



**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:** March 31, 2014

**Institution:** Chemung Canal Trust Company  
One Chemung Canal Plaza  
Elmira, NY 14901

**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 Chemung Canal Trust Company (“CCTC”) 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 the institution’s CRA performance based on an evaluation conducted as of March 31, 2014.

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

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

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve 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 State Banking Law.

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

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

CCTC's performance was evaluated according to the large bank performance criteria pursuant to Part 76.8, 76.9, 76.10 of the General Regulations of the Superintendent. This assessment period included calendar years 2010, 2011, 2012, and 2013 for HMDA and small business loans; and calendar years 2010, 2011, 2012, 2013, and the first three months ended March 31, 2014 for community development activities. CCTC 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"**

CCTC's small business and HMDA-reportable lending activities were more than reasonable in light of its size, business strategy and financial condition, as well as its peer group's activity and the demographics and credit needs of its assessment area. The volume of community development loans made by CCTC demonstrated an excellent level of activity, more than adequately addressing the needs of non-profit organizations serving LMI individuals in the assessment area.

- **Lending Activity:** "High Satisfactory"

CCTC's lending activity was reasonable considering its size, business strategy and financial condition, as well as its peer group's activity and the demographics of the assessment area.

CCTC's average Loan-to-Deposit (LTD) ratio during the 17 quarters of the evaluation period was 81.4%, which compared favorably to its peer group's<sup>1</sup> average of 75.1%.

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

During the evaluation period, CCTC originated 93.3% by number and 86.9% by dollar value of its HMDA-reportable and small business loans within its assessment area. This substantial majority of lending inside of its assessment area is an excellent record of lending within CCTC's assessment area.

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

The distribution of CCTC's loans to census tracts of varying income levels demonstrated a reasonable rate of lending to LMI areas.

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<sup>1</sup> As per FFIEC Uniform Bank Performance Report, peer group consists of insured commercial banks having assets between \$1 billion and \$3 billion.

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- **Distribution by Borrower Characteristics: “High Satisfactory”**

The distribution of CCTC’s loans to individuals of varying income levels and businesses of varying revenue sizes demonstrated reasonable rates of lending to LMI borrowers and small businesses.

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

During the evaluation period, CCTC originated \$33.3 million in new community development loans and had \$5.6 million outstanding from prior evaluation periods.

CCTC’s annualized ratio of qualified community development loans to total assets was 0.8%, which was an excellent level of community development lending over the course of the evaluation period.<sup>2</sup>

**Investment Test: “High Satisfactory”**

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

During the evaluation period, CCTC made \$10.9 million in new community development investments and had \$5.8 million outstanding from prior evaluation periods. In addition, CCTC made a total of \$653,736 in community development grants. Qualified community development investments and community development grants totaled \$17.4 million, or 0.34% of annualized total assets, which was a reasonable level of community development investment and grant activity over the course of the evaluation period.

**Service Test: “Outstanding”**

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

CCTC’s had and continues to have excellent delivery systems, a strong branch network, convenient branch hours and helpful services and alternative delivery systems.

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

CCTC provided an excellent level of community development services over the course of the evaluation period.

*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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<sup>2</sup> For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the exam.

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## **PERFORMANCE CONTEXT**

### **Institution Profile:**

CCTC was established in 1833 and was granted its charter as a commercial bank by New York State in 1895. In 1902, it was reorganized as a trust company under the name of Elmira Trust Company. The name was changed to CCTC in 1903. Headquartered in Elmira, New York, CCTC is a wholly owned subsidiary of Chemung Financial Corporation, a publicly traded financial holding company.

CCTC is a full-service bank offering a wide array of traditional and non-traditional financial products and services such as deposit and loan products, money management, and trust and investment services. CCTC's major business lines are commercial and real estate lending. CCTC has offices in New York State and Pennsylvania.

In New York, CCTC operates 31 branches located in eleven counties, of which seven are in Chemung County, four in each of Albany and Tompkins Counties, three in each of Broome, Steuben, and Tioga Counties, two in each of Cayuga and Schuyler Counties, and one in each of Cortland, Saratoga, and Seneca Counties.

As per the Consolidated Report of Condition (the "Call Report") as of March 31, 2014, filed with the Federal Deposit Insurance Corporation ("FDIC"), CCTC reported total assets of \$1.5 billion, of which \$1.01 billion were net loans and lease finance receivables. It also reported total deposits of \$1.3 billion, resulting in a loan-to-deposit ratio of 77.7%. According to the latest available comparative deposit data as of June 30, 2013, CCTC had a market share of 12.5%, or \$820.6 million in a market of \$6.5 billion, ranking it 3<sup>rd</sup> among 18 deposit-taking institutions in the assessment area.

The following is a summary of CCTC's loan portfolio, based on Schedule RC-C of the bank's December 31, 2010, December 31, 2011, December 31, 2012, December 31, 2013 and March 31, 2014's Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>										
Loan Type	2010		2011		2012		2013		03/31/14	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
Loans secured by Real Estate										
1-4 Family Residential Mort. Loans	254,287	41.4	281,882	35.3	293,995	32.8	297,859	29.9	296,399	28.9
Multifamily Mortgages	6,904	1.1	37,307	4.7	40,472	4.5	66,343	6.7	76,911	7.5
Construction and Land Loans	10,879	1.8	21,113	2.6	45,639	5.1	30,080	3.0	33,313	3.3
Secured by Farmland	4,804	0.8	3,641	0.5	3,961	0.4	3,887	0.4	3,755	0.4
Commercial Mortgage Loans	107,524	17.5	196,448	24.6	226,116	25.2	268,014	26.9	279,215	27.3
Commercial & Industrial Loans	112,156	18.2	142,876	17.9	133,539	14.9	132,307	13.3	132,562	12.9
Agricultural Loans	846	0.1	276	0.0	718	0.1	596	0.1	551	0.1
Consumer Loans	114,205	18.6	112,238	14.1	150,371	16.8	183,536	18.4	188,253	18.4
Obligations of States & Municipalities	2,638	0.4	2,120	0.3	513	0.1	411	0.0	349	0.0
Other Loans	493	0.1	490	0.1	502	0.1	13,524	1.4	13,331	1.3
<b>Total Gross Loans</b>	<b>614,736</b>	<b>100.0</b>	<b>798,391</b>	<b>100.0</b>	<b>895,826</b>	<b>100.0</b>	<b>996,557</b>	<b>100.0</b>	<b>1,024,639</b>	<b>100.0</b>

As illustrated in the above chart, CCTC is primarily a commercial and residential real estate lender, with 40.2% of its loan portfolio in commercial mortgages and commercial and industrial loans, and another 36.4% of its loan portfolio in 1-4 family residential mortgage loans and multifamily mortgage loans as of March 31, 2014. In terms of new originations during the evaluation period however, the dollar value of HMDA-reportable loans (\$278.8 million) exceeded the small business loans (\$160 million)

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

**Assessment Area:**

CCTC's New York assessment area ("AA") is comprised of nine counties in their entirety—Albany, Cayuga, Chemung, Cortland, Saratoga, Schuyler, Seneca, Tioga, and Tompkins—and portions of two counties—Broome and Steuben. During the evaluation period, the AA was expanded to include Albany, Saratoga, Cayuga, Cortland and Seneca Counties as a result of the acquisitions of five branches from Capital Bank of Albany on April 11, 2011 and six branches from Bank of America on November 25, 2013.

There are 284 census tracts in the area, of which 20 are low-income, 40 are moderate-income, 150 are middle-income, 70 are upper-income and 4 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level									
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	Dis-tressed & Under-served	LMI & Dis-tressed %
Albany	0	11	12	27	24	74	31.1		31.1%
Broome*	0	5	12	10	11	38	44.7		44.7%
Cayuga	1	1	0	12	6	20	5.0		5.0%
Chemung	1	2	6	9	4	22	36.4		36.4%
Cortland	0	0	0	9	3	12	0.0		0.0%
Saratoga	1	0	5	33	11	50	10.0		10.0%
Schuyler	0	0	0	4	1	5	0.0	4	44.4%
Seneca	0	0	0	10	0	10	0.0		0.0%
Steuben*	0	0	1	17	2	20	5.0		5.0%
Tioga	0	0	0	8	2	10	0.0		0.0%
Tompkins	1	1	4	11	6	23	21.7		21.7%
<b>Total</b>	<b>4</b>	<b>20</b>	<b>40</b>	<b>150</b>	<b>70</b>	<b>284</b>	<b>21.1</b>	<b>4</b>	<b>22.2%</b>

\* Partial county

### **Demographic & Economic Data**

The AA had a population of 1.1 million during the examination period. About 14.1% of the population were over the age of 65 and 18.2% were under the age of 16.

Of the 280,881 families in the AA, 19.3% were low-income, 17.5% were moderate-income, 21.6% were middle-income and 41.5% were upper-income families. There were 456,584 households in the AA, of which 12.1% had income below the poverty level and 2.5% were on public assistance.

The weighted average of the median family income within the AA was \$69,200. Several counties such as Cayuga, Cortland, Schuyler, Seneca, and Steuben showed the lowest HUD MSA median family income at \$57,700 while Tompkins County reported the highest at \$82,000.

There were 510,071 housing units within the AA, of which 79.8% were one- to four-family units, and 13.1% were multifamily units. A majority (59.0%) of the area's housing units were owner-occupied, while 30.5% were rental units. Of the 301,057 owner-occupied housing units, 11.2% were in LMI census tracts while 88.8% were in middle- and upper-income census tracts. The median age of the housing stock was 53 years and the median home value in the AA was \$152,748.

There were 83,133 non-farm businesses in the AA. Of these, 70.5% were businesses with reported revenues of less than or equal to \$1 million, 4.9% reported

revenues of more than \$1 million and 24.6% did not report their revenues. Of all the businesses in the AA, 81.7% were businesses with less than fifty employees while 88.4% operated from a single location. The largest industries in the area were services (45.8%), followed by retail trade (13.8%) and construction (6.9%); 10.8% of businesses in the AA were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State for the last four years was 8.3%. Of the eleven counties that comprise CCTC's AA, Steuben County had the highest average unemployment rate at 9.6%, followed by Broome and Cortland both at 8.6% and Chemung at 8.4%. Tompkins showed the lowest unemployment rate of 5.7% followed by Saratoga at 6.6% and Albany at 7.0%. All counties except Steuben, Cortland and Broome had rates below the statewide average.

<b>Assessment Area Unemployment Rate</b>							
	Statewide	Albany	Broome	Cayuga	Chemung	Cortland	Saratoga
2010	8.6	7.1	9.0	8.4	8.6	9.1	6.9
2011	8.2	7.2	8.6	7.8	7.9	8.5	6.6
2012	8.5	7.3	8.7	8.0	8.5	8.7	6.9
2013	7.7	6.3	7.8	7.2	8.2	7.9	5.9
Ave (4 yrs.)	8.3	7.0	8.5	7.9	8.3	8.6	6.6

<b>Assessment Area Unemployment Rate</b>					
	Schuyler	Seneca	Steuben	Tioga	Tompkins
2010	8.2	8.1	10.0	8.2	5.9
2011	7.9	7.7	9.4	8.1	5.8
2012	8.3	7.8	9.7	8.3	5.8
2013	7.6	6.9	8.9	7.8	5.0
Ave (4 yrs.)	8.0	7.6	9.5	8.1	5.6

### **Community Information**

Examiners interviewed officers of two non-profit organizations in CCTC's AA for community information. One organization focuses on creating affordable housing options through the acquisition, rehabilitation, and sale of homes at subsidized prices to low income residents, providing residential rentals at affordable costs, and the development of affordable housing. The other organization is an economic development organization that fosters prosperity and vitality in Chemung County through the planning, promotion and implementation of economic development programs.

The community contacts indicated that there was a need for new home construction since the housing stock in the area was old. They also noted that the slow pace of economic recovery had a negative impact on businesses in the area. In 2012 and 2013, the local county lost two large manufactures, causing job and population loss

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and leaving vacant space. In addition, two major hospitals merged resulting in additional job losses. Although new companies have entered the area, no major manufacturing companies have entered to replace the job losses.

Community credit needs mentioned included financing for home repairs and for startup businesses with small amounts of equity. Financial education is needed particularly for low-income families to enable them to open bank accounts and for individuals to enable them to overcome financial problems and become creditworthy.

Community contacts indicated that financial institutions tightened their underwriting criteria after the economic downturn, and the result has been that it is more difficult for people to obtain financing. Credit unions are capturing the credit market with better loan terms.

Community contacts had positive remarks about CCTC's performance in providing the area's community based organizations with financial expertise, providing financial support for local events, and being an active home mortgage lender. In addition, they mentioned that CCTC could do more to serve the credit needs of small business owners and should promote more of its First-Time Home Club program to first-time LMI homebuyers.<sup>1</sup>

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<sup>1</sup> CCTC participates in the Federal Home Loan Bank's (FHLB) "First Home Club" program which assists first-time LMI homebuyers with up to \$7,500 matched savings for down payment and closing costs.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*CCTC was evaluated under the large bank's 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 New York Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.*

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

The demographic data referred to in this report were derived from the 2010 U.S. Census and the U.S. Department of Housing and Urban Development. Business demographic data used in this report are based on Dun & Bradstreet reports which are updated annually. Unemployment data were obtained from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide 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 for HMDA and small business loans. The assessment period for community development activities included calendar years 2010, 2011, 2012, 2013 and the first quarter of 2014.

The examination considered CCTC's small business and HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test noted below. HMDA-reportable lending was given greater weight in this evaluation as it represented 79.5% by number and 63.5% by dollar value of all HMDA and small business loans reviewed for the lending test.

At its **prior** Performance Evaluation (December 31, 2009), DFS assigned CCTC a rating of "1", reflecting an "Outstanding" record of helping to meet community credit needs.

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**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 or Innovative Lending Practices.*

CCTC’s small business and HMDA-reportable lending activities were more than reasonable in light of its size, business strategy and financial condition, as well as its peer group’s activity and the demographics and credit needs of its assessment area. The volume of community development loans CCTC made demonstrated excellent responsiveness to the needs of non-profit organizations serving LMI individuals in the assessment area.

**Lending Activity:** “High Satisfactory”

CCTC’s lending activity was reasonable considering its size, business strategy and financial condition, as well as its peer group’s activity and the demographics of its assessment area.

CCTC’s average Loan-to-Deposit (LTD) ratio during the 17 quarters of the evaluation period was 81.4%. CCTC sold 25% of the 1-4 family mortgage loans it originated to Fannie Mae during the evaluation period, which had a negative impact on its LTD ratio. Nevertheless, CCTC’s LTD ratio was still slightly higher than its peer group’s<sup>1</sup> average of 75.1%.

<b>Loan-to-Deposit Ratios</b>																		
	2010	2010	2010	2010	2011	2011	2011	2011	2012	2012	2012	2012	2013	2013	2013	2013	2014	Avg.
	Q1	Q2	Q3	Q4	Q1													
<b>Bank</b>	69.1	69.4	72.3	76.6	73.5	76.7	74.6	78.7	76.3	80.1	79.8	84.4	84.2	87.3	87.6	77.4	78.1	81.4
<b>Peer</b>	80.9	80.4	79.7	78.9	76.5	76.4	75.7	75.2	73.7	74.8	74.8	74.2	73.6	75.4	75.5	76.0	75.8	75.1

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<sup>1</sup> As per FFIEC Uniform Bank Performance Report, peer group consists of insured commercial banks having assets between \$1 billion and \$3 billion.

**Assessment Area Concentration: “Outstanding”**

During the evaluation period, CCTC originated 93.3% by number and 86.9% 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 is an excellent record of lending.

HMDA-Reportable Loans:

During the evaluation period, CCTC originated 93.8% by number and 86.0% by dollar value of its HMDA-reportable loans within the assessment area. This is an excellent concentration of HMDA-reportable lending inside of the assessment area.

Small Business Loans:

During the evaluation period, CCTC originated 91.4% by number and 88.5% by dollar value of its small business loans within the assessment area. This is an excellent concentration of small business lending within the assessment area.

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

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable</b>										
2010	652	95.2%	33	4.8%	685	45,647	90.5%	4,807	9.5%	50,454
2011	600	94.8%	33	5.2%	633	41,289	93.1%	3,074	6.9%	44,363
2012	822	91.2%	79	8.8%	901	111,521	77.6%	32,120	22.4%	143,641
2013	793	94.5%	46	5.5%	839	80,344	93.7%	5,379	6.3%	85,723
Subtotal	2,867	93.8%	191	6.2%	3,058	278,801	86.0%	45,380	14.0%	324,181
<b>Small Business</b>										
2010	34	100.0%	-	0.0%	34	1,459	100.0%	-	0.0%	1,459
2011	221	92.9%	17	7.1%	238	51,757	91.2%	4,980	8.8%	56,737
2012	240	91.3%	23	8.7%	263	55,912	87.7%	7,818	12.3%	63,730
2013	243	89.3%	29	10.7%	272	50,839	86.4%	7,979	13.6%	58,818
Subtotal	738	91.4%	69	8.6%	807	159,967	88.5%	20,777	11.5%	180,744

**Geographic Distribution of Loans: “High Satisfactory”**

The distribution of CCTC’s loans to census tracts of varying income levels demonstrated a reasonable rate of lending to LMI areas.

HMDA-Reportable Loans:

The distribution of CCTC’s HMDA-reportable loans by census tract income level demonstrated a reasonable rate of lending in LMI areas.

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During the evaluation period, CCTC originated 11.4% by number and 12.1% dollar value of all HMDA-reportable loans in LMI census tracts, outperforming the aggregate levels of 8.9% and 7.2%, respectively.

In addition, CCTC had 18 underserved middle-income geographies in its assessment area located in Schuyler and Steuben Counties.<sup>2</sup> CCTC made 360 HMDA loans totaling \$24.4 million in these underserved middle-income communities representing 12.6% by number and 8.8% by dollar value of CCTC's total HMDA loans.

The following chart provides a summary of the distribution of CCTC's HMDA-reportable loans by census tract income level.

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<sup>2</sup> The Federal Reserve Bank releases the list of distressed or underserved nonmetropolitan middle-income geographies annually. In 2011, CCTC had 13 underserved middle income geographies in its assessment area located in Steuben County. CCTC's assessment area also included Schuyler County, which had five and four underserved middle-income geographies during 2010-2011 and 2012-2013, respectively.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2010									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	0.3%	90	0.2%	46	0.6%	7,310	0.8%	0.7%
Moderate	36	5.5%	1,419	3.1%	633	7.7%	82,401	9.1%	9.5%
LMI	38	5.8%	1,509	3.3%	679	8.3%	89,711	9.9%	10.1%
Middle	448	68.7%	26,190	57.4%	5,140	62.5%	505,514	55.9%	65.3%
Upper	166	25.5%	17,948	39.3%	2,410	29.3%	309,454	34.2%	24.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>652</b>		<b>45,647</b>		<b>8,229</b>		<b>904,679</b>		
2011									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	0.8%	1,003	2.4%	203	1.0%	30,880	1.0%	1.6%
Moderate	37	6.2%	2,790	6.8%	1,490	7.6%	167,012	5.4%	9.8%
LMI	42	7.0%	3,793	9.2%	1,693	8.7%	197,892	6.4%	11.4%
Middle	418	69.7%	25,237	61.1%	11,140	57.1%	1,671,155	54.5%	58.9%
Upper	140	23.3%	12,259	29.7%	6,673	34.2%	1,199,957	39.1%	29.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>600</b>		<b>41,289</b>		<b>19,506</b>		<b>3,069,004</b>		
2012									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	15	1.8%	2,169	1.9%	336	1.4%	35,063	0.8%	2.4%
Moderate	104	12.7%	19,166	17.2%	1,972	8.0%	262,106	6.3%	10.6%
LMI	119	14.5%	21,335	19.1%	2,308	9.4%	297,169	7.2%	12.9%
Middle	470	57.2%	50,310	45.1%	13,030	53.0%	2,021,570	48.9%	54.6%
Upper	233	28.3%	39,876	35.8%	9,267	37.7%	1,819,051	44.0%	32.5%
Unknown	0	0.0%	0	0.0%	1	0.0%	140	0.0%	0.0%
<b>Total</b>	<b>822</b>		<b>111,521</b>		<b>24,606</b>		<b>4,137,930</b>		
2013									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	18	2.3%	1,132	1.4%	Data not available.				2.2%
Moderate	111	14.0%	5,968	7.4%					9.0%
LMI	129	16.3%	7,100	8.8%					11.2%
Middle	457	57.6%	45,824	57.0%					57.0%
Upper	207	26.1%	27,420	34.1%					31.9%
Unknown	0	0.0%	0	0.0%					0.0%
<b>Total</b>	<b>793</b>		<b>80,344</b>						
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	40	1.4%	4,394	1.6%		1.1%		0.9%	
Moderate	288	10.0%	29,343	10.5%		7.8%		6.3%	
LMI	328	11.4%	33,737	12.1%		8.9%		7.2%	
Middle	1,793	62.5%	147,561	52.9%		56.0%		51.8%	
Upper	746	26.0%	97,503	35.0%		35.1%		41.0%	
Unknown	-	0.0%	-	0.0%		0.0%		0.0%	
<b>Total</b>	<b>2,867</b>		<b>278,801</b>			<b>100.0%</b>		<b>100.0%</b>	

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*Small Business Loans:*

The distribution of CCTC's small business loans by the income level of the census tract in which the business is located demonstrated a reasonable rate of lending to small businesses in LMI geographies.

During the evaluation period, CCTC originated 29.3% by number and 34.2% by dollar value of all small business loans in LMI census tracts, which compared favorably to the aggregate levels of 20.9% and 25.1%, respectively.

The following chart provides a summary of the distribution of CCTC's small business lending by 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	2	5.9%	130	8.9%	261	6.2%	12,873	8.3%	6.3%
Moderate	5	14.7%	268	18.4%	814	19.2%	31,905	20.6%	17.3%
LMI	7	20.6%	398	27.3%	1,075	25.4%	44,778	28.9%	23.6%
Middle	18	52.9%	755	51.7%	2,223	52.6%	76,551	49.4%	54.5%
Upper	9	26.5%	306	21.0%	932	22.0%	33,523	21.6%	21.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>34</b>		<b>1,459</b>		<b>4,230</b>		<b>154,852</b>		
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	21	9.5%	6,700	12.9%	839	6.5%	44,755	8.0%	8.2%
Moderate	46	20.8%	11,684	22.6%	1,725	13.3%	85,445	15.2%	12.6%
LMI	67	30.3%	18,384	35.5%	2,564	19.8%	130,200	23.2%	20.8%
Middle	97	43.9%	21,693	41.9%	6,443	49.7%	266,916	47.6%	51.3%
Upper	57	25.8%	11,680	22.6%	3,949	30.5%	163,923	29.2%	28.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>221</b>		<b>51,757</b>		<b>12,956</b>		<b>561,039</b>		
2012									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	38	15.8%	10,092	18.0%	867	6.7%	56,002	10.6%	6.8%
Moderate	41	17.1%	9,647	17.3%	1,802	13.9%	82,221	15.5%	15.5%
LMI	79	32.9%	19,739	35.3%	2,669	20.6%	138,223	26.1%	22.3%
Middle	101	42.1%	24,706	44.2%	6,156	47.5%	243,279	45.9%	47.5%
Upper	60	25.0%	11,467	20.5%	4,141	31.9%	148,235	28.0%	30.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>240</b>		<b>55,912</b>		<b>12,966</b>		<b>529,737</b>		
2013									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	30	12.3%	5,927	11.7%	Data not available.				6.6%
Moderate	33	13.6%	10,260	20.2%					13.9%
LMI	63	25.9%	16,187	31.8%					20.4%
Middle	114	46.9%	22,266	43.8%					49.6%
Upper	66	27.2%	12,386	24.4%					30.0%
Unknown	0	0.0%	0	0.0%					0.0%
<b>Total</b>	<b>243</b>		<b>50,839</b>						
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	91	12.3%	22,849	14.3%		6.5%		9.1%	
Moderate	125	16.9%	31,859	19.9%		14.4%		16.0%	
LMI	216	29.3%	54,708	34.2%		20.9%		25.1%	
Middle	330	44.7%	69,420	43.4%		49.2%		47.1%	
Upper	192	26.0%	35,839	22.4%		29.9%		27.8%	
Unknown	-	0.0%	-	0.0%		0.0%		0.0%	
<b>Total</b>	<b>738</b>		<b>159,967</b>			<b>100.0%</b>		<b>100.0%</b>	

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

The distribution of CCTC’s loans to individuals of varying income levels and businesses of varying revenue sizes demonstrated reasonable rates of lending to LMI individuals and small businesses.

HMDA-Reportable Loans:

CCTC’s HMDA 1-4 family lending demonstrated a reasonable rate of lending to LMI individuals.

Overall, during the evaluation period, CCTC originated 29.8% by number of its total 1-4 family loans to LMI borrowers, outperforming the aggregate level of 26.5%. By dollar value, however, CCTC underperformed the aggregate level, originating 13.1% of these loans to LMI borrowers (versus 17.6% for the aggregate).

CCTC attributed its underperformance by dollar value (in comparison to aggregate data) to the type of loans it extended. Of the 2,714 1-4 family loans, 16% were used for home acquisitions, and 48% were used for home improvements. These loans tend to be smaller in dollars than home purchases and refinances.

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

Distribution of 1-4 Family Loans by Borrower Income									
2010									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	60	9.5%	1,380	3.1%	587	7.4%	28,826	3.4%	19.0%
Moderate	131	20.7%	4,405	9.8%	1,670	21.1%	120,784	14.4%	18.5%
LMI	191	30.2%	5,785	12.9%	2,257	28.5%	149,610	17.8%	37.5%
Middle	138	21.8%	7,084	15.8%	1,969	24.9%	178,855	21.3%	22.8%
Upper	266	42.0%	29,683	66.1%	3,461	43.7%	485,513	57.9%	39.7%
Unknown	38	6.0%	2,358	5.3%	233	2.9%	25,098	3.0%	0.0%
<b>Total</b>	<b>633</b>		<b>44,910</b>		<b>7,920</b>		<b>839,076</b>		
2011									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	62	11.0%	1,292	3.3%	1,278	6.7%	92,656	3.4%	18.4%
Moderate	126	22.3%	4,555	11.6%	3,763	19.8%	399,547	14.5%	18.3%
LMI	188	33.3%	5,847	14.9%	5,041	26.6%	492,203	17.8%	36.6%
Middle	139	24.6%	8,191	20.9%	5,181	27.3%	686,883	24.9%	22.8%
Upper	218	38.7%	23,497	60.0%	8,233	43.4%	1,507,166	54.6%	40.6%
Unknown	19	3.4%	1,645	4.2%	503	2.7%	71,631	2.6%	0.0%
<b>Total</b>	<b>564</b>		<b>39,180</b>		<b>18,958</b>		<b>2,757,883</b>		
2012									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	77	9.9%	1,718	2.7%	1,556	6.5%	124,586	3.4%	19.7%
Moderate	132	17.0%	5,546	8.6%	4,588	19.2%	519,191	14.0%	17.5%
LMI	209	26.9%	7,264	11.3%	6,144	25.7%	643,777	17.4%	37.3%
Middle	200	25.7%	12,679	19.8%	6,360	26.6%	888,134	24.0%	21.4%
Upper	335	43.1%	42,404	66.1%	10,486	43.8%	2,003,141	54.2%	41.3%
Unknown	33	4.2%	1,835	2.9%	948	4.0%	162,594	4.4%	0.0%
<b>Total</b>	<b>777</b>		<b>64,182</b>		<b>23,938</b>		<b>3,697,646</b>		
2013									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	67	9.1%	1,521	2.9%	Data not available				19.3%
Moderate	154	20.8%	5,847	11.1%					17.5%
LMI	221	29.9%	7,368	14.0%					36.8%
Middle	211	28.5%	12,555	23.9%					21.6%
Upper	274	37.0%	30,198	57.5%					41.5%
Unknown	34	4.6%	2,378	4.5%					0.0%
<b>Total</b>	<b>740</b>		<b>52,499</b>						
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	266	9.8%	5,911	2.9%		6.7%		3.4%	
Moderate	543	20.0%	20,353	10.1%		19.7%		14.3%	
LMI	809	29.8%	26,264	13.1%		26.5%		17.6%	
Middle	688	25.4%	40,509	20.2%		26.6%		24.0%	
Upper	1,093	40.3%	125,782	62.6%		43.6%		54.8%	
Unknown	124	4.6%	8,216	4.1%		3.3%		3.6%	
<b>Total</b>	<b>2,714</b>		<b>200,771</b>			<b>100.0%</b>		<b>100.0%</b>	

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Small Business Loans:

The distribution of CCTC's small business loans by revenue size of the business demonstrated a reasonable rate of lending to small businesses.

During the evaluation period, CCTC originated 42.3% by number and 27.1% by dollar value of its small business loans to businesses with gross annual revenue of \$1 million or less. It outperformed the aggregate level by number of loans (38.3%) but underperformed the aggregate level by dollar value (31.2%).

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

Distribution of Small Business Lending by Revenue Size of Business									
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	31	91.2%	1,344	92.1%	1,623	38.4%	62,725	40.5%	74.6%
Rev. > \$1MM	3	8.8%	115	7.9%					4.4%
Rev. Unknown		0.0%		0.0%					21.0%
<b>Total</b>	<b>34</b>		<b>1,459</b>		<b>4,230</b>		<b>154,852</b>		
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	82	37.1%	13,106	25.3%	4,930	38.1%	163,005	29.1%	66.4%
Rev. > \$1MM	120	54.3%	33,369	64.5%					3.6%
Rev. Unknown	19	8.6%	5,282	10.2%					30.0%
<b>Total</b>	<b>221</b>		<b>51,757</b>		<b>12,956</b>		<b>561,039</b>		
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	108	45.0%	15,856	28.4%	4,993	38.5%	162,502	30.7%	70.1%
Rev. > \$1MM	130	54.2%	39,686	71.0%					4.6%
Rev. Unknown	2	0.8%	370	0.7%					25.4%
<b>Total</b>	<b>240</b>		<b>55,912</b>		<b>12,966</b>		<b>529,737</b>		
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	91	37.4%	12,998	25.6%	Data not available				70.5%
Rev. > \$1MM	116	47.7%	31,742	62.4%					4.9%
Rev. Unknown	36	14.8%	6,099	12.0%					24.6%
<b>Total</b>	<b>243</b>		<b>50,839</b>						
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	312	42.3%	43,304	27.1%		38.3%		31.2%	
Rev. > \$1MM	369	50.0%	104,912	65.6%					
Rev. Unknown	57	7.7%	11,751	7.3%					
<b>Total</b>	<b>738</b>		<b>159,967</b>						

### Community Development Lending: "Outstanding"

During the evaluation period, CCTC originated \$33.3 million in new community development loans and had \$5.6 million outstanding from prior evaluation periods. CCTC's annualized ratio of qualified community development loans to total assets was 0.8%, which was an excellent level of community development lending over the course of the evaluation period.<sup>3</sup>

<sup>3</sup> For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the exam.

The vast majority (83.3%) of the proceeds of CCTC's community development loans funded non-profit organizations providing community services to LMI individuals; the remaining community development loans funded projects in the following categories: 9.5% for affordable housing, 4.8% for revitalization and stabilization, and 2.4% for economic development.

<b>Community Development Loans</b>				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
Purpose	# of Loans	\$000	# of Loans	\$000
Affordable Housing	11	2,750	1	953
Economic Development	4	930		
Community Services	86	27,779	10	4,623
Revitalization and Stabilization	3	1850		
<b>Total</b>	<b>104</b>	<b>33,309</b>	<b>11</b>	<b>5,576</b>

Below are highlights of CCTC's community development lending.

- CCTC provided a \$1.6 million loan to a critical access hospital, one of the 13 hospitals in New York State that are designated by the Federal Medicare Program. The hospital is located in a distressed and underserved middle-income census tract in Schuyler County. Loan proceeds were used for hospital equipment purchases and working capital. The loan helped to revitalize the area by financing the largest employer in the County who provides essential services to the community including skilled nursing, outpatient services, physical rehabilitation and radiological cares.
- CCTC made a \$250,000 term loan to a non-profit organization to finance the renovation and enhancement project of the pavement, walkways, and lighting for a park located in a moderate-income census tract in Elmira, New York. The organization was formed for charitable, educational and cultural purposes in an effort to restore, operate and maintain the historic park's carousel, building and grounds for the enjoyment of the public. The loan revitalizes and stabilizes a moderate-income census tract because it will attract and retain businesses and serve local residents.
- CCTC committed a \$500,000 line of credit to a non-profit organization that provides social services and community action programs in Chemung and Schuyler Counties. The organization helps rebuild individuals and communities through its programs in Childcare, Family Development, Youth Care, and Community and Economic Development. The organization's funding comes from federal, state and local agencies and from private donations.
- CCTC extended a \$1.3 million commercial mortgage to a charity organization for the

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construction of additional space and the renovation of an office building located in a low-income census tract in Broome County, New York. The organization has the mission of purchasing and constructing rental housing for elderly and mentally disabled persons and persons with low incomes.

- CCTC extended a \$315,000 commercial loan, funding the construction of three single-family homes for first-time, moderate-income homeowners. The properties are located on city owned lots in the Southside area of Binghamton.

### **Flexible and/or Innovative Lending Practices:**

CCTC offered flexible lending products to meet the credit needs of first-time homebuyers with income less than 100% of the HUD median income. CCTC is active in several community homebuyers programs. All programs require borrowers to complete a homebuyer's education course.

- CCTC participates in the State of New York Mortgage Agency ("SONYMA") products for first-time homebuyers. The programs feature competitive interest rates, low down payment requirements, flexible underwriting guidelines, and no prepayment penalties. During the evaluation period, CCTC originated 44 SONYMA loans totaling \$3 million.
- CCTC participates in the FHLB's First Home Club. The funds from the FHLB assist first-time LMI homebuyers with down payment and closing costs. CCTC originates the loans and oversees the administration of the program. During the evaluation period, CCTC originated 19 loans totaling \$1.49 million.

### **INVESTMENT TEST: "High Satisfactory"**

*CCTC'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.*

### **Amount of Community Development Investments:**

CCTC's community development investments were reasonable in light of the assessment area's credit needs.

During the evaluation period, CCTC made \$10.9 million in new community development investments and had \$5.8 million outstanding from prior evaluation periods. In addition, CCTC made a total of \$653,736 in community development grants. Qualified community

development investments and community development grants totaled \$17.4 million, or 0.34% of annualized total assets. This demonstrated a reasonable level of community development investments and grants over the course of the evaluation period.

Qualified investments made to revitalize and stabilize low-, moderate- and distressed middle-income census tracts represented 83.3% of the total all community development investments; the remaining investments funded projects in the following categories: , followed by 9.9% for community services (9.9%), 6.0% for economic development, (6.0%) and 0.8% for affordable housing (0.8%).

<b>Community Development Investments and Grants</b>				
	<b>This Evaluation Period</b>		<b>Outstandings from Prior Evaluation Periods</b>	
	<b># of Inv.</b>	<b>\$000</b>	<b># of Inv.</b>	<b>\$000</b>
CD Investments				
Affordable Housing	1	130	0	-
Economic Development	0	-	2	1,026
Community Services	4	555	6	650
Revitalize and Stabilize	47	10,259	19	4,172
<b>Total</b>	<b>52</b>	<b>10,944</b>	<b>27</b>	<b>5,848</b>
CD Grants	<b># of Grants</b>	<b>\$000</b>	<i>Not Applicable</i>	
Affordable Housing	8	9		
Economic Development	4	15		
Community Services	146	518		
Revitalize & Stabilize	28	111		
<b>Total</b>	<b>186</b>	<b>653</b>		

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

- CCTC invested \$1.1 million in a serial bond issued by a school district in Steuben County. The proceeds were used to repay previously issued bonds and to renovate and improve school buildings and facilities in areas that have become distressed due to population loss.
- CCTC invested \$610,500 in four (4) sets of public improvements serial bonds. Purchased in 2011 and 2012, the bonds were used to finance capital projects in the City of Elmira where the majority of census tracts are LMI.
- CCTC contributed \$123,376 to a non-profit fund raising, fund distribution and community service agency with the mission to help people improve their lives by investing in programs and services where they are most needed such as children

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and youth, economic self-sufficiency, health communities, senior independence, and strong families.

- CCTC contributed \$70,125 for the renovation/improvement of a performing arts center located in an impoverished area of Elmira's downtown. The center plays a catalytic role in economic development by attracting new businesses and visitors. Annually, the center leases space to more than 55 performing arts organizations.

### **Innovativeness of Community Development Investments:**

CCTC made adequate use of innovative and complex investments to support community development projects.

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

CCTC's community development investments exhibited reasonable responsiveness to credit and community development needs that helped to revitalize and stabilize LMI and distressed middle-income census tracts.

### **SERVICE TEST: "Outstanding"**

*CCTC'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.*

*CCTC'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"**

CCTC's had and continues to have excellent delivery systems, a strong branch network, convenient branch hours, useful services, and good alternative delivery systems.

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Current distribution of the banking institutions branches:

CCTC's branches represented and continue to represent a reasonable distribution of branches within its assessment area.

In New York, CCTC operates 31 full-service banking offices located in the eleven counties of its assessment area. Seven of these branches are in Chemung County, four in each of Albany and Tompkins Counties, three in each of Broome, Steuben, and Tioga Counties, two in each of Cayuga and Schuyler Counties, and one in each of Cortland, Saratoga, and Seneca Counties. Of all branches, 32% are in LMI and distressed or underserved middle-income census tracts.

Supplementing the banking offices is an automated-teller-machine ("ATM") network consisting of a 24-hour ATM in each of its 31 branches. In addition, CCTC has 10 offsite non-deposit-taking ATMs. Three of these ATMs are in LMI census tracts in Chemung County.

Distribution of Branches within the Assessment Area									
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %	Distressed or Underserved	LMI and Distressed or Underserved
Albany		1	1		2	4	50%		50%
Broome		1		1	1	3	33%		33%
Cayuga				2		2	0%		0%
Chemung		1	2	2	2	7	43%		43%
Cortland					1	1	0%		0%
Saratoga				1		1	0%		0%
Schuyler				2		2	0%	2	50%
Seneca				1		1	0%		0%
Steuben				2	1	3	0%		0%
Tioga				2	1	3	0%		0%
Tompkins			2	1	1	4	50%		50%
<b>Total</b>	-	3	5	14	9	31	26%	2	30%

Record of opening and closing branches:

CCTC's record of opening and closing branches has improved the accessibility of its delivery systems, particularly to LMI geographies and LMI individuals.

During the evaluation period, CCTC acquired 11 branches, five from Capital Bank of Albany and six from Bank of America. Of these 11 acquired branches, four are located in Albany; two in each of Cayuga and Tompkins Counties, and one in each of Cortland, Saratoga, and Seneca Counties. Three of the new branches (27%) are in LMI census tracts. One branch in Albany County was relocated in 2012 to 0.2 miles away from its prior location. One representative office in Herkimer County was closed in 2010.

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Availability and effectiveness of alternative systems for delivering retail services:

CCTC's delivery systems were and continue to be accessible to significant portions of its assessment area, particularly LMI geographies and individuals.

CCTC's alternative delivery systems include telephone banking, online banking, and banking by mail and fax. Customer representative services are available Monday through Friday from 8:00 AM to 8:00 PM and Saturday from 9:00 AM to 1:00 PM. CCTC's automated telephone system is available 24 hours a day. CCTC's website provides product and services descriptions and the option to contact the bank via e-mail.

Range of services provided:

CCTC's services continue to meet the convenience and needs of its assessment area, particularly LMI geographies and individuals.

Below are highlight of CCTC's retail products designed to benefit LMI individuals or small businesses.

- The Free Checking Account is designated to help low-income individuals with a minimum \$25 to open and no maintenance or transaction fees.
- The Global 1.0 Checking Account is designed to help teenagers between the ages of 13 and 17 develop lifelong money-management skills. The account has no minimum balance requirement, and no per-check fees. A \$1 monthly fee is charged if customer does not elect web banking and e-Statements.
- The Simple Business Checking Account is designated for small business owners and requires a minimum opening deposit of \$25. The account offers 300 free transactions per month and charges \$0.35 fee per transaction if over 300. This maintenance fee however, can be waived with a minimum average balance of \$1,000. If the account does not qualify for maintenance fee waiver, a monthly fee of \$8 or \$12 is charged depending on the combination of other accounts the account holders are also enrolled to.

**Community Development Services: "Outstanding"**

CCTC provided an excellent level of community development services over the course of the evaluation period.

CCTC officers and employees provided financial expertise and technical assistance to several nonprofit organizations by serving as members of the Boards of Directors or on committees for those organizations. The organizations serve the need of LMI individuals by supporting affordable housing, small business development, and economic development throughout CCTC's assessment area. In addition, CCTC provided

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financial education and training to residents in its assessment area, particularly to LMI individuals.

Below are highlights of CCTC's community development services.

- A Vice President of CCTC serves as an Advisory Loan Committee member of a public benefit corporation that actively fosters economic growth by administering two revolving loan fund programs. The loan programs are designed to stimulate the creation and expansion of small businesses for the purpose of retaining and creating jobs in Broome, Cortland, Tompkins, and Tioga Counties. Furthermore, the funds provide low-interest financing to small businesses that are unable to fully finance their projects with equity, conventional financing, or other private and public sources.
- An Assistant Treasurer of CCTC serves as a board member of a non-profit organization that helps low-income, single-parent families achieve their academic goals and realize a brighter future. The organization offers free childcare services while parents are enrolled in school full-time.
- A senior credit analyst of CCTC serves as a board member of a non-profit organization that builds homes with funds donated by the community and sells them at cost to LMI families who do not have adequate housing and who desire to own a house. In addition, the organization provides a low-interest mortgage to the family.
- Representatives from CCTC taught the importance of saving money to children at a public school located in a low-income census tract in Binghamton, NY. Approximately 83% of the students of the school were eligible for free lunch program.
- In partnership with non-profit organizations serving LMI individuals, CCTC provided basic financial education, introducing the concept and teaching the importance of saving, budgeting, and credit scores for an audience that included troubled youth and abused women.

### **Additional Factors**

The following factors were also considered in assessing CCTC'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**

The Board of Directors (the "BOD") has an active role in oversight and review of CRA-

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related activities. The BOD is informed regularly of community investment projects, products and other related items. In addition, the CRA officer provides the BOD with CRA self-assessment reports annually.

CCTC maintains a CRA committee that includes several officers and managers across the business lines. The committee reviews its compliance with CRA laws, rules and regulations, its CRA performance, as well as special initiatives undertaken in the community.

### **Discrimination and other illegal practices**

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

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

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

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

### **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.*

CCTC ascertained the credit needs of its community through active involvement in the activities of the Chamber of Commerce and non-profit organizations. Examples of community events included the Tioga Chamber Business Show, and Broome County United Way Day of Caring.

- *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*

CCTC makes members of the community aware of its credit and other financial products through marketing channels such as print media, radio, television, signage and its own website. CCTC continually advertises in local newspapers such as Elmira Star-Gazette, the Ithaca Journal, The Business Review (Albany), The Albany Times Union and other newspapers that reach its delineated market area. In addition, CCTC informs its customers about other services it offers in customer account statements. In 2013, CCTC started to use direct mail solicitations focusing on promoting consumer and home equity loans.

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In addition, CCTC promotes its products and services in community and social gathering events such as the Tompkins County Landlord Association Vendor Day and the Greater Binghamton Chamber of Commerce Expo 2013.

**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**

None

## GLOSSARY

### Aggregate Penetration Rate

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

### Community Development

“Community development”:

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

### Community Development Loan

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

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

## **Community Development Service**

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

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

## **Geography**

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

## **Home Mortgage Disclosure Act (“HMDA”)**

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

## **Income Level**

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

<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.