



**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: September 30, 2016

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

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

TABLE OF CONTENTS

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

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of the Steuben Trust Company (“STC”) prepared by the New York State Department of Financial Services (the “Department” or “DFS”). This evaluation represents the Department’s current assessment and rating of STC’s CRA performance based on an evaluation conducted as of September 30, 2016.

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 (“GRS”) implements Section 28-b and further requires that the Department assess the CRA performance records of regulated banking institutions. Part 76 establishes the framework and criteria by which the Department will evaluate institutions’ 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 (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated STC under the intermediate small banking institution performance standards pursuant to Parts 76.7 and 76.12 of the GRS. The Department evaluated STC's performance under the lending test in 2013, 2014, and 2015, and its performance under the community development test from July 1, 2013 through September 30, 2016. STC is rated "Satisfactory" or "2." This rating means STC has a satisfactory record of meeting community credit needs.

The rating is based on the following factors:

Lending Test: "Satisfactory"

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

STC's average loan-to-deposit ("LTD") ratio was reasonable considering its size, business strategy and financial condition, the level of economic activity in its assessment area, and peer group activity.

During the evaluation period, STC's average LTD ratio was 70.5% compared to its peer group's ratio of 76.9%. STC's quarterly LTD ratios were lower than its peer group's ratios for every quarter in the evaluation period.

Assessment Area Concentration: "Satisfactory"

During the evaluation period, STC originated 75.4% by number and 71.3% by dollar value of its HMDA-reportable and small business loans within its assessment area. This majority of lending within its assessment area was a reasonable record of lending.

Distribution by Borrower Characteristics: "Satisfactory"

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

Geographic Distribution of Loans: "Satisfactory"

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

Action Taken in Response to Written Complaints with Respect to CRA: "N/A"

Since the prior CRA evaluation, as of June 30, 2013, neither STC nor DFS received any written complaints regarding STC's CRA performance.

Community Development Test: “Satisfactory”

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

Community Development Loans: “Satisfactory”

STC originated 17 qualified community development loans totaling approximately \$5.3 million during the evaluation period. This level of activity represents 1.1% of the average total assets or 0.58% annualized for the three-year period. This demonstrated a reasonable level of community development lending during the evaluation period.

Qualified Investments: “Satisfactory”

STC made 31 qualified investments totaling approximately \$5.2 million during the evaluation period. This total includes grants of \$165,998. This dollar amount of equity investments equates to 1.1% of average total assets and 0.30% annualized for the period. This demonstrated a reasonable level of community development investments during the evaluation period.

Community Development Services: “Outstanding”

STC demonstrated an excellent level of community development services by providing financial expertise or technical assistance to numerous groups in the assessment area during the evaluation period.

Responsiveness to Credit and Community Development Needs:

STC demonstrated a reasonable level of responsiveness to credit and community development needs through its qualified community development lending, investments and services.

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 GRS.

PERFORMANCE CONTEXT

Institution Profile

STC opened in Hornell, New York on August 28, 1902 as the Bank of Steuben. The bank changed its name to Steuben Trust Company in 1919 when it began offering trust services. In 2016, STC formed an insurance subsidiary, Steuben Financial Services, Inc., to offer life, accident, and health insurance products.

STC's provides full service commercial banking, including offering small business, farm, consumer, and residential mortgage loans. In addition, STC offers deposit, insurance, trust, and investment services.

Per the Consolidated Report of Condition (the "Call Report") as of December 31, 2015 filed with the Federal Deposit Insurance Corporation ("FDIC"), STC reported total assets of \$489.9 million, of which \$277.4 million were net loans and lease finance receivables. It also reported total deposits of \$395.2 million, resulting in a loan-to-deposit ratio of 70.1%. According to the latest available comparative deposit data, as of June 30, 2016 STC had a market share of 2.6% (\$431.7 million in a market of \$16.4 billion), ranking it eleventh among the twenty-two deposit-taking institutions in its assessment areas.

The following is a summary of STC's loan portfolio, based on Schedule RC-C of the bank's December 31, 2013, 2014, and 2015 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	12/31/2013		12/31/2014		12/31/2015	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	90,748	37.4	87,421	32.5	87,750	31.3
Secured by Farmland	21,428	8.8	28,446	10.6	28,702	10.2
Commercial & Industrial Loans	19,011	7.8	20,162	7.5	25,698	9.2
Commercial Mortgage Loans	62,172	25.7	73,891	27.5	74,591	26.6
Multifamily Mortgages	12,183	5.0	16,926	6.3	12,873	4.6
Consumer Loans	15,197	6.3	16,990	6.3	17,917	6.4
Agricultural Loans	16,066	6.6	16,238	6.0	17,311	6.2
Construction Loans	4,782	2.0	8,150	3.0	15,503	5.5
Obligations of States & Municipalities	569	0.2	466	0.2	0	0.0
Other Loans	20	0.0	20	0.0	20	0.0
Lease Financing	197	0.1	248	0.1	393	0.1
Total Gross Loans	242,373		268,958		280,758	

As illustrated in the above table, STC's main areas of lending are residential real

estate and commercial real estate. Residential real estate lending represented 35.9% of STC's total loans (consisting of 31.3% in 1-4 family residential mortgages and 4.6% in multifamily mortgages). Commercial lending represented 35.8% of STC's total loans (consisting of 26.6% commercial mortgage loans and 9.2% in commercial & industrial loans).

STC operates fourteen banking offices in addition to four off-site ATMs. STC also operates a representative office in Elma.

Examiners did not find any evidence of financial or legal impediments that had an adverse impact on STC's ability to meet the credit needs of its community.

Assessment Area

STC has two assessment areas. One includes all of Allegany County, the majority of Steuben County and the eastern portion of Wyoming County. The other includes all of Livingston County and the southern portion of Monroe County. There are sixty-six census tracts in the assessment areas, of which one is low-income, five are moderate-income, fifty-three are middle-income, and five are upper-income; two tracts had no income indicated.

Assessment Area Census Tracts by Income Level								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Distressed %
Allegany	1	0	1	11	0	13	7.7%	7.7%
Livingston	1	1	2	10	1	15	20.0%	20.0%
Monroe	0	0	0	7	4	11	0.0%	0.0%
Steuben	0	0	2	19	0	21	9.5%	9.5%
Wyoming	0	0	0	6	0	6	0.0%	0.0%
Total	2	1	5	53	5	66	9.1	9.1%

Partial County: Steuben, Wyoming, and Monroe.

Demographic & Economic Data

The assessment areas had a population of 263,041 during the evaluation period; 13.7% of the population were over the age of 65, and 18.5% were under the age of sixteen.

Of the 66,266 families in the assessment areas, 18.3% were low-income, 18.9% were moderate-income, 23.7% were middle-income, and 39.1% were upper-income families. There were 98,831 households in the assessment areas, of which 12.1% had income below the poverty level and 2.6% were on public assistance. The weighted

average median family income within the assessment areas was \$63,821.

There were 117,827 housing units within the assessment areas, of which 81.9% were one-to-four family units and 6.2% were multifamily units. Owner-occupied housing units represented 63.4% of the area's housing units, while 22.3% were rental units. Of the 74,719 owner-occupied housing units, 6.8% were in low- and moderate-income census tracts while 93.2% were in middle- (85.9%) and upper-income (7.3%) census tracts. The median age of the housing stock was 54 years and the median home value in the assessment areas was \$98,472.

There were 14,027 non-farm businesses in the assessment areas. Of these, 74.4% had revenues of less than or equal to \$1 million, 5.4% reported revenues of more than \$1 million, and 20.2% did not report their revenues. Of the businesses in the assessment areas, 88.9% had less than fifty employees, and 85.5% operated from a single location. The largest industries in the assessment areas were services (45.6%), retail trade (15.0 %), and construction (7.1%), while 2.9% of businesses were not classified.

According to the New York State Department of Labor, New York State's unemployment rate declined to 5.3% in 2015 compared to the 2013 rate of 7.7%. Monroe County's 5.2% unemployment rate in 2015 was the lowest rate recorded in STC's assessment areas.

Assessment Area Unemployment Rate						
	New York State	Wyoming County	Steuben County	Monroe County	Livingston County	Allegany County
2013	7.7	7.9	8.4	7.0	7.0	7.5
2014	6.3	6.5	6.9	5.8	5.8	6.2
2015	5.3	5.7	6.4	5.2	5.4	5.8

Community Information

Examiners interviewed a representative of a community organization based in Wyoming County during the evaluation. The organization is a nonprofit public benefit corporation that places emphasis on economic development, supporting and attracting new industries, and creating employment. It operates in a rural county, where agriculture is the main industry, but has attracted manufacturing as well.

The organization makes loans to businesses that financial institutions may deem too risky.

The organization viewed STC favorably, as well as other financial institutions (with one exception), in meeting the demands for banking services, especially for small businesses.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated STC under the intermediate small banking institution performance standards in accordance with Parts 76.7 and 76.12 of the GRS, which consist of the lending test and the community development test.

The lending test includes:

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

The community development test includes:

- 1. Community development lending;*
- 2. Community development investments;*
- 3. Community development services; and*
- 4. Responsiveness to community development needs.*

DFS also considered the following factors in assessing STC'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. Evidence of any practices intended to discourage credit applications;*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.*

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

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet update annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and DFS used this information even where STC's assessment area includes partial counties.

The assessment period included calendar years 2013, 2014, and 2015 for the lending test and July 1, 2013 through September 30, 2016 for the community development test.

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

While STC is not required to report small business/small farm loan data, STC voluntarily reports small business/small farm loan data. So, STC’s small business and small farm lending may be included in the aggregate data, which are shown only for comparative purposes.

The HMDA-reportable and small business loan data DFS evaluated in this performance evaluation represented actual originations.

Small business lending was given greater weight in this evaluation because it represented a substantial majority of STC’s lending business at 81.0% by number of loans and 73.8% by dollar value.

At its **prior** Performance Evaluation, as of June 30, 2013, DFS assigned STC a rating of “2,” reflecting a “Satisfactory” record of helping to meet the credit needs of STC’s communities.

Current CRA Rating: “Satisfactory”

Lending Test: “Satisfactory”

STC’s small business and HMDA-reportable activities were reasonable considering aggregate and peer group activity and demographics in the assessment areas.

Loan-to-Deposit Ratio and other Lending-Related Activities: “Satisfactory”

STC’s average LTD ratio was reasonable considering its size, business strategy, financial condition, the level of economic activity in its assessment areas, and peer group activity.

STC’s average LTD ratio for the evaluation period was 70.5%, compared to its peer group’s ratio of 76.9%. STC’s quarterly LTD ratios were lower than its peer group’s ratios for every quarter in the evaluation period. STC’s LTD ratios were impacted by the selling of loans into the secondary market.

The table below shows STC’s LTD ratios in comparison with its peer group’s ratios for the twelve quarters in the evaluation period.

Loan-to-Deposit Ratios													
	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	Avg.
STC	65.4	66.4	65.8	67.4	71.4	74.4	73.6	72.3	71.5	73.8	71.8	71.8	70.5
Peer	73.1	74.8	75.0	75.8	74.8	76.9	77.6	78.3	77.4	79.3	79.8	80.1	76.9

Assessment Area Concentration: “Satisfactory”

STC originated 75.4% by number and 71.3% by dollar value of its HMDA-reportable and small business loans within its assessment areas. This majority of lending within its assessment areas was a reasonable concentration of lending.

HMDA-Reportable Loans

STC originated 87.7% by number and 76.0% by dollar value of its HMDA-reportable loans within its assessment areas. This substantial majority of lending within STC’s assessment areas is a reasonable concentration of lending.

Small Business Loans

STC originated 73.0% by number and 69.8% by dollar value of its small business loans within its assessment areas. This majority of lending within STC’s assessment areas reflected a reasonable concentration of lending.

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

Distribution of Loans Inside and Outside of the Assessment Areas										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2013	182	89.2%	22	10.8%	204	14,521	81.0%	3,397	19.0%	17,918
2014	139	84.8%	25	15.2%	164	11,555	67.1%	5,677	32.9%	17,232
2015	201	88.5%	26	11.5%	227	20,840	78.4%	5,726	21.6%	26,566
Subtotal	522	87.7%	73	12.3%	595	46,916	76.0%	14,800	24.0%	61,716
Small Business										
2013	457	85.6%	77	14.4%	534	39,715	81.8%	8,834	18.2%	48,549
2014	406	82.2%	88	17.8%	494	31,913	71.6%	12,647	28.4%	44,560
2015	1,371	86.3%	218	13.7%	1,589	61,139	62.9%	36,036	37.1%	97,175
Subtotal	2,234	73.0%	826	27.0%	3,060	132,767	69.8%	57,517	30.2%	190,284
Grand Total	2,756	75.4%	899	24.6%	3,655	179,683	71.3%	72,317	28.7%	252,000

Distribution by Borrower Characteristics: “Satisfactory”

STC’s HMDA-reportable and small business lending demonstrated a reasonable distribution of lending among individuals of different income levels and businesses of different revenue sizes. While HMDA-reportable lending was viewed as less than adequate, the overall rating is satisfactory since small business lending was given greater weight in this evaluation.

HMDA-Reportable Loans

STC’s HMDA-reportable loans demonstrated a less than adequate distribution of loans

among borrowers of different income levels. STC's average rates of lending to low- and moderate-income ("LMI") borrowers were 21.5% by number and 13.6% by dollar value, which was below its aggregate's rates of 33.9% and 22.7%, respectively.

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

Distribution of HMDA-Reportable Lending by Borrower Income									
2013									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	4.0%	302	2.1%	368	7.8%	18,532	4.0%	18.4%
Moderate	22	12.4%	1,422	10.0%	1,062	22.6%	75,331	16.4%	19.0%
LMI	29	16.4%	1,724	12.1%	1,430	30.4%	93,863	20.4%	37.4%
Middle	53	29.9%	3,566	25.1%	1,300	27.6%	112,139	24.4%	23.7%
Upper	89	50.3%	8,520	60.0%	1,833	38.9%	239,682	52.1%	38.8%
Unknown	6	3.4%	394	2.8%	146	3.1%	14,596	3.2%	
Total	177		14,204		4,709		460,280		
2014									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	7.5%	416	3.7%	402	9.6%	17,813	5.0%	18.3%
Moderate	26	19.4%	1,525	13.6%	1,083	25.9%	67,807	19.0%	18.9%
LMI	36	26.9%	1,941	17.3%	1,485	35.6%	85,620	24.0%	37.2%
Middle	37	27.6%	2,636	23.5%	1,074	25.7%	82,818	23.3%	23.7%
Upper	53	39.6%	5,494	49.0%	1,502	36.0%	176,165	49.5%	39.1%
Unknown	8	6.0%	1,132	10.1%	115	2.8%	11,600	3.3%	
Total	134		11,203		4,176		356,203		
2015									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	5.2%	465	2.3%	459	10.5%	19,424	5.0%	18.3%
Moderate	33	17.2%	2,066	10.3%	1,119	25.6%	75,029	19.2%	18.9%
LMI	43	22.4%	2,531	12.6%	1,578	36.1%	94,453	24.2%	37.2%
Middle	60	31.3%	4,974	24.7%	1,222	27.9%	100,063	25.7%	23.7%
Upper	76	39.6%	10,430	51.8%	1,474	33.7%	183,698	47.1%	39.1%
Unknown	13	6.8%	2,186	10.9%	99	2.3%	11,757	3.0%	
Total	192		20,121		4,373		389,971		
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	27	5.4%	1,183	2.6%	1,229	9.3%	55,769	4.6%	
Moderate	81	16.1%	5,013	11.0%	3,264	24.6%	218,167	18.1%	
LMI	108	21.5%	6,196	13.6%	4,493	33.9%	273,936	22.7%	
Middle	150	29.8%	11,176	24.5%	3,596	27.1%	295,020	24.5%	
Upper	218	43.3%	24,444	53.7%	4,809	36.3%	599,545	49.7%	
Unknown	27	5.4%	3,712	8.2%	360	2.7%	37,953	3.1%	
Total	503		45,528		13,258		1,206,454		

Small Business Loans:

STC's small business lending demonstrated a reasonable distribution of loans among businesses of different revenue sizes.

STC originated 71.9% by number and 39.8% by dollar value of its small business loans to businesses with revenues of \$1 million or less, which compared favorably to its aggregate's originations of 50.3% and 38.7%, respectively.

The following table provides a summary of STC's small business lending distribution based on the revenue size of the business.

Distribution of Small Business Lending by Revenue Size of Business									
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	232	73.9%	10,210	42.9%	2,124	55.1%	88,249	44.3%	68.9%
Rev. > \$1MM	67	21.3%	13,545	56.9%					5.0%
Rev. Unknown	15	4.8%	36	0.2%					26.0%
Total	314		23,791		3,856		199,421		
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	223	75.3%	10,210	42.9%	2,102	54.5%	86,933	43.6%	68.9%
Rev. > \$1MM	65	22.0%	13,545	56.9%					5.0%
Rev. Unknown	8	2.7%	36	0.2%					26.0%
Total	296		23,791		3,856		199,241		
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	186	66.2%	9,098	34.2%	2,280	58.9%	82,515	42.0%	74.4%
Rev. > \$1MM	91	32.4%	17,432	65.5%					5.4%
Rev. Unknown	4	1.4%	95	0.4%					20.2%
Total	281		26,625		3,870		196,231		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	641	71.9%	29,518	39.8%	6,506	50.3%	257,697	38.7%	
Rev. > \$1MM	223	25.0%	44,522	60.0%					
Rev. Unknown	27	3.0%	167	0.2%					
Total	891		74,207		12,929		666,485		

Geographic Distribution of Loans: "Satisfactory"

STC's distribution of loans among census tracts of varying income levels demonstrated a reasonable distribution of lending.

STC's assessment areas contain one low-income and five moderate-income census tracts.

HMDA-Reportable Loans

The distribution of STC's HMDA-reportable loans among census tracts of varying income levels demonstrated a reasonable distribution of lending.

STC's average rates of lending to LMI census tracts were 9.4% by number of loans and 7.4% by dollar value, which exceeded its aggregate's rates of 5.6% and 3.3%, respectively.

The following table provides a summary of STC's HMDA-reportable loans by the income level of the geography where the property was located.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2013									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	17	9.3%	933	6.4%	235	4.8%	13,956	2.8%	6.8%
LMI	17	9.3%	933	6.4%	235	4.8%	13,956	2.8%	6.8%
Middle	164	90.1%	13,508	93.0%	4,267	86.7%	408,375	82.5%	87.0%
Upper	1	0.5%	80	0.6%	420	8.5%	72,359	14.6%	6.9%
Unknown	0	0.0%	0	0.0%	1	0.0%	15	0.0%	0.0%
Total	182		14,521		4,923		494,705		
2014									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	6	4.7%	895	7.7%	271	6.2%	15,362	4.0%	6.8%
LMI	6	4.7%	895	7.7%	271	6.2%	15,362	4.0%	6.8%
Middle	123	95.3%	10,660	92.3%	3,775	86.4%	317,675	81.9%	85.9%
Upper	0	0.0%	0	0.0%	323	7.4%	54,566	14.1%	7.3%
Unknown	0	0.0%	0	0.0%	1	0.0%	110	0.0%	0.0%
Total	129		11,555		4,370		387,713		
2015									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	25	12.4%	1,652	7.9%	267	5.8%	14,110	3.2%	6.8%
LMI	25	12.4%	1,652	7.9%	267	5.8%	14,110	3.2%	6.8%
Middle	174	86.6%	18,853	90.5%	3,956	86.2%	347,359	79.9%	85.9%
Upper	2	1.0%	335	1.6%	366	8.0%	73,268	16.8%	7.3%
Unknown	0	0.0%	0	0.0%	1	0.0%	150	0.0%	0.0%
Total	201		20,840		4,590		434,887		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Moderate	48	9.4%	3,480	7.4%	773	5.6%	43,428	3.3%	
LMI	48	9.4%	3,480	7.4%	773	5.6%	43,428	3.3%	
Middle	461	90.0%	43,021	91.7%	11,998	86.4%	1,073,409	81.5%	
Upper	3	0.6%	415	0.9%	1,109	8.0%	200,193	15.2%	
Unknown	0	0.0%	0	0.0%	3	0.0%	275	0.0%	
Total	512		46,916						

Small Business Loans

The distribution of STC's small business loans among census tracts of varying income levels was reasonable.

STC's average rates of lending in LMI census tracts were 10.2% by number and 6.8% by dollar value, compared to the aggregate's average rates of 5.4% and 3.9%, respectively.

The following table provides a summary of STC's small business loans by the income level of the geography where the business was located.

Distribution of Small Business Lending by Geographic Income of the Census Tract

2013									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.00%	0	0.00%	5	0.10%	16	0.00%	10.00%
Moderate	36	7.90%	1,893	4.80%	204	5.60%	7,155	4.10%	7.00%
LMI	36	7.90%	1,893	4.80%	209	5.70%	7,171	4.10%	17.00%
Middle	417	91.20%	37,592	94.70%	3,184	87.00%	156,286	89.90%	85.30%
Upper	4	0.90%	230	0.60%	267	7.30%	10,419	6.00%	7.40%
Unknown	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0.00%
Total	457		39,715		3,660		173,876		
2014									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.00%	0	0.00%	1	0.00%	5	0.00%	0.00%
Moderate	42	10.30%	2,419	7.60%	211	5.50%	7,510	3.80%	7.00%
LMI	42	10.30%	2,419	7.60%	212	5.50%	7,515	3.80%	7.00%
Middle	355	87.40%	28,857	90.40%	3,279	85.00%	175,724	88.20%	83.60%
Upper	9	2.20%	637	2.00%	364	9.40%	16,001	8.00%	9.10%
Unknown	0	0.00%	0	0.00%	1	0.00%	1	0.00%	0.00%
Total	406		31,913		3,856		199,241		
2015									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.00%	0	0.00%	1	0.00%	5	0.00%	0.00%
Moderate	150	10.90%	4,675	7.60%	198	5.10%	7,707	3.90%	7.00%
LMI	150	10.90%	4,675	7.60%	199	5.10%	7,712	3.90%	7.00%
Middle	1,198	87.40%	54,939	89.90%	3,288	85.00%	171,138	87.20%	83.30%
Upper	23	1.70%	1,525	2.50%	382	9.90%	17,380	8.90%	9.30%
Unknown	0	0.00%	0	0.00%	1	0.00%	1	0.00%	0.00%
Total	1,371		61,139		3,870		196,231		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.00%	0	0.00%	7	0.10%	26	0.00%	
Moderate	228	10.20%	8,987	6.80%	613	5.40%	22,372	3.90%	
LMI	228	10.20%	8,987	6.80%	620	5.40%	22,398	3.90%	
Middle	1,970	88.20%	121,388	91.40%	9,751	85.60%	503,148	88.40%	
Upper	36	1.60%	2,392	1.80%	1,013	8.90%	43,800	7.70%	
Unknown	0	0.00%	0	0.00%	2	0.00%	2	0.00%	
Total	2,234		132,767		11,386		569,348		

Action Taken in Response to Written Complaints with Respect to CRA: “N/A”

Since the end of the prior CRA evaluation (December 31, 2013), neither STC nor DFS received any written complaints regarding STC’s CRA performance.

Community Development Test: “Satisfactory”

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

DFS evaluated STC’s performance under the community development test from July 1, 2013 through September 30, 2016. During this period, STC originated \$5.3 million in new community development loans and had \$2.8 million in outstanding community development loans from prior evaluation periods. STC made \$5.1 million in new community development investments and had \$331,000 in outstanding community development investments from prior evaluation periods. STC also made \$165,000 in community development grants during the evaluation period.

A more detailed description of STC’s community development activity follows.

Community Development Lending: “Satisfactory”

STC originated seventeen qualified community development loans totaling approximately \$5.3 million during the evaluation period. Of that dollar amount, 78.9% benefitted efforts to provide economic development to LMI geographies, thus promoting the retention of jobs and workers in those areas.

Below are highlights of STC’s community development lending.

Affordable Housing

- In 2015, STC originated a loan to a for-profit entity to purchase multifamily rental real estate. The property’s units are rented at below fair market rents.

Economic Development

- In 2016, STC funded a \$4.2 million term-loan for an organization that produces timber. This loan was for refinancing existing debt and the purchase of additional timber land. STC worked with this customer through a fire in September 2010 and the rebuilding of a saw mill and replacement of equipment. This real estate secured loan carries a USDA guaranty and meets the size standards for U. S. Small Business Administration (“SBA”) or SBIC programs.

Community Services

- In 2014, STC made a \$408,000 non-real estate secured loan to a nonprofit organization. This organization is in Belmont, which is in a moderate-income census tract. The organization offers volunteer emergency medical care to moderate-income individuals in the immediate as well as surrounding areas.
- In 2016, STC originated a loan to a home and health care services not-for-profit organization located in Hornell, which consists of two moderate-income census tracts. This organization serves Steuben, Livingston, and Allegany counties and promotes healthcare services to LMI individuals through various organizations.

Community Development Loans *				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	7	713	6	2,302
Economic Development	2	4,200		
Community Services	8	408		
Revitalize & Stabilize	0	0	6	456
Total	17	5,321	12	2,758

** This is a total for STC's two assessment areas*

Qualified Investments: "Satisfactory"

STC made 31 qualified investments totaling approximately \$5.2 million. This included equity investments of approximately \$5.1 million and grants of \$165,998.

Of the total dollar amount, 46.8% benefited efforts to provide community services to LMI geographies in STC's assessment areas.

The following table illustrates STC's community development investments and grants during the evaluation period.

Qualified Investments and Grants*				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	1	1,010		
Community Services	19	2,377	8	331
Economic Development	0	0		
Revitalize & Stabilize	11	1,698		
Other (Please Specify)	0	0		
Total	31	5,085	8	331
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	1	1		
Community Services	28	164		
Revitalize & Stabilize	0	0		
Economic Development	0	0		
Other (Please Specify)	0	0		
Total	29	165		

* This is a total for STC's two assessment areas

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

Affordable Housing

- In 2014, STC invested \$1 million in the Government National Mortgage Association, a federal agency established to promote home ownership. The funds went towards a mortgage pool investment for LMI homebuyers.

Community Services

- In 2016, STC funded a \$2.4 million investment in a local village for a water well renewal and rehabilitation project in a moderate-income census tract.

Revitalize and Stabilize

- In 2015, STC made an investment in a \$1.7 million bond anticipation note issued by a local city for the reconstruction and resurfacing of roads in a moderate-income census tract.

Grants

- STC donated to various nonprofit organizations dedicated to meeting the needs of LMI individuals and families throughout its assessment areas. In addition, STC made available scholarships to local schools for students with financial need. These scholarships totaled about \$75,000 over the course of the evaluation period.

Community Development Services: “Outstanding”

STC demonstrated an excellent level of community development services by providing financial expertise and technical assistance to a variety of groups. Below are notable highlights of STC’s community development services.

- In 2014, the Canisteo branch manager was a guest speaker at Canisteo-Greenwood High School and spoke about identity theft, checking accounts, savings accounts, debit cards, and credit cards. Over half of the children who attend the school are economically disadvantaged.
- In 2014, an STC assistant vice president was a member on a small business development corporation panel (“SBDC”) entitled “Build a Business Series.” This program was organized for soon-to-be displaced workers who are interested in starting a business, and helps those individuals draft business plans.
- STC made information available to their employees regarding free tax preparation services provided by the Allegany County United Way and United Way of the Southern Tier, to assist customers in LMI census tracts and customers in low- and moderate-income brackets.
- In 2014, STC contributed \$13,102 to the Affordable Housing Program of the Federal Home Loan Bank system, which helps first-time homebuyers through their First Home Club. Under the First Home Club, the Federal Home Loan Bank funded 1,519 households with \$12,071,544 to help them buy their first homes. STC contributed an additional \$17,549 to this program in 2015.
- According to the SBA, from October 1, 2014 to September 30, 2015. STC approved seven small business loans totaling \$1,175,000. These loans supported thirty-eight jobs in the assessment areas.
- In 2016, an employee presented a financial literacy workshop to approximately fifty young adults (16-20 year-olds). Topics discussed included earning, spending, borrowing, protecting, saving, and investing money.

Responsiveness to Community Development Needs:

STC demonstrated a reasonable level of responsiveness to credit and community development needs through its community development lending, investments and services.

Additional Factors

The extent of participation by STC's board of directors or board of trustees in formulating CRA policies and reviewing CRA performance

STC's board of directors reviews a CRA self-assessment, prepared annually by STC's CRA officer. In addition, the compliance department performs annual reviews of CRA compliance with New York State CRA rules and regulations and presents its findings to the board.

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 examiners did not note evidence of practices by STC intended to discourage applications for the types of credit offered by STC.

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

DFS examiners did not note evidence of prohibited, discriminatory or other illegal practices by STC.

Record of opening and closing offices and providing services at offices

STC does not have any branches located in low-income census tracts. STC has fourteen full service branches, nine of which have ATM's available 24 hours per day, 7 days per week, and one representative office (opened in 2015), which is limited to commercial loan production. The branch hours range from 8:30 AM to 6:00 PM, with three branches having Saturday hours from 9:00 AM to 12:00 PM. Two branches are in moderate-income census tracts, and twelve are in middle-income census tracts. No branches were opened or closed during the evaluation period.

The table below shows the distribution of STC's branch offices by the income level of the census tracts in which the branches are located.

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

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.*

STC's management, senior bank officers, and members of the board of trustees participate actively as members of committees or board members of various community groups. Some of these organizations are economic development corporations, bankers' associations, local rotaries, hospital foundations, various local chambers of commerce, and various community-based nonprofit 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.*

STC's marketing effort employs various media channels, including Internet, television, newsprint, magazines, billboards, and in-branch signage.

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.

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

Small Business Loan

A small business loan is a loan less than or equal to \$1 million.

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.