



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: March 31, 2020

Institution: Tompkins Bank of Castile
90 Main Street
Batavia, NY 14020

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 Bank of Castile (“TBC” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). 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, 2020.

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

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

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated TBC according to the large banking institution performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The assessment period included calendar years 2017, 2018, and 2019 for lending activities and the period from October 1, 2017 through March 31, 2020 for community development activities. TBC 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

TBC's HMDA-reportable, small business and small farm lending activities were more than reasonable in light of the Bank'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: Outstanding

TBC's lending levels were excellent 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, TBC's average loan-to-deposit ("LTD") ratio was 91.5%, a significant increase from the Bank's prior evaluation average LTD ratio of 79.5%, and a higher ratio than the peer group's average LTD ratio of 85.8% during the current evaluation period.

Assessment Area Concentration: High Satisfactory

During the evaluation period, TBC originated 90.5% by number and 83.5% by dollar value of its total HMDA-reportable, small business, and small farm loans within the assessment area. This substantial majority of lending inside of its assessment area reflects a more than reasonable concentration of lending within TBC's assessment area.

Geographic Distribution of Loans: Needs to Improve

TBC's origination of loans in census tracts of varying income levels demonstrated a less than adequate distribution of lending. TBC's average level of HMDA-reportable lending to LMI geographies was only slightly below that of the aggregate. Small business and small farm loans comprised approximately 82% of the Bank's total originations by dollar value within the assessment area. TBC's level of small business lending in LMI areas was well below that of the aggregate, and it made no small farm loans at all in LMI census tracts. In the assessment area, about 6.8% of farms were located in LMI census tracts.

Distribution by Borrower Characteristics: High Satisfactory

TBC's one-to-four family HMDA-reportable, small business, and small farm lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses and farms of different revenue sizes.

The Bank's levels of HMDA-reportable lending to LMI borrowers, lending to businesses with gross annual revenue of \$1 million or less, and lending to farms with gross annual all exceeded the aggregate's respective levels.

Community Development Lending: Outstanding

During the evaluation period, TBC originated \$72.5 million in new community development loans and had \$63.7 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

INVESTMENT TEST: Low Satisfactory

TBC's community development investments were adequate in light of the assessment area's credit needs.

Qualified Investments:

During the evaluation period, TBC made \$2.2 million in new community development investments and had \$2.6 million outstanding from prior evaluation periods. In addition, TBC made approximately \$148,000 in community development grants. This demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

Innovativeness of Community Development Investments:

TBC made occasional use of innovative investments to support community development.

Responsiveness of Qualified Investments to Credit and Community Development Needs

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

SERVICE TEST: High Satisfactory

Retail Banking Services: High Satisfactory

TBC's branch network, branch hours and services, and standard and alternative delivery systems were adequate to meet the needs of LMI individuals.

Community Development Services: High Satisfactory

TBC provided a relatively high level of community development services. Employees and members of the Bank's senior management served on the boards or committees in various organizations in the 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 Banking Law and GRS Part 76.

PERFORMANCE CONTEXT

Institution Profile

Established in 1869, TBC is a New York State-chartered commercial bank headquartered in Castile, New York. TBC is a wholly owned subsidiary of Tompkins Financial Corporation (“TFC”), a publicly traded multi-bank holding company. TFC also wholly owns Tompkins Mahopac Bank, Tompkins Trust Company (Tompkins County, NY) and a bank in Pennsylvania. Each affiliated bank operates independently under its own management. In addition, TFC wholly owns Tompkins Financial Advisors, which provides investment advice and wealth management services, and Tompkins Insurance Agencies, which offers various insurance products.

TBC operates 18 branches in six counties in upstate New York, of which 15 are full-service branches and three offer limited service. The greatest proportion of TBC’s branches is located in middle-income census tracts; TBC’s branch in Orleans County is the only branch located in a moderate-income tract and TBC does not have any branches in low-income census tracts. TBC also has seven off-site ATMs, all of which only dispense cash. Four of the ATMs are located at local college campuses; one is located at a medical facility and one each is located in the towns of Churchville (Monroe County) and Piffard (Livingston County).

Other delivery channels available to customers include bill pay, e-statements, automated clearing house, online and mobile banking, and mobile deposit.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2019, filed with the Federal Deposit Insurance Corporation (“FDIC”), TBC reported total assets of \$1.5 billion, of which \$1.2 billion were net loans and lease financing receivables. It also reported total deposits of \$1.2 billion, resulting in a loan-to-deposit ratio of 94.5%. According to the latest available comparative deposit data as of June 30, 2019, TBC had a market share of 6.7%, or \$1.2 billion in a market of \$17.9 billion, ranking it eighth among 18 deposit-taking institutions in the assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2017, 2018, and 2019 Call Reports:

| TOTAL GROSS LOANS OUTSTANDING | | | | | | |
|--|------------------|------|------------------|------|------------------|------|
| Loan Type | 2017 | | 2018 | | 2019 | |
| | \$000's | % | \$000's | % | \$000's | % |
| 1-4 Family Residential Mortgage Loans | 291,331 | 26.8 | 291,665 | 25.1 | 304,189 | 25.6 |
| Commercial & Industrial Loans | 180,764 | 16.6 | 192,616 | 16.6 | 180,731 | 15.2 |
| Commercial Mortgage Loans | 253,491 | 23.3 | 316,204 | 27.2 | 334,385 | 28.1 |
| Multifamily Mortgages | 60,214 | 5.5 | 69,306 | 6.0 | 68,520 | 5.8 |
| Consumer Loans | 9,117 | 0.8 | 8,886 | 0.8 | 8,826 | 0.7 |
| Agricultural Loans | 173,059 | 15.9 | 197,023 | 16.9 | 195,693 | 16.5 |
| Construction Loans | 72,680 | 6.7 | 42,622 | 3.7 | 55,943 | 4.7 |
| Obligations of States & Municipalities | 45,455 | 4.2 | 44,181 | 3.8 | 40,764 | 3.4 |
| Other Loans | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Lease financing | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Gross Loans | 1,086,111 | | 1,162,503 | | 1,189,051 | |

As illustrated in the above table, TBC is primarily a commercial lender. As of December 31, 2019, commercial and industrial, commercial mortgage and agricultural loans accounted for a majority (59.8%) of the Bank's loan portfolio. One-to-four family residential and multifamily loans made up 25.6% and 5.8%, respectively, of the loan portfolio.

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

Assessment Area

The Bank's assessment area is comprised of Erie, Genesee, Livingston, Monroe, Orleans, and Wyoming Counties in their entireties, and parts of Allegany and Cattaraugus Counties. Erie County is part of the Buffalo-Cheektowaga-Niagara Metropolitan Statistical Area ("MSA"), while Livingston, Monroe, and Orleans counties are within the Rochester MSA. Allegany, Cattaraugus, Genesee, and Wyoming counties are in non-MSA, mostly rural areas.

In 2017, TBC expanded its assessment area to include Monroe County in its entirety. In 2019, TBC expanded the assessment area to include Erie County in its entirety, after having opened a branch in Amherst in December 2018.

There are 489 census tracts in the assessment area, of which 82 are low-income, 74 are moderate-income, 200 are middle-income, 117 are upper-income, and 16 are tracts with no income indicated. LMI census tracts constitute 31.9% of the assessment area's total census tracts.

The table below shows the distribution of census tracts in TBC's assessment area by county and census tract income level.

| Assessment Area Census Tracts by Income Level | | | | | | | |
|--|-----------|-----------|-----------|------------|------------|------------|-------------|
| County | N/A | Low | Mod | Middle | Upper | Total | LMI % |
| Allegany* | 0 | 0 | 0 | 4 | 0 | 4 | 0.0 |
| Cattaraugus* | 0 | 0 | 0 | 3 | 0 | 3 | 0.0 |
| Erie | 8 | 38 | 41 | 90 | 60 | 237 | 33.3 |
| Genesee | 0 | 0 | 1 | 13 | 1 | 15 | 6.7 |
| Livingston | 2 | 0 | 1 | 10 | 2 | 15 | 6.7 |
| Monroe | 5 | 44 | 29 | 62 | 53 | 193 | 37.8 |
| Orleans | 1 | 0 | 2 | 8 | 0 | 11 | 18.2 |
| Wyoming | 0 | 0 | 0 | 10 | 1 | 11 | 0.0 |
| Total | 16 | 82 | 74 | 200 | 117 | 489 | 31.9 |

*Partial County

Demographic & Economic Data

The assessment area had a population of 1,906,116 during the evaluation period. Approximately 15.7% of the population was over the age of 65 and 18.5% was under the age of 16.

Of the 472,211 families in the assessment area, 10.3% were low-income, 11.5% were moderate-income, 45.1% were middle-income and 33.1% were upper-income. There were 773,257 households in the assessment area, of which 14.3% had income below the poverty level and 3.6% were on public assistance.

The weighted average median family income in the assessment area was \$70,335.

There were 849,392 housing units within the assessment area, of which 84.4% were one-to-four family units and 13.3% were multifamily units. A majority (59.9%) of the area's housing units were owner-occupied, while 33.2% were rental units. Of the 508,746 owner-occupied housing units, 15.5% were in LMI census tracts while 84.5% were in middle- and upper-income census tracts. The median age of the housing stock was 60 years, and the median home value in the assessment area was \$127,815.

There were 113,254 non-farm businesses in the assessment area. Of these, 81.5% were businesses with reported revenues of less than or equal to \$1 million, 6.8% reported revenues of more than \$1 million and 11.7% did not report their revenues. Of all the businesses in the assessment area, 96% were businesses with less than fifty employees while 87.1% operated from a single location. The largest industries in the area were services (43.9%), followed by retail trade (14.2%) and finance, insurance and real estate (7.5%); 11.9% of businesses in the assessment area were not classified.

There were 3,636 farms in the assessment area. Of these, approximately 94.4% reported revenue of less than \$1 million.

According to the New York State Department of Labor, the average unemployment rate for New York State including all counties in the Bank’s assessment area decreased from 2017 to 2019. Alleghany and Cattaraugus counties had the highest unemployment rates during the evaluation period.

| Assessment Area Unemployment Rate | | | | | |
|--|-----------|-----------|-------------|------|---------|
| | Statewide | Alleghany | Cattaraugus | Erie | Genesee |
| 2017 | 4.7 | 6.6 | 6.2 | 5.1 | 4.8 |
| 2018 | 4.1 | 5.6 | 5.3 | 4.4 | 4.2 |
| 2019 | 4.0 | 5.5 | 5.1 | 4.3 | 3.9 |
| Average | 4.3 | 5.9 | 5.5 | 4.6 | 4.3 |

| | Livingston | Monroe | Orleans | Wyoming |
|---------|------------|--------|---------|---------|
| 2017 | 5.0 | 4.9 | 5.9 | 5.6 |
| 2018 | 4.3 | 4.3 | 5.0 | 4.6 |
| 2019 | 4.2 | 4.2 | 4.7 | 4.4 |
| Average | 4.5 | 4.5 | 5.2 | 4.9 |

Community Information

DFS examiners conducted two community contact interviews within the Bank’s assessment area.

Examiners contacted two organizations engaged in providing services to low-income individuals and communities including assisting small businesses in the assessment area. The first organization specializes in affordable housing. The other was a certified community development financial institution¹ and designated community development entity² providing technical assistance and financing to small businesses.

Both contacts believed that economic conditions are steadily improving in most areas in Upstate New York; however, they noted that the Rochester/Monroe County region has been struggling to address poverty and is rated third worst in childhood poverty nationally. In addition, affordable housing, low wages and start-up capital have been major issues for the community.

1 Certified Community Development Financial Institution (“CDFI”) is a designation to specialized organizations that provide financial services in low-income communities and to people who lack access to financing.

2 Designated Community Development Entity (“CDE”) is a domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments, or financial counseling in low-income communities. Certification as a CDE allows organizations to participate either directly or indirectly in the New Markets Tax Credit Program.

The interviewees noted that financial institutions are generally responsive to community needs. However, they could also provide assistance such as technical business assistance and access to equity financing and to loan participants willing to assume a first-loss position in startup financing.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated TBC under the large banking institution performance standards in accordance with Sections 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 TBC helps to meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. TBC 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 obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

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

The evaluation period included calendar years 2017, 2018, and 2019 for the lending activities, and October 1, 2017 through March 31, 2020 for community development activities.

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

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

Examiners gave greater weight to TBC's small business lending performance in this evaluation as it comprised a majority (61.7%) of the total loans by dollar value originated

within the assessment area. Small farm and HMDA-reportable lending represented 17.9% and 20.4%, respectively.

At its prior Performance Evaluation, as of September 30, 2017, DFS assigned TBC a rating of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs.

Current CRA Rating: Satisfactory

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.*

TBC’s HMDA-reportable, small business, and small farm lending activities were more than reasonable in light of the Bank’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: Outstanding

TBC’s lending levels were excellent 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.

TBC’s average LTD ratio for the evaluation period was 91.5%, which was a significant increase from the Bank’s average LTD ratio of 79.5% from the previous evaluation period, and higher than the peer group average ratio of 85.8%.

The table below shows TBC’s average LTD ratios in comparison to the peer group’s ratios for the twelve quarters of the evaluation period.

| Loan-to-Deposit Ratios | | | | | | | | | | | | | |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------|
| | 2017 Q1 | 2017 Q2 | 2017 Q3 | 2017 Q4 | 2018 Q1 | 2018 Q2 | 2018 Q3 | 2018 Q4 | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 | Avg. |
| Bank | 84.6 | 88.9 | 85.3 | 86.2 | 89.6 | 96.1 | 93.2 | 96.7 | 94.5 | 96.9 | 91.6 | 94.5 | 91.5 |
| Peer | 83.1 | 84.7 | 85.3 | 85.0 | 85.0 | 86.7 | 86.8 | 86.9 | 85.9 | 87.0 | 86.7 | 86.6 | 85.8 |

Assessment Area Concentration: High Satisfactory

During the evaluation period, TBC originated 90.5% by number and 83.5% by dollar value of its total HMDA-reportable, small business, and small farm loans within the assessment area. This substantial majority of lending inside of its assessment area reflects a more than reasonable concentration of lending.

These levels represent an increase from the Bank's levels of lending in its assessment area during the prior evaluation when it originated 85.6% by number and 79.8% by dollar value of its HMDA-reportable, small business, and small farm loans within its assessment area.

HMDA-Reportable Loans:

TBC originated 91.4% by number and 72.6% by dollar value of its HMDA-reportable loans within its assessment area. This majority of lending inside of its assessment area reflects a more than reasonable concentration of lending.

Small Business Loans:

TBC originated 92.7% by number and 89.1% by dollar value of its small business loans within the assessment area during the evaluation period. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

Small Farm Loans:

TBC originated 85% by number and 80.1% by dollar value of its small farm loans within the assessment area during the evaluation period. This majority of lending inside of its assessment area reflected a more than reasonable concentration of lending.

The following table shows the percentages of TBC's HMDA-reportable, small business, and small farm 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 | | | | | | | | | | |
| 2017 | 268 | 91.5% | 25 | 8.5% | 293 | 31,886 | 89.2% | 3,843 | 10.8% | 35,729 |
| 2018 | 214 | 88.4% | 28 | 11.6% | 242 | 26,584 | 61.9% | 16,361 | 38.1% | 42,945 |
| 2019 | 229 | 94.2% | 14 | 5.8% | 243 | 36,486 | 69.9% | 15,693 | 30.1% | 52,179 |
| Subtotal | 711 | 91.4% | 67 | 8.6% | 778 | 94,956 | 72.6% | 35,897 | 27.4% | 130,853 |
| Small Business | | | | | | | | | | |
| 2017 | 618 | 92.4% | 51 | 7.6% | 669 | 92,991 | 88.3% | 12,380 | 11.7% | 105,371 |
| 2018 | 593 | 91.4% | 56 | 8.6% | 649 | 90,867 | 85.3% | 15,701 | 14.7% | 106,568 |
| 2019 | 581 | 94.3% | 35 | 5.7% | 616 | 102,869 | 93.6% | 7,091 | 6.4% | 109,960 |
| Subtotal | 1,792 | 92.7% | 142 | 7.3% | 1,934 | 286,727 | 89.1% | 35,172 | 10.9% | 321,899 |
| Small Farms | | | | | | | | | | |
| 2017 | 265 | 84.9% | 47 | 15.1% | 312 | 29,710 | 79.3% | 7,764 | 20.7% | 37,474 |
| 2018 | 248 | 82.7% | 52 | 17.3% | 300 | 26,387 | 76.1% | 8,293 | 23.9% | 34,680 |
| 2019 | 223 | 87.8% | 31 | 12.2% | 254 | 27,032 | 85.6% | 4,560 | 14.4% | 31,592 |
| Subtotal | 736 | 85.0% | 130 | 15.0% | 866 | 83,129 | 80.1% | 20,617 | 19.9% | 103,746 |
| Grand Total | 3,239 | 90.5% | 339 | 9.5% | 3,578 | 464,812 | 83.5% | 91,686 | 16.5% | 556,498 |

* DFS based its analysis of HMDA-reportable, small business and small farms lending on actual loans.

Geographic Distribution of Loans: Needs to Improve

TBC's origination of loans in census tracts of varying income levels demonstrated a less than adequate distribution of lending. TBC's average level of HMDA-reportable lending to LMI geographies was only slightly below that of the aggregate. Small business and small farm loans comprised about 82% of the Bank's total originations by dollar value within the assessment area. TBC's level of small business lending in LMI areas was well below that of the aggregate, and it made no small farm loans at all in LMI census tracts. In the assessment area, about 6.8% of farms were located in LMI census tracts.

HMDA-Reportable Loans:

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

TBC's average rates of HMDA-reportable loans in LMI census tracts of 8.3% by number of loans and 6.1% by dollar value were below the aggregate's average rates of 12.1% and 8.2%, respectively. In 2017, the Bank's lending by dollar value of 9% in LMI census tracts was in line with the aggregate's 8.9% lending rate. In 2018, the Bank's lending by dollar value fared slightly better at 4.5% compared to the aggregate's rate of 3.7% in LMI census tracts. In 2019, the Bank's lending by dollar value of 4.7% was well below the aggregate's rate of 9.5% in LMI census tracts.

TBC's and the aggregates' lending rates in LMI census tracts were less than the percentage of owner-occupied housing units in the assessment area.

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

| Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract | | | | | | | | | |
|--|------------|-------|---------------|-------|---------------|-------|-------------------|-------|--------|
| 2017 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO HUs |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 6 | 2.2% | 451 | 1.4% | 495 | 2.7% | 78,611 | 3.0% | 3.4% |
| Moderate | 22 | 8.2% | 2,405 | 7.5% | 1,616 | 8.7% | 152,528 | 5.9% | 8.2% |
| LMI | 28 | 10.4% | 2,856 | 9.0% | 2,111 | 11.4% | 231,139 | 8.9% | 11.6% |
| Middle | 207 | 77.2% | 22,057 | 69.2% | 9,812 | 53.0% | 1,205,061 | 46.5% | 53.9% |
| Upper | 33 | 12.3% | 6,973 | 21.9% | 6,574 | 35.5% | 1,156,015 | 44.6% | 34.5% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 5 | 0.0% | 604 | 0.0% | 0.0% |
| Total | 268 | | 31,886 | | 18,502 | | 2,592,819 | | |
| 2018 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO HUs |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 1 | 0.5% | 62 | 0.2% | 632 | 2.8% | 830 | 0.0% | 3.4% |
| Moderate | 13 | 6.1% | 1,132 | 4.3% | 1,823 | 8.0% | 83,890 | 3.7% | 8.2% |
| LMI | 14 | 6.5% | 1,194 | 4.5% | 2,455 | 10.7% | 84,720 | 3.7% | 11.6% |
| Middle | 175 | 81.8% | 20,642 | 77.6% | 11,816 | 51.6% | 1,112,760 | 48.6% | 53.9% |
| Upper | 25 | 11.7% | 4,748 | 17.9% | 8,611 | 37.6% | 1,092,720 | 47.7% | 34.5% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 5 | 0.0% | 225 | 0.0% | 0.0% |
| Total | 214 | | 26,584 | | 22,887 | | 2,290,425 | | |
| 2019 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO HUs |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 6 | 2.6% | 746 | 2.0% | 1,707 | 4.0% | 213,155 | 3.1% | 5.5% |
| Moderate | 11 | 4.8% | 975 | 2.7% | 3,883 | 9.2% | 438,785 | 6.4% | 10.0% |
| LMI | 17 | 7.4% | 1,721 | 4.7% | 5,590 | 13.2% | 651,940 | 9.5% | 15.5% |
| Middle | 169 | 73.8% | 26,432 | 72.4% | 19,668 | 46.4% | 2,906,270 | 42.2% | 48.5% |
| Upper | 43 | 18.8% | 8,333 | 22.8% | 17,109 | 40.4% | 3,305,975 | 48.1% | 36.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 18 | 0.0% | 15,570 | 0.2% | 0.0% |
| Total | 229 | | 36,486 | | 42,385 | | 6,879,755 | | |
| GRAND TOTAL | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO HUs |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 13 | 1.8% | 1,259 | 1.3% | 2,834 | 3.4% | 292,596 | 2.5% | |
| Moderate | 46 | 6.5% | 4,512 | 4.8% | 7,322 | 8.7% | 675,203 | 5.7% | |
| LMI | 59 | 8.3% | 5,771 | 6.1% | 10,156 | 12.1% | 967,799 | 8.2% | |
| Middle | 551 | 77.5% | 69,131 | 72.8% | 41,296 | 49.3% | 5,224,091 | 44.4% | |
| Upper | 101 | 14.2% | 20,054 | 21.1% | 32,294 | 38.5% | 5,554,710 | 47.2% | |
| Unknown | - | 0.0% | - | 0.0% | 28 | 0.0% | 16,399 | 0.1% | |
| Total | 711 | | 94,956 | | 83,774 | | 11,762,999 | | |

Small Business Loans:

The distribution of TBC's small business loans among census tracts of varying income levels was less than adequate.

TBC's average rates of lending to businesses in LMI census tracts of 8.8% by number

and 10% by dollar value of loans compared unfavorably with the aggregate's rates of 17.1% and 19.8%, respectively. In addition, assessment area demographic information indicated that about 21% of small businesses were located in LMI census tracts. The Bank's rates of lending were below this level during the evaluation period.

The following table provides a summary of the distribution of TBC'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 | | | | | | | | | |
|--|--------------|----------|----------------|----------|------------------|----------|------------------|----------|-----------------|
| 2017 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 11 | 1.8% | 2,320 | 2.5% | 1,259 | 7.8% | 73,395 | 9.8% | 9.4% |
| Moderate | 39 | 6.3% | 8,565 | 9.2% | 1,353 | 8.4% | 73,456 | 9.8% | 9.9% |
| LMI | 50 | 8.1% | 10,885 | 11.7% | 2,612 | 16.2% | 146,851 | 19.6% | 19.3% |
| Middle | 507 | 82.0% | 72,770 | 78.3% | 7,729 | 48.1% | 356,491 | 47.6% | 47.4% |
| Upper | 60 | 9.7% | 9,236 | 9.9% | 5,713 | 35.5% | 244,205 | 32.6% | 33.1% |
| Unknown | 1 | 0.2% | 100 | 0.1% | 21 | 0.1% | 1,295 | 0.2% | 0.2% |
| Total | 618 | | 92,991 | | 16,075 | | 748,842 | | |
| 2018 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 12 | 2.0% | 2,844 | 3.1% | 1,317 | 7.8% | 60,771 | 8.1% | 9.3% |
| Moderate | 37 | 6.2% | 3,941 | 4.3% | 1,396 | 8.2% | 66,451 | 8.9% | 10.0% |
| LMI | 49 | 8.3% | 6,785 | 7.5% | 2,713 | 16.0% | 127,222 | 17.0% | 19.3% |
| Middle | 474 | 79.9% | 73,262 | 80.6% | 7,882 | 46.5% | 362,014 | 48.5% | 47.0% |
| Upper | 70 | 11.8% | 10,820 | 11.9% | 6,347 | 37.4% | 255,747 | 34.2% | 33.4% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 16 | 0.1% | 2,090 | 0.3% | 0.3% |
| Total | 593 | | 90,867 | | 16,958 | | 747,073 | | |
| 2019 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 23 | 4.0% | 4,221 | 4.1% | 2,781 | 8.8% | 124,724 | 9.9% | 9.9% |
| Moderate | 35 | 6.0% | 6,762 | 6.6% | 2,952 | 9.4% | 144,967 | 11.6% | 11.0% |
| LMI | 58 | 10.0% | 10,983 | 10.7% | 5,733 | 18.2% | 269,691 | 21.5% | 21.0% |
| Middle | 430 | 74.0% | 71,736 | 69.7% | 12,979 | 41.2% | 509,384 | 40.6% | 41.0% |
| Upper | 91 | 15.7% | 20,050 | 19.5% | 12,322 | 39.1% | 445,194 | 35.5% | 35.8% |
| Unknown | 2 | 0.3% | 100 | 0.1% | 448 | 1.4% | 30,560 | 2.4% | 2.2% |
| Total | 581 | | 102,869 | | 31,482 | | 1,254,829 | | |
| GRAND TOTAL | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 46 | 2.6% | 9,385 | 3.3% | 5,357 | 8.3% | 258,890 | 9.4% | |
| Moderate | 111 | 6.2% | 19,268 | 6.7% | 5,701 | 8.8% | 284,874 | 10.4% | |
| LMI | 157 | 8.8% | 28,653 | 10.0% | 11,058 | 17.1% | 543,764 | 19.8% | |
| Middle | 1,411 | 78.7% | 217,768 | 75.9% | 28,590 | 44.3% | 1,227,889 | 44.6% | |
| Upper | 221 | 12.3% | 40,106 | 14.0% | 24,382 | 37.8% | 945,146 | 34.4% | |
| Unknown | 3 | 0.2% | 200 | 0.1% | 485 | 0.8% | 33,945 | 1.2% | |
| Total | 1,792 | | 286,727 | | | | | | |

Small Farm Loans

During the evaluation period, TBC did not originate any small farm loans in LMI census tracts. The aggregate also made very few such loans, averaging about 0.54% by number of loans and 0.1% by dollar value. TBC's rates of small farm lending declined from the prior evaluation period, when TBC originated small farm loans in LMI census tracts at the rates of 2% by number of loans and 1.4% by dollar volume.

Assessment area demographic information indicated that about 6.8% of small farms were located in LMI census tracts. Small farm lending trended downward for both the Bank and its aggregate reportedly due to reduced demand for dairy products and changes in regulatory requirements in Upstate New York.

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

| Distribution of Small Farm Lending by Geographic Income of the Census Tract | | | | | | | | | |
|---|------------|-------|---------------|-------|--------------|-------|----------------|-------|-----------|
| 2017 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Farm Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 1 | 0.1% | 4 | 0.0% | 1.4% |
| Moderate | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 3.0% |
| LMI | 0 | 0.0% | 0 | 0.0% | 1 | 0.1% | 4 | 0.0% | 4.4% |
| Middle | 258 | 97.4% | 29,227 | 98.4% | 696 | 91.0% | 50,143 | 94.1% | 70.5% |
| Upper | 7 | 2.6% | 483 | 1.6% | 68 | 8.9% | 3,168 | 5.9% | 25.1% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Total | 265 | | 29,710 | | 765 | | 53,315 | | |
| 2018 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Farm Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 2 | 0.3% | 35 | 0.1% | 1.5% |
| Moderate | 0 | 0.0% | 0 | 0.0% | 3 | 0.4% | 27 | 0.1% | 3.2% |
| LMI | 0 | 0.0% | 0 | 0.0% | 5 | 0.7% | 62 | 0.1% | 4.7% |
| Middle | 240 | 96.8% | 25,740 | 97.5% | 609 | 89.6% | 42,024 | 94.0% | 69.4% |
| Upper | 8 | 3.2% | 647 | 2.5% | 66 | 9.7% | 2,628 | 5.9% | 25.9% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0.0% |
| Total | 248 | | 26,387 | | 680 | | 44,714 | | |
| 2019 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Farm Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 3 | 0.4% | 115 | 0.3% | 2.6% |
| Moderate | 0 | 0.0% | 0 | 0.0% | 2 | 0.3% | 15 | 0.0% | 4.3% |
| LMI | 0 | 0.0% | 0 | 0.0% | 5 | 0.7% | 130 | 0.3% | 6.8% |
| Middle | 213 | 95.5% | 25,909 | 95.8% | 600 | 85.2% | 40,132 | 92.9% | 60.8% |
| Upper | 10 | 4.5% | 1,123 | 4.2% | 98 | 13.9% | 2,928 | 6.8% | 31.8% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 1 | 0.1% | 25 | 0.1% | 0.6% |
| Total | 223 | | 27,032 | | 704 | | 43,215 | | |
| GRAND TOTAL | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 0 | 0.0% | 0 | 0.0% | 6 | 0.3% | 154 | 0.1% | |
| Moderate | 0 | 0.0% | 0 | 0.0% | 5 | 0.2% | 42 | 0.0% | |
| LMI | 0 | 0.0% | 0 | 0.0% | 11 | 0.5% | 196 | 0.1% | |
| Middle | 711 | 96.6% | 80,876 | 97.3% | 1,905 | 88.6% | 132,299 | 93.7% | |
| Upper | 25 | 3.4% | 2,253 | 2.7% | 232 | 10.8% | 8,724 | 6.2% | |
| Unknown | 0 | 0.0% | 0 | 0.0% | 1 | 0.0% | 25 | 0.0% | |
| Total | 736 | | 83,129 | | 2,149 | | 141,244 | | |

Distribution by Borrower Characteristics: High Satisfactory

TBC's HMDA-reportable, small business, and small farm lending demonstrated a more than reasonable distribution of loans among individuals of different income levels and businesses and farms of different revenue sizes.

One-to-Four Family HMDA-Reportable Loans:

TBC's one-to-four family HMDA-reportable lending demonstrated a reasonable distribution of loans among individuals of different income levels.

The Bank's average rates of lending to LMI borrowers of 34.5% by number and 24.7% by dollar value were slightly above the aggregate's rates of 33.3% and 23.7%, respectively. The Bank's and the aggregate's rates of lending were below the level of LMI families residing in the assessment area, which was approximately 38% during the evaluation period.

The following table provides a summary of the distribution of TBC's one-to-four family loans by borrower income.

| Distribution of 1-4 Family Loans by Borrower Income | | | | | | | | | |
|--|-------------|----------|----------------|----------|------------------|----------|-------------------|----------|-----------------|
| 2017 | | | | | | | | | |
| Borrower | Bank | | | | Aggregate | | | | Fam.Dem. |
| Income | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 25 | 11.1% | 1,898 | 7.4% | 1,571 | 8.6% | 105,451 | 4.7% | 21.0% |
| Moderate | 47 | 20.8% | 4,210 | 16.3% | 4,131 | 22.7% | 369,033 | 16.6% | 16.9% |
| LMI | 72 | 31.9% | 6,108 | 23.7% | 5,702 | 31.4% | 474,484 | 21.4% | 37.9% |
| Middle | 60 | 26.5% | 4,763 | 18.5% | 4,800 | 26.4% | 532,605 | 24.0% | 20.2% |
| Upper | 75 | 33.2% | 11,822 | 45.9% | 7,011 | 38.6% | 1,125,014 | 50.6% | 41.9% |
| Unknown | 19 | 8.4% | 3,064 | 11.9% | 657 | 3.6% | 89,856 | 4.0% | |
| Total | 226 | | 25,757 | | 18,170 | | 2,221,959 | | |
| 2018 | | | | | | | | | |
| Borrower | Bank | | | | Aggregate | | | | Fam.Dem. |
| Income | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 15 | 7.5% | 1,093 | 4.7% | 2,156 | 9.5% | 153,700 | 5.7% | 21.0% |
| Moderate | 56 | 28.1% | 4,780 | 20.4% | 5,338 | 23.4% | 493,150 | 18.3% | 16.9% |
| LMI | 71 | 35.7% | 5,873 | 25.1% | 7,494 | 32.9% | 646,850 | 23.9% | 37.9% |
| Middle | 51 | 25.6% | 5,315 | 22.7% | 5,569 | 24.4% | 613,585 | 22.7% | 20.2% |
| Upper | 62 | 31.2% | 10,451 | 44.7% | 8,280 | 36.3% | 1,250,970 | 46.3% | 41.9% |
| Unknown | 15 | 7.5% | 1,757 | 7.5% | 1,447 | 6.3% | 190,505 | 7.1% | |
| Total | 199 | | 23,396 | | 22,790 | | 2,701,910 | | |
| 2019 | | | | | | | | | |
| Borrower | Bank | | | | Aggregate | | | | Fam.Dem. |
| Income | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 21 | 9.5% | 1,913 | 6.3% | 4,252 | 10.1% | 336,530 | 5.9% | 21.9% |
| Moderate | 59 | 26.6% | 5,701 | 18.8% | 10,190 | 24.2% | 1,066,710 | 18.6% | 16.7% |
| LMI | 80 | 36.0% | 7,614 | 25.1% | 14,442 | 34.3% | 1,403,240 | 24.5% | 38.6% |
| Middle | 41 | 18.5% | 4,324 | 14.3% | 10,451 | 24.8% | 1,312,505 | 22.9% | 20.0% |
| Upper | 81 | 36.5% | 15,813 | 52.2% | 15,353 | 36.5% | 2,734,795 | 47.7% | 41.4% |
| Unknown | 20 | 9.0% | 2,545 | 8.4% | 1,848 | 4.4% | 279,980 | 4.9% | |
| Total | 222 | | 30,296 | | 42,094 | | 5,730,520 | | |
| GRAND TOTAL | | | | | | | | | |
| Borrower | Bank | | | | Aggregate | | | | Fam.Dem. |
| Income | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 61 | 9.4% | 4,904 | 6.2% | 7,979 | 9.6% | 595,681 | 5.6% | |
| Moderate | 162 | 25.0% | 14,691 | 18.5% | 19,659 | 23.7% | 1,928,893 | 18.1% | |
| LMI | 223 | 34.5% | 19,595 | 24.7% | 27,638 | 33.3% | 2,524,574 | 23.7% | |
| Middle | 152 | 23.5% | 14,402 | 18.1% | 20,820 | 25.1% | 2,458,695 | 23.1% | |
| Upper | 218 | 33.7% | 38,086 | 47.9% | 30,644 | 36.9% | 5,110,779 | 48.0% | |
| Unknown | 54 | 8.3% | 7,366 | 9.3% | 3,952 | 4.8% | 560,341 | 5.3% | |
| Total | 647 | | 79,449 | | 83,054 | | 10,654,389 | | |

Small Business Loans:

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

TBC's average rates of lending to businesses with gross annual revenue of \$1 million or less of 53.5% by number and 35.9% by dollar value of loans exceeded the aggregate's rates of 48.5% and 32.2%, respectively. However, both the Bank's and aggregate's rates

were lower than the 81% business reporting gross revenues of \$1 million or less in the assessment area. TBC's small business lending by number of loans trended downward from 618 loans in 2017 to 581 loans in 2019. The Bank's current average of 597 loans a year was also lower than the 650 loans annual average from the previous evaluation. However, by dollar value, small business lending increased by about \$10 million from 2017 to 2019.

The aggregate's number of loans increased substantially from 16,958 loans in 2018 to 31,482 in 2019 primarily due to the Bank's expansion of its assessment area to include all of Erie County, thereby widening the lenders in its market aggregate or peer group.

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

| Distribution of Small Business Lending by Revenue Size of Business | | | | | | | | | |
|---|--------------|----------|----------------|----------|------------------|----------|------------------|----------|-----------------|
| 2017 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Rev. <= \$1MM | 316 | 51.1% | 33,726 | 36.3% | 8,255 | 51.4% | 239,709 | 32.0% | 80.7% |
| Rev. > \$1MM | 219 | 35.4% | 52,054 | 56.0% | 7,820 | | 509,133 | | 7.2% |
| Rev. Unknown | 83 | 13.4% | 7,211 | 7.8% | | | | | 12.1% |
| Total | 618 | | 92,991 | | 16,075 | | 748,842 | | |
| 2018 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Rev. <= \$1MM | 328 | 55.3% | 32,860 | 36.2% | 8,141 | 48.0% | 230,523 | 30.9% | 80.9% |
| Rev. > \$1MM | 214 | 36.1% | 54,291 | 59.7% | 8,817 | | 516,550 | | 7.1% |
| Rev. Unknown | 51 | 8.6% | 3,716 | 4.1% | | | | | 12.0% |
| Total | 593 | | 90,867 | | 16,958 | | 747,073 | | |
| 2019 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Rev. <= \$1MM | 315 | 54.2% | 36,222 | 35.2% | 14,874 | 47.2% | 416,110 | 33.2% | 81.5% |
| Rev. > \$1MM | 233 | 40.1% | 60,823 | 59.1% | 8,817 | | 516,550 | | 6.8% |
| Rev. Unknown | 33 | 5.7% | 5,824 | 5.7% | | | | | 11.7% |
| Total | 581 | | 102,869 | | 31,482 | | 1,254,829 | | |
| GRAND TOTAL | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Rev. <= \$1MM | 959 | 53.5% | 102,808 | 35.9% | 31,270 | 48.5% | 886,342 | 32.2% | |
| Rev. > \$1MM | 666 | 37.2% | 167,168 | 58.3% | 25,454 | | 1,542,233 | | |
| Rev. Unknown | 167 | 9.3% | 16,751 | 5.8% | | | | | |
| Total | 1,792 | | 286,727 | | 64,515 | | 2,750,744 | | |

Small Farm Loans

TBC's small farm lending demonstrated a more than reasonable level of distribution of loans among farms of different revenue sizes.

TBC's average rate of lending to farms with gross annual revenue of \$1 million or less was 71.3% by number of loans, which exceeded the aggregate's average rate of 54.7%. However, TBC's rate was below the assessment area's farm demographics, where approximately 94% of farms in the assessment area reported gross revenues of \$1 million or less.

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

| Distribution of Small Farms Lending by Revenue Size of Business | | | | | | | | | |
|--|-------------|----------|----------------|----------|------------------|----------|----------------|----------|------------------|
| 2017 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Farm Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. < = \$1MM | 185 | 69.8% | 16,692 | 56.2% | 419 | 54.8% | 27,819 | 52.2% | 93.8% |
| Rev. > \$1MM | 52 | 19.6% | 11,284 | 38.0% | 346 | | 25,496 | | 4.6% |
| Rev. Unknown | 28 | 10.6% | 1,734 | 5.8% | | | | | 1.6% |
| Total | 265 | | 29,710 | | 765 | | 53,315 | | |
| 2018 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Farm Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. < = \$1MM | 191 | 77.0% | 15,964 | 60.5% | 376 | 55.3% | 24,149 | 54.0% | 93.6% |
| Rev. > \$1MM | 42 | 16.9% | 9,801 | 37.1% | 304 | | 20,565 | | 4.6% |
| Rev. Unknown | 15 | 6.0% | 622 | 2.4% | | | | | 1.8% |
| Total | 248 | | 26,387 | | 680 | | 44,714 | | |
| 2019 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Farm Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. < = \$1MM | 149 | 66.8% | 12,442 | 46.0% | 381 | 54.1% | 19,585 | 45.3% | 94.4% |
| Rev. > \$1MM | 65 | 29.1% | 14,220 | 52.6% | 304 | | 20,565 | | 4.0% |
| Rev. Unknown | 9 | 4.0% | 370 | 1.4% | | | | | 1.7% |
| Total | 223 | | 27,032 | | 704 | | 43,215 | | |
| GRAND TOTAL | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Farm Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. < = \$1MM | 525 | 71.3% | 45,098 | 54.3% | 1,176 | 54.7% | 71,553 | 50.7% | |
| Rev. > \$1MM | 159 | 21.6% | 35,305 | 42.5% | 954 | | 66,626 | | |
| Rev. Unknown | 52 | 7.1% | 2,726 | 3.3% | | | | | |
| Total | 736 | | 83,129 | | 2,149 | | 141,244 | | |

Community Development Lending: Outstanding

During the evaluation period, TBC originated \$72.5 million in new community development loans and had \$63.7 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

TBC's community development lending primarily supported community services and revitalization or stabilization efforts, representing 78% in dollar value (of both new and outstanding community development loans) of the community development lending activity in the assessment area.¹

| Community Development Loans | | | | |
|------------------------------|------------------------|--------|--|--------|
| Purpose | This Evaluation Period | | Outstandings from Prior Evaluation Periods | |
| | # of Loans | \$000 | # of Loans | \$000 |
| Affordable Housing | 4 | 6,694 | 0 | 0 |
| Economic Development | 8 | 15,310 | 1 | 8,000 |
| Community Services | 12 | 25,683 | 5 | 31,763 |
| Revitalization/Stabilization | 4 | 24,775 | 7 | 23,906 |
| Total | 28 | 72,462 | 13 | 63,669 |

Below are highlights of TBC's community development lending.

Affordable Housing

- TBC originated a \$4.7 million construction loan for a 48-unit housing complex project in Livingston County. The loan is guaranteed by a nonprofit council that provides affordable housing for the elderly, disabled and LMI individuals and families in Western New York. Other sources of funds for the project included Low-Income Housing Tax Credit ("LIHTC") financing and other government agency sources.

Economic Development

- The Bank originated two loans totaling \$2.6 million for the purchase and renovation of a mixed-use property in Monroe County. The project is supported by a county-level industrial development corporation, financed by the New York Business Development Corporation, and qualifies for the Small Business Administration ("SBA") 504 program.
- TBC made a \$659,697 loan to a dairy farm in Wyoming County. Funds were used

¹For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the evaluation.

to purchase farm machinery and construction of a new dairy facility. The loan utilized NYS Linked Deposit Program (“NYSLDP”), an Empire State Development economic initiative created to encourage and assist small farms and businesses in New York State. In addition, the loan is guaranteed by the U.S. Department of Agriculture.

Community Services

- TBC extended loans and a line of credit totaling \$9 million to a nonprofit organization that provides healthcare services in low-income neighborhoods in Monroe County and other regions in Upstate New York.
- The Bank extended a \$2.5 million revolving line of credit to a nonprofit, human services organization that provides assistance and helps children and troubled youths in extreme poverty. The organization receives most of its revenues from various government agencies including Medicaid.

Revitalization/Stabilization

- TBC originated a \$4.5 million loan for a mixed-use construction project located in a low-income census tract in Buffalo, New York (Erie County). The project converted a warehouse into a mixed-used property including apartments. The project is supported by a county-level industrial development corporation and the site was approved under the NYS Brownfield Cleanup Program, a program that encourages the private sector to revitalize economically blighted sites with environmental issues.

Flexible and/or Innovative Lending Practices:

TBC made occasional use of flexible or innovative lending practices to support community development.

Below are highlights of such loan programs that benefit LMI individuals, families and small businesses:

- TBC has a proprietary first-time homebuyer lending program known as the “Community One Program.” It is targeted towards LMI individuals or families and requires borrowers to attend homebuying counseling. The Community One Program offers reduced application fees, maximum financing, low down-payment, and no private mortgage insurance requirement. During the evaluation period, the Bank originated 114 loans totaling \$11.7 million through this program.
- The Bank participates in lending programs with the SBA and the Farm Service Agency (“FSA”). SBA and FSA offer guarantees for business and agricultural loans, respectively. These programs allow the Bank to extend credit to a greater number of business and farm applicants. TBC originated 135 FSA loans totaling \$36.1 million and 114 SBA loans totaling \$11 million during the evaluation period.

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- The Bank participates in the New York State Linked Deposit Program. This program helps existing firms in New York obtain reduced-rate financing so they can undertake investments to improve their competitiveness, expand their markets, develop new products, introduce new technologies, facilitate ownership transition, modernize their equipment, increase their capacity or capabilities, expand their facilities, purchase real estate or make building renovations. TBC originated 14 loans totaling \$8.2 million under this program.
 - The Bank participates in the Homebuyer Dream mortgage assistance program (sponsored by the Federal Home Loan Bank), which offers grants to first-time homebuyers of up to \$9,500 towards down payments and \$500 towards homeownership counseling.
 - The Bank offers Federal Housing Administration (“FHA”) and State of New York Mortgage Agency (“SONYMA”) mortgage loans.

INVESTMENT TEST: Low Satisfactory

DFS evaluated TBC’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 the credit and community development needs of the assessment area.*

TBC’s community development investments were adequate in light of the assessment area’s credit needs.

Qualified Investments: Low Satisfactory

During the evaluation period, TBC made \$2.2 million in new community development investments and had \$2.6 million outstanding from prior evaluation periods. In addition, TBC made approximately \$148,000 in qualified grants. This demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

TBC’s annual average investment activity of \$862,000 during the evaluation period was a 77% decrease from the previous evaluation period’s annual average of \$3.7 million. The amount of qualified grants increased from \$85,302 during the previous evaluation to \$148,330 during the current evaluation period.

| Community Development Investments and Grants | | | | |
|--|------------------------|--------------|--|--------------|
| | This Evaluation Period | | Outstandings from Prior Evaluation Periods | |
| | # of Inv. | \$000 | # of Inv. | \$000 |
| CD Investments | | | | |
| Affordable Housing | 0 | 0 | 3 | 392 |
| Economic Development | 1 | 500 | 3 | 594 |
| Community Services | 7 | 1,655 | 3 | 1,580 |
| Revitalization/Stabilization | 0 | 0 | 0 | 0 |
| Total | 8 | 2,155 | 9 | 2,566 |
| | | | | |
| CD Grants | # of Grants | \$000 | Not Applicable | |
| Affordable Housing | 5 | 5 | | |
| Economic Development | 9 | 19 | | |
| Community Services | 63 | 124 | | |
| Revitalization/Stabilization | 0 | 0 | | |
| Total | 77 | 148 | | |

Below are highlights of TBC’s qualified investments and grants.

Investments

- TBC invested \$1.2 million in municipal bonds issued by a local town government in Genesee County. The bond proceeds were used for public improvements to the town where a majority of its student population receive free or reduced cost lunches.
- In 2017, TBC made a commitment to invest \$500,000 in a Small Business Investment Company (“SBIC”) that services all areas north of Westchester County, including the Bank’s assessment area. The SBIC fund provides financing to existing small businesses for expansion.

Grants

TBC made 77 qualified grants totaling \$148,290 to various organizations that provide support for job retention and creation, education, affordable housing, and food services benefitting the LMI population within the Bank’s assessment area. The majority of the grants supported community services.

Innovativeness of Community Development Investments:

TBC made occasional use of innovative investments to support community development.

During the evaluation period, the Bank made a commitment to invest \$500,000 in an

SBIC. The Bank also had \$2.5 million in such investments outstanding from prior evaluation periods.

Responsiveness of Qualified Investments to Credit and Community Development Needs:

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

SERVICE TEST: High Satisfactory

The Department evaluated TBC's retail service performance pursuant to the following criteria:

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

The Department evaluated TBC'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: High Satisfactory

TBC's branch network, branch hours and services, and standard and alternative delivery systems was more than reasonable to meet the needs of LMI individuals.

Current distribution of the banking institution's branches:

TBC has a more than reasonable distribution of branches within its assessment area.

The Bank operates 18 branches in six counties in upstate New York, of which 15 are full-service branches and three offer limited service. Two branches provide service by appointment only and one branch only offers drive-through service. The greatest proportion of TBC's branches is located in middle-income census tracts; TBC's branch in Orleans County is the only branch located in a moderate-income tract and TBC does not have any branches in low-income census tracts.

The chart below illustrates the distribution of TBC's branch network.

| Distribution of Branches within the Assessment Area | | | | | | | |
|---|-------|-------|------------|----------|---------|---------|-------|
| County | N/A # | Low # | Moderate # | Middle # | Upper # | Total # | LMI % |
| Erie | | | | | 1 | 1 | 0% |
| Genesee | | | | 4 | | 4 | 0% |
| Livingston | | | | 1 | 2 | 3 | 0% |
| Monroe | | | | 2 | 2 | 4 | 0% |
| Orleans | | | 1 | | | 1 | 100% |
| Wyoming | | | | 5 | | 5 | 0% |
| Total | - | - | 1 | 12 | 5 | 18 | 6% |

Record of opening and closing branches:

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

TBC opened a new full-service branch in December 2018 in an upper-income census tract in Buffalo, Erie County.

TBC closed two branches in October 2019, one in Monroe County in the Village of Churchville and the other in Livingston County in Piffard, NY. Both branches were located in middle-income census tracts.

Availability and effectiveness of alternative systems for delivering retail services:

TBC's delivery systems are readily accessible to significant portions of the Bank's assessment area, including LMI geographies and individuals.

All of TBC's branches, except those located in Gainesville, Amherst, and Pittsford, and at 90 Main Street, Batavia, offer drive-up facilities which are open during regular branch hours.

All branches except the one in Pittsford offer 24/7 onsite ATMs. However only four of the Bank's ATMs accept deposits; all others only dispense cash.

TBC also has seven off-site ATMs, all of which only dispense cash. Four of the ATMs are located at local college campuses; one is located at a medical facility and one each is located in the towns of Churchville (Monroe County) and Piffard (Livingston County).

Other delivery channels available to customers include bill pay, e-statements, automated clearing house, online and mobile banking, and mobile deposit.

Range of services provided:

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

The Bank's branches are generally open Monday through Wednesday from 8:30 AM to 4:30 PM, with extended hours on Thursday and Friday. In addition, 11 of the full-service branches are open with limited hours on Saturdays, from 9:00 AM to 12:00 PM. A majority of the branches also have drive-up/walk up windows which are open during normal business hours.

TBC offers several products and services to address the needs of LMI consumers and small business, including:

- Student Checking 101 Account – this product requires no minimum balance to open and maintain the account if the depositor accepts electronic statements. Account holders must be between the ages of 16 and 25 years old. Furthermore, four ATMs located on college campuses enable easy access for LMI students.
- Health Savings Account – this product is designed to allow account holders to save for medical expenses. This account includes benefits such as tax-deductible contributions, tax deferred earnings, and tax-free withdrawals for permissible uses. Additionally, customers can keep this account regardless of any change in their health coverage or employment.
- Starter Savings Account – this product has no minimum balance requirement and no monthly fee. The account is designed for individuals 17 years and under to encourage early savings and financial management. The account pays tiered interest rates depending on the balance.

Community Development Services: High Satisfactory

TBC provided a relatively high level of community development services.

Below are highlights of TBC's community development services.

- A total of 28 employees and members of TBC's senior management serve on the boards or committees of various organizations, lending their financial expertise and technical assistance to support small farms, small businesses, economic development, community services, and affordable housing for LMI individuals within the assessment area.
- A mortgage loan originator serves as board president of an organization that provides affordable housing to LMI seniors, families, veterans, and the disabled.

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- An executive serves as a vice president of a community college foundation. The college attracts students from throughout Genesee County and surrounding areas. A substantial majority of its students receive financial aid and other special programs for LMI students including housing while attending college.
 - TBC's President and CEO serves as vice chair and a board member of an umbrella organization that provides support to nonprofits that serve LMI children and adults with disabilities and special needs. He also serves as a committee member of an organization that helps economic development in Genesee County.
 - A banking relationship manager serves as a board member of an organization that provides affordable housing and aims to provide housing solutions for lower income individuals.
 - A manager serves as corporate treasurer and secretary of an organization that helps improve community health, reduce the stigma associated with addiction, and works for positive community change with emphasis on the LMI population.
 - Several TBC employees participated in a total of 18 seminars for small business and/or first-time homebuyers at presentations in local schools during the current evaluation period. The seminars were hosted by various local organizations.

Additional Factors

The following factors were also considered in assessing TBC'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 CRA.

TBC's board of directors has established a CRA policy, which the CRA officer implements. The CRA officer reports annually to the board of directors regarding the Bank's CRA performance and activities, including HMDA and small business lending, assessment area delineation, and employee community involvement including the Bank's community development activities.

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 TBC intended to discourage applications for the types of credit offered by TBC.

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- *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.*

TBC's board members, senior management and other employees serve on boards and are committee members of various local community-based organizations. Through these involvements that the Bank is able to communicate its credit services, as well as ascertain the credit and banking needs of its 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*

TBC advertises its products and services through a variety of media channels and offers several loan programs designed to help individuals and small businesses pursue their goals of homeownership, business growth and success. The Bank markets its credit products and banking services to the community through local publications, radio stations, television, trade shows, mass mailings, statement stuffers, and social media. The Bank's website offers up-to-date information on new and existing products.

The Bank's marketing strategy is to be more vocal about engagement with minorities, businesses, community involvement, corporate giving initiatives, and the scope of products and solutions.

- *Action Taken in Response to Written Complaints with Respect to CRA*

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

Other factors that in the judgment of the Superintendent bear upon the extent to which TBC is helping to meet the credit needs of its entire community

DFS examiners noted no other factors.

GLOSSARY

Aggregate Lending

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.

Banking Development District (“BDD”) Program

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

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 Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

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

Small Business Loan

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

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas where, according to the 2010 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 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 Block Numbering Areas (“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.

Minority Depository Institutions (“MDIs”)

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

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).

Paycheck Protection Program ("PPP") Loans

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") temporarily permits the U.S. Small Business Administration ("SBA") to guarantee 100% of 7(a) loans under a new program titled the "Paycheck Protection Program". The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%.

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.