



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2009

Institution: Steuben Trust Company
One Steuben Square
Hornell, New York 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 Banking Department concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

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

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Steuben Trust Company (“STC”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of 12/31/2009.

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

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking 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 Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. 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.

OVERVIEW OF INSTITUTION'S PERFORMANCE

STC's performance was evaluated according to the intermediate small bank performance criteria pursuant to Part 76.12 of the General Regulations of the Banking Board. This assessment period included calendar years 2007, 2008 and 2009. STC is rated "2," indicating a "**Satisfactory**" record of helping to meet community credit needs.

This rating is based on the following factors:

Lending Test: "Satisfactory"

STC's HMDA-reportable, small business, small farm, other real estate secured and consumer lending activities were reasonable in light of aggregate and peer group activity and demographics.

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

The bank's LTD ratio is reasonable considering the bank's size, financial condition and the credit needs of the assessment area.

According to the bank, the demand for loans was impacted by high unemployment and the distressed nature of the communities. Two of the counties in STC's assessment area, Steuben and Allegany are designated as distressed or underserved counties. In addition, there is significant competition within the peer group.

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

The bank originated a majority of its loans within the assessment area.

STB extended a majority of its consumer, HMDA-reportable, small business, other RE secured and small farm loans within its assessment area. Overall, the bank extended 79.3% by number and 74.5% by dollar value of its total loans in the assessment area.

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

The overall distribution of loans based on borrower characteristics for all products reflected a reasonable penetration of lending to individuals of different income levels and businesses of different revenue sizes.

The borrower characteristics of the bank's HMDA-reportable and small farm lending reflected a reasonable penetration among individuals of different income levels. STC had an excellent distribution of its small business and consumer loans among

customers of different income levels during this evaluation period. The bank's penetration rates to LMI borrowers exceeded the percentage of LMI households in the assessment area. The bank's Other Real Estate Secured lending reflected a reasonable penetration among businesses of different sizes.

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

The geographic distribution of STC's loans reflected reasonable dispersion among census tracts of different income levels. The geographic distribution of STC's HMDA-reportable and Other RE secured loans reflected reasonable dispersion among census tracts of different income levels given the demographics of the assessment area. The geographic distribution of STC's small business and consumer loans reflected an excellent dispersion among census tracts of different income levels.

Although STC made no small farm loans in LMI census tracts, the opportunity was limited, as only 6% of the small farms were located in these tracts. Over the three years of the evaluation period, between 32% and 43% of STC's small farm loans were made in Steuben and Allegany Counties.

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

"Satisfactory"

Neither STB nor the New York State Banking Department has received any written complaints regarding its CRA performance.

Community Development Test: "Outstanding"

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

Community Development Lending: "Satisfactory"

As of 12/31/2009, STC bank had community development loans of \$1.2 million. This reflected a decrease of \$3.5 million from the prior evaluation period.

Innovative or Flexible Lending Practices consisted of FHA loans, VA loans and Rural Development Mortgages totaling \$6,056,816 for the evaluation period.

Community Development Investments: "Outstanding"

During the evaluation period, STC made \$4.2 million in new community development investments, and still had \$34 thousand outstanding from prior evaluation periods. In addition, STC made \$332 thousand in community development grants. This demonstrated an excellent level of community development investments over the course of the evaluation period. In addition, the bank made a donation of \$332,289 to qualified organizations

STC primarily invested in activities to revitalize and/or stabilize distressed middle-income geographies. These included the following: sewer district improvements, financing the cost of a natural gas pipeline, replacement of a bridge, and purchases of highway, emergency and school vehicles.

Community Development Services: “Outstanding”

STC employees, senior management and officers have contributed their experience and technical skills to organizations that provide various community development services.

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

PERFORMANCE CONTEXT

Institution Profile

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

As per the Consolidated Report of Condition (the Call Report) filed with the Federal Deposit Insurance Corporation ("FDIC") as of December 31, 2009, STC reported total assets of \$338.5 million, of which \$208.8 million were net loans and lease finance receivables. It also reported total deposits of \$268.5 million, resulting in a loan-to-deposit ratio of 77.8%. According to the latest available comparative deposit data as of June 30, 2009, STC obtained a market share of 2.5%, or \$298.3 million out of \$12,004 million inside its market, ranking it 10th among 22 deposit-taking institutions in the assessment area of Monroe, Steuben, Allegany and Livingston Counties.

The following is a summary of the bank's loan portfolio, based on Schedule RC-C of the bank's December 31, 2007, December 31, 2008 and December 31, 2009 Call Reports:

| TOTAL GROSS LOANS OUTSTANDING | | | | | | |
|--|----------------|------|----------------|------|----------------|------|
| Loan Type | 2007 | | 2008 | | 2009 | |
| | \$000's | % | \$000's | % | \$000's | % |
| 1-4 Family Residential Mortgage Loans | 78,923 | 40.3 | 83,909 | 42.2 | 83,388 | 39.5 |
| Commercial & Industrial Loans | 19,140 | 9.8 | 18,284 | 9.2 | 19,823 | 9.4 |
| Commercial Mortgage Loans | 42,945 | 21.9 | 41,900 | 21.1 | 47,710 | 22.6 |
| Multifamily Mortgages | 675 | 0.3 | 843 | 0.4 | 3,025 | 1.4 |
| Consumer Loans | 33,614 | 17.2 | 30,914 | 15.6 | 30,065 | 14.2 |
| Agricultural Loans | 13,203 | 6.7 | 14,758 | 7.4 | 17,531 | 8.3 |
| Construction Loans | 7,325 | 3.7 | 8,070 | 4.1 | 9,749 | 4.6 |
| Obligations of States & Municipalities | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Other Loans | 2 | 0.0 | 2 | 0.0 | 3 | 0.0 |
| Lease financing | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Gross Loans | 195,827 | | 198,680 | | 211,294 | |

As illustrated in the above chart, STC is primarily a mortgage lender, with 39.5% of its loan portfolio in residential real estate and 22.6% of its loan portfolio in commercial mortgage loans.

STC operates 13 banking offices, of which nine are located in distressed/underserved census tracts. Supplementing the banking offices is an automated teller machine ("ATM") network consisting of ten machines, including one

at each of the six offices, and the remaining four are located at Alfred University, Alfred State College, St. James Mercy Hospital, and Wellsville, New York.

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

Assessment Area

There were 58 census tracts in the assessment area, of which zero were low-income, five were moderate-income, 46 were middle-income, four were upper-income and three were tracts with no income indicated. An additional 30 census tracts were located in distressed and underserved areas. In all, 60% of the census tracts within the assessment area were either moderate-income or distressed and underserved.

| Assessment Area Census Tracts by Income Level | | | | | | | | | |
|---|-----|-----|-----|--------|-------|-------|-------|---------------------------|---------------------|
| County | N/A | Low | Mod | Middle | Upper | Total | LMI % | Distressed & Under-served | LMI & Dis-tressed % |
| Steuben* | | 0 | 2 | 19 | 0 | 21 | 9.5 | 19 | 100% |
| Allegany* | 1 | 0 | 0 | 11 | 1 | 13 | 0.0 | 11 | 85% |
| Livingston | 2 | 0 | 3 | 9 | 1 | 15 | 20.0 | 0 | 20% |
| Monroe* | | 0 | 0 | 7 | 2 | 9 | 0.0 | 0 | 0% |
| Total | 3 | 0 | 5 | 46 | 4 | 58 | 8.6 | 30 | 60% |

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

Demographic & Economic Data

The assessment area had a population of 239 thousand during the examination period. About 12.6% of the population were over the age of 65 and 21.2% were under the age of 16.

Of the 59,226 families in the assessment area, 18.3 % were low-income, 18.8% were moderate-income, 25.1% were middle-income and 37.8% were upper-income families. There were 85,910 households in the assessment area, of which 11 % had income below the poverty level and 3 % were on public assistance.

The MSA median family income within the assessment area was \$47 thousand. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area was \$60 thousand in 2009.

There were 100,862 housing units within the assessment area, of which 93% were one- to four-family units, and 7% were multifamily units. A majority (63.5 %) of the area's housing units were owner-occupied, while 24% were rental units. Of the 64,059 owner-occupied housing units, 7% were in moderate-income geographies while 84.8% were in middle-income tracts. The median age of the housing stock was 30 years and the median home value in the assessment area was \$74 thousand.

There were 16,583 non-farm businesses in the assessment area. Of these, 73.6 % were businesses with reported revenues of less than or equal to \$1 million, 4.4% reported revenues of more than \$1 million and 21.9% did not report their revenues. Of all businesses in the assessment area, 85.8% were businesses with less than fifty employees while 87.8% operated from a single location. The largest industries in the area were the services industry (45.4 %), followed by retail trade (15.1 %) and construction (6.7 %).

New York State's 2009 Mortgage Foreclosure Law, approved on December 15, 2009, requires that a pre-foreclosure notice be sent, at least 90 days before the lender commences legal action against all borrowers with home loans. The latest report on the 90-day pre-foreclosure notice mailing requirement compiled and issued by the New York State Banking Department covered the period between February 13, 2010 and August 31, 2010. It involved 134,000 borrowers with mortgages on owner-occupied 1-to-4 family residential properties in New York State. According to the report, Monroe County was listed within the top ten counties receiving notices and represented 4.8% of all notices mailed in New York State.

According to the New York State Department of Labor, the average unemployment rate for New York State increased during the evaluation period. Unemployment rates in the assessment area were generally higher than the statewide average.

| Assessment Area Unemployment Rate | | | | | |
|--|-----------|---------|------------|----------|--------|
| Year | Statewide | Steuben | Livingston | Allegany | Monroe |
| 2007 | 4.5 | 5.3 | 4.9 | 5.5 | 4.5 |
| 2008 | 5.3 | 6.0 | 5.9 | 6.3 | 5.4 |
| 2009 | 8.4 | 9.7 | 8.3 | 8.7 | 7.8 |

Community Information

Our CRA evaluation included an interview with a community contact. The contact represented an organization that provides programs and services to small business startups within Allegany and Cattaraugus counties. During this evaluation period STC provided financing to this program.

The organization conducted a study in 2008 and it indicated several immediate and long-term critical regional problems, including:

-
- The potential decline of the region's manufacturing sector;
 - The historically observed net out migration of population (especially the skilled and young population);
 - Increasing public assistance/income assistance burdens on local governments and taxing jurisdictions; and
 - The need for investment in the region's infrastructure.

STC provided community development services to this organization, and in addition, extended community investments to improve the region's infrastructure during the evaluation period.

STC has extended community development loans to two not-for-profit organizations to assist their programs to serve the community. These loans provided bridge financing to these organizations awaiting the arrival of approved grants.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

STC's performance was evaluated according to the intermediate small bank performance criteria under the Lending and Community Development tests, pursuant to part 76.12 of the General Regulations of the Banking Board. The Lending test includes the following criteria: (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 entails the review of: (1) Community Development Loans (2) Community Development Investments and (3) Community Development Services. The following factors were also considered in assessing STC's record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications; evidence of prohibited discriminatory or other illegal credit practices; record of opening and closing offices and providing services at offices; and process factors such as activities to ascertain credit needs; and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

Statistics employed in this evaluation were derived from various sources. In addition to specific loan information submitted by STC, aggregate data for small business and HMDA-reportable lending activity were obtained from the Federal Financial Institutions Examination Council ("FFIEC"). Loan-to-Deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as prepared by the Federal Deposit Insurance Corporation, (FDIC). Deposit market share was derived from FDIC's deposit market share reports.

The demographic and census data referred to in this report were obtained from the 2000 U.S. Census Data, with updated median family income figures provided by the U.S. Department of Housing and Urban Development (HUD). Business demographic data used in this report provided information on U.S. businesses, enhanced by Dun & Bradstreet and updated annually.

The assessment period included calendar years 2007, 2008, and 2009.

Examiners considered HMDA-reportable, small business, consumer, other real estate secured and small farm lending in evaluating factors (2), (3) and (4), as noted above.

STC is a HMDA reporter. Small business/small farm loan aggregate data are shown for comparative purposes. STC is not required to report this data. As such, STC is not included in the aggregate data.

STC received a rating of "2," reflecting a "Satisfactory" record of helping to meet community credit needs based on the **prior** NYSBD Performance Evaluation dated

December 31, 2006.

Lending Test: “Satisfactory”

STC’s HMDA-reportable, small business, small farm, other real estate secured and consumer lending activities were reasonable in light of aggregate and peer group activity and demographics.

• **Loan-to-Deposit (LTD) Ratio & Other Lending Related Activities: “Satisfactory”**

The bank’s LTD ratio is reasonable considering its size, financial condition and the credit needs of the assessment area.

The bank’s average LTD ratio for the 12 quarters as of December 31, 2009 was 69.6%, which was below the peer group’s average of 87.8%. The peer group includes all FDIC-insured commercial banks having assets between \$300 million and \$1 billion. These ratios were calculated from information shown in the bank’s Uniform Bank Performance Report (“UBPR”) prepared by the FDIC. As shown in the table below, the bank’s LTD ratios were consistently below the peer group.

According to the bank, the demand for loans was impacted by the significant competition within the peer group and the distressed nature of the communities. Eighty-five percent of the census tracts in Allegany County and 100% of the census tracts in Steuben County were considered either LMI, or distressed and underserved.

| Loan-to-Deposit Ratios | | | | | | | | | | | | | |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| | 2007 | 2007 | 2007 | 2007 | 2008 | 2008 | 2008 | 2008 | 2009 | 2009 | 2009 | 2009 | Average |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | LTD |
| Bank | 65.67 | 67.68 | 67.88 | 71.81 | 68.15 | 69.85 | 68.81 | 70.37 | 67.43 | 69.48 | 70.44 | 77.76 | 69.61 |
| Peer | 86.56 | 87.88 | 88.55 | 89.44 | 89.45 | 91.02 | 91.09 | 89.27 | 86.84 | 85.98 | 84.76 | 82.65 | 87.79 |

• **Assessment Area Concentration: “Satisfactory”**

STC originated a majority of its loans within the assessment area. Overall, the bank extended 79.3% (by number) and 74.5% (by dollar value) of its total loans within the assessment area. Product by product, lending within the assessment area ranged from a low of 55% for small farm loans (50% by dollar value) to a high of 93% for HMDA-reportable loans (85% by dollars).

| 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 |
| | # | % | # | % | | \$ | % | \$ | % | |
| Consumer | | | | | | | | | | |
| 2007 | 1,461 | 72% | 556 | 28% | 2,017 | 25,700 | 72% | 9,840 | 28% | 35,540 |
| 2008 | 1,246 | 72% | 486 | 28% | 1,732 | 24,009 | 68% | 11,116 | 32% | 35,125 |
| 2009 | 1,318 | 100% | 0 | 0% | 1,318 | 34,439 | 100% | 0 | 0% | 34,439 |
| Subtotal | 4,025 | 79.4% | 1,042 | 20.6% | 5,067 | 84,148 | 80.1% | 20,956 | 19.9% | 105,104 |
| HMDA | | | | | | | | | | |
| 2007 | 245 | 95% | 13 | 5% | 258 | 12,249 | 84% | 2,256 | 16% | 14,505 |
| 2008 | 237 | 95% | 12 | 5% | 249 | 11,977 | 84% | 2,214 | 16% | 14,191 |
| 2009 | 216 | 90% | 25 | 10% | 241 | 18,063 | 85% | 3,077 | 15% | 21,140 |
| Subtotal | 698 | 93.3% | 50 | 6.7% | 748 | 42,289 | 84.9% | 7,547 | 15.1% | 49,836 |
| Small Business | | | | | | | | | | |
| 2007 | 116 | 64% | 64 | 36% | 180 | 7,817 | 63% | 4,626 | 37% | 12,443 |
| 2008 | 104 | 71% | 43 | 29% | 147 | 5,173 | 53% | 4,539 | 47% | 9,712 |
| 2009 | 91 | 58% | 67 | 42% | 158 | 5,364 | 41% | 7,771 | 59% | 13,135 |
| Subtotal | 311 | 64.1% | 174 | 35.9% | 485 | 18,354 | 52.0% | 16,936 | 48.0% | 35,290 |
| Other RE Secured | | | | | | | | | | |
| 2007 | 38 | 68% | 18 | 32% | 56 | 1,325 | 60% | 885 | 40% | 2,210 |
| 2008 | 26 | 59% | 18 | 41% | 44 | 1,215 | 37% | 2,103 | 63% | 3,318 |
| 2009 | 27 | 75% | 9 | 25% | 36 | 3,409 | 96% | 135 | 4% | 3,544 |
| Subtotal | 91 | 66.9% | 45 | 33.1% | 136 | 5,949 | 65.6% | 3,123 | 34.4% | 9,072 |
| Small Farm | | | | | | | | | | |
| 2007 | 16 | 50% | 16 | 50% | 32 | 1,323 | 38% | 2,166 | 62% | 3,489 |
| 2008 | 14 | 58% | 10 | 42% | 24 | 1,915 | 61% | 1,231 | 39% | 3,146 |
| 2009 | 22 | 58% | 16 | 42% | 38 | 1,227 | 52% | 1,141 | 48% | 2,368 |
| Subtotal | 52 | 55.3% | 42 | 44.7% | 94 | 4,465 | 49.6% | 4,538 | 50.4% | 9,003 |
| All Products | | | | | | | | | | |
| 2007 | 1,876 | 74% | 667 | 26% | 2,543 | 48,414 | 71% | 19,773 | 29% | 68,187 |
| 2008 | 1,627 | 74% | 569 | 26% | 2,196 | 44,289 | 68% | 21,203 | 32% | 65,492 |
| 2009 | 1,674 | 93% | 117 | 7% | 1,791 | 62,502 | 84% | 12,124 | 16% | 74,626 |
| Grand Total | 5,177 | 79.3% | 1,353 | 20.7% | 6,530 | 155,205 | 74.5% | 53,100 | 25.5% | 208,305 |

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

The borrower characteristics of the bank’s loans reflected a reasonable penetration among individuals of different income levels and businesses of different sizes.

HMDA-Reportable Loans: Satisfactory

The borrower characteristics of the bank’s HMDA-reportable lending reflected a reasonable penetration among individuals of different income levels.

During the prior evaluation period, STC originated 22.1% of its total number of HMDA loans to LMI borrowers compared to this evaluation period of 28.9%. However, the bank’s penetration rate to LMI borrowers was consistently below the aggregate’s ratios

throughout the evaluation period.

The following chart provides a summary of the bank's HMDA-reportable lending distribution during the evaluation period:

| Distribution of HMDA-Reportable Lending by Borrower Income | | | | | | | | | |
|--|------------|-------|---------------|-------|--------------------|----------------|----------------|-------------|----------|
| 2007 | | | | | | | | | |
| Borrower Income | Bank | | | | Aggregate | | | | Fam.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 27 | 11.0% | 540 | 4.4% | 535 | 9.7% | 21,493 | 4.5% | 18.3% |
| Moderate | 53 | 21.6% | 1,396 | 11.4% | 1,338 | 24.3% | 80,965 | 16.9% | 18.8% |
| LMI | 80 | 32.7% | 1,936 | 15.8% | 1,873 | 34.0% | 102,458 | 21.4% | 37.1% |
| Middle | 57 | 23.3% | 2,592 | 21.2% | 1,513 | 27.5% | 113,895 | 23.8% | 25.1% |
| Upper | 95 | 38.8% | 6,641 | 54.2% | 1,994 | 36.2% | 224,021 | 46.7% | 12.8% |
| Unknown | 13 | 5.3% | 1,080 | 8.8% | 126 | 2.3% | 38,912 | 8.1% | 0.0% |
| Total | 245 | | 12,249 | | 5,506 | | 479,286 | | |
| 2008 | | | | | | | | | |
| Borrower Income | Bank | | | | Aggregate | | | | Fam.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 23 | 9.7% | 439 | 3.7% | 418 | 10.2% | 17,779 | 5.1% | 18.3% |
| Moderate | 49 | 20.7% | 1,336 | 11.2% | 1,038 | 25.3% | 63,468 | 18.3% | 18.8% |
| LMI | 72 | 30.4% | 1,775 | 14.8% | 1,456 | 35.4% | 81,247 | 23.4% | 37.1% |
| Middle | 62 | 26.2% | 2,722 | 22.7% | 1,157 | 28.2% | 91,339 | 26.3% | 25.1% |
| Upper | 98 | 41.4% | 7,172 | 59.9% | 1,408 | 34.3% | 163,997 | 47.2% | 37.8% |
| Unknown | 5 | 2.1% | 308 | 2.6% | 87 | 2.1% | 11,102 | 3.2% | 0.0% |
| Total | 237 | | 11,977 | | 4,108 | #DIV/0! | 347,685 | | |
| 2009 | | | | | | | | | |
| Borrower Income | Bank | | | | Aggregate | | | | Fam.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 8 | 3.7% | 399 | 2.2% | Data Not Available | | | | 18.3% |
| Moderate | 42 | 19.4% | 2,532 | 14.0% | | | | | 18.8% |
| LMI | 50 | 23.1% | 2,931 | 16.2% | | | | | 37.1% |
| Middle | 66 | 30.6% | 4,930 | 27.3% | | | | | 25.1% |
| Upper | 95 | 44.0% | 9,179 | 50.8% | | | | | 37.8% |
| Unknown | 5 | 2.3% | 1,023 | 5.7% | | | | | 0.0% |
| Total | 216 | | 18,063 | | | | | 0.0% | |
| GRAND TOTAL | | | | | | | | | |
| Borrower Income | Bank | | | | Aggregate | | | | Fam.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 58 | 8.3% | 1,378 | 3.3% | | 9.9% | | 4.7% | |
| Moderate | 144 | 20.6% | 5,264 | 12.4% | | 24.7% | | 17.5% | |
| LMI | 202 | 28.9% | 6,642 | 15.7% | | 34.6% | | 22.2% | |
| Middle | 185 | 26.5% | 10,244 | 24.2% | | 27.8% | | 24.8% | |
| Upper | 288 | 41.3% | 22,992 | 54.4% | | 35.4% | | 46.9% | |
| Unknown | 23 | 3.3% | 2,411 | 5.7% | | 2.2% | | 6.0% | |
| Total | 698 | | 42,289 | | | | | | |

Consumer Loans: Outstanding

STC had an excellent distribution of its consumer loans among customers of different income levels during this evaluation period. The bank's penetration rates to LMI borrowers exceeded the percentage of LMI households in the assessment area.

In 2009, a total of 1318 consumer loans were extended to all borrowers of which 16% were home equity loans, 25% were motor vehicle loans, 29% were secured loans, 17% were unsecured loans and 13% were other loans. Approximately 41.7% of these consumer loans were extended to LMI borrowers, of which 6% constituted home equity loans, 30% motor vehicle loans, 34% secured loans, 24% unsecured loans and 6% were other loans.

The following chart provides a summary of the bank's consumer lending distribution during the evaluation period.

| Distribution of Consumer Lending by Borrower Income Level | | | | | |
|--|--------------|----------|----------------|----------|----------------|
| 2007 | | | | | |
| Borrower Income | Bank | | | | HH Dem. |
| | # | % | \$000's | % | % |
| Low | 290 | 19.8% | 2,376 | 9.2% | 22.3% |
| Moderate | 397 | 27.2% | 4,869 | 18.9% | 16.4% |
| LMI | 687 | 47.0% | 7,245 | 28.2% | 38.7% |
| Middle | 360 | 24.6% | 6,042 | 23.5% | 20.7% |
| Upper | 381 | 26.1% | 11,929 | 46.4% | 40.6% |
| Unknown | 33 | 2.3% | 484 | 1.9% | |
| Total | 1,461 | | 25,700 | | |
| 2008 | | | | | |
| Borrower Income | Bank | | | | HH Dem. |
| | # | % | \$000's | % | % |
| Low | 222 | 17.8% | 1,762 | 7.3% | 22.3% |
| Moderate | 342 | 27.4% | 3,509 | 14.6% | 16.4% |
| LMI | 564 | 45.3% | 5,271 | 22.0% | 38.7% |
| Middle | 323 | 25.9% | 5,865 | 24.4% | 20.7% |
| Upper | 346 | 27.8% | 12,396 | 51.6% | 40.6% |
| Unknown | 13 | 1.0% | 477 | 2.0% | |
| Total | 1,246 | | 24,009 | | |
| 2009 | | | | | |
| Borrower Income | Bank | | | | HH Dem. |
| | # | % | \$000's | % | % |
| Low | 221 | 16.8% | 1,866 | 5.4% | 22.3% |
| Moderate | 329 | 25.0% | 5,221 | 15.2% | 16.4% |
| LMI | 550 | 41.7% | 7,087 | 20.6% | 38.7% |
| Middle | 384 | 29.1% | 10,455 | 30.4% | 20.7% |
| Upper | 364 | 27.6% | 16,237 | 47.1% | 40.6% |
| Unknown | 20 | 1.5% | 660 | 1.9% | |
| Total | 1,318 | | 34,439 | | |
| GRAND TOTAL | | | | | |
| Borrower Income | Bank | | | | HH Dem. |
| | # | % | \$000's | % | % |
| Low | 733 | 18.2% | 6,004 | 7.1% | |
| Moderate | 1,068 | 26.5% | 13,599 | 16.2% | |
| LMI | 1,801 | 44.7% | 19,603 | 23.3% | |
| Middle | 1,067 | 26.5% | 22,362 | 26.6% | |
| Upper | 1,091 | 27.1% | 40,562 | 48.2% | |
| Unknown | 66 | 1.6% | 1,621 | 1.9% | |
| Total | 4,025 | | 84,148 | | |

Small Business Loans: Outstanding

The bank's small business lending reflected an excellent penetration among businesses of different revenue sizes.

During the evaluation period, STC extended 79.4% of its small business loans to businesses with gross annual revenues of \$1 million or less. In 2007, the bank outperformed the aggregate both by number of loans (75.9% vs. 41.6%) and dollar

value of loans (66.8% vs. 38.7%). In 2008, the bank's performance was more than double the aggregate both in number and dollar value. This compared favorably to the business demographics of 2007, 2008, and 2009.

The following chart provides a summary of the bank's small business lending distribution based on borrower revenues during the evaluation period:

| Distribution of Small Business Lending by Revenue Size of Business | | | | | | | | | |
|---|-------------|----------|----------------|----------|--------------------|----------|----------------|----------|-----------------|
| 2007 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 88 | 75.9% | 5,220 | 66.8% | 2,967 | 41.6% | 75,169 | 38.7% | 56.1% |
| Rev. > \$1MM | 15 | 12.9% | 2,039 | 26.1% | | | | | 4.8% |
| Rev. Unknown | 13 | 11.2% | 558 | 7.1% | | | | | 39.1% |
| Total | 116 | | 7,817 | | 7,133 | | 194,327 | | |
| 2008 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 87 | 83.7% | 3,942 | 76.2% | 2,082 | 36.5% | 66,001 | 37.6% | 55.3% |
| Rev. > \$1MM | 10 | 9.6% | 950 | 18.4% | | | | | 4.5% |
| Rev. Unknown | 7 | 6.7% | 281 | 5.4% | | | | | 40.2% |
| Total | 104 | | 5,173 | | 5,699 | | 175,372 | | |
| 2009 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 72 | 79.1% | 3,227 | 60.2% | Data Not Available | | | | 73.6% |
| Rev. > \$1MM | 15 | 16.5% | 1,730 | 32.3% | | | | | 4.4% |
| Rev. Unknown | 4 | 4.4% | 407 | 7.6% | | | | | 21.9% |
| Total | 91 | | 5,364 | | 0 | | 0 | | |
| GRAND TOTAL | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 247 | 79.4% | 12,389 | 67.5% | | 39.3% | | 38.2% | |
| Rev. > \$1MM | 40 | 12.9% | 4,719 | 25.7% | | | | | |
| Rev. Unknown | 24 | 7.7% | 1,246 | 6.8% | | | | | |
| Total | 311 | | 18,354 | | | | | | |

Small Farm Loans: Satisfactory

The borrower characteristics of the bank's small farm lending reflected reasonable penetration among farms of different revenue sizes.

Virtually all of the small farms within STC's assessment area have revenues of \$1 million or less. During the evaluation period, the bank made more than 75% of its loans to these farms, representing 65% of the dollars lent. In 2007 and 2008, loans extended to small farms with revenues of \$1 million or less was comparable to the aggregate's

lending ratios. The 2009 aggregate data were not available.

The following chart provides a summary of the bank's small farm lending distribution based on borrower revenues during the evaluation period:

| Distribution of Small Farm Loans by Revenue Size of Business | | | | | | | | | |
|---|-------------|----------|----------------|----------|--------------------|----------|----------------|----------|------------------|
| Rev. Size | Bank | | | | Aggregate | | | | Farm Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 13 | 81.3% | 1,085 | 82.0% | 176 | 82.6% | 6,855 | 85.0% | 95.6% |
| Rev. > \$1MM | 2 | 12.5% | 145 | 11.0% | | | | | 2.9% |
| Rev. Unknown | 1 | 6.3% | 93 | 7.0% | | | | | 1.5% |
| Total | 16 | | 1,323 | | 213 | | 8,067 | | |
| 2008 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Farm Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 11 | 78.6% | 915 | 47.8% | 172 | 77.5% | 6,598 | 55.3% | 96.4% |
| Rev. > \$1MM | 3 | 21.4% | 1,000 | 52.2% | | | | | 2.4% |
| Rev. Unknown | - | 0.0% | - | 0.0% | | | | | 1.2% |
| Total | 14 | | 1,915 | | 222 | | 11,927 | | |
| 2009 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Farm Dem. |
| | # | % | \$000's | % | Data not available | | | | % |
| Rev. <= \$1MM | 16 | 72.7% | 878 | 71.6% | | | | | % |
| Rev. > \$1MM | 4 | 18.2% | 323 | 26.3% | | | | | % |
| Rev. Unknown | 2 | 9.1% | 26 | 2.1% | | | | | % |
| Total | 22 | | 1,227 | | | | | | % |
| GRAND TOTAL | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Farm Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 40 | 76.9% | 2,878 | 64.5% | | 80.0% | | 67.3% | |
| Rev. > \$1MM | 9 | 17.3% | 1,468 | 32.9% | | | | | |
| Rev. Unknown | 3 | 5.8% | 119 | 2.7% | | | | | |
| Total | 52 | | 4,465 | | | | | | |

Other Real Estate (RE) Secured Loans: Satisfactory

The bank's Other Real Estate Secured lending reflected a reasonable penetration among businesses of different sizes. As these data are not reported, aggregate data were not available for comparison. Nevertheless, comparing STC's record to the business demographics in 2007 and 2008 shows STC's lending ratios to businesses with revenues of \$1 million or less to be higher than the demographics. However, STC's ratios declined over the evaluation period, from a high of 84.2% in 2007 to 59.3% in 2009. In 2009, the demographic data became more accurate as fewer businesses were characterized as revenues unknown, and the majority of these businesses were added to the category of businesses with revenues of \$1 million or less. This had the effect of significantly increasing the reported demographic ratio (although not

necessarily the actual demographics). Comparing STC's results to the more accurate data shows STC to be comparable to the demographics.

The following chart provides a summary of the bank's Other RE Secured lending distribution based on borrower revenues during the evaluation period:

| Distribution of Other RE Secured Loans by Revenue Size | | | | | |
|---|-------------|----------|----------------|----------|-----------------|
| 2007 | | | | | |
| Rev. Size | Bank | | | | Bus.Dem. |
| | # | % | \$000's | % | % |
| Rev. < = \$1MM | 32 | 84.2% | 975 | 73.6% | 56.1% |
| Rev. > \$1MM | 4 | 10.5% | 315 | 23.8% | 4.8% |
| Rev. Unknown | 2 | 5.3% | 35 | 2.6% | 39.1% |
| Total | 38 | | 1,325 | | |
| Next Oldest Year | | | | | |
| Rev. Size | Bank | | | | Bus.Dem. |
| | # | % | \$000's | % | % |
| Rev. < = \$1MM | 18 | 69.2% | 529 | 43.5% | 55.3% |
| Rev. > \$1MM | 3 | 11.5% | 520 | 42.8% | 4.5% |
| Rev. Unknown | 5 | 19.2% | 166 | 13.7% | 40.2% |
| Total | 26 | | 1,215 | | |
| 2009 | | | | | |
| Rev. Size | Bank | | | | Bus.Dem. |
| | # | % | \$000's | % | % |
| Rev. < = \$1MM | 16 | 59.3% | 538 | 15.8% | 73.6% |
| Rev. > \$1MM | 9 | 33.3% | 2,600 | 76.3% | 4.4% |
| Rev. Unknown | 2 | 7.4% | 271 | 7.9% | 21.9% |
| Total | 27 | | 3,409 | | |
| GRAND TOTAL | | | | | |
| Rev. Size | Bank | | | | Bus.Dem. |
| | # | % | \$000's | % | % |
| Rev. < = \$1MM | 66 | 72.5% | 2,042 | 34.3% | |
| Rev. > \$1MM | 16 | 17.6% | 3,435 | 57.7% | |
| Rev. Unknown | 9 | 9.9% | 472 | 7.9% | |

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

The geographic distribution of STC's loans reflected a reasonable dispersion among census tracts of different income levels.

HMDA-Reportable Loans: Satisfactory

The geographic distribution of STC's HMDA-reportable loans reflected reasonable dispersion among census tracts of different income levels given the demographics of the assessment area. As noted in the performance context section of this evaluation, all of Steuben County and 85% of Allegany County were either LMI or

distressed/underserved areas¹. During each of the three years of the evaluation period, STC made more than 85% of its loans in Steuben and Allegany Counties, Therefore, most of STC's HMDA-reportable loans were in LMI or distressed/underserved geographies.

The following chart provides a summary of the bank's HMDA-reportable loan distribution during the evaluation period:

¹ These distressed/underserved areas are listed as middle-income areas

| Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract | | | | | | | | | |
|--|------------|-------|---------------|-------|--------------------|-------|----------------|-------|--------|
| 2007 | | | | | | | | | |
| 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 | 7 | 2.9% | 312 | 2.5% | 356 | 6.5% | 19,069 | 4.0% | 7.0% |
| LMI | 7 | 2.9% | 312 | 2.5% | 356 | 6.5% | 19,069 | 4.0% | 7.0% |
| Middle | 223 | 91.0% | 10,423 | 85.1% | 4,658 | 84.6% | 391,468 | 81.7% | 85.0% |
| Upper | 15 | 6.1% | 1,514 | 12.4% | 491 | 8.9% | 68,623 | 14.3% | 12.8% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 1 | 0.0% | 126 | 0.0% | 0.0% |
| Total | 245 | | 12,249 | | 5,506 | | 479,286 | | |
| 2008 | | | | | | | | | |
| 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 | 19 | 8.0% | 867 | 7.2% | 334 | 8.1% | 18,847 | 5.4% | 7.0% |
| LMI | 19 | 8.0% | 867 | 7.2% | 334 | 8.1% | 18,847 | 5.4% | 7.0% |
| Middle | 209 | 88.2% | 10,416 | 87.0% | 3,418 | 83.2% | 275,812 | 79.3% | 85.0% |
| Upper | 9 | 3.8% | 694 | 5.8% | 353 | 8.6% | 52,684 | 15.2% | 8.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 3 | 0.1% | 342 | 0.1% | 0.0% |
| Total | 237 | | 11,977 | | 4,108 | | 347,685 | | |
| 2009 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO HUs |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | Data not available | | | | 0.0% |
| Moderate | 11 | 5.1% | 800 | 4.4% | | | | | 7.0% |
| LMI | 11 | 5.1% | 800 | 4.4% | | | | | 7.0% |
| Middle | 191 | 88.4% | 15,785 | 87.4% | | | | | 85.0% |
| Upper | 13 | 6.0% | 1,382 | 7.7% | | | | | 8.0% |
| Unknown | 1 | 0.5% | 96 | 0.5% | | | | | 0.0% |
| Total | 216 | | 18,063 | | | | | | |
| GRAND TOTAL | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO HUs |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | | 0.0% | | 0.0% | |
| Moderate | 37 | 5.3% | 1,979 | 4.7% | | 7.2% | | 4.6% | |
| LMI | 37 | 5.3% | 1,979 | 4.7% | 690 | 7.2% | 37,916 | 4.6% | |
| Middle | 623 | 89.3% | 36,624 | 86.6% | | 84.0% | | 80.7% | |
| Upper | 37 | 5.3% | 3,590 | 8.5% | | 8.8% | | 14.7% | |
| Unknown | 1 | 0.1% | 96 | 0.2% | | 0.0% | | 0.1% | |
| Total | 698 | | 42,289 | | | | | | |

Consumer Loans: Outstanding

The geographic distribution of STC's consumer loans reflected an excellent dispersion among census tracts of different income levels. The bank made 6.7% of its consumer loans in moderate-income census tracts, which is slightly below the household demographics of the assessment area. However, during each of the three years of the

evaluation period, STC made more than 80% of its loans in Steuben and Allegany Counties, Therefore, most of the bank's consumer loans were in LMI or distressed/underserved geographies.

The following chart provides a summary of the bank's consumer loan distribution during the evaluation period:

| Distribution of Consumer Lending by Geographic Income of the Census Tract | | | | | |
|--|--------------|----------|----------------|----------|----------------|
| 2007 | | | | | |
| Geographic Income | Bank | | | | HH Dem. |
| | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0.0 |
| Moderate | 97 | 6.6% | 1,376 | 5.4% | 7.8% |
| LMI | 97 | 6.6% | 1,376 | 5.4% | 7.8% |
| Middle | 1,292 | 88.4% | 22,885 | 89.0% | 83.8% |
| Upper | 72 | 4.9% | 1,439 | 5.6% | 8.3% |
| Unknown | 0 | 0.0% | 0 | 0.0% | |
| Total | 1,461 | | 25,700 | | |
| 2008 | | | | | |
| Geographic Income | Bank | | | | HH Dem. |
| | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0.0 |
| Moderate | 81 | 6.5% | 1,320 | 5.5% | 7.8% |
| LMI | 81 | 6.5% | 1,320 | 5.5% | 0.1 |
| Middle | 1,115 | 89.5% | 21,558 | 89.8% | 83.8% |
| Upper | 50 | 4.0% | 1,131 | 4.7% | 8.3% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0.0 |
| Total | 1,246 | | 24,009 | | |
| 2009 | | | | | |
| Geographic Income | Bank | | | | HH Dem. |
| | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0.0 |
| Moderate | 93 | 7.1% | 2,149 | 6.2% | 7.8% |
| LMI | 93 | 7.1% | 2,149 | 6.2% | 0.1 |
| Middle | 1,164 | 88.3% | 29,020 | 84.3% | 83.8% |
| Upper | 61 | 4.6% | 3,270 | 9.5% | 8.3% |
| Unknown | 0 | 0.0% | 0 | 0.0% | |
| Total | 1,318 | | 34,439 | | |
| GRAND TOTAL | | | | | |
| Geographic Income | Bank | | | | HH Dem. |
| | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | |
| Moderate | 271 | 6.7% | 4,845 | 5.8% | |
| LMI | 271 | 6.7% | 4,845 | 5.8% | |
| Middle | 3,571 | 88.7% | 73,463 | 87.3% | |
| Upper | 183 | 4.5% | 5,840 | 6.9% | |
| Unknown | - | 0.0% | - | 0.0% | |
| Total | 4,025 | | 84,148 | | |

Small Business Loans: Outstanding

The geographic distribution of STC's small business loans reflected an excellent

dispersion among census tracts of different income levels. The bank's penetration rates in moderate-income tracts were significantly above the aggregate's ratios. During the evaluation period, STC made 12.9% (by number) and 9.3% (by dollar value) of its small business loans in moderate-income census tracts. These ratios were double the aggregate's 6.4% (by number) and 4.6% (by dollar value), respectively. The bank's percentage of loans made in moderate-income census tracts also surpassed the business demographics of the assessment area. In addition, during each of the three years of the evaluation period, STC made more than 70% of its loans in Steuben and Allegany Counties, which are largely LMI, distressed or underserved.

The following chart provides a summary of the bank's small business loan distribution during the evaluation period:

| Distribution of Small Business Lending by Geographic Income of the Census Tract | | | | | | | | | |
|---|------------|-------|---------------|-------|--------------|----------------|----------------|----------------|----------|
| 2007 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0 |
| Moderate | 15 | 12.9% | 529 | 6.8% | 441 | 6.2% | 8,311 | 4.3% | 7.7% |
| LMI | 15 | 12.9% | 529 | 6.8% | 441 | 6.2% | 8,311 | 4.3% | 7.7% |
| Middle | 96 | 82.8% | 5,945 | 76.1% | 5,742 | 80.5% | 165,860 | 85.4% | 81.7% |
| Upper | 5 | 4.3% | 1,343 | 17.2% | 941 | 13.2% | 20,106 | 10.3% | 10.3% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 9 | 0.1% | 50 | 0.0% | 0.2% |
| Total | 116 | | 7,817 | | 7,133 | | 194,327 | | |
| 2008 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0 |
| Moderate | 15 | 14.4% | 755 | 14.6% | 377 | 6.6% | 8,697 | 5.0% | 7.9% |
| LMI | 15 | 14.4% | 755 | 14.6% | 377 | 6.6% | 8,697 | 5.0% | 7.9% |
| Middle | 83 | 79.8% | 4,064 | 78.6% | 4,588 | 80.5% | 148,404 | 84.6% | 81.7% |
| Upper | 6 | 5.8% | 354 | 6.8% | 724 | 12.7% | 18,192 | 10.4% | 10.2% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 10 | 0.2% | 79 | 0.0% | 0.2% |
| Total | 104 | | 5,173 | | 5,699 | #DIV/0! | 175,372 | | |
| 2009 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | | #DIV/0! | | #DIV/0! | 0.0 |
| Moderate | 10 | 11.0% | 424 | 7.9% | | #DIV/0! | | #DIV/0! | 7.8% |
| LMI | 10 | 11.0% | 424 | 7.9% | 0 | #DIV/0! | 0 | #DIV/0! | 7.8% |
| Middle | 78 | 85.7% | 4,880 | 91.0% | | #DIV/0! | | #DIV/0! | 82.1% |
| Upper | 3 | 3.3% | 60 | 1.1% | | #DIV/0! | | #DIV/0! | 10.1% |
| Unknown | 0 | 0.0% | 0 | 0.0% | | #DIV/0! | | #DIV/0! | 0.2% |
| Total | 91 | | 5,364 | | - | #DIV/0! | - | #DIV/0! | |
| GRAND TOTAL | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | | 0.0% | | 0.0% | |
| Moderate | 40 | 12.9% | 1,708 | 9.3% | | 6.4% | | 4.6% | |
| LMI | 40 | 12.9% | 1,708 | 9.3% | | 6.4% | | 4.6% | |
| Middle | 257 | 82.6% | 14,889 | 81.1% | | 80.5% | | 85.0% | |
| Upper | 14 | 4.5% | 1,757 | 9.6% | | 13.0% | | 10.4% | |
| Unknown | - | 0.0% | - | 0.0% | | 0.1% | | 0.0% | |
| Total | 311 | | 18,354 | | | | | | |

Small Farm Loans: Not Rated

Although STC made no small farm loans in LMI census tracts, the opportunity was limited, as only 6% of the small farms were located in these tracts. Over the three years of the evaluation period, between 32% and 43% of STC's small farm loans were made in Steuben and Allegany Counties.

The following chart provides a summary of the bank's small farm loan distribution during the evaluation period:

| Distribution of Small Farm Loans by Geographic Income of the Census Tract | | | | | | | | | |
|---|-----------|-------|--------------|-------|--------------------|-------|---------------|-------|----------|
| 2007 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Moderate | 0 | 0.0% | 0 | 0.0% | 10 | 4.7% | 464 | 5.8% | 5.5% |
| LMI | 0 | 0.0% | 0 | 0.0% | 10 | 4.7% | 464 | 5.8% | 5.5% |
| Middle | 15 | 93.8% | 1,243 | 94.0% | 194 | 91.1% | 7,496 | 92.9% | 87.4% |
| Upper | 1 | 6.3% | 80 | 6.0% | 9 | 4.2% | 107 | 1.3% | 12.8% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Total | 16 | | 1,323 | | 213 | | 8,067 | | |
| 2008 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Moderate | 0 | 0.0% | 0 | 0.0% | 9 | 4.1% | 111 | 0.9% | 5.7% |
| LMI | 0 | 0.0% | 0 | 0.0% | 9 | 4.1% | 111 | 0.9% | 5.7% |
| Middle | 13 | 92.9% | 1,885 | 98.4% | 203 | 91.4% | 11,333 | 95.0% | 87.8% |
| Upper | 1 | 7.1% | 30 | 1.6% | 10 | 4.5% | 483 | 4.0% | 6.5% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Total | 14 | | 1,915 | | 222 | | 11,927 | | |
| 2009 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | Data not available | | | | 0.0% |
| Moderate | 0 | 0.0% | 0 | 0.0% | | | | | 6.2% |
| LMI | 0 | 0.0% | 0 | 0.0% | | | | | 6.2% |
| Middle | 21 | 95.5% | 1,137 | 92.7% | | | | | 87.1% |
| Upper | 1 | 4.5% | 90 | 7.3% | | | | | 6.7% |
| Unknown | 0 | 0.0% | 0 | 0.0% | | | | | 0.0% |
| Total | 22 | | 1,227 | | | | | | |
| GRAND TOTAL | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | | 0.0% | | 0.0% | |
| Moderate | 0 | 0.0% | 0 | 0.0% | | 4.4% | | 2.9% | |
| LMI | 0 | 0.0% | 0 | 0.0% | 19 | 4.4% | 575 | 2.9% | |
| Middle | 49 | 94.2% | 4,265 | 95.5% | | 91.3% | | 94.2% | |
| Upper | 3 | 5.8% | 200 | 4.5% | | 4.4% | | 3.0% | |
| Unknown | 0 | 0.0% | 0 | 0.0% | | 0.0% | | 0.0% | |
| Total | 52 | | 4,465 | | | | | | |

Other RE Secured Loans

The geographic distribution of STC's Other RE Secured loans reflected a reasonable dispersion among census tracts of different income levels.

The bank made 11% (by number) and 12.1% (by dollar value) of its Other RE Secured Loans in moderate-income census tracts. STC's penetration rates within the middle- and upper- income levels were within the aggregate ratio range for the evaluation

period.

The following chart provides a summary of the bank's Other RE Secured loan distribution during the evaluation period:

| Distribution of Other RE Secured Loans by Geographic Income | | | | | |
|--|-------------|----------|----------------|----------|-----------------|
| 2007 | | | | | |
| Geographic Income | Bank | | | | Bus.Dem. |
| | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Moderate | 2 | 5.3% | 39 | 2.9% | 5.5% |
| LMI | 2 | 5.3% | 39 | 2.9% | 5.5% |
| Middle | 30 | 78.9% | 856 | 64.6% | 87.4% |
| Upper | 6 | 15.8% | 430 | 32.5% | 7.1% |
| Unknown | | 0.0% | | 0.0% | 0.0% |
| Total | 38 | | 1,325 | | |
| 2008 | | | | | |
| Geographic Income | Bank | | | | Bus.Dem. |
| | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Moderate | 5 | 19.2% | 575 | 47.3% | 5.7% |
| LMI | 5 | 19.2% | 575 | 47.3% | 5.7% |
| Middle | 19 | 73.1% | 610 | 50.2% | 87.8% |
| Upper | 2 | 7.7% | 30 | 2.5% | 6.5% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Total | 26 | | 1,215 | | |
| 2009 | | | | | |
| Geographic Income | Bank | | | | Bus.Dem. |
| | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Moderate | 3 | 11.1% | 105 | 3.1% | 6.2% |
| LMI | 3 | 11.1% | 105 | 3.1% | 6.2% |
| Middle | 21 | 77.8% | 2,154 | 63.2% | 87.1% |
| Upper | 3 | 11.1% | 1,150 | 33.7% | 6.7% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Total | 27 | | 3,409 | | |
| GRAND TOTAL | | | | | |
| Geographic Income | Bank | | | | Bus.Dem. |
| | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | |
| Moderate | 10 | 11.0% | 719 | 12.1% | |
| LMI | 10 | 11.0% | 719 | 12.1% | |
| Middle | 70 | 76.9% | 3,620 | 60.9% | |
| Upper | 11 | 12.1% | 1,610 | 27.1% | |
| Unknown | - | 0.0% | - | 0.0% | |
| Total | 91 | | 5,949 | | |

Action Taken In Response to Written Complaints With Respect to CRA

Since the latest CRA evaluation on December 31, 2006, neither the bank nor the New York State Banking Department has received any written complaints regarding the bank's CRA performance.

Community Development Test: "Outstanding"

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

During the evaluation period, STC originated \$460 thousand in new community development loans, and still had \$705 thousand outstanding from prior evaluation periods. Also during the evaluation period, STC made \$4.2 million in new community development investments and had \$34 thousand outstanding from prior evaluation periods. STC made \$332 thousand in community development grants. While investments increased substantially since the prior evaluation, lending decreased by an even greater amount. However, opportunities for lending also decreased substantially during the period.

Community Development Lending: "Satisfactory"

During the evaluation period, STC originated \$460 thousand in new community development loans, and still had \$705 thousand outstanding from prior evaluation periods. This demonstrated an adequate level of community development lending over the course of the evaluation period.

The bank's total community development portfolio of loans and investments within its assessment area was comprised as follows:

| Community Development Loans | | | | |
|------------------------------------|------------------------|------------|--|------------|
| Purpose | This Evaluation Period | | Outstandings from Prior Evaluation Periods | |
| | # of Loans | \$000 | # of Loans | \$000 |
| Affordable Housing | 1 | 50 | | |
| Economic Development | 1 | 150 | | 505 |
| Community Services | 1 | 20 | 1 | 200 |
| Other (Please Specify) | 1 | 240 | | |
| Total | 4 | 460 | 1 | 705 |

The following is a brief description of the bank’s community development lending:

- STC extended a \$50,000 revolving line of credit to a not-for-profit corporation established in 1982, whose mission is to carry out housing development, property management and related services in western New York. The organization administers both home ownership programs and home repair programs. These programs help people of modest incomes purchase their first home or repair a home that is already owned. The purpose of this line was to pre-fund home buyers who are waiting for grants from other sources.
- A line of credit in the amount of \$150,000 was issued to a not-for-profit community agency, whose mission is to minimize poverty and promote self-sufficiency by improving housing and serving other needs of families.
- A loan in the amount of \$120,000 was approved for the purpose of purchasing a rescue vehicle to be utilized by a not-for-profit fire fighting service located within a distressed middle-income geography.

Community Development Investments: “Outstanding”

During the evaluation period, STC made \$4.2 million in new community development investments, and still had \$34 thousand outstanding from prior evaluation periods. In addition, STC made \$332 thousand in community development grants. This demonstrated an excellent level of community development investments over the course of the evaluation period.

| Community Development Investments and Grants | | | | |
|--|------------------------|-----------------|--|-----------|
| | This Evaluation Period | | Outstandings from Prior Evaluation Periods | |
| | # of Inv. | \$000 | # of Inv. | \$000 |
| CD Investments | | | | |
| Affordable Housing | 1 | \$ 16 | | |
| Economic Development | . | | 1 | 34 |
| Community Services | | | | |
| Stabilize & Revitalize | 43 | \$ 4,171 | | |
| Total | 44 | \$ 4,187 | 1 | 34 |
| CD Grants | # of Grants | \$000 | Not Applicable | |
| Affordable Housing | 1 | 0.5 | | |
| Economic Development | 0 | | | |
| Community Services | 39 | 331.8 | | |
| Other (Please Specify) | | | | |
| Total | 40 | \$ 332 | | |

STC primarily invested in activities to revitalize and/or stabilize distressed middle-income geographies. These included sewer district improvements, financing the cost of a natural gas pipeline, replacement of a bridge, and purchases of highway, emergency and school vehicles.

Grants:

During the evaluation period, STC donated a total \$332 thousand to qualified organizations that included, ACCORD, Allegany County United Way, YMCA, St. James Mercy Health, Sheen Housing and scholarship donations to local schools.

Community Development Services: “Outstanding”

STC employees, senior management and officers contributed their experience and technical skills as board members of the following community development organizations:

- Hornell YMCA – provides community support services;
- City of Hornell Chamber of Commerce – impacts community development and employment within the city of Hornell and surrounding areas;
- Allegany County Chamber of Commerce – impacts the advancement of businesses and the community;
- Alfred Housing Corporation – assists low-income homeowners with affordable housing;
- Southern Tier Health Ministries – established cost free health clinic in Bath;
- Hornell, Corning, Steuben County Empire Investment Zone – assisted various businesses and companies in establishment and/or expansion of facilities resulting in additional jobs;
- Allegany County United Way – helps people in need within the community;
- St. James Mercy Hospital – provides health care for the greater Hornell area with significant emphasis on serving low-income people;
- Allegany Community Development Services, Inc. – is a not-for-profit Community Development Financial Institution (CDFI) created to serve entrepreneurs, business owners, and community members who are unable to access traditional credit.

ACDSI offers a limited number of business start-up and expansion loans to both income eligible individuals and businesses that employ income eligible individuals. In addition, ACDSI is certified by the U.S. Department of Treasury CDFI Fund and has partnered with ACCORD Corporation to offer business development training and services.

- ACCORD – alleviates poverty and fosters economic development and growth by providing education/loans to small business startups. In 2009, STC received the Business Services Division Award.

STC also provided the use of its boardroom and training room to various community

organizations, as well as the use of the parking area for various events free of charge.

STC participated in the First Home Club program with ACCORD, which offers counseling and grants through the Federal Home Loan Bank of New York.

STC worked with Tri-County Housing Council (Steuben County) and Genesee Valley Rural Preservation Council (Livingston County) which offer counseling and technical assistance to eligible buyers based on household income.

Additional Factors

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

Annually, the CRA Officer presented a self-assessment to the bank's board. The board consisted of long-term members who have received training relative to CRA.

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

Examiners noted no practices that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

No evidence of prohibited discriminatory or other illegal credit practices was noted.

The banking institution's record of opening and closing offices and providing services at offices

The following changes occurred in middle-income census tracts:

- On July 16, 2007, the bank opened an office at 20 Wildbriar Road, Town of Henrietta (Rochester), Monroe County, New York. Although the office is designated a full-service office, it primarily handles commercial loans and trust and investment services.
- On November 15, 2007, the drive-thru ATM at the former North Hornell branch was closed. The branch office closed on December 31, 2006.
- The bank entered into an Agreement and Plan of Merger with Canisteo Savings & Loan Association Canisteo, New York, dated September 8, 2008. The merger was effective as of February 20, 2009, and the branch reopened as a Steuben Trust Company office on February 23, 2009.
- On October 29, 2009, the ATM located at Fleichman's Grocery & Gas, Inc., Belmont, New York, was closed due to the Fleichman business closing.

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.

Directors, officers and employees of the bank continually travel throughout the assessment area, discussing credit and other needs with individuals, local merchants, municipalities, and businesses.

Officers also attended meetings with various community groups including: Wayland Area Revitalization; ACCORD Networking Night (to assist startup and expanding businesses); First Time Home Buyers seminar in Bath (sponsored by STC); Rural Opportunities, Inc. of Rochester (concerning small business lending and affordable housing); Sheen Housing of Rochester; and Rochester Cornerstone Group (regarding low-income housing tax credits at Seneca Manor in Hornellsville).

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 utilized area newspapers, pennysavers (free newspapers), radio stations, and television throughout its CRA assessment areas, as well as the Internet in its marketing efforts. STC participated in career days at area schools; taught classes on mortgages and real estate finance; attended "College Nights" at local area schools; presented lectures regarding Internet safety, identity theft, trust and financial services, estate planning, retirement planning, and presented lectures geared towards the first-time home buyer.

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

STC participated in New York's Linked Deposit program and originated fourteen (14) loans for \$4 million under this program during the evaluation period. This is an increase from the prior period in which three loans for \$698 thousand were processed. The Linked Deposit Program provides businesses with affordable capital based on interest rates subsidized by state deposits. Under this program, eligible businesses can obtain loans from financial institutions at an interest rate that is lower than the prevailing rate on such loans, thereby making borrowing less expensive. Lenders are compensated by deposits of State funds at comparably reduced rates.

GLOSSARY

Aggregate Penetration Rate

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

Community Development

The term “community development” is defined to mean:

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

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

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

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

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

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

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;

- ❖ Developing secondary market vehicles or programs;
- ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

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

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

Loans to Small Businesses

Small business loans to businesses with gross annual revenues (“GAR”) of \$1 million or less (“< = \$ 1MM”).

Low or Moderate Income (“LMI”) Geographies

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

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would

relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

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

LMI Penetration Rate

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

Small Business Loans

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