



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: June 30, 2013

Institution: Steuben Trust Company
One Steuben Square
Hornell, NY 14843

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

TABLE OF CONTENTS

	Section
General Information	1
Overview of Institution's Performance	2
Performance Context	3
Institution Profile	
Assessment Area	
Demographic & Economic Data	
Community Information	
Performance Standards and Assessment Factors	4
Lending Test	
Loan-to-Deposit Ratio and Other Lending-Related Activities	
Assessment Area Concentration	
Distribution by Borrower Characteristics	
Geographic Distribution of Loans	
Action Taken in Response to Written Complaints With Respect to CRA	
Community Development Test	
Community Development Loans	
Community Development Investments	
Community Development Services	
Additional Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Steuben Trust Company (“STC”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of June 30, 2013.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Superintendent implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated STC according to the intermediate small bank performance criteria pursuant to Part 76.7 and Part 76.12 of the General Regulations of the Superintendent. This assessment period included calendar years 2010, 2011, 2012 and the six months ended June 30, 2013. STC is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs.

The rating is based on the following factors:

Lending Test: "Satisfactory"

- **Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities:** "Satisfactory"

STC's average LTD ratio was reasonable considering its size, business strategy, financial condition and peer group activity.

During the evaluation period, STC's average LTD ratio was 67.9% with a high of 74.0% in the fourth quarter of 2010 and a low of 63.1% in the first quarter of 2012.

- **Assessment Area Concentration:** "Satisfactory"

During the evaluation period, STC originated 88.9% by number, and 70.9% by dollar value of its HMDA, small business, and consumer loans within the assessment area. This substantial majority of lending inside its assessment area is an excellent record of lending.

- **Distribution by Borrower Characteristics:** "Satisfactory"

The distribution of loans based on borrower characteristics demonstrated a reasonable penetration rate of lending among businesses of different revenue sizes and borrowers of different income levels. STC's small business loan penetration ratios were reasonable compared to the peer group's ratios. The distribution of HMDA and consumer loans among borrowers in the assessment area was adequate compared to the peer group and demographics.

- **Geographic Distribution of Loans:** "Satisfactory"

The distribution of loans based on lending in census tracts of varying income levels demonstrated a reasonable rate of lending.

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

Since the prior CRA evaluation, as of December 31, 2009, neither STC nor DFS has

received any written complaints regarding STC's CRA performance.

Community Development Test (Loans, Investments, Services): "Satisfactory"

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

- **Community Development Loans: "Satisfactory"**

During the evaluation period, STC made 35 qualified community development loans totaling approximately \$5.4 million, and had \$552,000 outstanding from prior evaluation periods.

- **Community Development Qualified Investments: "Satisfactory"**

During the evaluation period, STC made approximately \$11.2 million in community development investments, and had \$642,000 outstanding from prior evaluation periods. In addition, the bank made \$303,000 in community development grants during this evaluation period.

- **Community Development Services: "Satisfactory"**

STC demonstrated a reasonable level of community development services over the course of the evaluation period.

- **Innovative or Complex Practices:**

STC demonstrated an adequate level of flexible community development practices.

- **Responsiveness to Credit and Community Development Needs:**

STC demonstrated a reasonable level of responsiveness to credit and community development needs.

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

PERFORMANCE CONTEXT

Institution Profile:

Chartered in 1902, STC is a commercial bank located in Hornell, New York. The bank is a wholly owned subsidiary of Steuben Trust Corporation, a bank holding company.

Per the Consolidated Report of Condition (the "Call Report") as of June 30, 2013, filed with the Federal Deposit Insurance Corporation ("FDIC"), STC reported total assets of \$423.8 million, of which \$233.2 million were net loans and lease finance receivables. It also reported total deposits of \$352.1 million, resulting in a loan-to-deposit ratio of 66.2%. According to the latest available comparative deposit data, as of June 30, 2013, STC had a market share of 2.5%, or \$352.1 million in a market of \$14.3 billion, ranking it 11th among 22 deposit-taking institutions in the assessment area of Allegany, Monroe, Livingston, Steuben, and Wyoming counties.

The following is a summary of STC's loan portfolio, based on Schedule RC-C of the bank's December 31, 2010 through June 30, 2013 Call Reports:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2010		2011		2012		6/30/2013	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	77,390	36.8	87,120	39.3	99,547	40.9	93,319	39.4
Commercial & Industrial Loans	20,089	9.5	20,441	9.2	19,206	7.9	19,788	8.4
Commercial Mortgage Loans	52,633	25.0	61,680	27.8	63,393	26.1	60,423	25.5
Multifamily Mortgages	3,125	1.5	6,439	2.9	8,764	3.6	10,886	4.6
Consumer Loans	22,459	10.7	17,071	7.7	15,028	6.2	15,031	6.4
Agricultural Loans	10,982	5.2	12,038	5.4	15,186	6.2	13,872	5.9
Construction Loans	23,859	11.3	16,778	7.6	21,620	8.9	22,722	9.6
Obligations of States & Municipalities	0	0.0	0	0.0	569	0.2	620	0.3
Other Loans	10	0.0	30	0.0	10	0.0	10	0.0
Lease Financing	0	0.0	0	0.0	28	0.0	24	0.0
Total Gross Loans	210,547		221,597		243,351		236,695	

As illustrated in the above table, STC is primarily a residential real estate lender, with 44.0% of its loan portfolio in residential real estate and multifamily mortgage loans and 25.5% in commercial mortgage loans.

STC operates 14 banking offices, four of which are located in Steuben County, seven are in Allegany, and one in each in Livingston, Monroe and Wyoming counties. The business hours of each of these offices are adjusted to serve the needs of the local communities. Supplementing the banking offices is an automated teller machine ("ATM") network operating at 10 branch offices. Eight of these ATMs accept deposits and the other two are for cash dispensing only. In addition, STC operates four off-site ATMs at different locations in Allegany and Steuben counties.

These ATMs do not accept deposits. The off-site ATM at St. James Mercy Hospital is in a moderate-income census tract. The other three are in middle-income census tracts. The four branch offices that do not have ATM machines are located in middle-income census tracts in Allegany, Monroe and Steuben counties. In addition to ATM service, STC offers online banking, a free bill pay service, and mobile banking services.

There are no known financial or legal impediments that adversely impacted STC's ability to meet the credit needs of its community.

Assessment Area:

STC's assessment area is comprised of all of Allegany and Livingston counties, 21 census tracts in Steuben County (majority of census tracts), 11 tracts in Monroe County and six tracts in Wyoming County.

There are 66 census tracts in the assessment area, of which one is low-income, five are moderate-income, 54 are middle-income, four are upper-income and two are tracts with no income indicated.

Assessment Area Census Tracts by Income Level								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Dis-tressed %
Allegany	1		1	11		13	7.7	7.7%
Livingston	1	1	2	11		15	20.0	20.0%
Monroe				7	4	11	0.0	0.0%
Steuben			2	19		21	9.5	9.5%
Wyoming				6		6	0.0	0.0%
Total	2	1	5	54	4	66	9.1	9.1%

Demographic and Economic Data:

The assessment area had a population of 263,041 during the examination period. About 13.7% of the population were over the age of 65 and 18.5% were under the age of sixteen.

Of the 66,266 families in the assessment area, 0.1% were low-income, 7.7% were moderate-income, 86.8% were middle-income and 5.5% were upper-income families. There were 98,831 households in the assessment area, of which 12.1% had income below the poverty level and 2.6% were on public assistance.

The weighted average of the median family income within the assessment area was \$59,651.

There were 117,827 housing units within the assessment area, of which 93.8 percent were one- to four-family units, and 6.2 percent were multifamily units. A majority (63.4 percent) of the area's housing units were owner-occupied, while 22.3 percent were rental units. Of the 74,719 owner-occupied housing units, 6.8 percent were in moderate-income census tracts while 93.2 percent were in middle- and upper-income census tracts. The median age of the housing stock was 52 years and the median home value in the assessment area was \$98,472.

There were 17,069 non-farm businesses in the assessment area. Of these, 69.7 percent were businesses with reported revenues of less than or equal to \$1 million, 4.4 percent reported revenues of more than \$1 million, and 25.9 percent did not report their revenues. Of all the businesses in the assessment area, 82.2 percent was businesses with less than 50 employees and 88.2 percent operated from a single location. The largest industries in the area were services (41.7 percent), followed by retail trade (13.5 percent) and agriculture, forestry and fishing (8.1 percent), while non-classified establishments accounted for 10.7 percent.

According to the New York State Department of Labor, the average unemployment rates for New York State during the evaluation period have been less than that of Allegany, Steuben and Wyoming counties. Livingston and Monroe counties had slightly lower rates than the statewide rates during the same period.

Assessment Area Unemployment Rate						
	Statewide	Allegany	Livington	Monroe	Steuben	Wyoming
2010	8.6	9.1	8.5	8.0	10.0	9.3
2011	8.2	8.8	8.0	7.6	9.4	8.5
2012	8.5	8.3	8.2	7.8	9.7	8.6
2013	7.7	7.6	7.4	7.0	8.9	7.8

Community Information:

The examiners interviewed two community contacts during this evaluation. One was a nonprofit organization that was established as housing action corporation in order to improve the housing conditions of LMI individuals and families primarily in Alleghany County, although it also serves neighboring counties such as Cattaraugus, Livingston, Steuben and Wyoming.

Some of the services provided by this nonprofit are rental assistance under Section 8 of the Housing Act, real estate apartment and facility management for underserved individuals (elderly, handicapped, etc.) in Alleghany County, domestic violence services, Head Start Program (Family Day Care) and home improvement and

rehabilitation programs, etc.

Some of its sources of funding consist of grants and contributions from businesses and banks, loans from banks and local, state and federal government agencies, management fees and income from its real estate portfolio.

According to this institution, Allegany County is one of the distressed and underserved counties in New York State. Because of low income, most residents cannot afford to purchase their homes. Most residents move to the south, but after they retire they move back when they are old or sick.

There is a need for start-up capital of about \$10,000 to \$25,000 for small business owners (mom & pop businesses). Most local banks are not interested in this segment of loan market due to high risk and lack of expertise in small business lending.

Local banks and credit unions are providing and meeting the credit needs and services in the local communities. In that regard, Steuben Trust is doing a good job in helping local individuals and families. The nonprofit has worked with Steuben Trust on three low-income housing projects. Also, Steuben has made grants/contributions and provided CD loans.

The other contact was a charitable organization that indicated that there was a need for community development services for seniors and elders due to the aging of the population, declining level of social supports, and increasing cost of medical and health care. There are opportunities for banks to provide more loans, investments, grants, or contributions to local community service organizations that foster efforts to help this distressed and underserved population.

They further stated that the local regional banks including Steuben Trust Company and local credit unions are providing and meeting the credit needs and services in the local communities. STC has made grants/contributions and has participated in the charities' fundraising campaigns.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated STC under the intermediate small banking institution's performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Superintendent, which consist of the lending test and the community development test.

The lending test includes:

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

The community development test includes:

- Community development lending;
- Community development investments;
- Community development services;
- Innovative or complex practices; and
- Responsiveness to community development needs

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

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

DFS used statistics in this evaluation derived from various sources. STC submitted bank-specific information both as part of the examination process and on its Call Report submitted to the Federal Deposit Insurance Corporation ("FDIC"). DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council and deposit data from the FDIC. DFS calculated loan-to-deposit ratios from information shown in the bank's Uniform Bank Performance Report as submitted to the FDIC.

DFS used demographic data in this report derived from the 2010 U.S. Census and the Department of Housing and Urban Development. Business demographic data used in this report are based on Dun & Bradstreet reports, which are updated annually. Examiners obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis and are used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2010, 2011, 2012 and the first six months of 2013.

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

For HMDA-reportable lending, analysis for 2012 and 2013 was performed on a sample of loans from each year.

Consumer loans were also evaluated since they constitute a substantial share of STC's business.

At its **prior** Performance Evaluation as of December 31, 2009, DFS assigned STC a rating of "2," reflecting a "Satisfactory" record of helping to meet community credit needs.

Current CRA Rating: "Satisfactory"

Lending Test: "Satisfactory"

STC's HMDA-reportable, small business and consumer lending activities were reasonable in light of aggregate and peer group activity and the demographics of the assessment area.

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

STC's average LTD ratio was reasonable considering its size, business strategy, financial condition, the high unemployment rate in its assessment area, and peer group lending activity.

The table below shows STC's LTD ratios in comparison with its peer group's ratios for the 14 quarters since its prior evaluation.

Loan-to-Deposit Ratios															
	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	Avg.
Bank	73.6	69.5	64.9	74.0	64.2	67.4	68.0	69.6	63.1	65.6	65.7	72.9	65.4	66.4	67.9
Peer	80.9	80.4	79.7	78.9	76.5	76.7	75.9	75.1	73.3	74.3	74.5	74.0	73.2	74.9	76.3

Assessment Area Concentration: "Satisfactory"

During the evaluation period, STC originated 88.9% by number and 70.9% by dollar value of its HMDA-reportable, small business and consumer loans within the assessment area. This majority of lending inside of its assessment area is a reasonable

concentration of lending .

HMDA-Reportable Loans:

During the evaluation period, STC originated 87.2% by number and 79.9% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending is an excellent record of lending.

Small Business Loans:

During the evaluation period, STC originated 83.1% by number and 69.9% by dollar value of its small business loans within the assessment area. This majority of loans is a reasonable record of lending.

Consumer Loans:

STC originated 90.2% by number and 66.9% by dollar value of its consumer loans within the assessment area during the evaluation period. This majority of lending inside of its assessment area is a reasonable record of lending.

The following table shows the percentages of STC's HMDA-reportable, small business and consumer loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable Loans										
2010	177	94.7%	10	5.3%	187	13,301	92.3%	1,111	7.7%	14,412
2011	184	84.0%	35	16.0%	219	14,663	60.5%	9,580	39.5%	24,243
2012	234	83.1%	48	16.9%	282	28,742	87.0%	4,295	13.0%	33,037
2013	91	91.7%	8	8.3%	99	7,451	86.5%	1,166	13.5%	8,617
Subtotal	686	87.2%	101	12.8%	787	64,157	79.9%	16,152	20.1%	80,309
Small Business Loans										
2010	144	78.7%	39	21.3%	183	9,307	62.4%	5,614	37.6%	14,921
2011	136	79.5%	35	20.5%	171	8,634	72.2%	3,318	27.8%	11,952
2012	163	87.6%	23	12.4%	186	10,254	66.2%	5,242	33.8%	15,496
2013	93	88.6%	12	11.4%	105	7,834	85.5%	1,333	14.5%	9,167
Subtotal	536	83.1%	109	16.9%	645	36,029	69.9%	15,507	30.1%	51,536
Consumer Loans										
2010	855	93.2%	62	6.8%	917	11,901	92.6%	954	7.4%	12,855
2011	1,116	88.6%	143	11.4%	1,259	37,322	55.9%	29,501	44.1%	66,823
2012	1,276	89.7%	146	10.3%	1,422	53,990	69.9%	23,257	30.1%	77,247
2013	450	89.6%	52	10.4%	502	6,232	92.3%	522	7.7%	6,754
Subtotal	3,697	90.2%	403	9.8%	4,100	109,445	66.9%	54,234	33.1%	163,679
Grand Total	4,919	88.9%	613	11.1%	5,532	209,631	70.9%	85,893	29.1%	295,524

For HMDA-reportable lending, analysis was performed on a sample of 59 loans in 2012 and 36 loans in 2013. Number and dollar volume of loans were then extrapolated from the resulting percentages. HMDA-reportable lending in 2010, 2011, and small business and consumer lending analyses were based on actual lending.

Distribution by Borrower Characteristics: "Satisfactory"

The distribution of loans, based on borrower characteristics, demonstrated a reasonable rate of lending among individuals of different income levels and businesses of different revenue sizes.

HMDA-Reportable Loans:

STC's HMDA-reportable loans demonstrated a reasonable rate of lending among borrowers of different income levels.

In terms of dollar value, STC made an average of 18.6% of its loans to LMI borrowers during the evaluation period.

The following table provides a summary of STC's HMDA-reportable lending distribution by borrower income.

Distribution of HMDA-Reportable Lending by Borrower Income									
2010									
Borrower Income	Bank				Aggregate (peer)				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	15	8.5%	757	5.7%	378	9.6%	18,357	4.5%	18.3%
Moderate	58	32.8%	3,474	26.1%	1,041	26.5%	70,779	17.3%	18.8%
LMI	73	41.2%	4,231	31.8%	1,419	36.1%	89,136	21.8%	37.1%
Middle	34	19.2%	2,435	18.3%	981	24.9%	84,734	20.7%	25.1%
Upper	65	36.7%	6,006	45.2%	1,429	36.3%	181,273	44.4%	37.8%
Unknown	5	2.8%	629	4.7%	104	2.6%	53,350	13.1%	0.0%
Total	177		13,301		3,933		408,493		
2011									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	2.2%	187	1.3%	403	9.9%	20,509	5.4%	18.3%
Moderate	46	25.0%	3,010	20.5%	1,033	25.5%	72,012	18.9%	18.8%
LMI	50	27.2%	3,197	21.8%	1,436	35.4%	92,521	24.2%	37.1%
Middle	53	28.8%	3,383	23.1%	1,078	26.6%	91,847	24.1%	25.1%
Upper	75	40.8%	7,555	51.5%	1,431	35.3%	184,182	48.3%	37.8%
Unknown	6	3.3%	528	3.6%	111	2.7%	13,067	3.4%	0.0%
Total	184		14,663		4,056		381,617		
2012									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	4.1%	589	1.8%	438	8.7%	23,506	4.8%	18.4%
Moderate	38	16.3%	3,435	10.4%	1,177	23.4%	83,072	17.0%	19.0%
LMI	48	20.4%	4,024	12.2%	1,615	32.1%	106,578	21.8%	37.5%
Middle	76	32.7%	8,019	24.3%	1,381	27.5%	120,275	24.6%	23.7%
Upper	105	44.9%	20,201	61.1%	1,883	37.4%	245,040	50.0%	38.8%
Unknown	5	2.0%	793	2.4%	150	3.0%	17,726	3.6%	0.0%
Total	234		33,037		5,029		489,619		
2013 (June 30)									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	3.0%	61	0.7%	Data not available				18.4%
Moderate	14	15.2%	1,422	16.5%					19.0%
LMI	17	18.2%	1,482	17.2%					37.5%
Middle	19	21.2%	1,677	19.5%					23.7%
Upper	55	60.6%	5,457	63.3%					38.8%
Unknown	0	0.0%	0	0.0%					0.0%
Total	91		8,617						
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	31	4.5%	1,594	2.3%		9.4%		4.9%	
Moderate	156	22.7%	11,340	16.3%		25.0%		17.7%	
LMI	187	27.3%	12,935	18.6%		34.3%		22.5%	
Middle	183	26.7%	15,515	22.3%		26.4%		23.2%	
Upper	300	43.7%	39,219	56.3%		36.4%		47.7%	
Unknown	16	2.3%	1,950	2.8%		2.8%		6.6%	
Total	686		69,618						

Small Business Loans:

The distribution of small business loans, by revenue size of the business, demonstrated a reasonable rate of lending to businesses with revenues of less than \$1 million.

STC made an average of 82.1% by number and 64.4% by dollar value of loans to businesses reporting revenues under \$1 million.

The following table provides a summary of STC's business lending distribution during the evaluation period, based on business revenue size:

Distribution of Small Business Lending by Revenue Size of Business									
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	125	86.8%	6,354	68.3%	1,182	41.7%	51,330	41.2%	74.5%
Rev. > \$1MM	11	7.6%	2,876	30.9%					4.2%
Rev. Unknown	8	5.6%	77	0.8%					21.4%
Total	144		9,307		2,833		124,538		
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	105	77.2%	4,637	53.7%	1,656	47.2%	65,265	42.7%	66.5%
Rev. > \$1MM	24	17.6%	3,592	41.6%					2.9%
Rev. Unknown	7	5.1%	405	4.7%					30.7%
Total	136		8,634		3,507		152,919		
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	136	83.4%	7,198	70.2%	1,893	47.5%	67,826	40.7%	70.3%
Rev. > \$1MM	18	11.0%	2,650	25.8%					3.9%
Rev. Unknown	9	5.5%	406	4.0%					25.8%
Total	163		10,254		3,986		166,508		
2013 (June 30)									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	74	79.6%	5,021	64.1%	Data not available				69.7%
Rev. > \$1MM	18	19.4%	2,803	35.8%					4.4%
Rev. Unknown	1	1.1%	10	0.1%					25.9%
Total	93		7,834						
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	440	82.1%	23,210	64.4%	4,731	45.8%	184,421	41.5%	
Rev. > \$1MM	71	13.2%	11,921	33.1%					
Rev. Unknown	25	4.7%	898	2.5%					
Total	536		36,029		10,326		443,965		

Consumer Loans:

The distribution of consumer loans by borrower income level demonstrated a reasonable rate of lending to low- and moderate-income ("LMI") borrowers.

In terms of dollar value, STC made an average of 10.8% of its consumer loans to LMI borrowers; STC averaged a greater share, 61.3%, to borrowers whose income was unknown.

The following table provides a summary of STC's consumer lending distribution during the evaluation period, by the income level of borrowers:

Distribution of Consumer Lending by Borrower Income					
2010					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	167	19.5%	1,073	9.0%	22.3%
Moderate	274	32.0%	2,582	21.7%	16.4%
LMI	441	51.6%	3,655	30.7%	38.7%
Middle	204	23.9%	2,511	21.1%	20.7%
Upper	199	23.3%	5,458	45.9%	40.6%
Unknown	11	1.3%	277	2.3%	0.0%
Total	855		11,901		
2011					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	148	13.3%	856	2.3%	22.3%
Moderate	241	21.6%	1,980	5.3%	16.4%
LMI	389	34.9%	2,836	7.6%	38.7%
Middle	202	18.1%	2,516	6.7%	20.7%
Upper	174	15.6%	5,054	13.5%	40.6%
Unknown	351	31.5%	26,916	72.1%	0.0%
Total	1,116		37,322		
2012					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	174	13.6%	1,140	2.1%	23.0%
Moderate	245	19.2%	2,394	4.4%	15.9%
LMI	419	32.8%	3,534	6.5%	38.9%
Middle	234	18.3%	3,461	6.4%	20.0%
Upper	233	18.3%	7,150	13.2%	41.1%
Unknown	390	30.6%	39,845	73.8%	0.0%
Total	1,276		53,990		
2013 (June 30)					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	79	17.6%	671	10.8%	23.0%
Moderate	131	29.1%	1,100	17.7%	15.9%
LMI	210	46.7%	1,771	28.4%	38.9%
Middle	132	29.3%	1,575	25.3%	20.0%
Upper	102	22.7%	2,822	45.3%	41.1%
Unknown	6	1.3%	64	1.0%	0.0%
Total	450		6,232		
GRAND TOTAL					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	
Low	568	15.4%	3,740	3.4%	
Moderate	891	24.1%	8,056	7.4%	
LMI	1,459	39.5%	11,796	10.8%	
Middle	772	20.9%	10,063	9.2%	
Upper	708	19.2%	20,484	18.7%	
Unknown	758	20.5%	67,102	61.3%	
Total	3,697		109,445		

Geographic Distribution of Loans: “Satisfactory”

The distribution of loans by census-tract income level demonstrated reasonable lending penetration to LMI census tracts.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans by census-tract income level demonstrated a reasonable rate of lending in LMI areas. The percentage of lending in LMI tracts was 3.1% of the total dollar value of loans made, while the percentage of LMI tracts in the bank’s assessment area was 9.1% of the total tracts.

The following chart provides a summary of STC’s HMDA-reportable lending distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2010									
Geographic Income	Bank				Aggregate (peer)				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	10	5.6%	562	4.2%	207	5.3%	11,833	2.9%	7.0%
LMI	10	5.6%	562	4.2%	207	5.3%	11,833	2.9%	7.0%
Middle	156	88.1%	11,551	86.8%	3,306	84.1%	330,440	80.9%	84.8%
Upper	11	6.2%	1,188	8.9%	419	10.7%	66,100	16.2%	8.2%
Unknown	0	0.0%	0	0.0%	1	0.0%	0	0.0%	0.0%
Total	177		13,301		3,933		408,373		
2011									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	4	2.2%	150	1.0%	260	6.4%	15,818	4.1%	7.0%
LMI	4	2.2%	150	1.0%	260	6.4%	15,818	4.1%	7.0%
Middle	170	92.4%	13,535	92.3%	3,400	83.8%	303,754	79.6%	84.8%
Upper	10	5.4%	978	6.7%	394	9.7%	61,468	16.1%	12.8%
Unknown	0	0.0%	0	0.0%	2	0.0%	577	0.2%	0.0%
Total	184		14,663		4,056		381,617		
2012									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	10	4.1%	1,259	3.8%	205	4.1%	12,435	2.5%	6.8%
LMI	10	4.1%	1,259	3.8%	205	4.1%	12,435	2.5%	6.8%
Middle	220	93.9%	29,864	90.4%	4,372	86.9%	402,344	82.2%	87.0%
Upper	5	2.0%	1,914	5.8%	447	8.9%	74,326	15.2%	6.2%
Unknown	0	0.0%	0	0.0%	5	0.1%	514	0.1%	0.0%
Total	234		33,037		5,029		489,619		
2013 (June 30)									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%					
Moderate	6	6.1%	189	2.2%					
LMI	6	6.1%	189	2.2%					
Middle	85	93.9%	8,428	97.8%					
Upper	0	0.0%	0	0.0%					
Unknown	0	0.0%	0	0.0%					
Total	91		8,617						
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	29	4.2%	2,159	3.1%		5.2%		3.1%	
LMI	29	4.2%	2,159	3.1%		5.2%		3.1%	
Middle	631	92.0%	63,379	91.0%		85.1%		81.0%	
Upper	26	3.8%	4,080	5.9%		9.7%		15.8%	
Unknown	0	0.0%	0	0.0%		0.1%		0.1%	
Total	686		69,618			0.0%		0.0%	

Data not available

Small Business Loans:

The distribution of small business loans by the income level of the geography demonstrated a reasonable rate of lending to businesses in LMI areas.

STC made 9.7% by number and 6.8% by dollar volume of its loans to businesses in LMI census tracts.

The following table provides a summary of STC's small business lending distribution by census-tract income level:

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	33	11.1%	2,553	11.7%	206	7.3%	8,560	6.9%	7.7%
LMI	33	11.1%	2,553	11.7%	206	7.3%	8,560	6.9%	7.7%
Middle	240	81.1%	14,991	68.6%	2,298	81.1%	102,276	82.1%	81.8%
Upper	23	7.8%	4,308	19.7%	324	11.4%	13,678	11.0%	10.3%
Unknown	0	0.0%	0	0.0%	5	0.2%	24	0.0%	0.2%
Total	296		21,852		2,833		124,538		
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	29	9.1%	1,453	6.6%	238	6.8%	7,231	4.7%	7.4%
LMI	29	9.1%	1,453	6.6%	238	6.8%	7,231	4.7%	7.4%
Middle	275	86.8%	18,758	85.8%	2,862	81.6%	131,389	85.9%	82.4%
Upper	13	4.1%	1,639	7.5%	396	11.3%	14,214	9.3%	10.0%
Unknown	0	0.0%	0	0.0%	11	0.3%	85	0.1%	0.2%
Total	317		21,850		3,507		152,919		
2012									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	3	0.1%	8	0.0%	0.1%
Moderate	34	9.2%	2,058	5.3%	236	5.9%	11,271	6.8%	6.9%
LMI	34	9.2%	2,058	5.3%	239	6.0%	11,279	6.8%	7.0%
Middle	329	89.2%	36,531	94.0%	3,435	86.2%	147,415	88.5%	85.8%
Upper	6	1.6%	280	0.7%	309	7.8%	7,790	4.7%	7.1%
Unknown	0	0.0%	0	0.0%	3	0.1%	24	0.0%	0.1%
Total	369		38,869		3,986		166,508		
2013 (June 30)									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.6%	50	0.2%	Data not available				0.1%
Moderate	15	8.6%	940	4.3%					7.1%
LMI	16	9.2%	990	4.5%					7.2%
Middle	157	90.2%	20,852	95.2%					85.3%
Upper	1	0.6%	50	0.2%					7.4%
Unknown	0	0.0%	0	0.0%					0.1%
Total	174		21,892						
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.1%	50	0.0%	3	0.0%	0	0.0%	
Moderate	111	9.6%	7,004	6.7%	680	6.6%	27,062	6.1%	
LMI	112	9.7%	7,054	6.8%	683	6.6%	27,062	6.1%	
Middle	1,001	86.6%	91,132	87.2%	8,595	83.2%	381,080	85.9%	
Upper	43	3.7%	6,277	6.0%	1,029	10.0%	35,682	8.0%	
Unknown	0	0.0%	0	0.0%	19	0.2%	0	0.0%	
Total	1,156		104,463		10,326		443,824		

Consumer Loans:

The distribution of consumer loans by the income level of the geography demonstrated a reasonable rate of lending in LMI areas.

STC made 7.4% by number and 10.2% by dollar value of its consumer loans in LMI tracts.

The following table provides a summary of STC's consumer lending distribution by income level of the geography during the evaluation period:

Distribution of Consumer Lending by Geographic Income of the Census Tract					
2010					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0.0%
Moderate	114	13.3%	1,207	10.1%	7.8%
LMI	114	13.3%	1,207	10.1%	7.8%
Middle	740	86.5%	10,680	89.7%	83.9%
Upper	1	0.1%	14	0.1%	8.3%
Unknown	0	0.0%	0	0.0%	0.0%
Total	855		11,901		
2011					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0.0%
Moderate	62	5.6%	1,944	5.2%	7.8%
LMI	62	5.6%	1,944	5.2%	7.8%
Middle	1,008	90.3%	31,980	85.7%	83.9%
Upper	46	4.1%	3,398	9.1%	8.3%
Unknown	0	0.0%	0	0.0%	0.0%
Total	1,116		37,322		
2012					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0.1%
Moderate	139	10.9%	4,245	7.9%	7.6%
LMI	139	10.9%	4,245	7.9%	7.7%
Middle	1,131	88.6%	49,465	91.6%	86.8%
Upper	6	0.5%	280	0.5%	5.5%
Unknown	0	0.0%	0	0.0%	0.0%
Total	1,276		53,990		
2013 (June 30)					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0.1%
Moderate	61	13.6%	730	11.7%	7.6%
LMI	61	13.6%	730	11.7%	7.7%
Middle	388	86.2%	5,488	88.1%	86.8%
Upper	1	0.2%	14	0.2%	5.5%
Unknown	0	0.0%	0	0.0%	0.0%
Total	450		6,232		
GRAND TOTAL					
Borrower Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0.0%
Moderate	376	10.2%	8,126	7.4%	0.0%
LMI	376	10.2%	8,126	7.4%	0.0%
Middle	3,267	88.4%	97,613	89.2%	0.0%
Upper	54	1.5%	3,706	3.4%	0.0%
Unknown	0	0.0%	0	0.0%	0.0%
Total	3,697		109,445		

Action Taken in Response to Written Complaints with Respect to CRA:

Since the prior CRA evaluation, as of December 31, 2009, neither STC nor DFS received any written complaints regarding STC's CRA performance.

Community Development Test: "Satisfactory"

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

During the evaluation period, STC originated \$5.3 million in new community development loans and had \$552,000 outstanding from prior evaluation periods. Additionally, STC made \$11.1 million in new community development investments and had \$642,000 outstanding from prior evaluation periods. STC also made \$303,000 in community development grants.

STC's community development loan portfolio at the end of prior period was \$552,000. STC's CD loan portfolio at the end of this evaluation period was \$5.3 million. Affordable housing loans accounted for \$2.8 million of this amount.

A more detailed description of STC's community development activity follows:

Community Development Lending: "Satisfactory"

During the evaluation period, STC originated \$5.3 million in new community development loans and had \$552,000 outstanding from prior evaluation periods. This demonstrated a reasonable level of community development lending. On an annualized basis STC's community development loans averaged 0.40% of assets.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	6	2,849		
Economic Development	1	195	2	552
Community Services	3	216		
Other (Revitalize/Stabilize)	25	2,086		
Total	35	5,346	2	552

The following are highlights of STC's community development lending:

- STC lent \$910,000 to a for-profit organization for a 32 unit apartment complex that rents apartments at below fair market rents
- STC lent \$634,500 to a nonprofit agency for the revitalization and stabilization of a downtown neighborhood in Hornell.

Community Development Investments: "Outstanding"

During the evaluation period, STC made \$11.1 million in new community development investments and had \$642,000 outstanding from prior evaluation periods. In addition, STC made \$303,000 in community development grants. In total, this represented 0.82% of STC's assets and demonstrated an excellent level of investment in community development projects.

Most of STC's community development investments were for revitalization/stabilization projects started by municipal governments operating in and around STC's assessment area.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing				
Economic Development				
Community Services	5	466		
Other (Revitalize/Stabilize)	84	10,652	12	642
Total	89	11,118	12	642
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	8	3		
Economic Development	4	3		
Community Services	162	177		
Other (Revitalization/Stabilization)	10	10		
Other (Scholarships)	55	110		
Total	239	303		

Below are some highlights of STC's community development investments and grants.

- Most of STC's community development investments were for improvement projects, such as the \$543,515 invested in April 2012 for municipal electric system upgrades in the Village of Silver Springs.
- With regard to grants, STC donated \$40,000 during the period of 2010, 2011 and

2012 to Allegany County United Way for its community activities.

- STC donated to various organizations throughout its market area, a majority of which is in areas designated as distressed-area census tracts in Allegany and Steuben counties.
- In addition, STC had several scholarship programs for 14 area schools within STC's assessment area.

Community Development Services: "Satisfactory"

STC demonstrated a reasonable level of community development services during the evaluation period.

Many directors, officers and employees serve in different capacities in many community organizations in the area.

One director of the bank served on the Governor's Western New York Regional Task Force. Another director volunteered with the Allegany County United Way, providing free tax services to qualifying community members. In addition, several officers/employees are serving in several community organizations, providing financial literacy services and assisting with fundraising to support low-income homeowners.

Innovative or Complex Practices:

STC demonstrated an adequate level of innovative or flexible community development practices.

In October 2011, STC offered a new "Opportunity Checking Account" for those who have been reported to ChexSystems, other than for fraud (ChexSystems provides data related to how a customer has handled deposit accounts at banking institutions).

In June 2012, STC added a student checking account for high school/college students 18 years of age and older.

STC offers a four-month payment plan with no interest for customers who have overdraft protection but are unable to pay the amount owed (amount overdrawn) in one payment.

Responsiveness to Community Development Needs:

STC demonstrated a reasonable level of responsiveness to credit and community development needs.

STC works closely with local chambers of commerce, the Hornell Industrial Development Agency and the Steuben County Industrial Development Agency to make needed funds available for expanding businesses. STC was instrumental in forming a local bank consortium to provide a construction loan for a new Hornell area YMCA facility.

In 2010 STC assisted a nonprofit housing corporation with its affordable housing program application for owner-occupied projects with the Federal Home Loan Bank by providing a \$195,000 subsidy for 30 units.

In addition, STC participated in the City of Hornell key business leaders group, which meets to discuss employment opportunities, training, and the needs of youth and local businesses.

Additional Factors

The extent of participation by the banking institution's board of directors or board of trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act

Every year the board reviews the CRA compliance self-assessment report and monitors loans made within moderate-income census tracts, especially those tracts where no loans were generated. The board identifies lending and investment opportunities that promote community development, and it has revised the bank's assessment area to include six census tracts in Wyoming County.

Discrimination and other illegal practices

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

DFS did not note any practices that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

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

Record of opening and closing offices and providing services at offices

Distribution of Branches within the Assessment Area								
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %	LMI and Distressed or Underserved
Allegany			2	5		7	29%	29%
Livingston				1		1	0%	0%
Monroe*				1		1	0%	0%
Steuben*				4		4	0%	0%
Wyoming*				1		1	0%	0%
Total			2	12		14	14%	14%

*Partial County

STC decides to open branch offices based on factors such as: the level of banking services needed; opportunities that exist for services suited to STC; and the ability to offer services consistent with safe and sound banking practices.

In this regard, STC opened the following branch office and ATMs during the evaluation period.

Branch Office:

May 1, 2012 - at 2490 North Main Street, Warsaw, NY 14569 (middle-income census tract).

ATMs:

May 24, 2011 - ATM (drive-in) at 37 Main Street, Canaseraga, NY 14822 (middle-income census tract).

October 28, 2011 - ATM (walk-up) at 11 Schuyler St, Belmont, NY 14813 (moderate-income census tract).

August 22, 2012 - ATM (walk-up) at 319 Main Street, Bolivar, NY 14715 (middle-income census tract).

STC has 14 branches that are located in Allegany County (7 offices), Livingston County (1), Monroe County (1), Steuben County (4) and Wyoming County (1). Two of the branches in Allegany County are located in moderate-income census tracts. All the other branches are located in middle-income census tracts.

STC offers a variety of accounts throughout its market area. They offer two accounts (Business Checking Account and Select Money Market Account) specifically in the Genesee and Henrietta markets where the business focus is commercial and agricultural lending.

The business hours of the branches are adjusted to serve the needs of the local community. Branch offices operate on individual schedules between the hours of 9 AM and 6 PM on weekdays and from 9 AM to 12 PM on Saturdays. In addition to the office in Warsaw, the office in Bath is also open on Saturdays. The offices in Hornell, Arkport, Alfred Station, Canaseraga, Bath, Genesee and Warsaw have full service 24 hour ATMs operating seven days a week. ATMs at Belmont and Bolivar carry out “cash dispensing” only. There are no ATMs at the Andover, Canisteo, Rochester and Whitesville offices.

STC operates the following offsite ATMs:

Powell Campus Center, Alfred University, Alfred, NY 14802
Central Dining Hall, Alfred State College, Alfred, NY 14802
Hospital Lobby, St. James Mercy Hospital, Hornell, NY 14843

The above ATMs do not accept deposits. However, the following ATM is a full service free standing ATM in a middle-income census tract:

36 West Dyke Street
Wellsville, NY 14895

Process Factors

- Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution’s efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

The directors, officers and employees of STC continuously travel throughout the assessment area meeting with local merchants, municipalities, businesses and individuals to access their financial needs. In this regard, STC opened its Wyoming County office on May 1, 2012.

Bank officers spoke to Jasper Senior Citizens Group and Catholic Charities regarding trust and investment services and credit cards, respectively. Two officials presented to Arkport senior citizens services available to them relative to deposit accounts and investments. STC carried out a “Go Direct” campaign about social security, veteran’s benefits, and direct-deposit services offered by the bank.

- The extent of the banking institution’s marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.

STC uses local newspapers, radio, banners at branches, lobby posters and brochures to reach its community. *The Hornell Tribune, Wellsville Reporter, Bath*

Carrier, and *Livingston County News* are some of the local newspapers. STC places advertisements in the *Genesee Valley Penny Saver* and *Warsaw Penny Saver* which are distributed free to reach low-to-moderate income individuals.

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

DFS noted none.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

“Community development”:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3) above.

Community development loan

A loan that has its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

Community development service

Service that has community development as its *primary purpose*, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;
 - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - ❖ Furnishing financial services training for staff and management;
 - ❖ Contributing accounting/bookkeeping services; and
 - ❖ Assisting in fund raising, including soliciting or arranging investments.

Geography

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

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

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

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

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas where, according to the 2000 U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA"), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development ("HUD").

LMI Individuals/Persons

Individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

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

Low-Income Housing Tax Credit (LIHTC)

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

New Markets Tax Credit (NMTC)

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Qualified investment

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;

- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.