



**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:** December 31, 2013

**Institution:** Tompkins Trust Company  
110 North Tioga Street  
Ithaca, NY 14850

**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 Tompkins Trust Company (“TTC”) 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 December 31, 2013.

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

Part 76 of the General Regulations of the Superintendent 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.

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

DFS evaluated TTC's performance according to the large bank performance criteria pursuant to Parts 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent. This assessment period included calendar years 2010, 2011, 2012 and 2013. TTC is rated "1," indicating an "**Outstanding**" record of helping to meet community credit needs.

This rating is based on the following factors:

### **Lending Test: "Outstanding"**

TTC's levels of lending reflected excellent responsiveness in its assessment area considering its size, business strategy and financial condition, as well as peer group activity and demographics.

- Lending Activity: "High Satisfactory"

TTC and its peer group's loan-to-deposit ("LTD") ratios during the evaluation period were relatively consistent, ranging from a low of 66.2% to a high of 73.6% for TTC, and a low of 73.6% to a high of 81.2% for its peer group. Although TTC's average LTD was below its peer group, TTC ranked second in HMDA-reportable loans and fourth in small business lending, despite the assessment area's highly competitive market comprised mostly of national banks with greater asset sizes and market exposure.

- Assessment Area Concentration: "Outstanding"

During the evaluation period, TTC originated 92.5% by number and 91.8% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This substantial majority of lending inside of its assessment area was an excellent record of lending.

- Geographic Distribution of Loans: "Outstanding"

The demographics of the assessment area changed during the evaluation period, with the percentage of owner-occupied households in moderate-income census tracts increasing from 2.9% in 2010 to 5.4% in 2013 and businesses in low-income tracts increasing to 2.1% in 2013 from zero in 2010. These figures indicate economic changes in the TTC's assessment area. TTC's rates of lending for both HMDA-reportable and small business loans to LMI individuals were excellent.

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- **Distribution of Loans by Borrower Characteristics: “Low Satisfactory”**

The distribution of loans based on borrower characteristics demonstrated an adequate rate of lending to individuals with low- to moderate-incomes and businesses with revenues less than or equal to \$1 million.

- **Community Development Lending: “Outstanding”**

TTC demonstrated an excellent level of community development lending, increasing its loans 84.2% compared to the prior evaluation period. The bank originated \$39.7 million in new community development loans and had \$2.2 million outstanding from the prior evaluation period, totaling almost \$42.0 million in qualified community development loans.

#### Flexible, Innovative Lending Practices and/or Special Banking Products:

Targeting low- to moderate-income borrowers and small businesses, TTC makes extensive use of flexible lending practices to service their credit needs. TTC offers various products offering competitive or flexible rate options and programs for first-time homebuyers and experienced homeowners, and it offers related products to meet the needs of its assessment area.

#### **Investment Test: “High Satisfactory”**

During the evaluation period, TTC made \$1.3 million in new community development investments and had \$8.4 million outstanding from prior evaluation periods. In addition, TTC made \$721,000 in community development grants. This demonstrated a reasonable level of community development investments and grants over the course of the evaluation period.

Compared to the previous CRA evaluation, TTC’s current community development investment activities decreased significantly, from \$25.8 million to \$10.4 million. This was due to a lack of investment opportunities in the region during the evaluation period. TTC’s community development lending activities increased by \$19.2 million, delivering a net increase in overall community development loans and investments.

#### **Service Test: “Outstanding”**

- **Retail Banking Services: “Outstanding”**

TTC has an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems.

- **Community Development Services: “Outstanding”**

TTC provided excellent levels of service to the community with many of its officers volunteering with various nonprofit organizations and governmental agencies.

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*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.*

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## PERFORMANCE CONTEXT

### Institution Profile

TTC is a commercial bank, headquartered in Ithaca, NY. TTC's predecessor, Ithaca Trust Company, was state chartered in 1891 and underwent numerous mergers and acquisitions, eventually changing its name to Tompkins Trust Company in 2001.

TTC is a wholly owned subsidiary of Tompkins Financial Corporation ("TFC"), a publicly held bank holding company listed on the New York Stock Exchange. TFC also wholly owns three other community banks in its neighboring regions, namely: The Bank of Castile, Mahopac National Bank and VIST Bank (a Pennsylvania community bank acquired in 2011). Additionally, TFC wholly owns subsidiaries in the areas of wealth management, insurance and risk management.

Per the Consolidated Report of Condition ("Call Report") as of December 31, 2013, filed with the Federal Deposit Insurance Corporation ("FDIC"), TTC reported total assets of \$1.6 billion, of which \$908.9 million were net loans and lease finance receivables. It also reported total deposits of \$1.3 billion, resulting in a loan-to-deposit ratio of 70.0%. According to the latest available comparative deposit data as of June 30, 2013, TTC had a market share of 33.9%, or \$1.2 billion in a market of \$3.6 billion, ranking it first among 17 deposit-taking institutions in its assessment area.

The following is a summary of TTC's loan portfolio, based on Schedule RC-C of the bank's December 31, 2010, 2011, 2012 and 2013 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>								
Loan Type	2010		2011		2012		2013	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Res. Mtge	310,693	40.0	338,215	42.4	384,433	45.8	420,094	46.2
Commercial & Industrial	110,712	14.2	111,543	14.0	115,847	13.8	92,883	10.2
Commercial Mtge	213,108	27.4	185,439	23.3	194,484	23.2	228,289	25.1
Multifamily Mortgages	41,143	5.3	46,816	5.9	44,886	5.3	60,042	6.6
Consumer Loans	60,658	7.8	49,684	6.2	43,101	5.1	34,122	3.8
Agricultural Loans	6,116	0.8	4,595	0.6	1,723	0.2	2,010	0.2
Construction Loans	20,092	2.6	38,370	4.8	32,575	3.9	34,622	3.8
Obligations of States & Munis	4,128	0.5	14,889	1.9	16,328	1.9	30,809	3.4
Other Loans	1,608	0.2	1,449	0.2	1,300	0.2	1,117	0.1
Lease Financing	9,243	1.2	6,084	0.8	4,317	0.5	5,183	0.6
<b>Total Gross Loans</b>	<b>777,501</b>		<b>797,084</b>		<b>838,994</b>		<b>909,171</b>	

As illustrated in the above table, TTC is primarily a residential real estate lender with 52.8% of its total gross loan portfolio in residential loans, of which 46.2% are 1-4 family

and 6.6% are multifamily loans, followed by commercial lending at 35.3%. Since the prior evaluation, TTC's gross loan portfolio grew by 15.5%, primarily due to an increase in 1-4 family residential lending (from 37.9% in 2009 to 46.2% of the total gross loan portfolio in 2013).

*There are no known financial or legal impediments that had an adverse impact on TTC's ability to meet the credit needs of its community.*

**Assessment Area**

TTC's assessment area is comprised of Cayuga, Cortland, Schuyler and Tompkins counties.

There are 60 census tracts in the assessment area, of which two are low-income, four are moderate-income, 36 are middle-income (four are designated distressed or underserved), 16 are upper-income, and two are tracts with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>									
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	Dis-tressed & Under-served	LMI & Dis-tressed %
Cayuga	1	1		12	6	20	5.0		5%
Cortland				9	3	12	0.0		0%
Schuyler				4	1	5	0.0	4	80%
Tompkins	1	1	4	11	6	23	21.7		22%
<b>Total</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>36</b>	<b>16</b>	<b>60</b>	<b>10.0</b>	<b>4</b>	<b>17%</b>

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

**Demographic & Economic Data**

The assessment area had a population of 249,269 during the examination period. About 12.8% of the population were over the age of 65 and 16.8% were under the age of sixteen.

Of the 57,030 families in the assessment area, 17.3% were low-income, 18.0% were moderate-income, 22.3% were middle-income and 42.3% were upper-income families. There were 95,867 households in the assessment area, of which 14.2% had income below the poverty level and 2.5% were on public assistance.

The weighted average median family income within the assessment area was



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\$64,668. Of the four counties, Tompkins had the highest median income at \$75,849, and Schuyler had the lowest at \$54,455.

There were 107,789 housing units in the assessment area, of which 76.1% were one-to-four family units and 12.7% were multifamily units. A majority (57.5%) of the area's housing units were owner-occupied and 34.0% were rental units. Of the 61,948 owner-occupied housing units, 6.2% were in low- and moderate-income census tracts while 93.8% were in middle- and upper-income census tracts. The median age of the housing stock was 54 years, and the median home value in the assessment area was \$130,618.

There were 15,437 non-farm businesses in the assessment area. Of these, 71.7% were businesses with reported revenues of less than or equal to \$1 million, 4.6% reported revenues of more than \$1 million and 23.8% did not report their revenues. Of all the businesses in the assessment area, 83.1% were businesses with less than fifty employees and 88.7% operated from a single location. The largest industries were services (45.3%), retail trade (13.4 %) and agriculture, forestry and fishing (6.9 %); 9.6% of businesses were not classified.

During the evaluation period, according to the New York State Department of Labor, the average unemployment rates for New York State and the four counties showed slight improvements by 2013, reflecting a gradual recovery from the last economic downturn. Of the four counties, Cortland had the highest rate at 9.1% in 2010, while Tompkins was lowest at 5.2% in 2013.

<b>Assessment Area Unemployment Rate</b>					
<b>Year</b>	<b>Statewide</b>	<b>Cayuga</b>	<b>Cortland</b>	<b>Schuyler</b>	<b>Tompkins</b>
2010	8.6	8.4	9.1	8.2	6.0
2011	8.3	7.9	8.6	7.9	5.9
2012	8.5	8.1	8.8	8.4	6.0
2013	7.7	7.4	8.2	7.8	5.2

### **Community Information**

The City of Ithaca and Tompkins County are located in the central Finger Lakes region of New York at the southern tip of Cayuga Lake. Ithaca is the county seat of Tompkins County and is home to Cornell University, Ithaca College and Tompkins-Cortland Community College. These three schools house more than 30,000 students.

Two nonprofit community development organizations were interviewed for this evaluation. One was established to help the poor and migrant workers, and it has since branched out to other areas, such as social services, training and employment, homeownership, real estate development, and small business lending. The other has a mission to revitalize neighborhoods and help people of modest incomes obtain affordable housing on a long-term basis. TTC received positive comments regarding

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its performance in the community.

According to community contacts, there are two things that the assessment area is in need of: affordable housing and jobs for new college graduates. One community contact observed that there had been no significant growth in the housing stock because large properties are owned by tax-exempt organizations, such as universities, churches and local and county governments, resulting in higher real estate taxes compared to neighboring counties.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS evaluated TTC under the large bank performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent, which consist of the lending, investment and service tests. The following factors were also considered in assessing the bank's record of performance:*

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

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

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

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

The assessment period included calendar years 2010, 2011, 2012 and 2013.

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

Since TTC made very few small farm loans, examiners analyzed business lending based only on small business lending.

TTC's HMDA-reportable loans accounted for approximately two-thirds, or 62.4% by number, and 69.8% by dollar value of all loans considered by the examiners. Therefore,

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examiners gave these loans were given slightly greater weight in the lending test for this evaluation.

At its **prior** Performance Evaluation as of December 31, 2009, the New York State Banking Department assigned a rating of “1,” reflecting an “Outstanding” record of helping to meet community credit needs.

**Current CRA Rating: “Outstanding”**

**LENDING TEST:** “Outstanding”

*The bank’s lending performance was evaluated pursuant to the following criteria:*

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

TTC’s HMDA-reportable, small business and community development lending activities were more than reasonable in light of size, business strategy and financial condition, as well as peer group activity and the demographics and credit needs of its assessment area.

**Lending Activity: “High Satisfactory”**

TTC’s levels of lending reflected more than reasonable responsiveness to the credit needs of its assessment area, considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographics of its assessment area.

Both TTC’s and its peer group’s loan-to-deposit (“LTD”) ratios, during the evaluation period, were consistent, ranging from a low of 66.2% to a high of 73.6% for TTC and 73.6% to 81.2%, respectively, for its peer group.

TTC’s average LTD ratio of 69.8% was lower than its peer group’s ratio of 76.3%; examiners analyzed TTC’s lending activities further, however, and determined that this was reasonable because of its performance in the two lending products comprising the greatest share of TTC’s portfolio, HMDA-reportable and small business loans. TTC ranked second in HMDA-reportable lending and fourth in small business lending among banks operating within its assessment area. This is despite the assessment area’s highly competitive market comprised of mostly larger, national banks with greater market exposure. Therefore, examiners deemed TTC’s LTD ratios to be reasonable.

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	2013 Q3	2013 Q4	Avg.
Bank	71.0	73.6	73.0	70.3	68.7	72.5	71.5	68.3	66.0	68.2	68.3	67.5	66.2	70.6	71.2	69.5	69.8
Peer	81.2	80.3	79.4	78.1	76.3	76.4	75.7	75.2	73.7	74.8	74.8	74.2	73.6	75.4	75.5	76.0	76.3

### Assessment Area Concentration: “Outstanding”

TTC originated 92.5% by number, and 91.8% by dollar value of its total HMDA-reportable and small business loans during the evaluation period within its assessment area. This substantial majority of loans made inside of the assessment area is an excellent record of lending.

TTC originated 92.1% by number and 92.9% by dollar value of its HMDA-reportable loans within the assessment area during the evaluation period. TTC also originated 93.3% by number and 89.2% by dollar value of its small business loans within the assessment area during the evaluation period. This substantial majority of loans made inside of its assessment area is an excellent record of lending.

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

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2010	619	93.6%	42	6.4%	661	92,872	92.7%	7,291	7.3%	100,163
2011	588	92.0%	51	8.0%	639	105,175	93.3%	7,570	6.7%	112,745
2012	690	91.1%	67	8.9%	757	107,782	91.2%	10,364	8.8%	118,146
2013	583	91.8%	52	8.2%	635	117,542	94.1%	7,372	5.9%	124,914
Subtotal	2,480	92.1%	212	7.9%	2,692	423,371	92.9%	32,597	7.1%	455,968
Small Business										
2010	358	94.0%	23	6.0%	381	43,725	90.9%	4,371	9.1%	48,096
2011	418	93.3%	30	6.7%	448	41,467	87.3%	6,035	12.7%	47,502
2012	304	91.3%	29	8.7%	333	39,672	87.2%	5,836	12.8%	45,508
2013	286	94.7%	16	5.3%	302	31,442	92.0%	6,856	20.1%	34,160
Subtotal	1,366	93.3%	98	6.7%	1,464	156,306	89.2%	23,098	13.2%	175,266
Grand Total	3,846	92.5%	310	7.5%	4,156	579,677	91.8%	55,695	8.8%	631,234

### Geographic Distribution of Loans: “Outstanding”

The distribution of loans based on lending in census tracts of varying income levels demonstrated excellent rates of lending.

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During the evaluation period, there were changes in the assessment area's demographics. The percentage of owner-occupied households in moderate-income census tracts increased from 2.9% in 2010 to 5.4% in 2013, while businesses in low-income census tracts increased to 2.1% in 2013 from zero in 2010. These figures indicated some of the effects of the last economic downturn that affected TTC's assessment area. However, even with these changes, TTC's rates of lending in both product lines (HMDA-reportable and small business loans) to LMI individuals were excellent.

*HMDA-Reportable Loans:*

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated an excellent rate of lending in low- and moderate-income ("LMI") census tracts. TTC's rates of lending in LMI census tracts consistently surpassed those of its peer group and exceeded the assessment area's owner-occupied household demographics. TTC's total average rates of lending of 8.1% by number and 10.6% by dollar value of loans in LMI census tracts were higher than the average rates by the aggregate of 4.5% and 6.0%, respectively.

The following table provides a summary of TTC'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	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%		0.0%		0.0%	0.0%
Moderate	44	7.1%	9,167	9.9%	172	4.0%	31,813	6.2%	2.9%
LMI	44	7.1%	9,167	9.9%	172	4.0%	31,813	6.2%	2.9%
Middle	464	75.0%	62,808	67.6%	3,494	80.4%	383,267	74.9%	82.6%
Upper	111	17.9%	20,897	22.5%	682	15.7%	96,570	18.9%	14.6%
Unknown		0.0%		0.0%		0.0%		0.0%	
<b>Total</b>	<b>619</b>		<b>92,872</b>		<b>4,348</b>		<b>511,650</b>		
2011									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%		0.0%		0.0%	0.0%
Moderate	36	6.1%	15,876	15.1%	161	3.9%	31,255	6.3%	2.9%
LMI	36	6.1%	15,876	15.1%	161	3.9%	31,255	6.3%	2.9%
Middle	443	75.3%	68,217	64.9%	3,380	80.9%	371,550	75.5%	82.6%
Upper	109	18.5%	21,082	20.0%	638	15.3%	89,623	18.2%	14.6%
Unknown		0.0%		0.0%		0.0%		0.0%	
<b>Total</b>	<b>588</b>		<b>105,175</b>		<b>4,179</b>		<b>492,428</b>		
2012									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	20	0.4%	1,327	0.2%	0.9%
Moderate	63	9.1%	8,394	7.8%	254	5.1%	30,847	5.3%	5.4%
LMI	63	9.1%	8,394	7.8%	274	5.5%	32,174	5.6%	6.3%
Middle	403	58.4%	54,527	50.6%	3,198	64.0%	327,489	56.7%	64.8%
Upper	224	32.5%	44,861	41.6%	1,520	30.4%	217,416	37.7%	28.9%
Unknown		0.0%		0.0%	1	0.0%	140	0.0%	
<b>Total</b>	<b>690</b>		<b>107,782</b>		<b>4,993</b>		<b>577,219</b>		
2013									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	0.9%	1,340	1.1%	Data Not Available				0.9%
Moderate	54	9.3%	10,112	8.6%					5.4%
LMI	59	10.1%	11,452	9.7%					6.3%
Middle	351	60.2%	61,763	52.5%					64.8%
Upper	173	29.7%	44,327	37.7%					28.9%
Unknown		0.0%		0.0%					0.0%
<b>Total</b>	<b>583</b>		<b>117,542</b>						
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	0.2%	1,340	0.3%		0.1%		0.1%	
Moderate	197	7.9%	43,549	10.3%		4.3%		5.9%	
LMI	202	8.1%	44,889	10.6%		4.5%		6.0%	
Middle	1,661	67.0%	247,315	58.4%		74.5%		68.4%	
Upper	617	24.9%	131,167	31.0%		21.0%		25.5%	
Unknown		0.0%		0.0%		0.0%		0.0%	
<b>Total</b>	<b>2,480</b>		<b>423,371</b>						

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*Small Business Loans:*

The distribution of small business loans based on the income level of the geography of the business demonstrated excellent rates of lending in LMI areas, exceeding those of the aggregate. TTC's rates of lending in LMI census tracts ranged from a low of 27.3% to a high of 28.1%, outperforming the range of 13.9% to 17.7%, respectively, for the aggregate. Moreover, the percentage of TTC's business loans in LMI census tracts was more than twice the percentage of businesses located in LMI census tracts in the assessment area.

The following table provides a summary of TTC'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	0	0.0%		0.0%	0	0.0%	0	0.0%	0.0%
Moderate	105	29.3%	11,932	27.3%	422	15.4%	22,085	17.7%	12.5%
LMI	105	29.3%	11,932	27.3%	422	15.4%	22,085	17.7%	12.5%
Middle	220	61.5%	29,297	67.0%	2,021	73.9%	93,076	74.7%	76.0%
Upper	33	9.2%	2,496	5.7%	290	10.6%	9,515	7.6%	11.5%
Unknown		0.0%		0.0%		0.0%		0.0%	
<b>Total</b>	<b>358</b>		<b>43,725</b>		<b>2,733</b>		<b>124,676</b>		
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	0	0.0%	0	0.0%	0.0%
Moderate	133	31.8%	11,602	28.0%	434	12.9%	20,708	16.1%	11.5%
LMI	133	31.8%	11,602	28.0%	434	12.9%	20,708	16.1%	11.5%
Middle	261	62.4%	27,279	65.8%	2,526	75.3%	93,526	72.6%	76.0%
Upper	24	5.7%	2,586	6.2%	393	11.7%	14,662	11.4%	12.5%
Unknown		0.0%		0.0%		0.0%		0.0%	
<b>Total</b>	<b>418</b>		<b>41,467</b>		<b>3,353</b>		<b>128,896</b>		
2012									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	1.6%	1,675	4.2%	66	2.1%	3,831	3.2%	2.0%
Moderate	88	28.9%	9,465	23.9%	324	10.4%	12,957	10.7%	10.5%
LMI	93	30.6%	11,140	28.1%	390	12.6%	16,788	13.9%	12.5%
Middle	130	42.8%	16,734	42.2%	1,755	56.5%	64,163	53.2%	58.9%
Upper	81	26.6%	11,798	29.7%	959	30.9%	39,607	32.9%	28.6%
Unknown		0.0%		0.0%	0	0.0%	0	0.0%	
<b>Total</b>	<b>304</b>		<b>39,672</b>		<b>3,104</b>		<b>120,558</b>		
2013									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	3.1%	1,543	4.9%	Data Not Available				2.1%
Moderate	76	26.6%	6,249	19.9%					10.7%
LMI	85	29.7%	7,792	24.8%					12.8%
Middle	128	44.8%	12,327	39.2%					58.2%
Upper	73	25.5%	11,323	36.0%					28.9%
Unknown		0.0%		0.0%					
<b>Total</b>	<b>286</b>		<b>31,442</b>						
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	14	1.0%	3,218	2.1%		0.7%		1.0%	
Moderate	402	29.4%	39,248	25.1%		12.8%		14.9%	
LMI	416	30.5%	42,466	27.2%		13.6%		15.9%	
Middle	739	54.1%	85,637	54.8%		68.6%		67.0%	
Upper	211	15.4%	28,203	18.0%		17.9%		17.0%	
Unknown		0.0%		0.0%		0.0%		0.0%	
<b>Total</b>	<b>1,366</b>		<b>156,306</b>						

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**Distribution by Borrower Characteristics: “Low Satisfactory”**

The distribution of loans based on borrower income level demonstrated an adequate rate of lending to LMI individuals and small businesses.

HMDA-Reportable Loans:

TTC’s HMDA-reportable loans demonstrated were reasonably distributed among individuals of different income levels.

During the evaluation period, TTC’s average rate of lending to LMI borrowers of 24.6% by number and 14.7% by dollar value of loans, were comparable to its aggregate’s average rates of 25.6% and 16.3%, respectively. Both TTC’s and the aggregate’s rates of lending, however, were below the assessment area’s LMI family demographics of 35.3%.

The following table provides a summary of the distribution of TTC’s HMDA-reportable loans based on borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2010									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	43	7.3%	3,008	3.4%	261	6.4%	14,020	2.9%	18.0%
Moderate	106	18.0%	10,453	11.8%	804	19.6%	62,601	13.2%	17.5%
LMI	149	25.3%	13,461	15.2%	1,065	26.0%	76,621	16.1%	35.5%
Middle	118	20.1%	12,998	14.7%	1,033	25.2%	102,621	21.6%	23.8%
Upper	290	49.3%	56,437	63.7%	1,901	46.4%	282,813	59.4%	40.7%
Unknown	31	5.3%	5,657	6.4%	102	2.5%	13,672	2.9%	
<b>Total</b>	<b>588</b>		<b>88,553</b>		<b>4,101</b>		<b>475,727</b>		
2011									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	29	5.2%	1,479	1.7%	256	6.6%	14,515	3.2%	18.0%
Moderate	86	15.4%	7,665	8.7%	720	18.5%	56,909	12.5%	17.5%
LMI	115	20.6%	9,144	10.3%	976	25.1%	71,424	15.7%	35.6%
Middle	143	25.6%	16,986	19.2%	1,023	26.3%	99,986	22.0%	23.8%
Upper	285	51.0%	59,304	67.1%	1,808	46.4%	270,116	59.5%	40.7%
Unknown	16	2.9%	2,943	3.3%	87	2.2%	12,427	2.7%	
<b>Total</b>	<b>559</b>		<b>88,377</b>		<b>3,894</b>		<b>453,953</b>		
2012									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	29	4.4%	2,139	2.1%	267	5.7%	16,295	3.0%	17.3%
Moderate	120	18.1%	12,719	12.2%	933	20.0%	76,246	14.0%	18.0%
LMI	149	22.5%	14,858	14.2%	1,200	25.7%	92,541	17.0%	35.3%
Middle	161	24.3%	20,996	20.1%	1,251	26.8%	125,235	23.0%	22.3%
Upper	328	49.5%	64,469	61.8%	2,098	44.9%	310,468	57.0%	42.3%
Unknown	25	3.8%	3,975	3.8%	121	2.6%	16,318	3.0%	
<b>Total</b>	<b>663</b>		<b>104,298</b>		<b>4,670</b>		<b>544,562</b>		
2013									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	42	7.6%	3,290	3.3%	Data Not Available				17.3%
Moderate	126	22.8%	15,081	15.2%					18.0%
LMI	168	30.4%	18,371	18.5%					35.3%
Middle	150	27.1%	21,806	22.0%					22.3%
Upper	209	37.8%	47,504	47.9%					42.3%
Unknown	26	4.7%	11,484	11.6%					
<b>Total</b>	<b>553</b>		<b>99,165</b>						
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	143	6.1%	9,916	2.6%		6.2%		3.0%	
Moderate	438	18.5%	45,918	12.1%		19.4%		13.3%	
LMI	581	24.6%	55,834	14.7%		25.6%		16.3%	
Middle	572	24.2%	72,786	19.1%		26.1%		22.2%	
Upper	1,112	47.1%	227,714	59.9%		45.9%		58.6%	
Unknown	98	4.1%	24,059	6.3%		2.4%		2.9%	
<b>Total</b>	<b>2,363</b>		<b>380,393</b>						

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Small Business Loans:

The distribution of TTC's small business loans based on the revenue size of businesses demonstrated reasonable rates of lending to businesses of different revenue sizes.

TTC's average rate of lending to businesses with gross annual revenues of \$1.0 million or less of 34.3% by dollar volume, was in line with its aggregate's rate of 35.0%. However, in terms of total number of loans, TTC's rate surpassed its aggregate's total, achieving an overall average of 59.8%, compared to the aggregate's 39.1%. In addition, TTC was ranked fourth in small business lending in its assessment area. For these reasons, examiners deemed TTC's small business lending to be reasonable, even though its lending rates were lower than the assessment area's business demographics of 71.7%.

The following table provides a summary of the distribution of TTC's business lending.

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2010</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	227	63.4%	15,295	35.0%	997	36.5%	43,915	35.2%	75.9%
Rev. > \$1MM	129	36.0%	27,960	63.9%					4.0%
Rev. Unknown	2	0.6%	470	1.1%					20.1%
<b>Total</b>	<b>358</b>		<b>43,725</b>		<b>2,733</b>		<b>124,676</b>		
<b>2011</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	290	69.4%	15,951	38.5%	1,334	39.8%	43,815	34.0%	68.3%
Rev. > \$1MM	127	30.4%	25,460	61.4%					3.1%
Rev. Unknown	1	0.2%	56	0.1%					28.6%
<b>Total</b>	<b>418</b>		<b>41,467</b>		<b>3,353</b>		<b>128,896</b>		
<b>2012</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	153	50.3%	13,081	33.0%	1,266	40.8%	43,088	35.7%	71.8%
Rev. > \$1MM	125	41.1%	25,502	64.3%					4.1%
Rev. Unknown	26	8.6%	1,089	2.7%					24.1%
<b>Total</b>	<b>304</b>		<b>39,672</b>		<b>3,104</b>		<b>120,558</b>		
<b>2013</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	147	51.4%	9,214	29.3%	Data Not Available				71.7%
Rev. > \$1MM	105	36.7%	19,898	63.3%					4.6%
Rev. Unknown	34	11.9%	2,330	7.4%					24.2%
<b>Total</b>	<b>286</b>		<b>31,442</b>						
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	817	59.8%	53,541	34.3%		39.1%		35.0%	
Rev. > \$1MM	486	35.6%	98,820	63.2%					
Rev. Unknown	63	4.6%	<b>3,945</b>	2.5%					
<b>Total</b>	<b>1,366</b>		<b>156,306</b>						

### Community Development Lending: "Outstanding"

During the evaluation period TTC originated \$39.7 million in qualified community development loans and had \$2.2 million outstanding from prior evaluation periods, totaling nearly \$42.0 million. This was an excellent level of community development lending, and was an increase of 84.1% from the prior period total of \$22.8 million. While

the majority of TTC's community development loans were for community services, others qualified for affordable housing and for businesses located in designated empire zones and in low- or moderate-income census tracts.

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	5	3,660	1	2,237
Community Services	17	25,320		
Rivitalize/Stabilize	6	10,750		
<b>Total</b>	<b>28</b>	<b>39,730</b>	<b>1</b>	<b>2,237</b>

Below are highlights of TTC's community development lending.

#### *Affordable Housing*

During the evaluation period TTC extended four lines of credit totaling \$2.0 million to a nonprofit organization whose mission is to assist LMI individuals in obtaining quality housing on a long term basis and to encourage stability and diversity. TTC also extended a \$1.7 million commercial mortgage for the development of 11 townhomes under the organization's Community Housing Trust ("CHT") program. The CHT program is designed to help people with modest incomes who could not otherwise afford to buy their first homes. One of CHT's main goals is to create homes that remain permanently affordable to future homebuyers by having buyers of CHT homes agree to sell them only to other income-eligible buyers and to forgo some of the profit that might be realized when the home is sold.

#### *Community Services*

TTC renewed a \$1.0 million line of credit to a nonprofit organization each year of the evaluation period, for total lending of \$4.0 million. The lines of credit were used to fund accounts receivable and for other working capital purposes. The organization also had two mortgage loans totaling \$778,608. These loans were used to purchase, construct, modify and rehabilitate homes prior to being used as residences for the organization's clients. The organization offers people with disabilities and their families a wide range of individualized programs, services, support, and opportunities to reach their goals.

TTC extended lines of credit and annually renewed those lines, for a total of \$1.6 million, to a nonprofit organization dedicated to supporting individuals with disabilities and other employment barriers in developing their skills, interests and talents to meet the needs of the workplace and be productive and contributing members of their community. These lines supported accounts receivable and other working capital purposes. In addition to the lines of credit, the organization has a \$900,000 commercial mortgage, which was used to build a warehouse, food storage and processing facility which serves as the main

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office for a subdivision of the organization. The organization mostly serves people with developmental, mental and learning disabilities and recipients of public assistance.

*Revitalize/Stabilize*

A business located within a designated empire zone had lines of credit renewed annually for four years for total qualified community development lending of \$7.8 million. Businesses located within an empire zone are eligible to receive tax credits and exemptions to foster and maintain jobs in an economically depressed area.

**Flexible, Innovative Lending Practices and/or Special Banking Products:**

Targeting low- to moderate-income individuals and small businesses, TTC makes use of flexible lending practices to service their credit needs. TTC offers various products offering competitive or flexible rate options and programs for first-time homebuyers and seasoned homeowners and related products to meet the banking and credit needs of its assessment area, such as:

- First Home Club – Subject to income qualifying guidelines, this program is offered in conjunction with the Federal Home Loan Bank of New York. Available to qualified buyers, this savings plan provides matching funds to help grow TTC’s customers’ savings quickly via a four-to-one match up to a maximum of \$7,500. In 2012 and 2013, TTC made seven loans totaling \$839,781 through this program.
- Federal Housing Administration (“FHA”) Mortgages – TTC offered a flexible, low-down-payment financing solution, with no maximum income limits. FHA mortgages are available to almost any homebuyer. Sellers can contribute up to 6.0% of the sales price towards closing costs. TTC granted 28 loans for \$3.5 million under the program during the evaluation period.
- State of New York Mortgage Agency (“SONYMA”) – For qualified SONYMA borrowers TTC offers the “Low Interest Rate” and “Achieving the Dream” mortgage programs. Both programs offer a below market rate of interest with maximum financing for 1-4 family properties and manufactured homes, subject to certain income and purchase price limits.
- Community One Program – Subject to income qualification, this program offers below market interest rates, reduced fees, maximum financing and higher qualifying ratios for eligible borrowers. This program is available for owner-occupied 1-2 family purchase transactions. During the evaluation period TTC originated 55 loans for a total of \$5.7 million through this program.
- Small Business Administration (“SBA”) loan products – TTC originated 23 SBA loans for a total of \$2.3 million during this evaluation period. These programs were:

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- 504 Loan Program – SBA’s 504 loan program is administered through New York Business Development Corporation’s affiliate, Empire State Certified Development Corporation: The 504 Company. The program is a fixed asset, economic development program designed to promote growth and job creation for small businesses. The spirit of the 504 loan program is to provide access to low-down-payment financing so that small businesses can preserve cash for operations.
  - Basic 7(a) Loan Program – TTC offered credit to eligible borrowers for starting, acquiring, and expanding a small business.
  - SBA Express – This loan program features accelerated turnaround of loan decisions within 36 hours. TTC and its borrowers can negotiate the interest rate but may not exceed SBA maximums. This program has a maximum loan amount of \$350,000, and it is available for term loans and lines of credit.
  - Student Banking Products and Services – Because of TTC’s proximity to colleges and universities, it offers the following to meet and service the needs of students in its assessment area:
    - Free Student Checking – no minimum balance to open or maintain; free electronic statements; \$2.50 monthly paper statement fee.
    - Free Visa Debit Card – can be used at any store, at ATMs, or for online purchases.
    - Welcome Savings – no minimum balance to open and earn interest; \$250.00 minimum balance to avoid \$5.00 monthly maintenance fee; interest is compounded daily.
    - College Rewards Visa Credit Card – helps students build credit; no annual fee; points can be redeemed for discounted airfares, gift cards, or cash.
    - International Services - TTC offered the following international services to students: “SWIFT” wires (Society for Worldwide Interbank Financial Telecommunications). TTC can send and receive funds internationally, speeding up the wire transfer process and simplifying the tracking of these funds. TTC also offers foreign drafts, which are available at any branch location, and International ACH transactions whereby students may receive funds from parents or sponsors overseas or paychecks from foreign employers, as well as electronic ACH payments.



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**INVESTMENT TEST:** “High Satisfactory”

*TTC’s investment performance is evaluated pursuant to the following criteria:*

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

TTC’s community development investments were reasonable in light of the assessment area’s credit needs.

**Community Development Investments:**

During the evaluation period TTC made \$1.3 million in new community development investments and had \$8.4 million outstanding from prior evaluation periods. In addition, TTC made \$721,000 in community development grants. This demonstrated a reasonable level of community development investments and grants over the course of the evaluation period.

Compared to the previous evaluation, TTC’s current community development investment activities decreased significantly, from \$25.8 million to a current total of \$10.4 million. This was due to a lack of investment opportunities in the region during the evaluation period. However, while community development investments decreased by \$15.4 million, TTC’s community development lending activities increased by \$19.2 million which was more than the reduction in community development investments.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Affordable Housing	1	810	1	2,750
Economic Development	1	500	4	3,733
Revitalize/Stabilize			2	1,870
Other (Please Specify)				
<b>Total</b>	<b>2</b>	<b>1,310</b>	<b>7</b>	<b>8,353</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	17	319		
Community Services	29	402		
<b>Total</b>	<b>46</b>	<b>721</b>		

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

*Affordable Housing*

TTC invested \$800,000 in a local government agency's neighborhood housing initiative. Its mission is to improve the social, physical and economic characteristics of Ithaca by expanding access to quality affordable housing and supporting other community development activities.

TTC participated with a housing trust fund corporation whose mission is to create affordable housing for low-income individuals by providing loans and grants for the rehabilitation of existing housing or the construction of new housing. In addition to qualifying for CRA credit as affordable housing, the property is located in a moderate-income census tract. TTC invested \$2.8 million in this endeavor.

*Economic Development*

TTC invested \$500,000 in a community development revolving loan fund in conjunction with the above mentioned local government agency to acquire, renovate and convert a historic building into an eleven-room inn which will create at least eight full time jobs, of which at least 51.0% must be held by low- to moderate-income individuals. In addition, TTC had outstanding investments from prior periods, some of which were outside TTC's assessment area. Due to limited investment opportunities in the region and because of TTC's responsiveness to community development in its assessment area, examiners credited these investments.

*Affordable Housing*

TTC gave grants of \$30,550 to a local nonprofit, established as a partnership between residents, funders, and local government. Its mission is to revitalize Ithaca's neighborhoods by helping people of modest incomes obtain affordable housing on a long-term basis.

*Community Service*

TTC gave a total of \$293,538 to two nonprofit organizations whose mission is "to improve lives by mobilizing the caring power of our communities." TTC also gave \$23,000 in grants to two local food banks.

**Innovativeness of Community Development Investments:**

Because of limited opportunities in its assessment area, TTC made occasional use of innovative investments to support community development as noted in the preceding investment highlights.

**Responsiveness of Community Development Investments to Credit and Community Development Needs:**

TTC's community development investments exhibited reasonable responsiveness to credit and community development needs.

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**SERVICE TEST:** “Outstanding”

*TTC’s retail service performance is evaluated pursuant to the following criteria:*

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

*TTC’s community development service performance is evaluated pursuant to the following criteria:*

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

**Retail Banking Services:** “Outstanding”

TTC has an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems.

*Current distribution of the banking institution’s branches:*

TTC’s branches represent a more than reasonable distribution of branches within its assessment area.

Since TTC is headquartered in Tompkins County, 11 (approximately 80%) of its branches are located there. Three branches are in moderate-income census tracts. Three other branches are located in Cayuga, Cortland and Schuyler counties. The Cayuga and Cortland branches are located in middle-income census tracts, while the Schuyler branch is located in a non-metropolitan, middle-income census tract designated as distressed or underserved. Together, almost a third or 29.0% of TTC’s branches are located in LMI census tracts or designated distressed or underserved areas. Thus, examiners determined that TTC’s branches were more than reasonably distributed within the assessment area.

<b>Distribution of Branches within the Assessment Area</b>									
<b>County</b>	<b>N/A</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>	<b>Total</b>	<b>LMI</b>	<b>Distressed or</b>	<b>LMI and</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>%</b>	<b>Underserved</b>	<b>Distressed or Underserved</b>
Cayuga				1		1	0%		0%
Cortland				1		1	0%		0%
Schuyler				1		1	0%	1	100%
Tompkins			3	3	5	11	27%		27%
<b>Total</b>			<b>3</b>	<b>6</b>	<b>5</b>	<b>14</b>	<b>21%</b>	<b>1</b>	<b>29%</b>

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Record of opening and closing branches:

TTC's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and or LMI individuals. No branches opened or closed since the previous evaluation.

Availability and effectiveness of alternative systems for delivering retail services:

TTC's delivery systems are readily accessible to significant portions of TTC's assessment area, particularly LMI geographies and individuals.

TTC offers the following alternative banking services:

- Internet Banking – customers can check account balances, pay bills, view e-bills, check previous transactions, transfer funds, reorder checks, make stop payments, request copies of statements, change address and/or phone number, get product information, make loan payments, and get branch/ATM information.
- Mobile Banking – TTC's mobile application can be downloaded for free, and it allows TTC customers to bank through their smart phones. Customers can get account history, transfer funds, pay bills, make deposits and locate branches or ATMs.
- Automated Phone Banking – through this service customers can check account balances and review transactions, transfer funds, make loan payments, get information about branch and ATM locations, as well as hours of operation.
- Customer Care Center – customers can reach customer representatives on a toll-free number, between the hours of 8:00AM and 5:00PM, Monday through Friday and 9:00AM to 12:00PM on Saturday.

Range of services provided:

TTC's services meet the needs of its assessment area, particularly those of LMI geographies and individuals.

Eight of TTC's branches have hours of operation from 8:30AM or 9:00AM to 5:00PM, Monday through Friday, with Thursday late hours. Other branches open earlier at 8:00AM or 8:30AM. Nine branches have drive-up/drive through services, and eight branches also offer limited Saturday banking hours from 8:00AM to 12:00PM.

As previously mentioned, four branches are located in LMI geographies or in a distressed or underserved area. All four branches have ATMs with deposit-taking capabilities. Two of those branches have drive-up/drive-through facilities, making banking services accessible to LMI income census tracts. All of TTC's 14 branches have 24 hour ATMs with deposit-taking capabilities and are networked with its related banks: Bank of Castile,

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Mahopac Bank and VIST Bank. TTC's customers can use these banks' ATMs, which are located in and around the region without incurring fees.

**Community Development Services:** "Outstanding"

TTC provided an excellent level of community development services during the evaluation period. More than 35 bank officers, senior bank officers and members of executive management, including members of the board, are active on various boards and/or committees of nonprofit organizations, local government agencies, and community organizations in the region. Below are highlights of TTC's community development services.

*Affordable Housing*

- An assistant vice president ("AVP"), a senior vice president ("SVP") and the chairman of the board of directors are members of the board and/or committees of a local nonprofit community development corporation that was established as a partnership between residents, funders and local government. Its mission is to revitalize Ithaca's neighborhoods and help LMI individuals and families obtain affordable housing.
- A vice president ("VP") and a bank officer are members of committees of a nonprofit housing organization which provides affordable housing for LMI individuals and families and is dedicated to eliminating substandard housing through constructing, rehabilitating and preserving homes.
- Through local organizations and/or local government initiatives in affordable housing:
  - TTC continues its relationship and partnership with a local neighborhood housing organization which provides affordable housing initiatives for home financing from New York State Homes and Community Renewal.
  - TTC supports and partners with local county and city government homeownership programs which are similar to TTC's "First Home Club" and "Community One" programs that offer more flexible underwriting procedures and lending criteria.
  - In conjunction with a local affordable housing organization and county government, TTC's bank personnel conducted first homebuyer classes which discussed topics such as pre-qualification awareness, review of income to debt ratios, and TTC bank products and services.

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### *Economic Development*

- TTC's chairman of the board heads a business development corporation as chairman. The corporation is a consortium of lending institutions committed to support economic development and the growth of job opportunities in New York State by providing innovative loans to small businesses, along with its lending partners.
- An SVP was a member of the local loan committee of a corporation providing loans to companies located in New York State at or below market interest rates and with favorable terms, whose original purpose was to stimulate economic development and opportunity in designated or certified zoned areas. While the corporation was dissolved in 2013, this individual served in 2011 and 2012.
- An AVP is a board member of a private, nonprofit organization that brings all of Cayuga County's economic development services into one place, and works collaboratively with other private organizations and public agencies in Cayuga County and beyond. The organization's goal is to attract, grow and expand businesses with the aim of creating jobs and improving quality of life. This AVP is also a member of a county's micro loan committee.

### *Community Services*

- TTC's president and CEO, an AVP and a VP are members of the boards or committees of local food banks. One's mission is to provide meals and other nutrition services that promote dignity, well-being and independence for older adults and other persons in need in Tompkins County, while the other is to build and sustain hunger-free communities throughout the southern tier of New York.
- Three members of executive management are members or have been members of the board of directors of a community organization whose vision is to support individuals in their efforts to live self-sufficient, productive lives, connect families with their communities, and encourage diverse agencies and communities to engage each other to achieve mutual goals. In addition, an SVP, three VPs, two AVPs, and three bank officers are involved as management in this organization.

### **Additional Factors**

The following factors were also considered in assessing TTC's record of performance.

**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**

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The CRA officer is a member of the CRA Committee that meets annually to discuss TTC's CRA activities, such as: assessment area analysis, community development loans and investments, updates in the bank's public file and employee community involvement. The CRA officer summarizes and reports the results of these meetings to the board of directors. It is through these reports that the board is updated and able to review TTC's CRA performance and its policies. The latest board discussion was in November 2013, when the board re-approved and re-affirmed the CRA Policy.

### **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 TTC.

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

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

### **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.*

Through TTC's more than a hundred bank officers, senior bank officers, and members of executive management, TTC is involved in various local nonprofit, civic, community and government organizations, and thereby is able to ascertain the credit needs of its community and communicate its credit and product services. The following are other pertinent organizations that TTC's personnel are involved with: Rotary Clubs and Knights of Columbus, Chambers of Commerce, local museums, foundations supporting local hospitals, planning boards, local schools, public libraries, businesses, and professional organizations.

- *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.*

TTC makes members of the community aware of its special credit-related programs through its extensive involvement with local governments and agencies, civic, community and nonprofit organizations, as discussed previously. In addition, TTC advertises its products and services in major regional and local media via print, radio

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and television. TTC has two major advertising campaigns: the spring campaign focuses on business and the late summer/fall campaign is consumer oriented.

Since the prior CRA evaluation neither TTC nor DFS received any written complaints regarding TTC's CRA performance.

**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 no other factors.



## 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.

<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 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.