



**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, 2016

**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” or the “Bank”) 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, 2016.

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 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**

DFS evaluated CCTC according to the large bank performance criteria pursuant to Parts 76.7, 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent ("GRS"). The evaluation period included calendar years 2014 and 2015 for HMDA and small business loans; however, community development activities were evaluated through March 31, 2016. CCTC is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs.

This rating is based on the following factors:

### **LENDING TEST: "High Satisfactory"**

CCTC's HMDA-reportable and small business lending activities were more than reasonable considering its size, business strategy and financial condition, as well as aggregate peer group activity and the demographic characteristics of the assessment area.

#### **Lending Activity: "High Satisfactory"**

CCTC's lending levels were more than reasonable considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of the assessment area.

CCTC's average loan-to-deposit ("LTD") ratio was 82.3% for the nine quarters of the evaluation period just above its peer group average of 79.8%. This also represented a slight increase from CCTC's average LTD ratio of 81.4% for the prior evaluation period.

#### **Assessment Area Concentration: "High Satisfactory"**

During the evaluation period, CCTC originated 90.6% by number and 82.2% 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 reflected a more than reasonable concentration of lending within the assessment area.

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

CCTC's origination of loans in census tracts of varying income levels demonstrated a more than reasonable distribution of lending.

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

CCTC's HMDA-reportable and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

CCTC's small business lending to businesses with annual revenue of \$1 million or less

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trailed the aggregate's lending, while its HMDA-reportable lending to LMI borrowers exceeded the aggregate's lending.

**Community Development Lending: "Outstanding"**

During the evaluation period, CCTC originated \$24.8 million in new community development loans and had \$8.6 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

CCTC's total community development lending of \$33.4 million resulted in an annualized ratio of qualified community development loans to total average assets for the current evaluation period of 1.0%, which was an improvement from the 0.8% reported at the last evaluation.

**INVESTMENT TEST: "High Satisfactory"**

CCTC's community development investments and grants were more than reasonable considering the assessment area's credit needs.

During the evaluation period, CCTC made \$ 16.9 million in new community development investments and had \$ 5.9 million outstanding from prior evaluation periods. In addition, CCTC made approximately \$370,000 in community development grants.

**SERVICE TEST: "Outstanding"**

**Retail Banking Services: "Outstanding"**

CCTC has excellent delivery systems, branch network, branch hours and 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 GRS.*

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## PERFORMANCE CONTEXT

### Institution Profile

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

CCTC offers a wide array of traditional and non-traditional banking products and services. Products include an array of consumer checking and savings accounts, business accounts, commercial, consumer and residential loan products. Services offered include free web banking, online banking and bill pay as well as remote deposit capture, money management, trust and investment services.

CCTC operates 34 branch offices, of which 31 branches are in New York State and three in Pennsylvania. CCTC’s New York branches are distributed among ten counties as follows: seven are in Chemung County; four each in Albany and Tompkins counties; three each in Broome, Steuben and Tioga counties, two each in Cayuga and Schuyler counties and one each in Cortland, Saratoga and Seneca counties.

Per the Consolidated Report of Condition (the “Call Report”) as of March 31, 2016, filed with the Federal Deposit Insurance Corporation (“FDIC”), CCTC reported total assets of \$1.6 billion, of which \$1.2 billion were net loans and lease finance receivables. It also reported total deposits of \$1.4 billion, resulting in a loan to deposit ratio of 81.6%. Per the latest available comparative deposit data as of June 30, 2016, CCTC had a market share of 4.8% or \$1.4 billion, in a market of \$29.4 billion, ranking it 7<sup>th</sup> among 37 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, 2014, 2015 and March 31, 2016’s Call Reports:

| <b>TOTAL GROSS LOANS OUTSTANDING</b>   |                  |      |                  |      |                  |      |
|--|------------------|------|------------------|------|------------------|------|
| Loan Type                              | 12/31/2014       |      | 12/31/2015       |      | 3/31/2016        |      |
|  | \$000's          | %    | \$000's          | %    | \$000's          | %    |
| 1-4 Family Residential Mortgage Loans  | 303,050          | 27.0 | 310,254          | 26.5 | 313,354          | 26.4 |
| Commercial & Industrial Loans          | 150,157          | 13.4 | 178,201          | 15.2 | 176,358          | 14.9 |
| Commercial Mortgage Loans              | 286,817          | 25.6 | 305,097          | 26.1 | 329,124          | 27.7 |
| Multifamily Mortgages                  | 98,479           | 8.8  | 142,602          | 12.2 | 143,648          | 12.1 |
| Consumer Loans                         | 206,448          | 18.4 | 171,869          | 14.7 | 165,764          | 14.0 |
| Agricultural Loans                     | 1,034            | 0.1  | 1,039            | 0.1  | 843              | 0.1  |
| Construction Loans                     | 61,422           | 5.5  | 47,368           | 4.0  | 45,579           | 4.1  |
| Obligations of States & Municipalities | 313              | 0.0  | 202              | 0.0  | 193              | 0.0  |
| Other Loans                            | 14,518           | 1.3  | 13,076           | 1.1  | 12,624           | 1.1  |
| Lease financing                        | 0                | 0.0  | 0                | 0.0  | 0                | 0.0  |
| <b>Total Gross Loans</b>               | <b>1,122,238</b> |      | <b>1,169,708</b> |      | <b>1,187,487</b> |      |

As illustrated in the above table, CCTC is primarily a commercial lender with 42.6% of its loan portfolio in commercial mortgage and commercial and industrial loans. Residential 1-4 family and multifamily mortgage loans made up 26.4% and 12.1% of the loan portfolio, respectively.

*Examiners did not find evidence of 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 is comprised of the following nine counties in their entirety: Albany, Cayuga, Chemung, Cortland, Saratoga, Schuyler, Seneca, Tioga and Tompkins and the partial counties of Broome and Steuben.

There are 283 census tracts in the assessment area of which 20 are low-income, 40 are moderate-income, 150 are middle-income, 69 are upper-income and four tracts with no income indicated.

| <b>Assessment Area Census Tracts by Income Level</b> |          |           |           |            |           |            |             |                            |                     |
|--|----------|-----------|-----------|------------|-----------|------------|-------------|----------------------------|---------------------|
| County   | N/A      | Low       | Mod       | Middle     | Upper     | Total      | LMI %       | Dis-tressed & Under-served | LMI & Dis-tressed % |
| Albany   | 0        | 11        | 12        | 28         | 24        | 75         | 30.7        | 0                          | 31%                 |
| Broome*  | 0        | 5         | 12        | 10         | 11        | 38         | 44.7        | 0                          | 45%                 |
| Cayuga   | 1        | 1         | 0         | 13         | 5         | 20         | 5.0         | 0                          | 5%                  |
| Chemung  | 1        | 2         | 6         | 9          | 4         | 22         | 36.4        | 0                          | 36%                 |
| Cortland   | 0        | 0         | 0         | 9          | 3         | 12         | 0.0         | 0                          | 0%                  |
| Saratoga   | 1        | 0         | 5         | 33         | 11        | 50         | 10.0        | 0                          | 10%                 |
| Schuyler   | 0        | 0         | 0         | 4          | 1         | 5          | 0.0         | 4                          | 80%                 |
| Seneca   | 0        | 0         | 0         | 10         | 0         | 10         | 0.0         | 0                          | 0%                  |
| Steuben*   | 0        | 0         | 1         | 15         | 2         | 18         | 5.6         | 0                          | 6%                  |
| Tioga  | 0        | 0         | 0         | 8          | 2         | 10         |             | 0                          |                     |
| Tompkins   | 1        | 1         | 4         | 11         | 6         | 23         | 21.7        | 0                          | 22%                 |
| <b>Total</b>   | <b>4</b> | <b>20</b> | <b>40</b> | <b>150</b> | <b>69</b> | <b>283</b> | <b>21.2</b> | <b>4</b>                   | <b>23%</b>          |

\* Partial County

### **Demographic & Economic Data**

The assessment area had a population of 1.1 million during the evaluation period. About 14.1% of the population were over the age of 65 and 18.2% were under the age of sixteen.

Of the 279,694 families in the assessment area 19.3 were low-income, 17.5% were moderate-income, 21.6% were middle-income and 41.6% were upper-income families. There were 455,943 households in the assessment area, of which 12.1% had income below the poverty level and 2.5% were on public assistance.

The weighted average median family income in the assessment area was \$69,382.

There were 508,675 housing units within the assessment area, of which 79.8% were one-to-four family units, and 13.2% were multifamily units. A majority (58.9%) of the area's housing units were owner-occupied, while 30.7% were rental units. Of the 299,815 owner-occupied housing units, 11.2% were in low- and moderate-income census tracts while 88.8% were in middle- and upper-income census tracts. The median age of the housing stock was 55 years, and the median home value in the assessment area was \$153,611.

There were 67,661 non-farm businesses in the assessment area. Of these, 74.2% were businesses with reported revenues of less than or equal to \$1 million, 5.8% reported revenues of more than \$1 million and 20.0% did not report their revenues. Of all the businesses in the assessment area, 87.4% were businesses with less than fifty employees while 85.7% operated from a single location. The largest industries in the area were services 49.7%, followed by retail trade 14.8% and construction 7.1%, while 3.9% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State for the evaluation period was 5.6%. Of the eleven counties seven had a higher and four had a lower average unemployment rate than New York State. While Schuyler County had the highest rate at 6.9%, Tompkins County had the lowest at 4.5%. The unemployment rates for New York and the eleven counties declined from 2014 to 2015.

| <b>Assessment Area Unemployment Rate</b> |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|
|  | NY State   | Albany     | Broome     | Cayuga     | Chemung    | Cortland   |
| 2014                                     | 6.3        | 4.9        | 6.6        | 6.0        | 6.3        | 6.5        |
| 2015                                     | 5.3        | 4.4        | 6.0        | 5.4        | 5.9        | 5.9        |
| 2016                                     | 5.2        | 4.1        | 5.7        | 5.7        | 6.0        | 6.1        |
| <b>Average</b>                           | <b>5.6</b> | <b>4.5</b> | <b>6.1</b> | <b>5.7</b> | <b>6.1</b> | <b>6.2</b> |

| <b>Assessment Area Unemployment Rate</b> |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|
|  | Schuyler   | Seneca     | Steuben    | Tioga      | Tompkins   | Saratoga   |
| 2014                                     | 7.0        | 5.6        | 6.9        | 6.1        | 4.4        | 4.7        |
| 2015                                     | 6.6        | 5.2        | 6.4        | 5.6        | 4.1        | 4.2        |
| 2016                                     | 7.0        | 5.3        | 6.5        | 5.9        | 3.5        | 4.1        |
| <b>Average</b>                           | <b>6.9</b> | <b>5.4</b> | <b>6.6</b> | <b>5.9</b> | <b>4.0</b> | <b>4.3</b> |



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### **Community Information**

Examiners conducted an interview with the executive director of a local nonprofit organization as part of the evaluation. The organization primarily services an area within the City of Elmira. The interviewee noted that the current economic conditions are improving due in part to a \$10 million grant from New York State to revitalize the area. The organization primarily seeks to redevelop and market an area in the City of Elmira. The interviewee commented positively on CCTC for providing needed financial services to the community.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS evaluated CCTC 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 Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.*

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

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

The evaluation period included calendar years 2014 and 2015 for HMDA and small business lending; however, community development activities were evaluated through March 31, 2016.

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

At its prior Performance Evaluation, as of March 31, 2014, DFS assigned CCTC a rating of "1," reflecting a "Outstanding" record of helping to meet its community credit needs.

**Current CRA Rating: "Satisfactory"**

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**LENDING TEST: “High Satisfactory”**

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

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

CCTC’s HMDA-reportable, small business and community development lending activities were more than reasonable considering CCTC’s size, business strategy and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

**Lending Activity: “High Satisfactory”**

CCTC’s lending levels were more than reasonable considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

CCTC’s average loan-to-deposit (“LTD”) ratio was 82.3% for the nine quarters of the evaluation period just above its peer group’s average of 79.8%. This also represented a slight improvement from CCTC’s average LTD ratio of 81.4% at the prior evaluation period.

| <b>Loan-to-Deposit Ratios</b> |            |            |            |            |            |            |            |            |            |             |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
|                               | 2014<br>Q1 | 2014<br>Q2 | 2014<br>Q3 | 2014<br>Q4 | 2015<br>Q1 | 2015<br>Q2 | 2015<br>Q3 | 2015<br>Q4 | 2016<br>Q1 | LTD Average |
| Bank                          | 78.0       | 81.6       | 83.8       | 86.3       | 82.3       | 85.1       | 79.8       | 82.3       | 81.6       | 82.3        |
| Peer                          | 75.7       | 78.4       | 79.0       | 79.7       | 78.9       | 81.0       | 81.7       | 82.0       | 81.4       | 79.8        |

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

During the evaluation period, CCTC originated 90.6% by number and 82.2% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This substantial majority of lending inside of CCTC’s assessment area reflected a more than reasonable concentration of lending within the assessment area.

**HMDA-Reportable Loans**

During the evaluation period, CCTC originated 91.0% by number and 77.3% by dollar value of its total HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area reflected a more than reasonable concentration of lending within the assessment area.

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### Small Business Loans

During the evaluation period, CCTC originated 89.6% by number and 88.2% by dollar value of its small business loans within the assessment area. This substantial majority of lending inside its assessment area reflected an excellent concentration of lending within the assessment area.

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

| Distribution of Loans Inside and Outside of the Assessment Area |                 |       |         |       |       |                                 |       |         |       |         |
|---|-----------------|-------|---------|-------|-------|---------------------------------|-------|---------|-------|---------|
| Loan Type   | Number of Loans |       |         |       |       | Loans in Dollars (in thousands) |       |         |       |         |
|   | Inside          |       | Outside |       | Total | Inside                          |       | Outside |       | Total   |
|   | #               | %     | #       | %     |       | \$                              | %     | \$      | %     |         |
| HMDA-Reportable   |                 |       |         |       |       |                                 |       |         |       |         |
| 2014  | 646             | 90.3% | 69      | 9.7%  | 715   | 51,584                          | 70.6% | 21,527  | 29.4% | 73,111  |
| 2015  | 620             | 91.7% | 56      | 8.3%  | 676   | 77,446                          | 82.5% | 16,468  | 17.5% | 93,914  |
| Subtotal  | 1,266           | 91.0% | 125     | 9.0%  | 1,391 | 129,030                         | 77.3% | 37,995  | 22.7% | 167,025 |
| Small Business  |                 |       |         |       |       |                                 |       |         |       |         |
| 2014  | 239             | 90.5% | 25      | 9.5%  | 264   | 59,444                          | 88.1% | 8,022   | 11.9% | 67,466  |
| 2015  | 280             | 88.9% | 35      | 11.1% | 315   | 63,292                          | 88.3% | 8,387   | 11.7% | 71,679  |
| Subtotal  | 519             | 89.6% | 60      | 10.4% | 579   | 122,736                         | 88.2% | 16,409  | 11.8% | 139,145 |
| Grand Total   | 1,785           | 90.6% | 185     | 9.4%  | 1,970 | 251,766                         | 82.2% | 54,404  | 17.8% | 306,170 |

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

CCTC's distribution of loans in census tracts of varying income levels demonstrated a more than reasonable distribution of lending.

#### HMDA-Reportable Loans:

CCTC's distribution of HMDA-reportable loans based on the income level of the geography was more than reasonable.

CCTC's rate of lending in LMI census tracts for both years of the evaluation period significantly exceeded its aggregate's rate of lending by number and dollar value of loans. CCTC's rates of lending in LMI census tracts, for the evaluation period, of 16.1% by number and 12.3% by dollar value of loans exceeded its aggregate's rates of 9.6% and 7.9%, respectively. CCTC's rate of lending also slightly exceeded the percent of owner-occupied housing units in LMI census tracts for both years.

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

| <b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b> |              |          |                |          |                  |               |                  |               |               |
|---|--------------|----------|----------------|----------|------------------|---------------|------------------|---------------|---------------|
| <b>2014</b>   |              |          |                |          |                  |               |                  |               |               |
| <b>Geographic Income</b>  | <b>Bank</b>  |          |                |          | <b>Aggregate</b> |               |                  |               | <b>OO HUs</b> |
|   | <b>#</b>     | <b>%</b> | <b>\$000's</b> | <b>%</b> | <b>#</b>         | <b>%</b>      | <b>\$000's</b>   | <b>%</b>      | <b>%</b>      |
| Low   | 23           | 3.6%     | 3,203          | 6.2%     | 316              | 1.7%          | 70,648           | 2.3%          | 2.2%          |
| Moderate  | 84           | 13.0%    | 3,894          | 7.5%     | 1,512            | 8.1%          | 183,476          | 6.0%          | 9.0%          |
| LMI   | 107          | 16.6%    | 7,097          | 13.8%    | 1,828            | 9.8%          | 254,124          | 8.3%          | 11.2%         |
| Middle  | 375          | 58.0%    | 23,329         | 45.2%    | 10,808           | 57.8%         | 1,487,095        | 48.8%         | 57.4%         |
| Upper   | 164          | 25.4%    | 21,158         | 41.0%    | 6,070            | 32.4%         | 1,306,964        | 42.9%         | 31.1%         |
| Unknown   | 0            | 0.0%     | 0              | 0.0%     | 1                | 0.0%          | 195              | 0.0%          | 0.0%          |
| <b>Total</b>  | <b>646</b>   |          | <b>51,584</b>  |          | <b>18,707</b>    |               | <b>3,048,378</b> |               |               |
| <b>2015</b>   |              |          |                |          |                  |               |                  |               |               |
| <b>Geographic Income</b>  | <b>Bank</b>  |          |                |          | <b>Aggregate</b> |               |                  |               | <b>OO HUs</b> |
|   | <b>#</b>     | <b>%</b> | <b>\$000's</b> | <b>%</b> | <b>#</b>         | <b>%</b>      | <b>\$000's</b>   | <b>%</b>      | <b>%</b>      |
| Low   | 11           | 1.8%     | 1,231          | 1.6%     | 346              | 1.7%          | 65,943           | 1.9%          | 2.2%          |
| Moderate  | 86           | 13.9%    | 7,514          | 9.7%     | 1,605            | 7.7%          | 196,314          | 5.6%          | 9.0%          |
| LMI   | 97           | 15.6%    | 8,745          | 11.3%    | 1,951            | 9.4%          | 262,257          | 7.5%          | 11.2%         |
| Middle  | 344          | 55.5%    | 46,293         | 59.8%    | 11,767           | 56.8%         | 1,790,663        | 51.0%         | 57.4%         |
| Upper   | 179          | 28.9%    | 22,408         | 28.9%    | 7,001            | 33.8%         | 1,461,339        | 41.6%         | 31.3%         |
| Unknown   | 0            | 0.0%     | 0              | 0.0%     | 0                | 0.0%          | 0                | 0.0%          | 0.0%          |
| <b>Total</b>  | <b>620</b>   |          | <b>77,446</b>  |          | <b>20,719</b>    |               | <b>3,514,259</b> |               |               |
| <b>GRAND TOTAL</b>  |              |          |                |          |                  |               |                  |               |               |
| <b>Geographic Income</b>  | <b>Bank</b>  |          |                |          | <b>Aggregate</b> |               |                  |               | <b>OO HUs</b> |
|   | <b>#</b>     | <b>%</b> | <b>\$000's</b> | <b>%</b> | <b>#</b>         | <b>%</b>      | <b>\$000's</b>   | <b>%</b>      | <b>%</b>      |
| Low   | 34           | 2.7%     | 4,434          | 3.4%     |                  | 1.7%          |                  | 2.1%          |               |
| Moderate  | 170          | 13.4%    | 11,408         | 8.8%     |                  | 7.9%          |                  | 5.8%          |               |
| LMI   | 204          | 16.1%    | 15,842         | 12.3%    |                  | 9.6%          |                  | 7.9%          |               |
| Middle  | 719          | 56.8%    | 69,622         | 54.0%    |                  | 57.3%         |                  | 49.9%         |               |
| Upper   | 343          | 27.1%    | 43,566         | 33.8%    |                  | 33.2%         |                  | 42.2%         |               |
| Unknown   | -            | 0.0%     | -              | 0.0%     |                  | 0.0%          |                  | 0.0%          |               |
| <b>Total</b>  | <b>1,266</b> |          | <b>129,030</b> |          |                  | <b>100.0%</b> |                  | <b>100.0%</b> |               |

***Small Business Loans:***

The distribution of CCTC's small business loans among census tracts of varying income level was excellent.

CCTC outperformed its aggregate in lending to small businesses in LMI geographies each year of the evaluation period. CCTC's rate of lending in LMI census tracts of 31.4% by number and 30.9% by dollar value of loans was well above the aggregate's rate of 17.9% and 21.7%, respectively. CCTC's rate of lending in LMI census tracts also exceeded the business demographics each year of the evaluation period.

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

| Distribution of Small Business Lending by Geographic Income of the Census Tract |            |       |                |       |               |               |                |               |          |
|---|------------|-------|----------------|-------|---------------|---------------|----------------|---------------|----------|
| 2014  |            |       |                |       |               |               |                |               |          |
| Geographic Income   | Bank       |       |                |       | Aggregate     |               |                |               | Bus.Dem. |
|   | #          | %     | \$000's        | %     | #             | %             | \$000's        | %             | %        |
| Low   | 32         | 13.4% | 6,920          | 11.6% | 894           | 5.9%          | 58,441         | 8.2%          | 6.5%     |
| Moderate  | 41         | 17.2% | 10,559         | 17.8% | 1,761         | 11.7%         | 89,320         | 12.6%         | 14.0%    |
| LMI   | 73         | 30.5% | 17,479         | 29.4% | 2,655         | 17.6%         | 147,761        | 20.8%         | 20.5%    |
| Middle  | 88         | 36.8% | 21,093         | 35.5% | 7,707         | 51.0%         | 365,532        | 51.4%         | 50.2%    |
| Upper   | 78         | 32.6% | 20,872         | 35.1% | 4,733         | 31.3%         | 197,722        | 27.8%         | 29.3%    |
| Unknown   | 0          | 0.0%  | 0              | 0.0%  | 6             | 0.0%          | 49             | 0.0%          | 0.0%     |
| <b>Total</b>  | <b>239</b> |       | <b>59,444</b>  |       | <b>15,101</b> |               | <b>711,064</b> |               |          |
| 2015  |            |       |                |       |               |               |                |               |          |
| Geographic Income   | Bank       |       |                |       | Aggregate     |               |                |               | Bus.Dem. |
|   | #          | %     | \$000's        | %     | #             | %             | \$000's        | %             | %        |
| Low   | 41         | 14.6% | 8,125          | 12.8% | 944           | 6.3%          | 60,261         | 8.3%          | 6.6%     |
| Moderate  | 49         | 17.5% | 12,354         | 19.5% | 1,803         | 12.0%         | 104,699        | 14.4%         | 13.6%    |
| LMI   | 90         | 32.1% | 20,479         | 32.4% | 2,747         | 18.2%         | 164,960        | 22.7%         | 20.2%    |
| Middle  | 108        | 38.6% | 23,753         | 37.5% | 7,663         | 50.8%         | 351,276        | 48.3%         | 50.4%    |
| Upper   | 82         | 29.3% | 19,060         | 30.1% | 4,673         | 31.0%         | 211,427        | 29.1%         | 29.4%    |
| Unknown   | 0          | 0.0%  | 0              | 0.0%  | 1             | 0.0%          | 8              | 0.0%          | 0.0%     |
| <b>Total</b>  | <b>280</b> |       | <b>63,292</b>  |       | <b>15,084</b> |               | <b>727,671</b> |               |          |
| GRAND TOTAL   |            |       |                |       |               |               |                |               |          |
| Geographic Income   | Bank       |       |                |       | Aggregate     |               |                |               | Bus.Dem. |
|   | #          | %     | \$000's        | %     | #             | %             | \$000's        | %             | %        |
| Low   | 73         | 14.1% | 15,045         | 12.3% |               | 6.1%          |                | 8.3%          |          |
| Moderate  | 90         | 17.3% | 22,913         | 18.7% |               | 11.8%         |                | 13.5%         |          |
| LMI   | 163        | 31.4% | 37,958         | 30.9% |               | 17.9%         |                | 21.7%         |          |
| Middle  | 196        | 37.8% | 44,846         | 36.5% |               | 50.9%         |                | 49.8%         |          |
| Upper   | 160        | 30.8% | 39,932         | 32.5% |               | 31.2%         |                | 28.4%         |          |
| Unknown   | -          | 0.0%  | -              | 0.0%  |               | 0.0%          |                | 0.0%          |          |
| <b>Total</b>  | <b>519</b> |       | <b>122,736</b> |       |               | <b>100.0%</b> |                | <b>100.0%</b> |          |

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

CCTC's HMDA-reportable and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

CCTC's small business lending to businesses with annual revenue of \$1 million or less trailed the aggregate's lending, while its HMDA-reportable lending to LMI borrowers exceeded the aggregate's rate of lending.

#### HMDA-Reportable Loans:

CCTC's 1-4 family HMDA lending demonstrated a more than reasonable distribution of loans among individuals of different income levels.

CCTC's rate of lending, for the evaluation period, to LMI borrowers was 38.9% by number and 19.6% by dollar value of loans, which exceeded the aggregate's rate of lending of 29.4% and 19.3%, respectively. CCTC's annual rate of lending by number of loans

exceeded the aggregate's rate, while its rate of lending by dollar value of loans was comparable to the aggregate's rate.

The following table provides a summary of the distribution of CCTC's 1-4 family loans by borrower income.

| <b>Distribution of 1-4 Family Loans by Borrower Income</b> |              |          |                |          |                  |               |                  |               |                 |
|--|--------------|----------|----------------|----------|------------------|---------------|------------------|---------------|-----------------|
| <b>2014</b>  |              |          |                |          |                  |               |                  |               |                 |
| <b>Borrower</b>  | <b>Bank</b>  |          |                |          | <b>Aggregate</b> |               |                  |               | <b>Fam.Dem.</b> |
| <b>Income</b>  | <b>#</b>     | <b>%</b> | <b>\$000's</b> | <b>%</b> | <b>#</b>         | <b>%</b>      | <b>\$000's</b>   | <b>%</b>      | <b>%</b>        |
| Low  | 104          | 17.5%    | 2,690          | 7.1%     | 1,455            | 8.1%          | 96,411           | 3.8%          | 19.3%           |
| Moderate   | 136          | 22.9%    | 4,932          | 13.0%    | 3,723            | 20.8%         | 382,335          | 15.1%         | 17.5%           |
| LMI  | 240          | 40.3%    | 7,622          | 20.1%    | 5,178            | 28.9%         | 478,746          | 18.9%         | 36.8%           |
| Middle   | 138          | 23.2%    | 6,531          | 17.2%    | 4,727            | 26.4%         | 595,538          | 23.5%         | 21.6%           |
| Upper  | 190          | 31.9%    | 21,579         | 56.9%    | 7,469            | 41.7%         | 1,365,470        | 53.8%         | 41.6%           |
| Unknown  | 27           | 4.5%     | 2,168          | 5.7%     | 539              | 3.0%          | 98,506           | 3.9%          | 0.0%            |
| <b>Total</b>   | <b>595</b>   |          | <b>37,900</b>  |          | <b>17,913</b>    |               | <b>2,538,260</b> |               |                 |
| <b>2015</b>  |              |          |                |          |                  |               |                  |               |                 |
| <b>Borrower</b>  | <b>Bank</b>  |          |                |          | <b>Aggregate</b> |               |                  |               | <b>Fam.Dem.</b> |
| <b>Income</b>  | <b>#</b>     | <b>%</b> | <b>\$000's</b> | <b>%</b> | <b>#</b>         | <b>%</b>      | <b>\$000's</b>   | <b>%</b>      | <b>%</b>        |
| Low  | 88           | 15.2%    | 2,858          | 6.9%     | 1,614            | 8.1%          | 115,327          | 3.8%          | 19.3%           |
| Moderate   | 128          | 22.1%    | 5,060          | 12.2%    | 4,353            | 21.8%         | 479,670          | 15.9%         | 17.5%           |
| LMI  | 216          | 37.4%    | 7,918          | 19.1%    | 5,967            | 29.9%         | 594,997          | 19.7%         | 36.8%           |
| Middle   | 147          | 25.4%    | 7,524          | 18.1%    | 5,257            | 26.3%         | 715,621          | 23.7%         | 21.6%           |
| Upper  | 186          | 32.2%    | 22,444         | 54.1%    | 7,814            | 39.1%         | 1,522,885        | 50.4%         | 41.6%           |
| Unknown  | 29           | 5.0%     | 3,629          | 8.7%     | 925              | 4.6%          | 191,046          | 6.3%          | 0.0%            |
| <b>Total</b>   | <b>578</b>   |          | <b>41,515</b>  |          | <b>19,963</b>    |               | <b>3,024,549</b> |               |                 |
| <b>GRAND TOTAL</b>   |              |          |                |          |                  |               |                  |               |                 |
| <b>Borrower</b>  | <b>Bank</b>  |          |                |          | <b>Aggregate</b> |               |                  |               | <b>Fam.Dem.</b> |
| <b>Income</b>  | <b>#</b>     | <b>%</b> | <b>\$000's</b> | <b>%</b> | <b>#</b>         | <b>%</b>      | <b>\$000's</b>   | <b>%</b>      | <b>%</b>        |
| Low  | 192          | 16.4%    | 5,548          | 7.0%     |                  | 8.1%          |                  | 3.8%          |                 |
| Moderate   | 264          | 22.5%    | 9,992          | 12.6%    |                  | 21.3%         |                  | 15.5%         |                 |
| LMI  | 456          | 38.9%    | 15,540         | 19.6%    |                  | 29.4%         |                  | 19.3%         |                 |
| Middle   | 285          | 24.3%    | 14,055         | 17.7%    |                  | 26.4%         |                  | 23.6%         |                 |
| Upper  | 376          | 32.1%    | 44,023         | 55.4%    |                  | 40.4%         |                  | 51.9%         |                 |
| Unknown  | 56           | 4.8%     | 5,797          | 7.3%     |                  | 3.9%          |                  | 5.2%          |                 |
| <b>Total</b>   | <b>1,173</b> |          | <b>79,415</b>  |          |                  | <b>100.0%</b> |                  | <b>100.0%</b> |                 |

***Small Business Loans:***

CCTC's small business lending demonstrated an adequate distribution of loans among businesses of different revenue sizes.

During the evaluation period, CCTC originated 38.4% by number and 21.5% by dollar value of small business loans to businesses with gross annual revenue of \$1 million or less; however, CCTC trailed the aggregate's rates of 46.7% and 37.3%, respectively.

The following table provides a summary of the distribution of CCTC's small business loans by the revenue size of the business.

| <b>Distribution of Small Business Lending by Revenue Size of Business</b> |             |          |                |          |                  |          |                  |          |                 |
|---|-------------|----------|----------------|----------|------------------|----------|------------------|----------|-----------------|
| <b>2014</b>   |             |          |                |          |                  |          |                  |          |                 |
| <b>Rev. Size</b>  | <b>Bank</b> |          |                |          | <b>Aggregate</b> |          |                  |          | <b>Bus.Dem.</b> |
|   | <b>#</b>    | <b>%</b> | <b>\$000's</b> | <b>%</b> | <b>#</b>         | <b>%</b> | <b>\$000's</b>   | <b>%</b> | <b>%</b>        |
| Rev. <= \$1MM   | 85          | 35.7%    | 11,864         | 20.0%    | 6,520            | 43.2%    | 251,915          | 35.4%    | 70.1%           |
| Rev. > \$1MM  | 143         | 60.1%    | 42,290         | 71.2%    |                  |          |                  |          | 5.6%            |
| Rev. Unknown  | 10          | 4.2%     | 5,260          | 8.9%     |                  |          |                  |          | 24.3%           |
| <b>Total</b>  | <b>238</b>  |          | <b>59,414</b>  |          | <b>15,101</b>    |          | <b>711,064</b>   |          |                 |
| <b>2015</b>   |             |          |                |          |                  |          |                  |          |                 |
| <b>Rev. Size</b>  | <b>Bank</b> |          |                |          | <b>Aggregate</b> |          |                  |          | <b>Bus.Dem.</b> |
|   | <b>#</b>    | <b>%</b> | <b>\$000's</b> | <b>%</b> | <b>#</b>         | <b>%</b> | <b>\$000's</b>   | <b>%</b> | <b>%</b>        |
| Rev. <= \$1MM   | 114         | 40.7%    | 14,552         | 23.0%    | 7,563            | 50.1%    | 284,326          | 39.1%    | 72.2%           |
| Rev. > \$1MM  | 151         | 53.9%    | 44,796         | 70.8%    |                  |          |                  |          | 6.1%            |
| Rev. Unknown  | 15          | 5.4%     | 3,944          | 6.2%     |                  |          |                  |          | 21.6%           |
| <b>Total</b>  | <b>280</b>  |          | <b>63,292</b>  |          | <b>15,084</b>    |          | <b>727,671</b>   |          |                 |
| <b>GRAND TOTAL</b>  |             |          |                |          |                  |          |                  |          |                 |
| <b>Rev. Size</b>  | <b>Bank</b> |          |                |          | <b>Aggregate</b> |          |                  |          | <b>Bus.Dem.</b> |
|   | <b>#</b>    | <b>%</b> | <b>\$000's</b> | <b>%</b> | <b>#</b>         | <b>%</b> | <b>\$000's</b>   | <b>%</b> | <b>%</b>        |
| Rev. <= \$1MM   | 199         | 38.4%    | 26,416         | 21.5%    |                  | 46.7%    |                  | 37.3%    |                 |
| Rev. > \$1MM  | 294         | 56.8%    | 87,086         | 71.0%    |                  |          |                  |          |                 |
| Rev. Unknown  | 25          | 4.8%     | 9,204          | 7.5%     |                  |          |                  |          |                 |
| <b>Total</b>  | <b>518</b>  |          | <b>122,706</b> |          | <b>30,185</b>    |          | <b>1,438,735</b> |          |                 |

### Community Development Lending: "Outstanding"

During the evaluation period, CCTC originated \$24.8 million in new community development loans, and had \$8.6 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

CCTC's total community development loans resulted in an annualized ratio of community development loans to total average assets for the current evaluation period of 1.0%, which was an improvement from the 0.8% reported at the last evaluation. The majority of CCTC's total community development loans were for community services as shown in the table below.

| <b>Community Development Loans</b> |                               |               |   |              |
|------------------------------------|-------------------------------|---------------|---|--------------|
| <b>Purpose</b>                     | <b>This Evaluation Period</b> |               | <b>Outstandings from Prior Evaluation Periods</b> |              |
|                                    | <b># of Loans</b>             | <b>\$000</b>  | <b># of Loans</b>                                 | <b>\$000</b> |
| Affordable Housing                 | 5                             | 4,686         | 1   | 198          |
| Economic Development               | 2                             | 1540          | 2   | 418          |
| Community Services                 | 59                            | 18,256        | 23  | 8,001        |
| Revitalize and Stabilize           | 2                             | 350           | 1   | 9            |
| <b>Total</b>                       | <b>68</b>                     | <b>24,832</b> | <b>27</b>   | <b>8,626</b> |



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Below are highlights of CCTC's community development lending.

#### Affordable Housing

- CCTC made a \$2.5 million commercial loan to a private nonprofit mortgage finance company that provides construction and permanent financing for affordable multifamily housing across New York State. Its mission is to stabilize, strengthen and sustain low- and moderate-income communities by financing existing and building affordable rental housing.
- CCTC refinanced a \$1.2 million commercial mortgage loan with another bank. The loan is secured by a mortgage on a 46-unit (all one-bedrooms) Section 8, senior living community. Seniors over the age of 65 comprise approximately 18% of the area population and low-income senior housing is limited in the area.

#### Community Services

- CCTC renewed a \$100,000 line of credit to a private nonprofit agency located in a low-income census tract in Elmira, New York. The agency offers child development programs to help children reach their developmental potential.
- CCTC extended an unsecured \$100,000 line of credit to a private not-for-profit agency that offers child care program subsidies to qualified LMI individuals or families that reside or are employed in Chemung County. The agency's funding sources include the New York State's Office of Children and Family Services, NYS Department of Health, the City of Elmira, the Elmira Heights and the Horseheads school districts.

#### Revitalize and Stabilize

- CCTC participated in the amount of \$250,000, in a \$1.0 million line-of-credit, to a for-profit company. The company will acquire vacant and foreclosed tax delinquent properties and rehab these properties and sell them to owner-occupants. Therefore, returning them to the City of Schenectady's property tax roll and revitalizing and stabilizing economically depressed areas. The initial site is in a low-income census tract.

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

CCTC offered flexible lending products to assist first-time home buyers with low- and moderate-incomes.

- CCTC participates in the State of New York Mortgage Agency (SONYMA) first-time home buyer program. The program features low competitive interest rates, flexible underwriting guidelines, no prepayment penalties, low down payment requirements and down payment assistance.

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- CCTC offers Freddie Mac's first-time homebuyer program "Home Possible". The program provides for a low-down payment for low- and moderate-income homebuyers. The down payment requirements for a one family is 3% and 5% for a 1-4 family.
  - CCTC also participates in the Federal Home Loan Bank's ("FHLB") "First Home Club" program. The program provides down payment assistance to LMI borrowers by granting \$4 for every \$1 saved up to a maximum of \$7,500 in matched funds.

**INVESTMENT TEST:** "High Satisfactory"

*DFS evaluated CCTC's investment performance 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.*
- (4) The degree to which the qualified investments are not routinely provided by private investors.*

CCTC's community development investments were more than reasonable considering the assessment area's credit needs.

**Community Development Investments:** "High Satisfactory"

During the evaluation period, CCTC made \$ 16.9 million in new community development investments and had \$ 5.9 million outstanding from prior evaluation periods. Of the \$16.9 million of qualified community development investments made during the evaluation period \$3.2 million were made outside CCTC's assessment area, but in low- and moderate-income or distressed areas in neighboring counties. In addition, CCTC made approximately \$370,000 in community development grants. The level of community development investments and grants made by CCTC over the course of the evaluation period was more than reasonable.

Most of the investments were for revitalizing and stabilizing communities within CCTC's assessment area. CCTC primarily purchased bonds issued by local municipalities and school districts. The funds were mainly used for infrastructure and public education projects in low- and moderate-income and distressed communities.

| Community Development Investments and Grants |                        |               |  |              |
|--|------------------------|---------------|--|--------------|
|  | This Evaluation Period |               | Outstandings from Prior Evaluation Periods |              |
|  | # of Inv.              | \$000         | # of Inv.                                  | \$000        |
| CD Investments                               |                        |               |  |              |
| Affordable Housing                           |                        |               | 0  | -            |
| Economic Development                         |                        |               | 2  | 1,026        |
| Community Services                           | 8                      | 2,216         | 22   | 3,299        |
| Revitalize and Stabilize                     | 57                     | 14,765        | 9  | 1,623        |
| <b>Total</b>                                 | <b>65</b>              | <b>16,981</b> | <b>33</b>                                  | <b>5,948</b> |
|  |                        |               |  |              |
| CD Grants                                    | # of Grants            | \$000         | Not Applicable                             |              |
| Affordable Housing                           | 4                      | 2             |  |              |
| Economic Development                         | 3                      | 3             |  |              |
| Community Services                           | 125                    | 364           |  |              |
| Revitalize & Stabilize                       |                        |               |  |              |
| <b>Total</b>                                 | <b>132</b>             | <b>369</b>    |  |              |

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

- In 2015, CCTC purchased two municipal bonds in the amount of \$280,000 and \$610,000 issued by a local school district, in which 51% of the students qualify for the reduced or free lunch program.
- In 2014, CCTC invested in two municipal bonds in the amount of \$50,000 and \$90,000 issued by a local village with a high level of poverty. The funds were utilized for public improvements.
- CCTC made a grant of \$1,500 to a local school district, in which 51% of the students qualify for the reduced or free lunch program.

**Innovativeness of Community Development Investments:**

CCTC made rare use of innovative investments to support community development.

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

CCTC's community development investments exhibited adequate responsiveness to the assessment area's credit and community development needs.

**SERVICE TEST:** "Outstanding"

*DFS examiners evaluated CCTC's retail service performance pursuant to the following criteria:*

- (1) The current distribution of the banking institution's branches;*

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- (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.*

*Examiners evaluated CCTC's community development service performance 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 has an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems, particularly as they relate to LMI individuals.

#### *Current distribution of the banking institutions branches;*

CCTC's has an excellent distribution of branches within its assessment area.

CCTC operates 31 full-service banking offices in New York State, of which eight are in low- or moderate-income census tracts and two are in underserved or distressed census tracts as shown in the table below.

The branch offices are located in eleven counties as follows: seven in Chemung County; four each in Albany and Tompkins counties; three each in Broome, Steuben and Tioga counties; two each in Cayuga and Schuyler counties and one each in Cortland, Saratoga and Seneca counties.

Supplementing CCTC's banking offices is an Automated Teller Machine ("ATM") network with at least one 24-hour deposit taking ATM at each branch office. In addition, CCTC has ten off-site non-deposit taking ATMs, of which three are in LMI census tracts and one is accessible 24-hours.

| 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  |       |       | 2          |          | 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                         | 100%                              |
| 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>  | -     | 2     | 6          | 14       | 9       | 31      | 26%   | 2                         | 32%                               |

Record of opening and closing branches:

CCTC's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.

CCTC did not open or close any branch offices during the evaluation period.

Availability and effectiveness of alternative systems for delivering retail services:

CCTC's delivery systems are accessible to a significant portion of its assessment area, particularly LMI geographies and individuals.

CCTC alternative delivery systems include telephone banking, online banking, mobile banking and banking by mail and fax. These services allow the customer to make balance inquiries, fund transfers and loan payments, while online and mobile banking also offer bill payment services. Furthermore, customer service representatives are available for assistance Monday through Friday from 8:00 AM to 6:00 PM and Saturday from 9:00 AM to 1:00 PM.

Range of services provided:

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

Most branches offer hours of operation from 8:30AM or 9:00AM to 4:30PM or 5:00PM Monday through Friday. In addition, 20 branches offer Saturday hours (9:00 or 10:00AM to 12:00PM); however, both branches located in low-income census tracts do not offer Saturday hours. ATMs located at each branch are available 24-hours and allow for deposits, withdrawals, transfers and payments. Offsite ATMs offer fund transfer and cash

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withdrawal.

Below are highlights of CCTC's retail products that continue to benefit low- and moderate-income individuals or small businesses.

- CCTC offers the "Free Checking" account. The account requires a minimum deposit of \$25 to open and has no maintenance or per-check fee.
- CCTC offers young adults between the age of 18 and 25 the "Global 2.0 Checking" account designed to fit their active lifestyle. The account has no minimum balance requirement and no per-check fee; however, it has a \$10 per month fee if the customer does not receive e-Statements and makes at least five credit or signature debit card transactions during the statement cycle.
- The "Simple Business Checking" account is offered to small business owners. The account requires a minimum opening deposit of only \$25 and to avoid the maintenance fee of \$8 a month (\$12 if not enrolled in Business Banker & E-Statements) the consumer must maintain a minimum average available balance of \$500. The account also includes 300 free transactions per month.

### **Community Development Services: "Outstanding"**

CCTC was a leader in providing an excellent level of community development services.

CCTC's directors, senior management, management and staff personnel provided financial expertise and technical assistance as advisors, and board and committee members to several nonprofit organizations. These organizations serve the needs of LMI individuals and small businesses by supporting and providing affordable housing and promoting economic development throughout the bank's assessment area.

*Below are highlights of CCTC's community development services.*

- An executive vice president of CCTC serves as a member of the board of a public benefit corporation. The corporation's primary purpose is to promote prosperity and economic welfare throughout New York by providing small business loans to start-ups, minority- and women-owned businesses as well as mature businesses that may not qualify for traditional financing.
- A vice president of CCTC serves on the board of a local nonprofit organization that purchases and rehabilitates homes. The organization sells the homes at no profit to low- and moderate-income families.
- A vice president of CCTC educated children on the importance of saving money and good money management skills. The vice president also provided the children with a high-level overview of a bank's function. The event was held at a non-profit community based organization in a low-to-moderate income census tract.

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- Employees of CCTC also participated in several first-time home buying seminars about financial fitness and credit worthiness. As a part of the seminar they also discussed loan programs such as the FHLB's "First Home Club" and Freddie Mac's "Home Possible" first-time home buyer programs, which offer low down payments, down payment assistance, low interest rates and flexible underwriting criteria.

### **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**

CCTC has a CRA committee that includes officers and managers from across various business functions. The committee reviews and discusses CCTC's overall CRA performance as well as compliance with CRA laws, rules and regulations, and any special programs or products offered.

CCTC's board of directors ("board") has an active role in the oversight and review of CRA-related activities. The board is informed regularly of community investment projects, products and other related items. Board and committee minutes include discussions and reference presentations on CRA topics. The CRA officer also annually provides the board with the CRA self-assessment.

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

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

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

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

DFS examiners did not note 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.*

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CCTC's board, management and staff ascertain the credit needs of its community through active involvement in several local chambers of commerce and nonprofit organizations.

- *The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution*

CCTC markets and advertises its products to all segment of the community utilizing newspapers, direct mailings, lobby signage, website and via radio and television media.

**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**

CCTC, as noted earlier in the report, participates in several first-time homebuyer programs that have a low-down payment requirement and/or offer low down payment assistance.



## **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.