



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

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2011

**Institution:** Tioga State Bank  
1 Main Street  
Spencer, NY 14883

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

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## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Tioga State Bank (“TSB”) prepared by the New York State Department of Financial Services (“Department”). The evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2011.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks 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 Banking Board 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 record of 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 be made available to the public (“Evaluation”). 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 State Banking Law.

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

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## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

TSB is evaluated according to the intermediate small bank performance criteria pursuant to Part 76.7 and Part 76.12 of the General Regulations of the Banking Board. This assessment period included calendar years 2010 and 2011. TSB 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"

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

During the evaluation period, TSB's average LTD ratio was 72.9%, with a high of 78.9% as of December 31, 2011 and a low of 66.7% as of March 31, 2010.

- **Assessment Area Concentration:** "Outstanding"

During the evaluation period, TSB originated 89.5% by number, and 87.4% 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 outstanding record of lending.

- **Distribution by Borrowers 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. TSB's small business loans penetration ratios exceeded the levels achieved by the peer group. 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 an adequate rate of lending. The majority of TSB's loans were not made in LMI geographies; however, LMI tracts within the assessment area are concentrated in one county.

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

Since the latest CRA evaluation as of December 31, 2009, neither TSB nor DFS has

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received any written complaints regarding TSB's CRA performance.

**Community Development Test (Loans, Investments, Services): "Outstanding"**

TSB's community development performance demonstrated an excellent responsiveness to the community development needs of its assessment area through community development loans, investments and services.

- **Community Development Loans: "Outstanding"**

During the evaluation period, TSB had 27 qualified community development loans totaling approximately \$12.8 million of which \$8.8 million was new money, and \$4 million was from prior evaluation periods.

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

During the evaluation period, TSB made \$1.2 million in community development investments all of which was new money and includes \$43,637 in the form of grants to the community.

- **Community Development Services: "Outstanding"**

TSB demonstrated an excellent level of community development services over the course of the evaluation period. During the evaluation period, TSB participated in the Owego Historic Downtown Program and 17 staff members provide technical financial services to 19 community development organizations.

- **Innovative or Complex Practices:**

TSB demonstrated an adequate level of flexible community development practices.

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

TSB demonstrated an excellent 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 State Banking Law and Part 76 of the General Regulations of the Banking Board.

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## PERFORMANCE CONTEXT

### Institution Profile:

Chartered in 1884, TSB is a commercial bank headquartered in Spencer, NY. It is a wholly owned subsidiary of TSB Services, Inc. and serves Tioga, Broome, Tompkins, and Chemung Counties. TSB is a full service retail banking institution active in real estate, commercial loans, and consumer loans.

As per the Consolidated Report of Condition ("Call Report") as of December 31, 2011, filed with the Federal Deposit Insurance Corporation ("FDIC"), TSB reported total assets of \$385.4 million, of which \$239.7 million were net loans and lease finance receivables. It also reported total deposits of \$303.8 million, resulting in a loan-to-deposit ratio of 78.9%. According to the latest available comparative deposit data as of June 30, 2011, TSB obtained a market share of 5.8%, or \$308.4 million inside its market of \$5.4 billion, ranking it 6th among 16 deposit-taking institutions in the assessment area.

The following is a summary of TSB's loan portfolio, based on Schedule RC-C of its December 31, 2010 and December 31, 2011's Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>				
Loan Type	2010		2011	
	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	118,524	50.9	118,121	48.5
Commercial & Industrial Loans	47,690	20.5	49,074	20.2
Commercial Mortgage Loans	42,947	18.4	51,202	21.0
Multifamily Mortgages	5,255	2.3	7,962	3.3
Consumer Loans	7,807	3.4	7,550	3.1
Agricultural Loans	3,617	1.6	3,202	1.3
Construction Loans	5,715	2.5	6,088	2.5
Obligations of States & Municipalities	1,248	0.5	43	0.0
Other Loans	112	0.0	78	0.0
<b>Total Gross Loans</b>	<b>232,915</b>		<b>243,320</b>	

As illustrated in the above chart, TSB is primarily a residential real estate lender, with 52.5% of its loan portfolio in residential real estate.

TSB operates eleven banking offices, of which five are located in Tioga County, four in Broome County, one in Chemung County, and one in Tompkins County. Six of the offices are in middle-income tracts, four in upper-income tracts, and one in a moderate-income tract. Supplementing the banking offices is an automated teller machine ("ATM") network consisting of eleven machines, including one at each office. TSB has five deposit-taking ATMs, three in upper-income tracts, one in middle-income tracts, and one in a moderate-income tract. In addition, TSB has ATMs at eleven off-site locations;

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these ATMs are inside grocery stores with locations throughout Broome County; one is in a low-income tract, two are in moderate-income tracts, four in middle-income tracts, and four in upper income tracts.

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

**Assessment Area:**

TSB's assessment area is comprised of Tioga County, and parts of Broome, Tompkins, and Chemung Counties.

There are 63 census tracts in the assessment area, of which four are low-income, 13 are moderate-income, 32 are middle-income, and 14 are upper-income.

<b>Assessment Area Census Tracts by Income Level</b>						
County	Low	Mod	Middle	Upper	Total	LMI %
Broome*	4	13	19	12	48	35.4
Tioga	0	0	8	2	10	0.0
Chemung*	0	0	2	0	2	0.0
Tompkins*	0	0	3	0	3	0.0
<b>Total</b>	<b>4</b>	<b>13</b>	<b>32</b>	<b>14</b>	<b>63</b>	<b>27.0</b>

\* Partial county

*The assessment area appears reasonable based upon the location of TSB's offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.*

**Demographic & Economic Data**

The assessment area had a population of 250,196 during the examination period. About 15.6% of the population was over the age of 65 and 20.9% was under the age of 16.

Of the 64,508 families in the assessment area, 18.63% were low-income, 18.98% were moderate-income, 23.36% were middle-income and 39.03% were upper-income families. There were 100,455 households in the assessment area, of which 11.69% had income below the poverty level and 3.38% were on public assistance.

The median family income within the assessment area was \$47,013. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the assessment area was \$60,808 in 2011. There are notable differences in the HUD estimated income between the counties that comprise the assessment area. Tompkins County had the highest, at \$72,800, while Chemung County's was \$56,200, and Broome and Tioga Counties' are both at \$61,000.

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There were 109,069 housing units within the assessment area, of which 89% were one-to-four-family units, and 11% were multifamily units. A majority (61.8%) of the area's housing units were owner-occupied, while 30.2% were rental-occupied units. Of the 67,358 owner-occupied housing units, 10.1% were in LMI census tracts while 89.9% were in middle- and upper-income census tracts. The median age of the housing stock was 55 years and the median home value in the assessment area was \$73,346.

There were 19,559 non-farm businesses in the assessment area. Of these, 67.2% were businesses with reported revenues of less than or equal to \$1 million, 3.1% reported revenues of more than \$1 million and 29.6% did not report their revenues. Of all the businesses in the assessment area, 75.8% were businesses with less than fifty employees and 91.4% operated from a single location. The largest industries in the area were services (44.1%), followed by retail trade (12.6%) and construction (6.8%).

According to the New York State Department of Labor, the average unemployment rate for New York State decreased from 8.6% in 2010 to 8.2% in 2011. This is the first reduction in the state unemployment rate since 2006. Among the four counties, Broome County had the highest unemployment rate, while Tompkins had the lowest unemployment rate.

Assessment Area Unemployment Rate					
	Statewide	Tioga	Broome	Chemung	Tompkins
2010	8.6	8.2	8.9	8.5	5.9
2011	8.2	8.1	8.5	7.9	5.8

### **Community Information**

The region suffered damage from Tropical Storm Lee in September 2011. There was heavy flooding which caused financial loss to a vast majority of the individuals and businesses in the area. Many towns and counties in the region were declared to be a state of emergency by the State of New York and are still in recovery from the effects of the storm.

A private, not for profit human services agency was interviewed during the evaluation. The organization offers services and programs for the elderly, the disabled and low-income children and families in Tioga and Broome Counties. Services offered include a community center, Head Start early learning, health and nutrition programs, food pantries and soup kitchens, energy assistance, emergency home repairs, housing rehabilitation and rental assistance.

This organization identified public housing as the major community need. TSB was noted by the organization in a positive manner.



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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*TSB was evaluated under the intermediate small banking institution's performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Banking Board. TSB's performance was evaluated according to the intermediate small bank performance criteria, which consists 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*

*Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.*

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the examination process and on its Call Report submitted to FDIC. Aggregate lending data were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data were obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

The demographic data referred to in this report were derived from the 2000 U.S. Census and HUD. Business demographic data used in this report is based on Dun & Bradstreet reports which are updated annually. Unemployment data was obtained from the New York State Department of Labor. Some non-specific bank data is only available on a

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county-wide basis, and was used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2010 and 2011.

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

Small business loan aggregate data are shown for comparative purposes. TSB is not required to report this data. As such, TSB is not included in the aggregate data. As TSB made very few small farm loans, the analysis was based on small business lending only. Aggregate consumer data are not available for comparative purposes.

At TSB's request, consumer data, home mortgage loan modification, extension, and consolidation agreements ("MECAs") were also evaluated. HMDA-reportable loan data evaluated in this performance evaluation represented actual originations. Small business loan results were extrapolated from a random sample of 121 loans and consumer loan results were extrapolated from a random sample of 162 loans.

Small business and HMDA-reportable lending were given greater weight in this evaluation, as this lending constitutes the majority of TSB's lending activity.

TSB received a rating of "2", reflecting a "Satisfactory" record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2009.

**Current CRA Rating: "Satisfactory"**

**Lending Test: "Satisfactory"**

TSB's small business, HMDA-reportable and consumer lending activities were more than reasonable in light of aggregate and peer group activity and demographics.

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

TSB's average LTD ratio was reasonable considering its size, business strategy, financial condition, aggregate and peer group activity. TSB's average LTD ratio during the evaluation period was 72.9%, compared to the group's average of 78%. While TSB's average LTD ratio was slightly lower than that of the prior evaluation period (74.54%), the peer group's level decreased by a larger amount, from 87.65% to the current level of 78%.

The chart below shows TSB's LTD ratios in comparison with the peer group's ratios for the eight quarters since the prior evaluation.

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<b>Loan-to-Deposit Ratios</b>									
	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	Avg.
Bank	66.7	69.0	69.7	75.2	71.3	76.6	75.7	78.9	72.9
Peer	80.9	80.4	79.7	78.9	76.5	76.6	75.9	75.1	78.0

Assessment Area Concentration: “Outstanding”

During the evaluation period, TSB originated 89.5% by number and 87.3% by dollar value of its HMDA-reportable, small business and consumer loans within the assessment area. This substantial majority of lending inside of its assessment area represents an excellent record of lending.

HMDA-Reportable Loans:

During the evaluation period, TSB originated 91.9% by number, and 88.7% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area represents an excellent record of lending.

Small Business Loans:

During the evaluation period, TSB originated 90.4% by number, and 90.1% by dollar value of its small business loans within the assessment area. This substantial majority of lending inside of its assessment area represents an excellent record of lending.

Consumer Loans:

During the evaluation period, TSB originated 87.6% by number, and 75.6% by dollar value of its consumer loans within the assessment area. This majority of lending inside of its assessment area reflects a highly satisfactory record of lending.

The following table shows the percentages of TSB’s small business and HMDA-reportable 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
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable</b>										
2010	250	91.2%	24	8.8%	274	17,039	87.9%	2,343	12.1%	19,382
2011	303	92.4%	25	7.6%	328	17,697	89.4%	2,096	10.6%	19,793
Subtotal	553	91.9%	49	8.1%	602	34,736	88.7%	4,439	11.3%	39,175
<b>Small Business</b>										
2010	137	83.6%	27	16.4%	164	15,778	84.7%	2,853	15.3%	18,631
2011	166	97.0%	5	3.0%	171	26,780	93.6%	1,823	6.4%	28,603
Subtotal	303	90.4%	32	9.6%	335	42,558	90.1%	4,676	9.9%	47,234
<b>Consumer</b>										
2010	391	84.5%	72	15.5%	463	5,790	68.3%	2,691	31.7%	8,481
2011	380	91.0%	38	9.0%	418	6,183	83.9%	1,182	16.1%	7,365
Subtotal	772	87.6%	109	12.4%	881	11,973	75.6%	3,873	24.4%	15,846
Grand Total	1,628	89.5%	190	10.5%	1,818	89,268	87.3%	12,987	12.7%	102,255

For small business and consumer lending, analysis was performed on a sample of 139 loans in 2010 and 144 loans in 2011. The number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results. HMDA-reportable lending analyses were based on actual lending.

#### Distribution by Borrower Characteristics: "Satisfactory"

The distribution of HMDA-reportable, small business and consumer loans based on borrower characteristics reflected a reasonable penetration rate of lending among borrowers of various income levels and businesses of various revenue sizes.

#### HMDA-Reportable Loans:

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

In 2010, TSB's lending activity compared unfavorably to the peer aggregate (26.7% vs. 32.3% by number; and 14.1% vs. 21.3% by dollar) for LMI borrowers. In 2011, lending to LMI borrowers improved to 32.2%. The market aggregate data of 2011 however, was not available for comparison.

The following chart provides a summary of the HMDA-reportable lending distribution based on borrower income.

Distribution of HMDA-Reportable 1-4 Family Loans by Borrower Income									
2010									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	19	9.0%	487	3.5%	336	8.4%	17,623	4.1%	18.6%
Moderate	37	17.6%	1,478	10.6%	958	23.9%	74,145	17.2%	19.0%
LMI	56	26.7%	1,965	14.1%	1,294	32.3%	91,768	21.3%	37.6%
Middle	56	26.7%	3,699	26.5%	1,057	26.3%	98,421	22.8%	23.4%
Upper	83	39.5%	6,990	50.0%	1,520	37.9%	198,580	46.0%	39.0%
Unknown	15	7.1%	1,326	9.5%	141	3.5%	42,717	9.9%	0.0%
<b>Total</b>	<b>210</b>		<b>13,980</b>		<b>4,012</b>		<b>431,486</b>		
2011									
Borrower Income	Bank				Aggregate Data Not Available				Fam.Dem.
	#	%	\$000's	%					%
Low	21	8.2%	321	2.5%					18.6%
Moderate	61	23.9%	1,766	13.7%					19.0%
LMI	82	32.2%	2,087	16.1%					37.6%
Middle	74	29.0%	3,591	27.8%					23.4%
Upper	82	32.2%	6,243	48.3%					39.0%
Unknown	17	6.7%	1,013	7.8%					0.0%
<b>Total</b>	<b>255</b>		<b>12,934</b>		-		-		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	40	8.6%	808	3.0%		8.4%		4.1%	18.6%
Moderate	98	21.1%	3,244	12.1%		23.9%		17.2%	19.0%
LMI	138	29.7%	4,052	15.1%	1,294	32.3%	91,768	21.3%	37.6%
Middle	130	28.0%	7,290	27.1%		26.3%		22.8%	23.4%
Upper	165	35.5%	13,233	49.2%		37.9%		46.0%	39.0%
Unknown	32	6.9%	2,339	8.7%		3.5%		9.9%	0.0%
<b>Total</b>	<b>465</b>		<b>26,914</b>						

Small Business Loans:

The distribution of small business loans based on the revenue size of the business demonstrated an excellent penetration rate of lending among businesses of different revenue sizes.

TSB's small business lending activity significantly outperformed the peer aggregate, at 73.9% vs. 37.7% by number and 53.6% vs. 38.6% by dollar value in 2010. In 2011, lending to businesses with revenue of one million dollars or less declined to 60.9% by number and 35.7% by dollar value. Meanwhile, the business demographics also declined from 74.3% to 67.2% during the same period. Peer group performance in 2011 is not available for comparison.

The following chart provides a summary of TSB's small business lending distribution based on revenue size during the evaluation period:

Distribution of Small Business Lending by Revenue Size of Business									
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	101	73.9%	8,461	53.6%	904	37.7%	33,293	38.6%	74.3%
Rev. > \$1MM	36	26.1%	7,317	46.4%					4.3%
Rev. Unknown	-	0.0%	-	0.0%					21.5%
<b>Total</b>	<b>137</b>		<b>15,778</b>		<b>2,399</b>		<b>86,155</b>		
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	Aggregate Data Not Available				%
Rev. < = \$1MM	101	60.9%	9,570	35.7%					67.2%
Rev. > \$1MM	65	39.1%	17,210	64.3%					3.1%
Rev. Unknown	-	0.0%	-	0.0%					29.6%
<b>Total</b>	<b>166</b>		<b>26,780</b>						<b>0.0%</b>
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	202	66.8%	18,031	42.4%		37.7%		38.6%	
Rev. > \$1MM	101	33.2%	24,527	57.6%					
Rev. Unknown	-	0.0%	-	0.0%					
<b>Total</b>	<b>303</b>		<b>42,558</b>						

For small business lending, analysis was performed on a sample of 46 loans in 2010 and 64 loans in 2011 in the bank's assessment area. Number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results.

### Consumer Loans:

The distribution of consumer loans based on the income of the borrowers demonstrated an excellent rate of lending among borrowers of different income levels.

On a two-year average, TSB's penetration rate to LMI borrowers outperformed the demographic for households in the assessment area by loan count (52.2% of loans to LMI borrowers vs. 39.5% LMI households). In addition, 12% of the total households in TSB's assessment area were below the poverty level.

The following chart provides a summary of TSB's consumer lending distribution based on borrowers of different income levels during the evaluation period:

<b>Distribution of Consumer Lending by Borrower Income</b>					
<b>2010</b>					
<b>Borrower</b>	<b>Bank</b>				<b>HH Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	138	35.2%	1,161	20.0%	23.3%
Moderate	88	22.5%	1,328	22.9%	16.3%
LMI	226	57.7%	2,489	43.0%	39.5%
Middle	66	16.9%	1,456	25.1%	18.9%
Upper	99	25.4%	1,845	31.9%	41.6%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>391</b>		<b>5,790</b>		
<b>2011</b>					
<b>Borrower</b>	<b>Bank</b>				<b>HH Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	80	21.1%	668	10.8%	23.3%
Moderate	96	25.4%	928	15.0%	16.3%
LMI	177	46.5%	1,596	25.8%	39.5%
Middle	80	21.1%	1,561	25.2%	18.9%
Upper	123	32.4%	3,026	48.9%	41.6%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>380</b>		<b>6,183</b>		
<b>GRAND TOTAL</b>					
<b>Borrower</b>	<b>Bank</b>				<b>HH Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	218	28.3%	1,829	15.3%	23.3%
Moderate	184	23.9%	2,256	18.8%	16.3%
LMI	402	52.2%	4,085	34.1%	39.5%
Middle	146	19.0%	3,016	25.2%	18.9%
Upper	222	28.8%	4,871	40.7%	41.6%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>771</b>		<b>11,973</b>		

For consumer lending, analysis was performed on a sample of 71 loans in 2010 and 71 loans in 2011 that were in the bank's assessment area. Number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results.

### Geographic Distribution of Loans: "Satisfactory"

The distribution of HMDA-reportable and small business loans based on lending in census tracts of varying income levels reflected an adequate penetration rate of lending. The distribution of consumer loans however, reflected a less than adequate rate of penetration.

### HMDA-Reportable Loans:

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated an adequate penetration rate of lending. TSB's lending activity in LMI census tracts in the entire assessment area underperformed the peer group aggregate slightly (7.2% vs. 8.5% by number, and 10.8% vs. 11.4% by dollar value, respectively).

The following chart provides a summary of the TSB'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				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	2.0%	809	4.7%	41	1.0%	7,131	1.7%	0.98%
Moderate	13	5.2%	1,026	6.0%	299	7.5%	42,242	9.8%	9.1%
LMI	18	7.2%	1,835	10.8%	340	8.5%	49,373	11.4%	10.1%
Middle	194	77.6%	11,691	68.6%	2,394	59.7%	224,291	52.0%	61.5%
Upper	38	15.2%	3,513	20.6%	1,278	31.9%	157,822	36.6%	28.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>250</b>		<b>17,039</b>		<b>4,012</b>		<b>431,486</b>		
2011									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	Aggregate Data Not Available				%
Low	1	0.3%	100	0.6%	Aggregate Data Not Available				0.98%
Moderate	20	6.6%	1,976	11.2%	Aggregate Data Not Available				9.1%
LMI	21	6.9%	2,076	11.7%	Aggregate Data Not Available				10.1%
Middle	239	78.9%	13,039	73.7%	Aggregate Data Not Available				61.5%
Upper	43	14.2%	2,582	14.6%	Aggregate Data Not Available				28.4%
Unknown	0	0.0%	0	0.0%	Aggregate Data Not Available				0.0%
<b>Total</b>	<b>303</b>		<b>17,697</b>						
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	1.1%	909	2.6%		1.0%		1.7%	0.98%
Moderate	33	6.0%	3,002	8.6%		7.5%		9.8%	9.1%
LMI	39	7.1%	3,911	11.3%		8.5%	49,373	11.4%	10.1%
Middle	433	78.3%	24,730	71.2%		59.7%		52.0%	61.5%
Upper	81	14.6%	6,095	17.5%		31.9%		36.6%	28.4%
Unknown	-	0.0%	-	0.0%		0.0%		0.0%	0.0%
<b>Total</b>	<b>553</b>		<b>34,736</b>						

Small Business Loans:

The distribution of small business loans based on the income level of the geography of the business reflected a reasonable penetration rate of lending.

TSB's lending activity to small businesses in LMI census tracts, during the evaluation period, averaged at 17.3% by number and 13.7% by dollar value. The peer group aggregate performance to LMI census tracts in 2010 was 23.3% by number and 24.5% by dollar value, respectively. The 2011 market aggregate was not available for comparison. TSB underperformed the peer group aggregate but outperformed the demographic by loan number in both years (14.7% in 2010 and 13.5% in 2011).

The following chart provides a summary of TSB's small business lending distribution based on the income level of the geography.



Distribution of Small Business Lending by Geographic Income of the Census Tract									
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	4.3%	114	0.7%	207	8.6%	10,023	11.6%	7.3%
Moderate	18	13.0%	2,183	13.8%	351	14.6%	11,095	12.9%	14.8%
LMI	24	17.4%	2,297	14.6%	558	23.3%	21,118	24.5%	14.7%
Middle	92	67.4%	12,664	80.3%	1,193	49.7%	37,494	43.5%	52.2%
Upper	21	15.2%	818	5.2%	648	27.0%	27,543	32.0%	25.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>137</b>		<b>15,778</b>		<b>2,399</b>		<b>86,155</b>		
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	Aggregate Data Not Available				%
Low	5	3.1%	510	1.9%	Aggregate Data Not Available				6.6%
Moderate	23	14.1%	3,026	11.3%	Aggregate Data Not Available				13.8%
LMI	29	17.2%	3,537	13.2%	Aggregate Data Not Available				13.5%
Middle	109	65.6%	15,077	56.3%	Aggregate Data Not Available				53.0%
Upper	29	17.2%	8,167	30.5%	Aggregate Data Not Available				26.6%
Unknown	0	0.0%	0	0.0%	Aggregate Data Not Available				0.0%
<b>Total</b>	<b>166</b>		<b>26,780</b>		Aggregate Data Not Available				
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	3.7%	624	1.5%		8.6%		11.6%	
Moderate	41	13.6%	5,209	12.2%		14.6%		12.9%	
LMI	52	17.3%	5,833	13.7%	558	23.3%	21,118	24.5%	
Middle	201	66.4%	27,740	65.2%		49.7%		43.5%	
Upper	49	16.3%	8,984	21.1%		27.0%		32.0%	
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
<b>Total</b>	<b>303</b>		<b>42,558</b>						

For small business lending, analysis was performed on a sample of 46 loans in 2010 and 64 loans in 2011. Number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results.

Consumer Loans:

The distribution of consumer loans based on the income of the geography reflected a poor penetration rate of lending among geographies of different income levels.

TSB did not extend any consumer loans to low-income census tracts in 2010.

The following chart provides a summary of TSB's consumer lending distribution based on geographies of different income levels during the evaluation period:

<b>Distribution of Consumer Lending by Geographic Income of the Census Tract</b>					
<b>2010</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>HH Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	3.7%
Moderate	17	4.2%	282	4.9%	16.7%
LMI	17	4.2%	282	4.9%	20.4%
Middle	319	81.7%	4,475	77.3%	55.9%
Upper	55	14.1%	1,033	17.8%	23.7%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>391</b>		<b>5,790</b>		
<b>2011</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>HH Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	5	1.4%	53	0.9%	3.7%
Moderate	5	1.4%	47	0.8%	16.7%
LMI	11	2.8%	100	1.6%	20.4%
Middle	321	84.5%	4,818	77.9%	55.9%
Upper	48	12.7%	1,265	20.5%	23.7%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>380</b>		<b>6,183</b>		
<b>GRAND TOTAL</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>HH Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	5	0.7%	53	0.4%	3.7%
Moderate	22	2.8%	329	2.7%	16.7%
LMI	27	3.5%	382	3.2%	20.4%
Middle	641	83.1%	9,293	77.6%	55.9%
Upper	103	13.4%	2,298	19.2%	23.7%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>771</b>		<b>11,973</b>		

For consumer lending, analysis was performed on a sample of 71 loans in 2010 and 71 loans in 2011. Number and dollar volume of loans were then extrapolated from the resulting percentages and are not actual results.

**Action Taken In Response to Written Complaints With Respect to CRA: "Satisfactory"**

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

**Community Development Test: "Outstanding"**

TSB's community development performance demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, investments and services. This analysis takes into consideration TSB's capacity and the need and availability of such opportunities for community development in its assessment area.

During the evaluation period, TSB originated \$8.8 million in new community development loan, and had \$4 million outstanding from prior evaluation period. TSB

made \$1.3 million in new community development investments including \$43,637 in community development grants to various nonprofit organizations in the assessment area.

A more detailed description of TSB’s community development activity follows:

Community Development Lending: “Outstanding”

During the evaluation period, TSB originated \$8.8 million in new community development loans and held \$4 million outstanding from prior evaluation periods. This activity demonstrated an excellent level of community development lending over the course of the evaluation period<sup>1</sup>.

Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	8	1,733	3	866
Revitalize/Stabilize	3	3,903	1	130
Community Services	7	2,067	1	900
Economic Development	2	1,086	1	2,109
<b>Total</b>	<b>20</b>	<b>8,789</b>	<b>6</b>	<b>4,005</b>

Below are highlights of TSB’s community development lending.

In 2011, TSB participated in a Small Business Administration guaranteed construction loan. The loan proceeds were used to construct a 97-room hotel in the assessment area. TSB has since funded a total of \$661,327 for this project.

TSB extended a \$400,000 line of credit in 2010 to a nonprofit organization providing comprehensive assistance and services to LMI people with disabilities in the assessment area. The organization is primarily funded by federal, state, county, and local government contracts, grants, and fees from Medicaid. The loan was renewed in 2011. In addition, the organization had an outstanding balance of a commercial loan with TSB in the amount of \$899,681 from the prior evaluation.

TSB extended loans to two private entities totaling \$1.1 million. A loan of \$710,000 was used to expand a dental office which provides dental services to mostly Medicaid recipients in the assessment area. Another loan of \$425,000 was used for construction and renovation of a building in a moderate-income census tract that houses a not-for-

<sup>1</sup> For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit.

profit crisis center that provides housing and foster care services for LMI families in the assessment area.

A private entity received a \$2.4 million commercial mortgage loan to purchase and rehabilitate a property in downtown Binghamton, located in a low-income census tract. This rehabilitation helps in the revitalization of the downtown Binghamton area.

Community Development Investments: “Satisfactory”

During the evaluation period, TSB made \$1.2 million in new community development investments, representing a significant improvement when compared to TSB’s investments in the previous evaluation period. In addition, TSB made \$43,637 community development grants. The component is therefore upgraded to Satisfactory from Needs to Improve at prior evaluation.

<b>Community Development Investments and Grants</b>		
	<b>This Evaluation Period</b>	
CD Investments	# of Inv.	\$000
Affordable Housing	3	\$ 290
Community Services	3	\$ 959
<b>Total</b>	<b>6</b>	<b>\$ 1,249</b>
CD Grants	# of Grants	\$000
Affordable Housing	3	4.6
Community Services	34	\$ 39
Other-Neighborhood Reviatlization	1	0.3
<b>Total</b>	<b>38</b>	<b>\$ 44</b>

Below are highlights of TSB’s community development investments and grants during the evaluation period.

*Investments:*

TSB invested \$370,000 in a Bond Anticipation Note (“BAN”) in March 2011 for the Village of Endicott which is located in a moderate-income census tract in Broome County. Proceeds of BAN were used to revitalize the community including upgrades to public services such as waste water treatment and collection system in the village.

TSB invested \$350,000 in a Statutory Installment Bond in December, 2011 issued by Candor Fire District of Tioga County, to purchase fire and rescue trucks. Following Hurricane Lee in 2011, the State of New York and FEMA, declared Tioga County a disaster area. This investment helped provide needed community-wide infrastructure to the disaster area.

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*Grants:*

Grants totaling \$5,110 were made to a network of organizations providing funding to local social service organizations in Broome, Tioga, and Tompkins Counties. The majority of the organizations funded serve LMI communities.

Grants totaling \$7,657 were made to a not-for-profit community based agency that assists LMI elderly, disabled or handicapped, and families with housing.

Community Development Services: "Outstanding"

TSB demonstrated an excellent level of community development services over the course of the evaluation period. During the evaluation period, 17 staff members provided technical financial services to 19 community development organizations.

One of TSB's loan officers serves on an organization that helps low-income individuals and the elderly in Binghamton with home repairs.

The compliance officer serves on the finance committee of the board of directors for an organization that provides temporary housing for homeless individuals and emergency meals. One of TSB's underwriters serves as the treasurer for an organization that provides medical and dental assistance, emergency financial assistance and summer programs for LMI children, among other services.

Another TSB employee serves on the Board of Directors of the Tioga County Empire Zone. New York State's Empire Zone Program was created to stimulate economic growth through a variety of state tax incentives designed to attract new businesses to New York State and to enable existing businesses to expand and create more jobs.

Innovative or Complex Practices:

TSB provided several innovative or flexible community development practices. TSB offered a First Time Home Buyer Mortgage loan for which any closing costs benefitting the bank are waived, and it offers mortgages for manufactured (mobile) homes.

TSB also worked with several public agencies to offer products that assist small business customers, with the goal of promoting economic development, increased employment and revitalization in local communities. These agencies include the New York State ("NYS") Small Business Development Center, NYS Energy Research and Development Authority, Empire State Development Linked Deposit Program and the Broome County Industrial Development Agency.

Responsiveness to Community Development Needs:

TSB demonstrated a reasonable degree of responsiveness to credit and community development needs. TSB responded to the flood damage in the region with a

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commitment of \$1 million to fund a special loan relief program to help local communities rebuild from the devastation of Tropical Storm Lee in September 2011. Loans for home repair were offered through the end of 2011 at a 1.99% fixed APR for a term of up to 36 months. Over \$500,000 was lent to help replace such household items as water heaters, furnaces, water pumps and appliances.

### **Additional Factors**

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

The Board reviews the CRA policy on an annual basis and approves its content. Issues regarding TSB's CRA performance and the Summary of Self Assessment are presented to the Board of Directors every quarter.

#### **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 noted no 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 noted no evidence of prohibited discriminatory or other illegal practices.

#### **Record of opening and closing offices and providing services at offices**

TSB operates eleven branches which offer its products and services including ATM functions, drive-up windows, and night depositories. Most of the branches have at least one week day with a late closing time or early opening for the lobby and/or drive-up window. Five ATMs are deposit-taking. TSB's branch network is supplemented by free ATM usage at eleven Weiss Supermarkets in Broome County. TSB offers telephone customer service during branch hours, a 24 account access by telephone, bank by mail, and online banking. TSB also cashes government checks with a sliding fee scale for non-account holders. No branches were opened or closed during the evaluation period.

Distribution of Branches within the Assessment Area						
	Low	Moderate	Middle	Upper	Total	LMI
	#	#	#	#	#	%
Tioga			3	2	5	0%
Broome*		1	1	2	4	25%
Chemung*			1		1	0%
Tompkins*			1		1	0%
<b>Total</b>	-	1	6	4	11	9%
*Partial County						

## Process Factors

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

TSB maintained relationships with local community development organizations and agencies in the assessment area, allowing TSB the opportunity to be made aware of and discuss community credit needs.

- 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

TSB used a variety of methods to market its products including: billboard, newspaper, television, trade magazine, online, and radio advertisements. TSB also used direct mail, press releases, in branch posters and pamphlets, handouts and product information on its website. TSB marketed some of its customized programs to LMI communities including a billboard in an LMI tract in Binghamton which advertised TSB's First Time Home Buyer Program loans.

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

No other factors were noted.

## 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

The term “community development” is defined to mean:

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.

A “community development loan” is defined as a loan that has as 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.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. 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.

A "community development service" is defined as a service that has as its *primary purpose* community development, 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.

**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 of the person, family or household is based on the income of person, family or household. 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.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
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 (“GAR”) of \$1 million or less (“< = \$ 1MM”).

**Low or Moderate Income (“LMI”) Geographies**

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 US 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 the case 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 depicts 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.

### **Small Business Loans**

Loans to businesses with original amounts of  $\leq$  \$1MM.