generations Bank reported \$205.9 million in deposits in the NY Non MSA AA, which represented 65.3 percent of bank-wide deposits. The bank ranked sixth out of 13 depository institutions in the AA, with a deposit market share of 8.6 percent. The bank's top competitors for deposit market share include KeyBank, N.A.; Five Star Bank, and Community Bank, N.A. with deposit market shares of 14.7 percent, 14.2 percent, and 11.3 percent, respectively.

The bank competed against commercial banks, savings banks, federal credit unions, and non-bank mortgage companies for home mortgage loans in the NY Non MSA AA. Based on the 2022 HMDA market share data, 151 lenders originated or purchased 2,256 home mortgage loans in the AA. Generations Bank ranked 14th, or in the 91st percentile, with a 1.7 percent market share. The top HMDA lenders in the AA were Community Bank, N.A.; The Lyons National Bank, AmeriCU Credit Union, Empower Federal Credit Union, and Rocket Mortgage, with a combined market share of 33.6 percent.

The economic climate in NY Non MSA AA is positive. According to the U.S. Bureau of Labor Statistics (BLS) data, the annualized unemployment rate (not seasonally adjusted) in Seneca and Cayuga counties, as of December 31, 2022, was 3.2 percent and 3.4 percent, respectively, which outperformed the state unemployment rate of 4.3 percent. During the evaluation period, the annualized unemployment rates in Seneca and Cayuga counties declined from highs of 7.8 percent and 7.6 percent, respectively, as of December 31, 2020, as the areas recovered from the impact of the COVID-19 pandemic. The largest employers in Seneca County are Finger Lakes Health, del Lago Resort & Casino, and Wegmans Food Markets. The largest employers in Cayuga County are Auburn Community Hospital, the Department of Corrections, and the County of Cayuga.

The OCC reviewed information from an interagency small business listening session conducted during the evaluation period with several community groups that operate in the NY Non MSA AA. The listening session emphasized a need for financial educational services, supportive services, and capital needs for small business owners. In addition, community organizations noted a need for alternative or flexible underwriting standards for small businesses.

Table A – Demographic Information of the Assessment Area						
Assessment Area: NY Non MSA AA 2020-2021						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	30	3.3	6.7	66.7	20.0	3.3
Population by Geography	114,317	3.8	7.4	68.6	20.2	0.0
Housing Units by Geography	52,566	2.8	8.3	68.0	20.9	0.0
Owner-Occupied Units by Geography	31,834	1.3	5.2	68.8	24.7	0.0
Occupied Rental Units by Geography	12,699	6.8	18.0	64.6	10.6	0.0
Vacant Units by Geography	8,033	2.1	4.9	70.5	22.5	0.0
Businesses by Geography	6,833	4.9	9.0	61.8	24.3	0.0
Farms by Geography	601	0.2	1.3	68.6	30.0	0.0
Family Distribution by Income Level	28,194	17.1	17.0	21.8	44.1	0.0
Household Distribution by Income Level	44,533	22.1	14.7	18.5	44.7	0.0
Median Family Income Non-MSAs - NY		\$59,570	Median Housing Value			\$110,964
			Median Gross Rent			\$689
			Families Below Poverty Level			7.8%
<i>Source: 2015 ACS and 2021 D&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>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: NY Non MSA AA 2022						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	36	2.8	11.1	61.1	19.4	5.6
Population by Geography	110,062	3.7	11.3	65.4	18.7	0.9
Housing Units by Geography	53,540	3.0	11.7	66.5	18.8	0.0
Owner-Occupied Units by Geography	31,897	0.9	9.7	67.2	22.2	0.0
Occupied Rental Units by Geography	12,757	8.8	15.5	66.2	9.6	0.0
Vacant Units by Geography	8,886	2.3	13.2	64.6	19.9	0.0
Businesses by Geography	7,011	4.9	10.6	64.2	20.4	0.0
Farms by Geography	608	0.2	2.3	70.7	26.8	0.0
Family Distribution by Income Level	27,347	18.4	17.5	21.2	42.9	0.0
Household Distribution by Income Level	44,654	22.2	16.6	17.8	43.5	0.0
Median Family Income Non-MSAs - NY		\$69,021	Median Housing Value			\$124,005
			Median Gross Rent			\$784
			Families Below Poverty Level			7.7%
<i>Source: 2020 U.S. Census and 2022 D&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>						

Rochester NY MSA AA

The Rochester NY MSA AA is comprised of a portion of the Rochester NY MSA (MSA #40380), including Orleans and Ontario counties in their entirety, which are non-contiguous. According to the 2015 ACS data, the AA consisted of 36 census tracts, which included seven moderate-income census tracts, 24 middle-income census tracts, four upper-income census tracts, and one census tract without an income classification. According to the 2020 U.S. Census data, the AA now consists of 54 census tracts, and includes 17 moderate-income census tracts, 26 middle-income census tracts, nine upper-income census tracts, and two census tracts without an income classification.

The bank offered its full range of products and services to its customer base through its four branch locations, six deposit taking ATMs, and one non-deposit taking ATM in the AA, as well as online banking and mobile banking applications. All branches in the AA are in middle-income census tracts. The bank closed one branch in the AA during the evaluation period, which was in a middle-income census tract.

As of June 30, 2022, Generations Bank reported \$109.4 million in deposits in the Rochester NY MSA AA, which represented 34.7 percent of bank-wide deposits. The bank ranked fourth out of 16 depository institutions in the AA, with a deposit market share of 9.5 percent. The bank's top competitors for deposit market share include The Canandaigua National Bank and Trust Company, Five Star Bank, and Community Bank, N.A. with deposit market shares of 19.1 percent, 14.3 percent, and 11.9 percent, respectively.

The bank competed against commercial banks, savings banks, federal credit unions, and non-bank mortgage companies for home mortgage loans in the Rochester NY MSA AA. Based on the 2022 HMDA market share data, 154 lenders originated or purchased 4,638 home mortgage loans in the AA. Generations Bank ranked 11th, or in the 93rd percentile, with a 2.8 percent market share. The top HMDA lenders in the AA were ESL Federal Credit Union, The Lyons National Bank, The Canandaigua National Bank, Premium Mortgage Corporation, and Hometown Funding, Inc., with a combined market share of 39.2 percent.

The economic climate in the Rochester NY MSA AA is positive. According to the U.S. BLS data, the annualized unemployment rate (not seasonally adjusted) in the AA, as of December 31, 2022, was 3.4 percent, and compares favorably to the state unemployment rate of 4.3 percent. The unemployment rate has rebounded from the 2020 high of 7.8 percent that resulted from the impact of the COVID-19 pandemic. Per Moody's Analytics, the key sectors of the Rochester NY MSA include education and health services and government, and a heavy reliance on universities is expected to help support stable growth. The largest employers in Ontario County are Finger Lakes Health and Thompson Health, and the largest employers in Orleans County are Baxter International and Walmart.

The OCC utilized information from one community contact within the bank's Rochester NY MSA AA to determine local economic conditions and community needs. The contact was a non-profit organization that focuses on social and economic justice. The contact emphasized a need for workforce development and financial repair services for low- and moderate-income individuals, small-dollar loans, and low-cost bank accounts to improve unbanked and underbanked low-income residents.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Rochester NY MSA AA 2020-2021						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	36	0.0	19.4	66.7	11.1	2.8
Population by Geography	151,396	0.0	13.5	70.9	15.6	0.0
Housing Units by Geography	67,916	0.0	15.0	69.9	15.2	0.0
Owner-Occupied Units by Geography	44,340	0.0	10.4	73.1	16.5	0.0
Occupied Rental Units by Geography	15,928	0.0	27.3	57.3	15.4	0.0
Vacant Units by Geography	7,648	0.0	15.4	77.5	7.1	0.0
Businesses by Geography	11,417	0.0	16.6	59.1	24.3	0.0
Farms by Geography	730	0.0	4.4	83.7	11.9	0.0
Family Distribution by Income Level	39,630	20.8	18.4	21.0	39.8	0.0
Household Distribution by Income Level	60,268	22.5	15.9	19.1	42.6	0.0
Median Family Income MSA - 40380 Rochester, NY MSA		\$67,757	Median Housing Value			\$136,719
			Median Gross Rent			\$807
			Families Below Poverty Level			8.2%

Source: 2015 ACS and 2021 D&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.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Rochester NY MSA AA 2022						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	54	0.0	31.5	48.1	16.7	3.7
Population by Geography	152,801	0.0	33.1	48.4	17.5	1.0
Housing Units by Geography	69,789	0.0	33.3	49.0	17.7	0.0
Owner-Occupied Units by Geography	45,728	0.0	28.8	52.1	19.1	0.0
Occupied Rental Units by Geography	16,617	0.0	48.0	37.3	14.8	0.0
Vacant Units by Geography	7,444	0.0	28.7	56.0	15.3	0.0
Businesses by Geography	11,590	0.0	33.0	39.9	27.0	0.1
Farms by Geography	738	0.0	25.7	59.3	14.9	0.0
Family Distribution by Income Level	40,108	21.5	18.8	21.1	38.7	0.0
Household Distribution by Income Level	62,345	22.2	17.2	18.8	41.8	0.0
Median Family Income MSA - 40380 Rochester, NY MSA		\$80,423	Median Housing Value			\$155,871
			Median Gross Rent			\$918
			Families Below Poverty Level			6.7%

Source: 2020 U.S. Census and 2022 D&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.

Scope of Evaluation in New York

The OCC conducted full-scope reviews of the bank's NY Non MSA AA and the Rochester NY MSA AA. The OCC placed more weight on the NY Non MSA as it represents 65.3 percent of total deposits, 55.5 percent of branches, and 40 percent of total home mortgage originations and purchases. The OCC assessed 2020 and 2021 lending activities against the 2015 ACS data and 2022 lending activities against the 2020 U.S. Census data.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW YORK

LENDING TEST

The bank's performance under the Lending Test in New York is rated Needs to Improve.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews of the NY Non MSA and the Rochester NY MSA AAs, the bank's lending performance in the state of New York is poor. The Lending Test rating includes the LTD ratio analysis and lending inside and outside the AA, as well as the distribution of loans by the income levels of the geography and borrower described below. The primary driver of the Lending Test performance is the bank's lending inside and outside of AA, as other performance factors were reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the state.

Home Mortgage Loans

Refer to Table O in the state of New York section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

NY Non MSA AA

The geographic distribution of home mortgage loans is reasonable. In 2020 and 2021, the bank did not originate or purchase any home mortgage loans in low-income census tracts in the AA. Opportunities were limited with only 413 owner-occupied housing units located in low-income census tracts. In 2022, the bank's lending in low-income census tracts exceeded both the percentage of owner-occupied housing and aggregate lending in the AA. In 2020 and 2021, the geographic distribution of home mortgage loans in moderate-income census tracts exceeded both the percentage of owner-occupied housing and aggregate lending in the AA. In 2022, the bank's lending in moderate-income census tracts was below the percentage of owner-occupied housing and aggregate lending in the AA.

Rochester NY MSA AA

The geographic distribution of home mortgage loans is reasonable. In 2020 and 2021, the geographic distribution of home mortgage loans in moderate-income census tracts was below the percentage of

owner-occupied housing and aggregate lending in the AA. In 2022, the bank's lending in moderate-income census tracts was near to the percentage of owner-occupied housing and aggregate lending in the AA. The AA did not include any low-income census tracts during the evaluation period.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels.

Home Mortgage Loans

Refer to Table P in the state of New York section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

NY Non MSA AA

The borrower distribution of home mortgage loans is reasonable. In 2020 and 2021, home mortgage lending to low-income borrowers was significantly below the percentage of low-income families but significantly exceeded aggregate lending in the AA. In 2022, home mortgage lending to low-income borrowers was significantly below the percentage of low-income families but near to aggregate lending in the AA. Aggregate lenders were similarly well below the percentage of families in low-income geographies during both evaluation periods. The assessment of performance considered housing affordability for low-income borrowers during the evaluation period given the median listing price and median family income. The median housing value was \$110,964 in the AA based on the 2015 ACS and \$124,005 based on the 2020 Census data; however, per the Federal Housing Finance Administration (FHFA) Housing Index, the median home value in the NY Non MSA AA ranged from \$201,090 to \$279,510 during the evaluation period. Based on the median listing price during the evaluation period, the monthly principal and interest payment of a 30-year mortgage with no down payment and a fixed 5 percent interest rate ranges from \$1,079 to \$1,500. Using a threshold of 30 percent of income for housing affordability and the 2022 updated median family of \$69,021 in the AA, a low-income individual earns less than \$34,510 and could afford a maximum monthly payment of \$863 without considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses. These costs are challenging and may limit lending opportunities for low-income families.

In 2020, 2021, and 2022, home mortgage lending to moderate-income borrowers exceeded the percentage of moderate-income families and was near to aggregate lending in the AA.

Rochester NY MSA AA

The borrower distribution of home mortgage loans is reasonable. In 2020 and 2021, home mortgage lending to low-income borrowers was below the percentage of low-income families but significantly exceeded aggregate lending in the AA. In 2022, home mortgage lending to low-income borrowers was significantly below the percentage of low-income families and near to aggregate lending in the AA. The assessment of performance considered housing affordability for low-income borrowers during the evaluation period given the median listing price and median family income. The median housing value was \$136,719 in the AA based on the 2015 ACS and \$155,871 based on the 2020 Census data; however, per the FHFA Housing Index, the median home value in the Rochester NY MSA ranged from \$172,640 to \$237,400 during the evaluation period. Based on the median listing price during the evaluation period, the monthly principal and interest payment of a 30-year mortgage with no down payment and a fixed 5

percent interest rate ranges from \$927 to \$1,274. Using a threshold of 30 percent of income for housing affordability and the 2022 updated median family of \$80,423 in the AA, a low-income individual could afford a maximum monthly payment of \$994 without including additional expenses or real estate taxes. When including these additional expenses, it becomes even more difficult for low-income individuals to afford a mortgage in the AA.

In 2020 and 2021, home mortgage lending to moderate-income borrowers exceeded both the percentage of moderate-income families and aggregate lending in the AA. In 2022, home mortgage lending to moderate-income borrowers was near to the percentage of moderate-income families but below aggregate lending in the AA.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of New York is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews of the NY Non MSA and the Rochester NY MSA AAs, the bank exhibits adequate responsiveness to community development needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AAs.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
NY Non MSA AA	55	66.3	3,100	72.8
Rochester NY MSA AA	28	33.7	1,158	27.2
Total	83	100.0	4,258	100.0

Generations Bank demonstrated adequate responsiveness to CD needs through CD loans.

NY Non MSA AA

During the evaluation period, the bank originated 55 qualified CD loans totaling \$3.1 million, or 11.5 percent of allocated tier 1 capital, in the NY Non MSA AA. CD lending includes one loan totaling \$72,400 for affordable housing, one loan totaling \$486,344 for community services to low- or moderate-income individuals or families, one loan totaling \$58,661 to revitalize and stabilize low- or moderate-

income geographies, and 52 Small Business Administration Paycheck Protection Program (PPP) loans totaling \$2.5 million to revitalize and stabilize low- or moderate-income geographies, or for economic development.

Rochester NY MSA AA

During the evaluation period, the bank originated 28 qualified CD loans totaling \$1.2 million or 8.1 percent of allocated tier 1 capital, in the Rochester NY MSA AA. All loan originations were PPP loans where funds were used to revitalize and stabilize low- or moderate-income geographies or for economic development.

Number and Amount of Qualified Investments

The Qualified Investment Table, shown below, sets forth the information and data used to evaluate the bank's level of qualified CD investments. These tables include all CD investments, including prior period investments that remain outstanding as of the examination date.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Non MSA AA	0	0	67	54	67	58.8	54	69.2	0	0
Rochester NY MSA AA	0	0	47	24	47	41.2	24	30.8	0	0
Total	0	0	114	78	114	100	78	100	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Generations Bank demonstrated poor responsiveness to CD needs through qualified investments.

NY Non MSA AA

During the evaluation period, the bank made 67 donations totaling \$54,235 to various CD eligible charitable and non-profit organizations within the NY Non MSA AA, representing 0.2 percent of allocated tier 1 capital. Donations supported various organizations that provide affordable housing for low- or moderate-income individuals, provide community development services to low-or moderate-income individuals, or support economic development. The bank did not have any prior period investments in the AA.

Rochester NY MSA AA

During the evaluation period, the bank made 47 donations totaling \$23,961 to various CD eligible charitable and non-profit organizations with the Rochester NY MSA AA, representing 0.3 percent of allocated tier 1 capital. Donations supported various organizations that provide community development services to low-or moderate-income individuals or support economic development. The bank did not have any prior period investments in the AA.

Extent to Which the Bank Provides Community Development Services

Generations Bank demonstrated adequate responsiveness to CD needs through CD services.

NY Non MSA AA

During the evaluation period, twelve employees and directors contributed 4,425 hours to two CD organizations primarily in board or leadership positions in the NY Non MSA. The organizations benefiting from employee expertise included one affordable housing organization and one organization providing community services targeting low- or moderate-income individuals. Many of the employees provide regular weekly service hours with the local chapter of Habitat for Humanity in the NY Non MSA AA, building houses, determining housing needs in the AA, and improving services for low- and moderate-income individuals to access the benefits of this organization. The bank employs a Community Event Coordinator to conduct community service and civic engagement activities on behalf of the bank, including this Habitat for Humanity chapter. In addition, the bank works with Banzai educational services to provide financial literacy training to preparatory and secondary school aged students in the bank's AAs.

Rochester NY MSA AA

During the evaluation period, three employees contributed seven hours of services to one CD organization that provides financial literacy training to preparatory and secondary school aged students in the Rochester NY MSA AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	01/01/2020 to 12/31/2022	
Bank Products Reviewed:	Home mortgage loans CD loans, qualified investments, and CD services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State of New York		
NY Non MSA AA	Full Scope	Seneca and Cayuga counties
Rochester NY MSA AA	Full Scope	Ontario and Orleans counties

Appendix B: Summary of State Ratings

RATINGS		GENERATIONS BANK	
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State Rating
Generation Bank	Needs to Improve	Satisfactory	Needs to Improve
State:			
New York	Needs to Improve	Satisfactory	Needs to Improve

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder’ and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2020-21	
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	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	
NY Non MSA AA	91	10,480	58.7	2,880	1.3	0.0	1.7	5.2	7.7	5.9	68.8	61.5	65.6	24.7	30.8	26.8	0.0	0.0	0.0	
Rochester NY MSA AA	64	8,177	41.3	6,373	0.0	0.0	0.0	10.4	7.8	9.3	73.1	84.4	67.2	16.5	7.8	23.6	0.0	0.0	0.0	
Total	155	18,657	100.0	9,253	0.5	0.0	0.5	8.3	7.7	8.2	71.3	71.0	66.7	19.9	21.3	24.6	0.0	0.0	0.0	

*Source: 2020 U.S. Census; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2022	
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	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	
NY Non MSA AA	39	6,829	22.9	2,256	0.9	2.6	1.2	9.7	7.7	12.3	67.2	82.1	64.7	22.2	7.7	21.7	0.0	0.0	0.0	
Rochester NY MSA AA	131	30,496	77.1	4,638	0.0	0.0	0.0	28.8	26.7	29.0	52.1	50.4	49.2	19.1	22.9	21.8	0.0	0.0	0.0	
Total	170	37,325	100.0	6,894	0.4	0.6	0.4	20.9	22.4	23.5	58.3	57.6	54.3	20.4	19.4	21.8	0.0	0.0	0.0	

*Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data, 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2020-21

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	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.
NY Non MSA AA	91	10,480	58.7	2,880	17.1	11.0	6.6	17.0	18.7	20.0	21.8	23.1	24.8	44.1	36.3	37.7	0.0	11.0	11.0
Rochester NY MSA AA	64	8,177	41.3	6,373	20.8	15.6	8.4	18.4	21.9	20.9	21.0	21.9	21.5	39.8	39.1	35.8	0.0	1.6	13.4
Total	155	18,657	100.0	9,253	19.3	12.9	7.8	17.8	20.0	20.6	21.3	22.6	22.5	41.6	37.4	36.4	0.0	7.1	12.7

Source: 2020 U.S. Census; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2022

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	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.
NY Non MSA AA	39	6,829	22.9	2,256	18.4	5.1	7.1	17.5	20.5	21.7	21.2	28.2	23.8	42.9	41.0	37.1	0.0	5.1	10.3
Rochester NY MSA AA	131	30,496	77.1	4,638	21.5	8.4	9.6	18.8	16.0	21.1	21.1	29.0	22.2	38.7	46.6	34.0	0.0	0.0	13.2
Total	170	37,325	100.0	6,894	20.2	7.6	8.8	18.3	17.1	21.3	21.1	28.8	22.7	40.4	45.3	35.0	0.0	1.2	12.2

Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data, 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.