



**NEW YORK STATE  
DEPARTMENT OF FINANCIAL SERVICES  
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** September 30, 2016

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

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

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## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Tompkins Trust Company (“TTC”) prepared by the New York State Department of Financial Services (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 September 30, 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

TTC's performance was evaluated according to the large bank performance criteria pursuant to Part 76.12 of the General Regulations of the Superintendent ("GRS"). This evaluation period included calendar years 2014 and 2015 for HMDA and small business lending, while community development activities were evaluated through September 30, 2016. TTC is rated "1" indicating an "**Outstanding**" record of helping to meet community credit needs.

This rating is based on the following factors:

### LENDING TEST: "Outstanding"

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

#### Lending Activity: "High Satisfactory"

TTC'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.

During the evaluation period, TTC's average LTD ratio was 70.0% a slight increase from the 69.8% reported for the prior evaluation period, while it remained below its peer group average ratio of 80.5%.

#### Assessment Area Concentration: "Outstanding"

During the evaluation period, TTC originated 91.5% by number and 91.6% by dollar value of its HMDA-reportable and small business loans within its assessment area. This substantial majority of lending inside of its assessment area reflected an excellent concentration of lending.

#### Geographic Distribution of Loans: "Outstanding"

TTC's origination of loans in census tracts of varying income levels, demonstrated an excellent distribution of lending.

TTC's average rates of HMDA-reportable lending in LMI census tracts, for the evaluation period, exceeded the aggregate's rates and TTC's small businesses lending in LMI census tracts significantly exceeded the aggregate's rates.

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

TCC's HMDA-reportable and small business lending demonstrated a reasonable distribution of loans among borrowers of different income levels and businesses of

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different revenue sizes.

TTC's average rates of lending to low- and moderate-income borrowers, for the evaluation period, of 25.6% by number and 13.8% by dollar value trailed the aggregate's rates of 28.3% and 17.4% respectively. While, TTC's average rates of lending to small businesses with annual revenue of \$1 million or less of 57.1% by number and 48.4% by dollar value of loans compared favorably with its aggregate's rates of 46.5% and 39.3% respectively.

Community Development Lending: "Outstanding"

During the evaluation period, TTC originated \$41.7 million in new community development loans and had none outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

**INVESTMENT TEST: "High Satisfactory"**

During the evaluation period, TTC made \$2.5 million in new community development investments, and had 3.5 million outstanding from prior evaluation periods. In addition, TTC made \$323,023 in community development grants. This demonstrated a more than reasonable level of community development investments over the course of the evaluation period.

**SERVICE TEST: "High Satisfactory"**

Retail Banking Services: "Outstanding"

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

Community Development Services: "High Satisfactory"

TTC provided a relatively high level of community development services over the course of the evaluation period. Several bank officers, senior bank officers and members of executive management, served as active members on various boards and committees of local government agencies, nonprofits and community organizations located in TTC's assessment area.

*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 GRS.*

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## PERFORMANCE CONTEXT

### Institution Profile

TTC is a state chartered commercial bank headquartered in Ithaca, New York. TTC is a wholly-owned subsidiary of Tompkins Financial Corporation (“TFC”) a publicly held financial holding company. TFC also owns Mahopac Bank, Bank of Castile and VIST Bank as well as other subsidiaries that include wealth management and an insurance company.

TTC offers traditional banking services and products as well as investment and insurance services and products. Loan products include residential mortgage loans, home equity loans and lines-of-credit, consumer loans as well as small business loans, commercial mortgage loans, commercial and industrial and agricultural loans. TTC’s deposit products include personal and business checking and savings accounts, certificate of deposits and IRA accounts. It also offers cash management services for businesses and online and mobile banking.

Per the Consolidated Report of Condition (the Call Report) as of September 30, 2016, filed with the Federal Deposit Insurance Corporation (“FDIC”), TTC reported total assets of \$1.8 billion, of which \$1.1 billion were net loans and lease financing receivables. It also reported total deposits of \$1.5 billion, resulting in a loan-to-deposit ratio of 75.2%. Per the latest available comparative deposit data as of June 30, 2016, TTC obtained a market share of 36.5%, or \$1.4 billion in a market of \$3.9 billion, ranking it 1<sup>st</sup> among 16 deposit-taking institutions in the assessment area.

The following is a summary of the TTC’s loan portfolio, based on Schedule RC-C of the bank’s December 31, 2014, 2015 and September 30, 2016 Call Reports:

| <b>TOTAL GROSS LOANS OUTSTANDING</b>   |                |      |                  |      |                  |      |
|--|----------------|------|------------------|------|------------------|------|
| Loan Type                              | 2014           |      | 2015             |      | 9/30/2016        |      |
|  | \$000's        | %    | \$000's          | %    | \$000's          | %    |
| 1-4 Family Residential Mortgage        | 444,817        | 47.3 | 483,508          | 46.8 | 509,557          | 46.2 |
| Commercial & Industrial Loans          | 98,278         | 10.4 | 93,220           | 9.0  | 101,569          | 9.2  |
| Commercial Mortgage Loans              | 221,186        | 23.5 | 264,233          | 25.6 | 272,653          | 24.7 |
| Multifamily Mortgages                  | 58,507         | 6.2  | 61,439           | 5.9  | 69,459           | 6.3  |
| Consumer Loans                         | 30,529         | 3.2  | 30,296           | 2.9  | 27,580           | 2.5  |
| Agricultural Loans(1-4 family)         | 2,832          | 0.3  | 4,100            | 0.4  | 4,399            | 0.4  |
| Agricultural Loans (Production)        | 1,953          | 0.2  | 1,467            | 0.1  | 5,961            | 0.5  |
| Construction Loans                     | 35,905         | 3.8  | 45,076           | 4.4  | 61,036           | 5.5  |
| Obligations of States & Municipalities | 34,613         | 3.7  | 35,801           | 3.5  | 35,378           | 3.2  |
| Other Loans                            | 893            | 0.1  | 707              | 0.1  | 31               | 0.0  |
| Lease financing                        | 11,129         | 1.2  | 13,739           | 1.3  | 14,704           | 1.3  |
| <b>Total Gross Loans</b>               | <b>940,642</b> |      | <b>1,033,586</b> |      | <b>1,102,327</b> |      |

As illustrated in the above table, TTC is primarily a 1-4 family residential mortgage lender, with 52.5% of its loan portfolio in 1-4 family residential and multifamily loans, while commercial mortgage and commercial and industrial loans made up 33.9% of the loan portfolio.

TTC has fourteen branches within its assessment area. Of which ten branches are in Tompkins County and one branch each in Cayuga, Cortland, Onondaga and Schuyler counties. Supplementing TCC’s branch offices is an automated teller machine (“ATM”) network consisting of 28 machines. Each branch except the Kendal branch has at least one ATM and there are ten ATMs off-site.

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

**Assessment Area**

TTC’s assessment area is comprised of Cayuga, Cortland, Tompkins and Schuyler counties as well as a part of Onondaga County. The assessment area was expanded from the prior evaluation period to include part of Onondaga County due to TTC opening a new branch in this county.

The expansion of the assessment area increased the total number of census tracts from 60 to 94 census tracts and it increased the number of LMI census tracts as low-income census tracts increased from two to five and the number of moderate-income census tracts increased from four to seven. The table below shows the distribution of census tracts in TTC’s assessment area by county and income level.

| <b>Assessment Area Census Tracts by Income Level</b> |          |          |          |           |           |           |             |
|--|----------|----------|----------|-----------|-----------|-----------|-------------|
| County   | N/A      | Low      | Mod      | Middle    | Upper     | Total     | LMI %       |
| Cayuga   | 1        | 1        | 0        | 13        | 5         | 20        | 5.0         |
| Cortland   | 0        | 0        | 0        | 9         | 3         | 12        | 0.0         |
| *Onondaga  | 0        | 3        | 3        | 12        | 16        | 34        | 17.6        |
| Tompkins   | 1        | 1        | 4        | 11        | 6         | 23        | 21.7        |
| Schuyler   | 0        | 0        | 0        | 4         | 1         | 5         | 0.0         |
| <b>Total</b>   | <b>2</b> | <b>5</b> | <b>7</b> | <b>49</b> | <b>31</b> | <b>94</b> | <b>12.8</b> |

*\*Partial*

**Demographic & Economic Data**

The assessment area had a population of 368,198 during the examination period.

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About 13.4% of the population were over the age of 65 and 17.4% were under the age of sixteen.

Of the 86,126 families in the assessment area 16.7% were low-income, 17.0% were moderate-income, 21.4% were middle-income and 45.0% were upper-income families. There were 142,799 households in the assessment area, of which 13.3% had income below the poverty level and 2.2% were on public assistance.

The weighted average median family income in the assessment area was \$69,984.

There were 158,731 housing units within the assessment area, of which 78.5% were one-to-four family units, and 13.5% were multifamily units, 59.7% of the area's housing units were owner-occupied, while 30.3% were rental units. Of the 94,692 owner-occupied housing units, 6.5% were in low- and moderate-income census tracts while 93.5% were in middle- and upper-income census tracts. The median age of the housing stock was 57 years, and the median home value in the assessment area was \$135,043.

There were 21,619 non-farm businesses in the assessment area. Of these, 74.5% were businesses with reported revenues of less than or equal to \$1 million, 6.2% reported revenues of more than \$1 million and 19.3% did not report their revenues. Of all the businesses in the assessment area, 88.0% were businesses with less than fifty employees while 86.3% operated from a single location. The largest industries in the assessment area were Services 49.2% followed by Retail Trade 14.09% and 3.7% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rates for New York State declined from year-end 2014 to September 2016. The same was true for the average unemployment rates for each of the counties in the assessment area. Schuyler County continually had the highest unemployment rate during the period, while Tompkins County continually had the lowest rate.

| <b>Assessment Area Unemployment Rate</b> |           |        |          |          |          |          |
|--|-----------|--------|----------|----------|----------|----------|
|  | Statewide | Cayuga | Cortland | Onondaga | Tompkins | Schuyler |
| <b>2014 average</b>                      | 6.3       | 6      | 6.5      | 5.5      | 4.4      | 7.0      |
| <b>2015 average</b>                      | 5.3       | 5.3    | 5.9      | 4.9      | 4.4      | 6.6      |
| <b>2016(average for 9 first months)</b>  | 4.9       | 5.1    | 5.7      | 4.5      | 4.2      | 6.0      |

### **Community Information**

The community contact interviewed for this evaluation is a member of the management of a nonprofit organization that is dedicated to helping low- and moderate-income individuals and families to find and stay in high-quality housing. The



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organization provides low-interest loans to first-time homeowners and home repair services to seniors, it also rehabilitates old homes and manages rental units. The organization is based in the City of Ithaca and serves both the City, Tompkins County and six surrounding counties.

The interviewee identified affordable housing and down-payment assistance to first-time homebuyers as needs and noted other economic issues that impact the community such as the need to attract and retain businesses. The interviewee had a favorable opinion of TTC in meeting the credit needs of the community including low-to moderate-income individuals and families.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS evaluated TTC under the large bank's performance standards in accordance with Parts 76.7, 76.8, 76.9 and 76.10 of the GRS which consist of the lending, investment and service tests. DFS also considered the following factors in assessing the bank's record of performance:*

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

*Finally, the evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which TTC helps to meet the credit needs of its entire community.*

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

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

This evaluation period included calendar years 2014 and 2015 for HMDA and small business lending, while community development activities were evaluated through September 30, 2016.

Examiners considered TTC's small business and HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test noted below. Since TTC made very few small farm loans, examiners analyzed business lending based only on small business lending.

TTC's HMDA-reportable loans made up 48.5% by number and 55.1% by dollar value of all loans originated within the assessment area, while small business loans made up the other 51.5% and 44.9%, respectively. As a result, examiners gave equal weight to HMDA-reportable and small business lending in the lending test for this evaluation.

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At its **prior** Performance Evaluation, as of December 31, 2013, DFS assigned TTC a rating of “1”, reflecting an “Outstanding” record of helping to meet community credit needs.

**Current CRA Rating: “Outstanding”**

**LENDING TEST:** “Outstanding””

*DFS evaluated TTC’s lending performance pursuant to the following criteria:*

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

TTC’s small business and HMDA-reportable lending activities were excellent considering TTC’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”**

TTC’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.

During the evaluation period, TTC’s average LTD ratio was 70.0% a slight increase from the 69.8% reported for the prior evaluation period, but below its peer group average ratio of 80.5%.

During the evaluation period TTC ranked third in HMDA-reportable lending in its assessment area in 2014 and 2015 out of 230 lenders and 180 lenders, respectively. TTC ranked ninth in small business lending in 2014 and 2015 out of 67 and 73 lenders, respectively. This represented a slight decline in both areas of lending from the prior evaluation period in which TTC ranked second in HMDA-reportable lending and fourth in small business lending.

The table below shows TTC’s LTD ratios in comparison with the peer group’s ratios for the eleven quarters since the prior evaluation.

| <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 | 2016<br>Q2 | 2016<br>Q3 | Avg. |
| Bank                          | 67.7       | 68.1       | 67.3       | 68.4       | 65.6       | 70.5       | 71.1       | 71.7       | 70.4       | 74.3       | 75.2       | 70.0 |
| Peer                          | 75.7       | 78.4       | 79.0       | 79.7       | 78.9       | 81.0       | 81.7       | 81.9       | 81.4       | 83.7       | 83.8       | 80.5 |

**Assessment Area Concentration:** “Outstanding”

TTC originated 91.5% by number and 91.6% by dollar value of its HMDA-reportable and small business lending during the evaluation period within the assessment area. This substantial majority of lending inside of its assessment area reflected an excellent concentration of lending.

**HMDA-Reportable Loans:**

During the evaluation period, TTC originated 91.0% by number and 93.3% by dollar value of HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area reflected an excellent concentration of lending.

**Small Business Loans:**

During the evaluation period, TTC originated 92.0% by number and 89.6% by dollar value of small business loans within the assessment area. This substantial majority of lending inside of its assessment area reflected an excellent concentration of lending.

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

| Distribution of Loans Inside and Outside of the Assessment Area |                 |              |            |             |              |                                 |              |               |              |                |
|---|-----------------|--------------|------------|-------------|--------------|---------------------------------|--------------|---------------|--------------|----------------|
| Loan Type   | Number of Loans |              |            |             |              | Loans in Dollars (in thousands) |              |               |              |                |
|   | Inside          |              | Outside    |             | Total        | Inside                          |              | Outside       |              | Total          |
|   | #               | %            | #          | %           |              | \$                              | %            | \$            | %            |                |
| HMDA-Reportable   |                 |              |            |             |              |                                 |              |               |              |                |
| 2014  | 390             | 92.0%        | 34         | 8.0%        | 424          | 69,834                          | 92.1%        | 6,012         | 7.9%         | 75,846         |
| 2015  | 399             | 90.1%        | 44         | 9.9%        | 443          | 98,460                          | 94.2%        | 6,086         | 5.8%         | 104,546        |
| <b>Subtotal</b>   | <b>789</b>      | <b>91.0%</b> | <b>78</b>  | <b>9.0%</b> | <b>867</b>   | <b>168,294</b>                  | <b>93.3%</b> | <b>12,098</b> | <b>6.7%</b>  | <b>180,392</b> |
| Small Business  |                 |              |            |             |              |                                 |              |               |              |                |
| 2014  | 398             | 91.5%        | 37         | 8.5%        | 435          | 70,068                          | 89.9%        | 7,877         | 10.1%        | 77,945         |
| 2015  | 439             | 92.4%        | 36         | 7.6%        | 475          | 67,878                          | 89.3%        | 8,102         | 10.7%        | 75,980         |
| <b>Subtotal</b>   | <b>837</b>      | <b>92.0%</b> | <b>73</b>  | <b>8.0%</b> | <b>910</b>   | <b>137,946</b>                  | <b>89.6%</b> | <b>15,979</b> | <b>10.4%</b> | <b>153,925</b> |
| <b>Grand Total</b>  | <b>1,626</b>    | <b>91.5%</b> | <b>151</b> | <b>8.5%</b> | <b>1,777</b> | <b>306,240</b>                  | <b>91.6%</b> | <b>28,077</b> | <b>8.4%</b>  | <b>334,317</b> |

**Geographic Distribution of Loans:** “Outstanding”

TTC’s origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

HMDA-Reportable Loans:

The distribution of TTC's HMDA-reportable loans by the income level of the geography was excellent.

TTC's average rate of lending to LMI census tracts of 8.7% by number and 8.9% by dollar value exceeded its aggregate's rates of 6.4% by number and 4.4% by dollar value of loans. TTC's performance in lending in LMI geographies was due to its performance in moderate-income census tracts where it exceeded the aggregate's rates each year of the evaluation period.

The following table provides a summary of the distribution of TTC's HMDA-reportable loans by the income level of the geography.

| Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract |            |       |                |       |               |       |                  |       |        |
|--|------------|-------|----------------|-------|---------------|-------|------------------|-------|--------|
| 2014   |            |       |                |       |               |       |                  |       |        |
| Geographic Income  | Bank       |       |                |       | Aggregate     |       |                  |       | OO HUs |
|  | #          | %     | \$000's        | %     | #             | %     | \$000's          | %     | %      |
| Low  | 0          | 0.0%  | 0              | 0.0%  | 63            | 1.1%  | 5,227            | 0.6%  | 1.4%   |
| Moderate   | 33         | 8.5%  | 4,839          | 6.9%  | 312           | 5.4%  | 30,718           | 3.5%  | 5.1%   |
| LMI  | 33         | 8.5%  | 4,839          | 6.9%  | 375           | 6.5%  | 35,945           | 4.1%  | 6.5%   |
| Middle   | 233        | 59.7% | 34,211         | 49.0% | 3,322         | 57.2% | 336,990          | 38.3% | 57.8%  |
| Upper  | 124        | 31.8% | 30,784         | 44.1% | 2,109         | 36.3% | 507,312          | 57.6% | 35.7%  |
| Unknown  | 0          | 0.0%  | 0              | 0.0%  | 1             | 0.0%  | 195              | 0.0%  | 0.0%   |
| <b>Total</b>   | <b>390</b> |       | <b>69,834</b>  |       | <b>5,807</b>  |       | <b>880,442</b>   |       |        |
| 2015   |            |       |                |       |               |       |                  |       |        |
| Geographic Income  | Bank       |       |                |       | Aggregate     |       |                  |       | OO HUs |
|  | #          | %     | \$000's        | %     | #             | %     | \$000's          | %     | %      |
| Low  | 1          | 0.3%  | 71             | 0.1%  | 71            | 1.1%  | 4,068            | 0.5%  | 1.4%   |
| Moderate   | 35         | 8.8%  | 9,990          | 10.1% | 324           | 5.2%  | 43,595           | 5.0%  | 5.1%   |
| LMI  | 36         | 9.0%  | 10,061         | 10.2% | 395           | 6.4%  | 47,663           | 5.5%  | 6.5%   |
| Middle   | 240        | 60.2% | 38,505         | 39.1% | 3,522         | 57.0% | 389,560          | 44.8% | 57.8%  |
| Upper  | 123        | 30.8% | 49,894         | 50.7% | 2,267         | 36.7% | 432,907          | 49.8% | 35.7%  |
| Unknown  | 0          | 0.0%  | 0              | 0.0%  | 0             | 0.0%  | 0                | 0.0%  | 0.0%   |
| <b>Total</b>   | <b>399</b> |       | <b>98,460</b>  |       | <b>6,184</b>  |       | <b>870,130</b>   |       |        |
| Geographic Income  | Bank       |       |                |       | Aggregate     |       |                  |       | OO HUs |
|  | #          | %     | \$000's        | %     | #             | %     | \$000's          | %     | %      |
| Low  | 1          | 0.1%  | 71             | 0.0%  | 134           | 1.1%  | 9,295            | 0.5%  |        |
| Moderate   | 68         | 8.6%  | 14,829         | 8.8%  | 636           | 5.3%  | 74,313           | 4.2%  |        |
| LMI  | 69         | 8.7%  | 14,900         | 8.9%  | 770           | 6.4%  | 83,608           | 4.8%  |        |
| Middle   | 473        | 59.9% | 72,716         | 43.2% | 6,844         | 57.1% | 726,550          | 41.5% |        |
| Upper  | 247        | 31.3% | 80,678         | 47.9% | 4,376         | 36.5% | 940,219          | 53.7% |        |
| Unknown  | 0          | 0.0%  | 0              | 0.0%  | 1             | 0.0%  | 195              | 0.0%  |        |
| <b>Total</b>   | <b>789</b> |       | <b>168,294</b> |       | <b>11,991</b> |       | <b>1,750,572</b> |       |        |

Small Business Loans:

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

TTC's average rates of lending in LMI geographies of 28.4% by number and 25.2% by dollar value of loans for the evaluation period, significantly exceeded the aggregate's rates of 10.9% and 11.5%, respectively. Furthermore, TTC's annual rates of lending to small businesses in LMI geographies more than doubled the rates of the aggregate and the percentage of small businesses located in LMI geographies (business demographics), each year of the evaluation period.

The following chart provides a summary of the TTC's small business lending distribution based on the income level of the geography.

| <b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b> |             |          |                |          |                  |          |                |          |                 |
|--|-------------|----------|----------------|----------|------------------|----------|----------------|----------|-----------------|
| <b>2014</b>  |             |          |                |          |                  |          |                |          |                 |
| <b>Geographic Income</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>        |
| Low  | 11          | 2.7%     | 3,776          | 5.3%     | 128              | 2.3%     | 8,810          | 3.3%     | 2.4%            |
| Moderate   | 101         | 24.6%    | 13,686         | 19.2%    | 472              | 8.7%     | 21,968         | 8.3%     | 8.9%            |
| LMI  | 112         | 27.3%    | 17,462         | 24.6%    | 600              | 11.0%    | 30,778         | 11.6%    | 11.3%           |
| Middle   | 193         | 47.1%    | 34,672         | 48.8%    | 2,960            | 54.3%    | 150,613        | 56.9%    | 55.0%           |
| Upper  | 105         | 25.6%    | 18,974         | 26.7%    | 1,887            | 34.6%    | 83,090         | 31.4%    | 33.6%           |
| Unknown  | 0           | 0.0%     | 0              | 0.0%     | 5                | 0.1%     | 19             | 0.0%     | 0.1%            |
| <b>Total</b>   | <b>410</b>  |          | <b>71,108</b>  |          | <b>5,452</b>     |          | <b>264,500</b> |          |                 |
| <b>2015</b>  |             |          |                |          |                  |          |                |          |                 |
| <b>Geographic Income</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>        |
| Low  | 9           | 2.0%     | 2,008          | 2.9%     | 125              | 2.3%     | 6,740          | 2.5%     | 2.5%            |
| Moderate   | 126         | 27.4%    | 15,991         | 23.0%    | 461              | 8.5%     | 23,513         | 8.9%     | 8.8%            |
| LMI  | 135         | 29.3%    | 17,999         | 25.9%    | 586              | 10.8%    | 30,253         | 11.4%    | 11.3%           |
| Middle   | 225         | 48.9%    | 34,265         | 49.2%    | 3,012            | 55.6%    | 149,620        | 56.5%    | 55.1%           |
| Upper  | 100         | 21.7%    | 17,343         | 24.9%    | 1,816            | 33.5%    | 84,900         | 32.1%    | 33.6%           |
| Unknown  | 0           | 0.0%     | 0              | 0.0%     | 1                | 0.0%     | 8              | 0.0%     | 0.1%            |
| <b>Total</b>   | <b>460</b>  |          | <b>69,607</b>  |          | <b>5,415</b>     |          | <b>264,781</b> |          |                 |
| <b>GRAND TOTAL</b>   |             |          |                |          |                  |          |                |          |                 |
| <b>Geographic Income</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>        |
| Low  | 20          | 2.3%     | 5,784          | 4.1%     | 253              | 2.3%     | 15,550         | 2.9%     |                 |
| Moderate   | 227         | 26.1%    | 29,677         | 21.1%    | 933              | 8.6%     | 45,481         | 8.6%     |                 |
| LMI  | 247         | 28.4%    | 35,461         | 25.2%    | 1,186            | 10.9%    | 61,031         | 11.5%    |                 |
| Middle   | 418         | 48.0%    | 68,937         | 49.0%    | 5,972            | 55.0%    | 300,233        | 56.7%    |                 |
| Upper  | 205         | 23.6%    | 36,317         | 25.8%    | 3,703            | 34.1%    | 167,990        | 31.7%    |                 |
| Unknown  | 0           | 0.0%     | 0              | 0.0%     | 6                | 0.1%     | 27             | 0.0%     |                 |
| <b>Total</b>   | <b>870</b>  |          | <b>140,715</b> |          | <b>10,867</b>    |          | <b>529,281</b> |          |                 |

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

TCC's HMDA-reportable and small business lending demonstrated a reasonable

distribution of loans among borrowers of different income levels and businesses of different revenue sizes.

HMDA-Reportable Loans:

TTC's HMDA-reportable loans demonstrated a reasonable distribution of loans among borrowers of different income levels.

TTC's average rates of lending to LMI borrowers of 25.6% by number and 13.8% by dollar value trailed the aggregate's rates of 28.3% and 17.4% respectively. Both TTC's and the aggregate rates of lending were below the 33.7% of LMI families (family demographics) living in the assessment area.

The following table provides a summary of the distribution of TTC's 1-4 family HMDA-reportable loans by borrower income

| <b>Distribution of 1-4 Family Loans by Borrower Income</b> |             |          |                |          |                  |          |                  |          |                 |
|--|-------------|----------|----------------|----------|------------------|----------|------------------|----------|-----------------|
| <b>2014</b>  |             |          |                |          |                  |          |                  |          |                 |
| <b>Borrower Income</b>                                     | <b>Bank</b> |          |                |          | <b>Aggregate</b> |          |                  |          | <b>Fam.Dem.</b> |
|  | <b>#</b>    | <b>%</b> | <b>\$000's</b> | <b>%</b> | <b>#</b>         | <b>%</b> | <b>\$000's</b>   | <b>%</b> | <b>%</b>        |
| Low  | 29          | 8.0%     | 2,219          | 3.5%     | 466              | 8.5%     | 26,148           | 3.9%     | 16.7%           |
| Moderate   | 62          | 17.1%    | 6,891          | 10.7%    | 1,104            | 20.1%    | 93,089           | 14.0%    | 17.0%           |
| LMI  | 91          | 25.1%    | 9,110          | 14.2%    | 1,570            | 28.6%    | 119,237          | 17.9%    | 33.7%           |
| Middle   | 81          | 22.4%    | 10,776         | 16.8%    | 1,403            | 25.6%    | 142,738          | 21.4%    | 21.4%           |
| Upper  | 166         | 45.9%    | 34,275         | 53.4%    | 2,369            | 43.1%    | 373,301          | 56.0%    | 44.9%           |
| Unknown  | 24          | 6.6%     | 10,054         | 15.7%    | 149              | 2.7%     | 30,897           | 4.6%     |                 |
| <b>Total</b>   | <b>362</b>  |          | <b>64,215</b>  |          | <b>5,491</b>     |          | <b>666,173</b>   |          |                 |
| <b>2015</b>  |             |          |                |          |                  |          |                  |          |                 |
| <b>Borrower Income</b>                                     | <b>Bank</b> |          |                |          | <b>Aggregate</b> |          |                  |          | <b>Fam.Dem.</b> |
|  | <b>#</b>    | <b>%</b> | <b>\$000's</b> | <b>%</b> | <b>#</b>         | <b>%</b> | <b>\$000's</b>   | <b>%</b> | <b>%</b>        |
| Low  | 27          | 7.2%     | 2,542          | 3.3%     | 473              | 8.0%     | 27,558           | 3.7%     | 16.7%           |
| Moderate   | 70          | 18.8%    | 7,921          | 10.3%    | 1,180            | 20.1%    | 98,461           | 13.2%    | 17.0%           |
| LMI  | 97          | 26.0%    | 10,463         | 13.5%    | 1,653            | 28.1%    | 126,019          | 16.9%    | 33.7%           |
| Middle   | 75          | 20.1%    | 10,109         | 13.1%    | 1,467            | 24.9%    | 153,524          | 20.6%    | 21.4%           |
| Upper  | 173         | 46.4%    | 41,147         | 53.3%    | 2,585            | 43.9%    | 424,163          | 57.0%    | 44.9%           |
| Unknown  | 28          | 7.5%     | 15,550         | 20.1%    | 178              | 3.0%     | 40,550           | 5.4%     |                 |
| <b>Total</b>   | <b>373</b>  |          | <b>77,269</b>  |          | <b>5,883</b>     |          | <b>744,256</b>   |          |                 |
| <b>Borrower Income</b>                                     | <b>Bank</b> |          |                |          | <b>Aggregate</b> |          |                  |          | <b>Fam.Dem.</b> |
|  | <b>#</b>    | <b>%</b> | <b>\$000's</b> | <b>%</b> | <b>#</b>         | <b>%</b> | <b>\$000's</b>   | <b>%</b> | <b>%</b>        |
| Low  | 56          | 7.6%     | 4,761          | 3.4%     | 939              | 8.3%     | 53,706           | 3.8%     |                 |
| Moderate   | 132         | 18.0%    | 14,812         | 10.5%    | 2,284            | 20.1%    | 191,550          | 13.6%    |                 |
| LMI  | 188         | 25.6%    | 19,573         | 13.8%    | 3,223            | 28.3%    | 245,256          | 17.4%    |                 |
| Middle   | 156         | 21.2%    | 20,885         | 14.8%    | 2,870            | 25.2%    | 296,262          | 21.0%    |                 |
| Upper  | 339         | 46.1%    | 75,422         | 53.3%    | 4,954            | 43.6%    | 797,464          | 56.5%    |                 |
| Unknown  | 52          | 7.1%     | 25,604         | 18.1%    | 327              | 2.9%     | 71,447           | 5.1%     |                 |
| <b>Total</b>   | <b>735</b>  |          | <b>141,484</b> |          | <b>11,374</b>    |          | <b>1,410,429</b> |          |                 |

Small Business Loans:

The distribution of small business loans based on the revenue size of the business demonstrated a more than reasonable rate of lending to businesses of different revenue sizes.

TTC's average rates of lending to small businesses with annual revenue of \$1 million or less of 57.1% by number and 48.4% by dollar value of loans compared favorably with its aggregate's rates of 46.5% and 39.3% respectively. Both TTC's and the aggregate's rates were below the percentage of small businesses (business demographics) with annual revenue of \$1 million or less located within the assessment area.

The following table provides a summary of the distribution of TTC'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  | 222         | 55.8%    | 30,117         | 43.0%    | 2,337            | 42.9%    | 100,616        | 38.0%    | 70.4%           |
| Rev. > \$1MM  | 162         | 40.7%    | 36,985         | 52.8%    | 3,115            | 57.1%    | 163,884        | 62.0%    | 6.0%            |
| Rev. Unknown  | 14          | 3.5%     | 2,966          | 4.2%     | 0                | 0.0%     | 0              | 0.0%     | 23.7%           |
| <b>Total</b>  | <b>398</b>  |          | <b>70,068</b>  |          | <b>5,452</b>     |          | <b>264,500</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  | 256         | 58.3%    | 36,606         | 53.9%    | 2,711            | 50.1%    | 107,302        | 40.5%    | 74.5%           |
| Rev. > \$1MM  | 158         | 36.0%    | 27,779         | 40.9%    | 2,704            | 49.9%    | 157,479        | 59.5%    | 6.2%            |
| Rev. Unknown  | 25          | 5.7%     | 3,493          | 5.1%     | 0                | 0.0%     | 0              | 0.0%     | 19.3%           |
| <b>Total</b>  | <b>439</b>  |          | <b>67,878</b>  |          | <b>5,415</b>     |          | <b>264,781</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  | 478         | 57.1%    | 66,723         | 48.4%    | 5,048            | 46.5%    | 207,918        | 39.3%    |                 |
| Rev. > \$1MM  | 320         | 38.2%    | 64,764         | 46.9%    | 5,819            | 53.5%    | 321,363        | 60.7%    |                 |
| Rev. Unknown  | 39          | 4.7%     | 6,459          | 4.7%     | 0                | 0.0%     | 0              | 0.0%     |                 |
| <b>Total</b>  | <b>837</b>  |          | <b>137,946</b> |          | <b>10,867</b>    |          | <b>529,281</b> |          |                 |

Community Development Lending: "Outstanding"

During the evaluation period, TTC originated \$41.7 million in new community development loans and had none outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of



the evaluation period.

The level of TTC's community development loans originated during the current evaluation period (2.75 years) represented an increase of \$2.0 million over the \$39.7 million originated during the prior evaluation period (4.0 years).

| Community Development Loans      |                        |               |  |          |
|----------------------------------|------------------------|---------------|--|----------|
| Purpose                          | This Evaluation Period |               | Outstandings from Prior Evaluation Periods |          |
|                                  | # of Loans             | \$000         | # of Loans                                 | \$000    |
| Affordable Housing               | 3                      | 2,400         | 0  | 0        |
| Economic Development             | 1                      | 1,300         | 0  | 0        |
| Community Services               | 11                     | 20,572        | 0  | 0        |
| Other (Revitalize and Stabilize) | 7                      | 17,413        | 0  | 0        |
| <b>Total</b>                     | <b>22</b>              | <b>41,685</b> | <b>0</b>                                   | <b>0</b> |

Below are highlights of TTC's community development lending:

Affordable Housing

- TTC annually renewed (three times) a \$800,000 line-of-credit for a total amount of \$2.4 million to a nonprofit organization. The organization supports high quality housing for people of modest income. It accomplishes its goal by providing low-interest loans to first-time homebuyers, rehabbing old homes, providing home-repair assistance to seniors, building new certified green houses and managing well maintained and affordable rental units.

Economic Development

- TTC extended a loan for \$1.3 million to rebuild a restaurant located in a moderate-income census tract. The restaurant was destroyed when a tractor trailer drove into it.

Community Services

- TTC annually renewed (three years) a line-of-credit of \$3.5 million for a total of \$10.5 million during the evaluation period as well as a \$3.5 million and a \$2.0 million loan for a total of \$15.5 million in qualified community development loans to a non-profit organization. The organization is licensed by New York State Office of Children and Family Services and provides a safe and caring residential treatment environment for at-risk youths and young adults via therapeutic, clinical and medical care. Further, the organization is accredited by the New York State Department of Education and provides educational services to youths in its residential program.

Revitalize/ Stabilize

- TTC approved seven loans totaling \$17.4 million to two for-profit organizations located in Tompkins County. The loans helped to create jobs, educate students, and revitalize and stabilize moderate- and middle-income census tracts in which

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the organizations were located. The middle-income census tract was designated an empire zone, which allows for tax credits and exemptions to eligible businesses to foster and maintain jobs in economically depressed areas.

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

TTC participates in several flexible and innovative lending programs, some of which are highlighted below:

- State of New York Mortgage Agency (“SONYMA”) – TTC offers SONYMA’s Low Interest Rate and Achieving the Dream Mortgage products, which offer financing to first-time homebuyers to purchase 1-4 family properties. However, homebuyers are subject to household income limits. The interest rates for both products are typically below market rates, offer down-payment assistance and up to 97% loan-to-value. During the evaluation period TTC originated nine SONYMA mortgage loans for \$1.9 million.
- First Home Club - A program offered in conjunction with the Federal Home Loan Bank (“FHLB”) of NY. The program is available to qualified buyers who meet the FHLB’s definition of a first-time homebuyer. The program provides down-payment assistance via a 4:1 matched funding of up to \$7500 in an established savings account. In 2014 and 2015, TTC enrolled 27 potential first-time homebuyers in the program.
- Federal Housing Administration (“FHA”) Mortgages - TTC offers flexible, low-down-payment mortgages using the FHA mortgage product that has no income or location limitations. The program is available to anyone that credit qualifies for it. TTC granted 16 loans for \$1.8 million in this program during the evaluation period.
- Community One Program – This program is available for owner-occupied 1-2 family home purchase transactions. Eligible borrowers are subject to income limits of 80% of the HUD median income for the area. The program does not require mortgage insurance, debt ratio up to 41%, reduced fees and low down-payment requirements. During the evaluation period, TTC extended 82 mortgages for a total of \$9.2 million through the program.
- United States Department of Agriculture (“USDA”) Guaranteed Loan Program – TTC offers the USDA loan program, which includes 100% financing, not limited to first-time homebuyers, no or small down-payment; however, property must be single family home and located in an eligible area as verified by the USDA. During the evaluation period, TTC originated four loans totaling \$595,000 in this program.
- Small Business Administration (“SBA”) loan products – TTC originated 14 SBA loans for a total of \$2.1 million during the evaluation period, which included the SBA 504 loan program administered by the New York Business Development

Corporation. The 504-loan program provides financing for real estate and fixed-assets with lower down-payment and longer terms.

**INVESTMENT TEST:** “High Satisfactory”

*DFS evaluated TTC’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.*

TTC’s community development investments were more than reasonable considering the assessment area’s credit needs.

**Community Development Investments:** “High Satisfactory”

During the evaluation period, TTC made \$2.5 million in new community development investments, and had 3.5 million outstanding from prior evaluation periods. In addition, TTC made \$323,023 in community development grants. This demonstrated a more than reasonable level of community development investments over the course of the evaluation period.

TTC’s total qualified community development investments of \$6.0 million (annualized 2.2 million) for the evaluation period (2.75 years) were below its prior evaluation period’s (4.0 years) qualified investments of \$10.4 million (annualized \$2.6 million).

| Community Development Investments and Grants |                        |                 |  |              |
|--|------------------------|-----------------|--|--------------|
|  | This Evaluation Period |                 | Outstandings from Prior Evaluation Periods |              |
| CD Investments                               | # of Inv.              | \$000           | # of Inv.                                  | \$000        |
| Affordable Housing                           | 3                      | \$ 2,250        | 10   | 3,536        |
| Economic Development                         |                        |                 |  |              |
| Community Services                           | 1                      | \$ 254          |  |              |
| Other (Please Specify)                       |                        |                 |  |              |
| <b>Total</b>                                 | <b>2</b>               | <b>\$ 2,504</b> | <b>10</b>                                  | <b>3,536</b> |
|  |                        |                 |  |              |
| CD Grants                                    | # of Grants            | \$000           | Not Applicable                             |              |
| Affordable Housing                           | 3                      | \$ 40           |  |              |
| Economic Development                         | 2                      | \$ 5            |  |              |
| Community Services                           | 26                     | \$ 242          |  |              |
| Revitalize and Stabilize                     | 1                      | \$ 36           |  |              |
| <b>Total</b>                                 | <b>32</b>              | <b>\$ 323</b>   |  |              |

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Below are highlights of TTC's community development investments.

- TTC purchased a local school districts municipal bond in the amount of \$253,749. The majority of the students in the school district are economically disadvantaged.
- TTC purchased three bonds issued in the total amount of \$2.5 million by a local urban renewal agency that works to improve the economic, social, and physical characteristics of its city's LMI neighborhoods. The agency administers the city's HUD entitlement grants; loans for affordable housing and the sale of land for urban renewal projects.

Below are highlights of TTC's community development grants.

- TTC made three grants totaling \$175,273 to a nonprofit organization that uses the grants it receives to donate to local community organizations that help people meet their immediate basic needs and create lasting change by strengthening three building blocks for a better life: education, financial stability and health.
- TTC made a \$40,000 grant to a local nonprofit organization that provides affordable housing to low- and moderate-income individuals and families as well as low-interest loans to first-time home buyers and home-repair assistance to seniors.
- TTC made a \$36,000 grant to a not-for-profit organization involved in the revitalization, development and promotion of the downtown area of Ithaca to attract and retain various businesses as well as create employment opportunities.

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

TTC's did not use innovative investments to support community development.

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

TTC community development investments exhibited more than reasonable responsiveness to the assessment area's credit and community development needs.

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**SERVICE TEST:** “High Satisfactory”

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

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

DFS evaluated TTC’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”

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

Current distribution of the banking institution’s branches:

TTC has an excellent distribution of branches within its assessment area.

TTC has fourteen branches within its assessment area, of which ten branches are in Tompkins County and one branch each is in Cayuga, Cortland, Onondaga and Schuyler counties. Of the fourteen branches three are in moderate-income census tracts; thus, 21.4% of TTC’s branches are in LMI census tracts which is well above the percentage of (12.8%) LMI census tracts in the assessment area. In addition, the branch in Schuyler County is located in a middle-income census tract in a non-metropolitan area designated as underserved or distressed.

| Distribution of Branches within the Assessment Area |       |       |            |          |         |         |       |                           |                                   |
|---|-------|-------|------------|----------|---------|---------|-------|---------------------------|-----------------------------------|
| County  | N/A # | Low # | Moderate # | Middle # | Upper # | Total # | LMI % | Distressed or Underserved | LMI and Distressed or Underserved |
| Cayuga  |       |       |            | 1        |         | 1       | 0%    |                           | 0%                                |
| Cortland  |       |       |            |          | 1       | 1       | 0%    |                           | 0%                                |
| Onondaga  |       |       |            |          | 1       | 1       | 0%    |                           | 0%                                |
| Schuyler  |       |       |            | 1        |         | 1       | 0%    | 1                         | 100%                              |
| Tompkins  |       |       | 3          | 3        | 4       | 10      | 30%   |                           | 30%                               |
| <b>Total</b>  | -     | -     | 3          | 5        | 6       | 14      | 21%   | 1                         | 29%                               |

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## **Record of opening and closing offices and providing services at offices**

TTC's record of opening and closing branches has not adversely affected the accessibility of its delivery system, particularly to LMI geographies and individuals.

In September 2016, TTC opened its branch located at 6872 E. Genesee Street, Fayetteville in Onondaga County, New York. In March 2015, TTC closed its Community Corner branch located in Ithaca, Tompkins County. The branch was operating at a loss for several years prior to its closing. Examiners determined that the branch closing did not adversely affect the accessibility of its delivery system, as another branch is located less than a mile (0.7mile) away.

### Availability and effectiveness of alternative systems for delivering retail services:

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

TTC offered the following alternative banking services:

- Internet Banking – Allows a customer to open an account, access accounts, check account balances, pay bills, transfer funds, reorder checks, make stop payments, review statements, get branch/ATM information and more.
- Mobile Banking – TTC's application ("App") allows customers to get account balances, transfer funds, pay bills, make deposits and locate branches and ATMs all via their smart phone. The App can be downloaded for free and provides safety tips for using the App including how to report a scam.
- Automated Telephone Banking – Allows customers to check account balances, review transactions, transfer funds, make loan payments and get branch and ATM locations, as well as hours of operations.
- Customer Care Center – The care center allows customers to talk live to a customer representative to report a lost or stolen credit or debit card and internet banking assistance. Customer representatives are available during the hours of 8:00AM to 7:30PM, Monday through Friday and 9:00AM to 1:00PM on Saturdays.

### Range of services provided:

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

Most of TTC's branches have hours of operations from 8:30AM or 9:00AM to 5:00PM, Monday through Friday, two branches operate from 8:00AM or 9:00AM to 4:00PM Monday through Friday, the new branch opened in Onondaga County operates from 10:00AM to 2:00PM Monday through Friday and the Kendal branch offers limited services to a nursing home for seniors and staff three days a week for two hours each day. Five

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of the branches offer extended hours on Thursday and Friday till 5:00 or 6:00 PM and eight branches offer Saturday hours from 8:00AM or 9:00PM to 12:00PM and ten branches including the three branches located in moderate-income census tracts offer drive-up services. All of TTC's branches, except for the Kendal branch, have 24-hour accessible ATMs with deposit-taking capabilities.

#### Community Development Services: "High Satisfactory"

TTC provided a relatively high level of community development services over the course of the evaluation period. Several bank officers, senior bank officers and members of executive management, served as active members on various boards and committees of local government agencies, nonprofits and community organizations located in TTC's assessment area.

Below are highlights of TTC's community development services.

- A senior vice president and vice president of TTC, are acting as presidents on two different local organizations who assist low- and moderate-income individuals with affordable housing.
- A vice president serves as a member of the executive committee and operations committee of a local government organization that provides workforce and employment opportunities.
- An assistant vice president serves as a committee member of a nonprofit organization that supports the community by helping people to meet their basic needs by strengthening three critical areas such as education, financial stability and health.
- TTC employees also participated in first-time homebuyer seminars, which discussed topics such as the mortgage process, pre-qualification, credit, income-to-debt ratio as well as TTC's products and services. The seminars were hosted by local organization that assist low- and moderate-income families and individuals in obtaining affordable housing.

#### **Additional Factors**

DFS also considered the following factors in assessing TTC's record of performance.

Neither TTC nor DFS received any written complaints regarding TCC's CRA performance during the evaluation period.

#### **The extent of participation by the banking institution's Board of Directors or Board**

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**of Trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the CRA.**

### **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 practices by TTC intended to discourage applications for the types of credit offered by TTC.

- *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.*

TCC's board members and management serve on committees and boards of various local community based organizations and participate in various seminars. These activities provide them the opportunity to discuss the credit products offered by TTC and ascertain themselves of the credit needs of the community.

- *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*

In addition, to TTC's active participation in local community-based organizations TCC advertises its products and services through a variety of 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**

DFS noted no other factors.



## GLOSSARY

### Aggregate Penetration Rate

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

### Community Development

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.

| <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 (“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.

### **Low-Income Housing Tax Credit (LIHTC)**

LIHTC is a dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986 that gives incentives to invest on 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)**

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).

## **Small Business Loans**

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