

# **PUBLIC DISCLOSURE**

**March 5, 2012**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Tioga State Bank  
RSSD No. 910118**

**1 Main Street  
PO Box 386  
Spencer, NY 14883**

**FEDERAL RESERVE BANK OF NEW YORK  
33 LIBERTY STREET  
NEW YORK, N.Y. 10045**

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

Tioga State Bank (“TSB”) is rated Satisfactory.

Major factors supporting the rating are:

- A substantial majority of loans were made in the assessment area.
- TSB’s loan-to-deposit ratio was reasonable.
- The overall distribution of loans to borrowers of different incomes and businesses of different sizes reflects reasonable distribution.
- The overall geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The level of community development loans, qualified investments and community development services demonstrates excellent responsiveness to community development needs in the assessment area.

## DESCRIPTION OF INSTITUTION

TSB is a retail commercial bank, wholly owned by TSB Services Inc., a one-bank holding company. TSB operates in the southwestern portion of upstate New York with the majority of its branches located in Tioga and Broome Counties. TSB offers a variety of commercial and consumer financial products such as fixed and adjustable rate mortgages, home equity loans and lines of credit, personal and unsecured loans, and commercial and agricultural loan products.

TSB operates 11 full-service branch offices, five of which are located in Tioga County, four in Broome County, one in Chemung county, and one in Tompkins County. TSB operates in a competitive market with branches of numerous local, regional, and some international banks operating in its assessment areas. Based on deposits reported to the Federal Deposit Insurance Corporation (“FDIC”) on June 30, 2011, TSB has the fourth largest deposit market share (10.5%) in the Binghamton metropolitan statistical area (“MSA”), the assessment area where the bank conducts a majority of its business.

As of December 31, 2011, TSB’s total assets were \$385 million, with total deposits of \$304 million and gross total loans of \$243 million. The table on the following page shows the composition of TSB’s loan portfolio according to the Consolidated Reports of Condition and Income.

There are no financial or legal impediments preventing TSB from serving the credit needs of its assessment area. TSB received a satisfactory rating at the prior CRA examination, dated March 15, 2010, conducted by the Federal Reserve Bank of New York.

<b>Loan Portfolio Summary</b>		
<b>LOAN TYPE</b>	<b>DOLLAR AMOUNT*</b> (‘000s)	<b>PERCENT OF TOTAL</b>
Commercial / Industrial & Non Farm Non Residential Real Estate	98,715	41%
Construction & Land Development	6,088	2%
Secured by 1-4 Family Residential Real Estate	118,121	49%
Multifamily	7,962	3%
Consumer	7,550	3%
Other	4,884	2%
<b>Total Gross Loans and Leases</b>	<b>243,320</b>	<b>100%</b>

\*Data as of December 31, 2011

## **DESCRIPTION OF THE BANK’S ASSESSMENT AREA**

TSB has three assessment areas located in central and southern New York State, within three contiguous Metropolitan Statistical Areas (MSAs). The assessment areas are as follows:

- MSA 13780 (Binghamton, NY), consisting of Tioga County and a portion of Broome County.
- MSA 21300 (Elmira, NY), consisting of a portion of Chemung County.
- MSA 27060 (Ithaca, NY), consisting of a portion of Tompkins County.

The assessment areas are in compliance with the requirements of Section 228.41 of Regulation BB and do not arbitrarily exclude low- and moderate-income (“LMI”) geographies. A map illustrating TSB’s assessment areas is in Appendix F.

## **SCOPE OF EXAMINATION**

### *Procedures and Products*

TSB was examined using the Federal Financial Institutions Examination Council’s (“FFIEC”) Interagency CRA Examination Procedures for Intermediate Small Institutions, which consists of the small bank lending test and a community development test. The examination covers the evaluation period January 1, 2010 through December 31, 2011 for the lending test. Examiners reviewed activities pertaining to the community development test for the period January 1, 2010 through February 29, 2012.

Retail loan products evaluated include home purchase, refinance, and home improvement loans reported under the Home Mortgage Disclosure Act ("HMDA") and a sample of 128 small business loans and 165 consumer loans. The loan samples were selected using the Board of Governors' sampling procedures and the integrity of the loan data was verified as part of the onsite exam. In addition, examiners reviewed community development loans, qualified investments, and community development services.

A full scope review was conducted of MSA 13780 (Binghamton, NY), while limited scope reviews were conducted of MSA 27060 (Ithaca, NY) and MSA 21300 (Elmira, NY). MSA 13780 was selected for a full-scope review because it contains 82% of the bank's branches, 85% of the bank's retail deposits and 85% of the bank's retail lending activity.

### *Lending Distribution Analysis*

The analysis of borrower and geographic distribution was based on the loans made in the assessment areas. To analyze the borrower characteristics of HMDA-related and consumer loans, the proportion of originations to LMI borrowers was compared with the proportion of LMI families in the assessment areas. Income estimates from the U.S. Department of Housing and Urban Development ("HUD") were used to categorize borrower income.

For small business loans, TSB's percentage of loans to businesses with gross annual revenues ("GAR") of \$1 million or less was compared to the percentage of all such businesses in the assessment areas. The size of the small business loan was also used as a proxy to identify lending to businesses with GAR of \$1 million or less.

To evaluate geographic distribution, the proportion of loan originations was compared to the proportion of owner-occupied housing units located in LMI geographies. For small business loans, the analysis compared the proportion of loan originations to the proportion of businesses located in LMI geographies.

TSB's 2010 performance was also compared to the 2010 loan data of the aggregate of all HMDA-reporting lenders. Aggregate data for 2011 was not publicly available for comparison at the time of this examination.

Peer data was used for the loan-to-deposit analysis. Local peer banks were selected based on the amount of deposits and number of branches in order to choose banks similarly-sized to TSB within MSA 13780. TSB's loan-to-deposit performance was also compared to its National Peer group. TSB's performance in making community development loans and qualified investments was also compared with peer banks in MSA 13780.

Summary of Key Assessment Area Data				
	MSA 13780 (Binghamton, NY)	MSA 21300 (Elmira, NY)	MSA 27060 (Ithaca, NY)	Totals
<b>Total Population<sup>4</sup></b>	<b>227,714</b>	<b>7,789</b>	<b>14,693</b>	<b>250,196</b>
Population % of AA population	91%	3%	6%	100%
<b>Families</b>	<b>58,303</b>	<b>2,260</b>	<b>3,945</b>	<b>64,508</b>
Families % of AA families	90%	4%	6%	100%
<b>Total Census Tracts<sup>4</sup></b>	<b>58</b>	<b>2</b>	<b>3</b>	<b>63</b>
Tracts % AA tracts	92%	3%	5%	100%
<b>LMI tracts</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>17</b>
LMI tracts % all AA LMI tracts	100%	0%	0%	100%
<b>Total Owner-Occupied Units<sup>4</sup></b>	<b>60,427</b>	<b>2,529</b>	<b>4,402</b>	<b>67,358</b>
Units % of AA units	90%	4%	7%	100%
<b>Business Establishments<sup>5</sup></b>	<b>8,976</b>	<b>229</b>	<b>642</b>	<b>9,847</b>
Bus. est. % AA bus. est.	91%	2%	7%	100%
<b>Number of Branches<sup>1</sup></b>	<b>9</b>	<b>1</b>	<b>1</b>	<b>11</b>
Branches % all branches	82%	9%	9%	100%
<b>Branches in LMI tracts</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
LMI branches % AA LMI branches	0%	0%	0%	0%
<b>Branch Deposits (\$'000s)<sup>2</sup></b>	<b>261</b>	<b>9</b>	<b>38</b>	<b>308</b>
Deposits % AA deposits	85%	3%	12%	100%
Deposit Market Share (%)/ Rank in Mkt.	10/4	.8/7	2/8	
<b>Home Purchase Originations<sup>3</sup></b>	<b>104</b>	<b>4</b>	<b>16</b>	<b>124</b>
HP originations % AA orig.	84%	3%	13%	100%
<b>Refinance Originations<sup>3</sup></b>	<b>116</b>	<b>10</b>	<b>13</b>	<b>139</b>
Refi orig. % AA orig.	83%	7%	9%	100%
<b>Home Improvement Originations<sup>3</sup></b>	<b>230</b>	<b>9</b>	<b>29</b>	<b>268</b>
Home Improvement orig. % AA orig.	86%	3%	11%	100%
<b>Small Business Originations<sup>3</sup></b>	<b>94</b>	<b>3</b>	<b>8</b>	<b>105</b>
SB orig. % AA orig.	90%	3%	8%	100%
<b>Consumer Loan Originations</b>	<b>119</b>	<b>8</b>	<b>15</b>	<b>142</b>
SB orig. % AA orig.	84%	6%	11%	100%
<b>Combined Loan Totals</b>	<b>663</b>	<b>34</b>	<b>81</b>	<b>778</b>
% of AA Orig.	85%	4%	10%	100%
(1) Branch numbers are as of 12/31/2011. (2) Branch deposits and deposit market share are from the FDIC as of 6/30/11. (3) Originations are loans reported under HMDA and samples of small business and consumer loans for 2010 through 2011. (4) Demographic information was obtained from the 2000 Census. (5) Business establishments information was reported by D&B for 2010.				

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA****LENDING TEST**

TSB's overall record of meeting the credit needs of its assessment areas is satisfactory. TSB originated a substantial majority of loans within its assessment area and its loan-to-deposit ratio was reasonable. The overall distribution of loans to borrowers of different incomes and businesses of different sizes was reasonable. Geographic distribution of HMDA-related, consumer, and small business loans represented reasonable penetration among geographies of different income levels.

**Loan-to-Deposit Ratio**

TSB's loan-to-deposit ratio was reasonable given TSB's size, financial condition, and the credit needs of its assessment areas. TSB's average loan-to-deposit ratio for the eight most recent quarters ending December 31, 2011, was 73%, based on information contained in its Consolidated Report of Condition and Income. This ratio was slightly below but generally comparable to the national peer average of 78% and the average ratio of 80% for four similarly-situated banks with branches in the assessment area during the same time period.

**Lending in the Assessment Area**

TSB originated a substantial majority of its loans, 88% by number, and 85% by dollar amount, overall, in its assessment areas. TSB originated 90% of its HMDA-related loans, 86% of its consumer loans, and 82% of its small business loans by number, within its assessment areas, as shown in the following table:

<b>Lending Inside and Outside the Assessment Area</b>								
<b>Loan Type</b>	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>\$</b> <b>(‘000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$</b> <b>(‘000s)</b>	<b>%</b>
Home Purchase	124	84	11,741	81	23	16	2,751	19
Refinancings	139	87	10,649	83	20	13	2,133	17
Home Improvement	268	94	7,655	91	18	6	751	9
Multifamily	22	92	4,691	96	2	8	223	4
<b>Total HMDA</b>	<b>553</b>	<b>90</b>	<b>34,736</b>	<b>86</b>	<b>63</b>	<b>10</b>	<b>5,858</b>	<b>14</b>
Consumer	142	86	1,909	75	23	14	642	25
Small Business	105	82	15,999	84	23	18	2,984	16
<b>All Loans</b>	<b>800</b>	<b>88</b>	<b>52,644</b>	<b>85</b>	<b>109</b>	<b>12</b>	<b>9,484</b>	<b>15</b>

**Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

TSB's overall lending penetration among borrowers of different income levels (including LMI individuals) and businesses of different sizes was reasonable based primarily on reasonable performance in MSA 13780 (Binghamton, NY).

## Geographic Distribution of Loans

TSB's geographic distribution of loans was reasonable overall based primarily on reasonable penetration of geographies of different income levels in MSA 13780 (Binghamton, NY).

## RESPONSE TO COMPLAINTS

TSB received no complaints relating to the institution's CRA performance. Since the previous examination, there were no CRA-related complaints filed with the Federal Reserve Bank of New York.

## COMMUNITY DEVELOPMENT TEST

TSB's performance under the community development test is rated outstanding. TSB demonstrated excellent responsiveness to the community development needs of its assessment areas through an excellent level of community development loans, qualified investments, and community development services, considering TSB's capacity and the need and availability of such opportunities for community development in TSB's assessment areas.

During the examination period, TSB's community development loans and qualified investments totaled \$16 million of which 81% were made in TSB's assessment areas. \$12 million, or 75% of total lending and investment activity represented new activity made since the prior examination. Two loans totaling \$2.9 million were made outside of TSB's assessment area in upstate New York. In terms of dollar volume, total community development efforts increased by 127% since the prior examination.

TSB's community development program was responsive to community needs. In terms of dollar amounts, economic development initiatives represented 32% of total activity, revitalization and stabilization 31% of total activity, community services 19%, and affordable housing 18% of total activity. Community contacts have identified revitalization and stabilization and job creation as critical needs throughout TSB's assessment areas. See the chart below for details of the bank's total community development loans and qualified investments.

<b>Community Development Loans and Qualified Investments January 1, 2010 – February 29, 2012</b>										
<b>Loans and Investments</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize and Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>(\$000s)</b>	<b>#</b>	<b>(\$000s)</b>	<b>#</b>	<b>(\$000s)</b>	<b>#</b>	<b>(\$000s)</b>	<b>#</b>	<b>(\$000s)</b>
Loans	12	\$2,906	8	\$2,660	3	5,028	5	\$4,033	28	\$14,627
Investments	0	0	41	\$330	0	\$0	3	\$959	44	\$1,289
Total Loans and Investments	12	\$2,906	49	\$2,990	3	\$5,028	8	\$4,992	72	\$15,916

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

TSB is in compliance with the substantive provisions of the anti-discrimination laws and regulations. No evidence of discriminatory or other illegal credit practice was identified as being inconsistent with helping to meet the credit needs of the assessment area.

### **METROPOLITAN AREA MSA 13780 (BINGHAMTON, NY)**

#### **DESCRIPTION OF OPERATIONS**

TSB's banking activities within its assessment areas were primarily conducted within MSA 13780. As of December 31, 2011, TSB operated 9 of 11 branches (82%) in this MSA. These branches generated \$261 million in deposits, which accounts for 85% of the bank's total branch deposits as of June 30, 2011. Of the bank's total HMDA loans (531) originated in the assessment areas during 2010 and 2011, 85% were originated in this MSA. Of its total consumer loans (142) originated in the assessment areas, 84% were originated in this MSA. Of its total small business loans originated in the assessment areas (105), 90% were originated in this MSA. For additional assessment area data, see Summary of Key Assessment Area Data.

#### **PERFORMANCE CONTEXT**

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of Census, the U.S. Department of Labor, and the National Association of Realtors.

##### *Demographic Characteristics*

According to the 2000 Census, the population of MSA 13780 is 227,714. The MSA is comprised of Broome and Tioga Counties, with Broome County representing 88% of the MSA's population. The City of Binghamton is the largest city in the MSA and is located within Broome County. TSB has historically operated primarily within Tioga County but has expanded into Broome County over the last few years. Of the 58 census tracts located in MSA 13780, 17 or 29% are LMI. All of the LMI census tracts are located in Broome County.

##### *Income Characteristics*

According to the 2000 Census, MSA 13780 has 58,303 families, of which 10,767 (19%) are low-income families and 10,804 (19%) are moderate-income families. The HUD-adjusted median family income for MSA 13780 was \$60,400 in 2010 and \$61,000 in 2011. These income levels are low in comparison to New York State's 2011 HUD-adjusted median family income of \$70,400.

##### *Housing Characteristics*

Housing costs are comparatively low in the MSA, particularly in comparison to the state average median sales price. According to the National Association of Realtors, the median annual sales price of existing single-family homes in MSA 13780 was \$110,000 in 2010 and increased slightly

to \$113,800 in 2011. New York State’s median annual sales price for an existing single-family home was \$212,500 in 2011. Housing affordability remains difficult for low-income borrowers in the MSA. The median housing cost in the assessment area is about four times the median family income of a low-income borrower and 2 times the income of a moderate-income borrower.

Community contacts, reported, however, that the area has not been affected by the housing foreclosure crisis since housing prices were never inflated. A community development organization noted that home improvement lending is a need in the area because housing is relatively old, and many houses are in need of basic upgrades.

*Labor, Employment and Economic Characteristics*

The region has a sizeable presence of computer, electronics, and defense-related manufacturing, although less than in the past. During this past economic recession, the Binghamton area registered a job loss of roughly 6%, steeper than New York as a whole, but roughly on par with the nation. Unemployment in MSA 13780 remains high and slightly above the State unemployment rate, as a whole. The area’s employment level was adversely affected by the loss of the Presidential helicopter contract at Lockheed Martin, resulting in the loss of 800 jobs.

U.S. Department of Labor Annual Unemployment Rates		
Area	2010	2011
MSA 13780	8.8%	8.4%
State of New York	8.6%	8.2%

Flooding in 2011 caused by Hurricane Irene and Tropical Storm Lee brought major devastation to the region. Estimates from the New York Department of State estimated the flood damage in Broome County at \$436 million and \$280 million in Tioga County. FEMA designated Broome and Tioga Counties a disaster area on September 13, 2011.

See the table on the next page for additional assessment area details.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

**Distribution by Borrower Income and Revenue Size of Business**

Lending performance in the assessment area relating to borrower distribution in 2010 was reasonable overall, and reflected reasonable penetration among individuals of all income levels (including LMI) and businesses of different sizes. While home ownership is generally affordable to moderate-income borrowers in the MSA, housing costs are generally 3 to 4 times the income levels of low-income borrowers. Tioga’s performance in 2011 exceeded its performance in 2010 with respect to borrower distribution of loans.

*Home Purchase Loans*

TSB’s distribution of home purchase loans to LMI borrowers was reasonable. In 2010, TSB made 14% of its home purchase loans to low-income borrowers while 19% of families in the MSA are of low-income. TSB’s performance in 2010 was above that of the market aggregate, which made 10% of its home purchase loans to low-income borrowers.

<b>Assessment Area Demographics</b>								
<b>Assessment Area : MSA 13780 Broome/Tioga Counties</b>								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	4	6.9	1,366	2.3	437	32.0	10,767	18.5
Moderate-income	13	22.4	8,302	14.2	1,587	19.1	10,804	18.5
Middle-income	27	46.6	31,484	54.0	2,092	6.6	13,357	22.9
Upper-income	14	24.1	17,151	29.4	605	3.5	23,375	40.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>58</b>	<b>100.0</b>	<b>58,303</b>	<b>100.0</b>	<b>4,721</b>	<b>8.1</b>	<b>58,303</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%
Low-income	4,299	657	1.1	15.3	2,931	68.2	711	16.5
Moderate-income	19,144	6,158	10.2	32.2	10,623	55.5	2,363	12.3
Middle-income	51,199	34,477	57.1	67.3	12,767	24.9	3,955	7.7
Upper-income	24,946	19,135	31.7	76.7	4,736	19.0	1,075	4.3
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>99,588</b>	<b>60,427</b>	<b>100.0</b>	<b>60.7</b>	<b>31,057</b>	<b>31.2</b>	<b>8,104</b>	<b>8.1</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	%
Low-income	665	7.4	541	6.8	73	13.5	51	11.5
Moderate-income	1,447	16.1	1,271	15.9	107	19.9	69	15.5
Middle-income	4,512	50.3	4,062	50.8	234	43.4	216	48.5
Upper-income	2,352	26.2	2,118	26.5	125	23.2	109	24.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>8,976</b>	<b>100.0</b>	<b>7,992</b>	<b>100.0</b>	<b>539</b>	<b>100.0</b>	<b>445</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>89.0</b>		<b>6.0</b>		<b>5.0</b>

Based on 2000 Census Information.

Performance in lending to moderate-income borrowers was poor, as 9% of TSB's home purchase loans in 2010 were made to moderate-income borrowers, compared to 19% of all families in the MSA that were of moderate-income. TSB's performance was significantly below the market aggregate, which made 28% of its home purchase loans to moderate-income borrowers in 2010.

TSB's 2011 performance was excellent as 22% of home purchase loans were made to moderate-income borrowers while performance to low-income borrowers was poor, as the bank made only one loan, or 2% of its total home purchase loans, to low-income borrowers.

### *Refinance Loans*

TSB's overall distribution of refinance loans to LMI borrowers in 2010 was reasonable based on reasonable penetration in lending to both low- and moderate-income borrowers. TSB made 5% of its refinance loans low-income borrowers and 15% of its refinance loans to moderate-income borrowers in 2010. The demographics indicate that 19% percent of families in the assessment area are of low-income and 19% are of moderate-income. Performance in lending to low-income borrowers was slightly below the market aggregate, which made 6% of its refinance loans to low-income borrowers and was also slightly below the market aggregate in lending to moderate-income borrowers as 19% of the market aggregate's refinance loans were made to moderate-income borrowers in 2010.

Performance in 2011 was excellent, as 25% of TSB's refinance loans were made to moderate-income borrowers, while performance to low-income borrowers was reasonable as 7% of refinance loans were made to low-income borrowers.

### *Home Improvement Loans*

TSB's overall distribution of home improvement loans to LMI borrowers in 2010 was reasonable, based on reasonable performance in lending to both low-income borrowers and moderate-income borrowers. TSB made 14% of its home improvement loans to low-income borrowers and 16% of its home improvement loans to moderate-income borrowers. Nineteen percent of families in the assessment area are of low-income and 19% are of moderate-income. Performance was similar to the market aggregate, which made 14% of its home improvement loans to low-income borrowers in 2010, and slightly below the market aggregate in lending to moderate-income borrowers, as 21% of the market aggregate's loans were made to moderate-income borrowers.

Performance in 2011 was excellent as 28% of TSB's refinance loans were to moderate-income borrowers while performance to low-income borrowers was reasonable as 11% of refinance loans were to low-income borrowers.

### *Consumer Loans*

TSB's overall distribution of consumer loans to LMI borrowers in 2010 was excellent based on excellent performance in lending to both low- and moderate-income borrowers. TSB made 31% of its consumer loans to low-income borrowers and 21% of its consumer loans to moderate-income borrowers. Demographics show that 24% of households in the assessment area are of low-income, while 16% are of moderate-income. Performance in 2011 was comparable to 2010.

### *Small Business Loans*

TSB's overall distribution of lending to small businesses was reasonable. During 2010, TSB made 72% of its small business loans to businesses with GAR of \$ 1 million or less, compared to 89% of business establishments in the MSA with GAR of \$1 million or less. Performance was significantly above the aggregate which, in 2010, made 37% of its small business loans to

businesses with GAR of \$1 million or less. During the review period, 78% of TSB's total small business loans were in amounts of \$100,000 or less compared to the aggregate, which made 92% of its small business loans in amounts of \$100,000 or less. The average size of small business loans was \$107,000. Loans in smaller amounts are responsive to the needs of small businesses. Performance in 2011 was comparable to 2010.

### **Geographic Distribution of Loans**

TSB's geographic distribution of loans reflects overall reasonable dispersion throughout the entire assessment area including LMI census tracts considering performance context and demographic challenges in TSB's assessment areas that make lending difficult in LMI census tracts. HMDA-related and consumer lending performance in 2010 was poor, while small business performance was good.

Opportunities to make HMDA loans in low-income census tracts were very limited. Only 1%, or 657 in number, of owner-occupied housing units, were located in low-income census tracts. This performance context consideration is confirmed by the performance of the aggregate, which in 2010 made only 1% of its HMDA-related lending in low-income census tracts. Additionally, 32% of the families residing in low-income census tracts have incomes below the poverty level, further limiting lending opportunities.

#### *Home Purchase Loans*

TSB's overall home purchase lending performance in 2010 was reasonable in light of demographic and performance context considerations relating to housing affordability and availability of owner-occupied housing in the LMI census tracts within the assessment area. TSB's performance in low-income census tracts is considered reasonable in light of these performance context considerations. TSB made only one home purchase loan, or 2% of its home purchase loans, in a low-income census tract while only 1% of all owner-occupied housing units were located in low-income tracts. The market aggregate's performance in 2010 was similar, as it made only 1% of its home purchase loans in low-income census tracts.

TSB's overall performance in moderate-income census tracts was reasonable. TSB originated 5% of its home purchase loans in moderate-income census tracts compared to 10% of owner-occupied housing units located in moderate-income census tracts in the MSA. TSB's performance in moderate-income geographies was significantly below the market aggregate, which made 12% of its home purchase loans in moderate-income geographies in 2010. Home purchase performance in 2011, however, exceeded performance in 2010 as TSB made 13% of its home purchase loans in moderate-income geographies in 2011.

#### *Refinance Loans*

TSB's overall refinance lending performance in low- and moderate-income geographies in 2010 was poor. TSB's refinance lending performance in low-income census tracts, however, is considered reasonable considering performance context factors. For example, only 1% of all owner-occupied housing units are located in low-income census tracts indicating very limited

lending opportunities. TSB did not make any refinance loans in low-income census tracts. However, evidence of the very limited opportunities for refinance lending in low-income census tracts is reflected in the performance of the market aggregate, which made only 9, or less than 1% of its refinance loans in low-income census tracts in 2010.

TSB's overall refinance lending performance in moderate-income census tracts was poor. TSB originated 5% of its refinance loans in moderate-income census tracts in 2010 compared to 10% of owner-occupied housing units located in moderate-income census tracts in the MSA. TSB's performance in moderate-income geographies was below the performance of the market aggregate, which made 7% of its refinance loans in moderate-income geographies in 2010. Refinance lending performance in 2011 declined and was also poor, as TSB did not make any refinance loans in moderate-income geographies.

#### *Home Improvement Loans*

TSB's overall home improvement lending performance in 2010 was reasonable, based on reasonable performance in both low- and moderate-income geographies. TSB's performance in low-income geographies was considered reasonable as the bank made two, or 2% of its home-improvement loans, in low-income census tracts, compared to the demographic, which indicates that only 1% of all owner-occupied housing units are located in low-income census tracts. Performance in low-income census tracts was significantly above the market aggregate, which made only 1% of its home improvement loans in low-income tracts in 2010, supporting the performance context conclusion of very limited lending opportunities in low-income census tracts.

TSB's overall home improvement lending performance in moderate-income census tracts was reasonable. Three, or 3%, of TSB's home improvement loans were made in moderate-income census tracts, while 10% of owner-occupied units were located in moderate-income tracts. Home improvement performance was significantly below the market aggregate, which made 9% of its home improvement loans in moderate-income census tracts in 2010. Performance in 2011 improved, as TSB made 6% of its home improvement loans in moderate-income census tracts.

#### *Consumer Loans*

TSB's overall consumer lending performance was poor in 2010 in both low- and moderate-income census tracts. TSB did not make any consumer loans in low-income census tracts, while 4% of all households reside in low-income census tracts. Three, or 5%, of TSB's consumer loans were made in moderate-income census tracts, compared to 18% of households residing in those tracts. TSB's 2011 consumer lending performance was similar, in both low- and moderate-income census tracts.

#### *Small Business Loans*

Small business lending performance in 2010 was reasonable based on reasonable performance in both low- and moderate-income census tracts. TSB made 2 or 6% of its small business loans in low-income census tracts and 5 or 14% of its small business loans in moderate-income census tracts, compared to 7% and 16% of business establishments located in low- and moderate-income

2010 Aggregate Comparison Loan Distribution Table										
Assessment Area: MSA 13780										
Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
<b>Home Purchase</b>										
Low	1	2.3%	3.3%	1.8%	1.2%	6	13.6%	6.7%	10.0%	6.0%
Moderate	2	4.5%	3.1%	11.5%	8.0%	4	9.1%	7.1%	28.4%	22.6%
Middle	29	65.9%	54.9%	52.9%	49.1%	10	22.7%	16.2%	27.5%	27.4%
Upper	12	27.3%	38.7%	33.9%	41.7%	21	47.7%	66.5%	28.1%	38.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	3	6.8%	3.4%	6.0%	5.4%
<b>Total</b>	<b>44</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>44</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	0	0.0%	0.0%	0.4%	0.3%	3	4.8%	2.4%	5.5%	3.2%
Moderate	3	4.8%	3.8%	6.8%	4.4%	9	14.5%	8.4%	19.2%	13.7%
Middle	48	77.4%	73.9%	52.4%	48.2%	18	29.0%	28.1%	24.7%	21.3%
Upper	11	17.7%	22.3%	40.3%	47.1%	25	40.3%	42.9%	43.1%	53.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	7	11.3%	18.1%	7.5%	8.1%
<b>Total</b>	<b>62</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>62</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	2	2.2%	1.5%	1.3%	0.6%	13	14.1%	3.6%	14.2%	4.2%
Moderate	3	3.3%	0.9%	8.8%	5.4%	15	16.3%	9.6%	20.8%	13.2%
Middle	72	78.3%	79.9%	61.1%	53.6%	27	29.3%	35.7%	24.8%	23.8%
Upper	15	16.3%	17.6%	28.8%	40.4%	32	34.8%	43.4%	37.4%	55.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	5	5.4%	7.7%	2.9%	3.0%
<b>Total</b>	<b>92</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>92</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multi-Family</b>										
Low	2	22.2%	36.1%	13.6%	11.5%	0	0.0%	0.0%	0.0%	0.0%
Moderate	5	55.6%	39.4%	50.0%	80.4%	0	0.0%	0.0%	0.0%	0.0%
Middle	2	22.2%	24.5%	27.3%	6.6%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	9.1%	1.5%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	9	100.0%	100.0%	100.0%	100.0%
<b>Total</b>	<b>9</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>9</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HMDA Totals</b>										
Low	5	2.4%	5.5%	1.2%	1.6%	22	10.6%	3.8%	8.3%	4.2%
Moderate	13	6.3%	6.9%	9.3%	12.3%	28	13.5%	7.3%	23.2%	16.3%
Middle	151	72.9%	63.9%	53.4%	45.3%	55	26.6%	23.1%	25.8%	22.2%
Upper	38	18.4%	23.7%	36.2%	40.8%	78	37.7%	45.4%	35.8%	43.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	24	11.6%	20.3%	6.8%	14.4%
<b>Total</b>	<b>207</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>207</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
		Bank			Aggregate				Aggregate	
	#	%	% \$(000s)	%	% \$(000s)		%	% \$(000s)	%	% \$(000s)
Low	2	5.6%	1.0%	9.3%	12.0%					
Moderate	5	13.9%	16.5%	15.8%	13.6%					
Middle	22	61.1%	75.6%	45.2%	41.3%					
Upper	7	19.4%	6.9%	29.2%	33.0%					
Unknown	0	0.0%	0.0%	0.0%	0.0%					
Tract Unknown	0	0.0%	0.0%	0.6%	0.1%					
<b>Total</b>	<b>36</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>					
<b>By Revenue</b>										
\$1 Million or Less	26	72.2%	58.8%	36.8%	38.1%					
<b>By Loan Size</b>										
\$100,000 or less	28	77.8%	28.6%	92.3%	36.1%					
\$100,001-\$250,000	4	11.1%	20.2%	4.5%	21.0%					
\$250,001-\$1 Million	4	11.1%	51.2%	3.3%	42.9%					
<b>Total</b>	<b>36</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>					

2010 Originations and Purchases

census tracts, respectively. TSB’s performance was below the market aggregate in lending in low-income census tracts and slightly below the market aggregate in lending in moderate-income census tracts. The market aggregate made 9% and 16% of its small business loans in low- and moderate-income census tracts, respectively. TSB’s performance in 2011 was comparable to its 2010 performance.

2010 Consumer Loan Distribution Table								
Assessment Area: MSA 13780								
Income Categories	Consumer Loan Totals							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Low	0	0.0%	0	0.0%	19	31.1%	129	16.8%
Moderate	3	4.9%	42	5.4%	13	21.3%	154	20.0%
Middle	48	78.7%	575	74.7%	12	19.7%	217	28.2%
Upper	10	16.4%	154	19.9%	17	27.9%	270	35.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	61	100.0%	771	100.0%	61	100.0%	771	100.0%

2010 Originations and Purchases

## COMMUNITY DEVELOPMENT TEST

TSB’s community development performance in MSA 13780 demonstrates excellent responsiveness to the community development needs of the assessment area. Sixty-two percent or \$9.8 million of TSB’s overall community development loans and investments were made in MSA 13780. This assessment considers TSB’s capacity and the need and availability of such opportunities for community development in MSA 13780. TSB’s level of community development activities compared favorably to two similarly-situated banks located in MSA 13780.

### *Community Development Loans*

In MSA 13780, TSB made \$8.5 million in community development loans. Of this total, 40% targeted affordable housing initiatives, 25% financed community services, and 35% targeted economic development.

Examples of TSB’s community development loans made in MSA 13780 include:

- A \$2.4 million loan to revitalize a moderate-income tract in downtown Binghamton through renovations to a commercial office building. The loan will also help keep jobs in the downtown area.
- A \$710,000 commercial loan to dental practice that provides services to a largely LMI population. The business has 15 offices throughout southern New York State.

- A \$425,000 multi-family loan to renovate 12 units of housing, that are affordable to LMI individuals.
- A \$400,000 loan to finance renovations to a building owned by a non-profit corporation that provides comprehensive services to the disabled in Broome County. The services allow the disabled to live independently. The property is located in a low-income census tract.

### *Qualified Investments*

In MSA 13780, the bank made \$1.3 million in qualified investments and grant donations. Qualified investments consisted of three municipal bonds totaling \$291,000 used to acquire school buses for a district where the majority of students receive free or reduced rate lunches, a \$370,000 municipal bond to rebuild a waste water treatment center in a moderate-income area, and two bonds used to acquire fire and rescue trucks in designated disaster areas of Broome County. Qualified investments included donations to 38 community service organizations in Tioga and Broome Counties.

### *Community Development Services*

TSB employees participated in community development service activities through offering technical assistance to various organizations that furnish community development services to LMI individuals. TSB's community development services were primarily targeted to MSA 13780. In MSA 13780, 14 employees served as directors, treasurers, and committee members to 18 community development organizations. These organizations include:

- A public benefit corporation in Tioga County that provides services to LMI people. The corporation provides assistance to projects that promote economic renewal and development within the community, increase the availability of individual and group housing within the community, and promote learning. Many of their projects target the LMI youth of the Spencer-Van Etten community.
- A non-profit organization that finds qualified workers, provides job placement services, workforce training programs, and provides grants and financial assistance programs to companies in Broome and Tioga Counties.

Within MSA 13780, TSB operates nine branches, one of which is in a moderate-income tract. All branches provide a full range of financial services to the communities they serve.

**METROPOLITAN AREAS**

*(LIMITED REVIEW)*

**MSA 21300 (Elmira, NY)**  
**MSA 27060 (Ithaca, NY)**

Conclusions regarding performance in the limited scope assessment areas were compared with the overall rating, which was based on the full-scope assessment area performance. Conclusions follow:

<b>PERFORMANCE OF LIMITED SCOPE AREAS</b>		
<b>Assessment Area</b>	<b>Lending Test</b>	<b>Community Development Test</b>
MSA 21300	Below	Below
MSA 27060	Below	Below

<b>2010 Consumer Loan Distribution Table</b>								
<b>Assessment Area: MSA 21300</b>								
<b>Income Categories</b>	<b>Consumer Loan Totals</b>							
	<b>By Tract Income</b>				<b>By Borrower Income</b>			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Low	0	0.0%	0	0.0%	3	50.0%	33	55.0%
Moderate	0	0.0%	0	0.0%	2	33.3%	22	36.7%
Middle	6	100.0%	60	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	1	16.7%	5	8.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>6</b>	<b>100.0%</b>	<b>60</b>	<b>100.0%</b>	<b>6</b>	<b>100.0%</b>	<b>60</b>	<b>100.0%</b>

2010 Originations and Purchases

<b>2010 Consumer Loan Distribution Table</b>								
<b>Assessment Area: MSA 27060</b>								
<b>Income Categories</b>	<b>Consumer Loan Totals</b>							
	<b>By Tract Income</b>				<b>By Borrower Income</b>			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Low	0	0.0%	0	0.0%	3	75.0%	11	33.0%
Moderate	0	0.0%	0	0.0%	1	25.0%	22	66.7%
Middle	4	100.0%	33	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>4</b>	<b>100.0%</b>	<b>33</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>	<b>33</b>	<b>100.0%</b>

2010 Originations and Purchases

<b>2010 Aggregate Comparison Loan Distribution Table</b>										
<b>Assessment Area MSA 21300</b>										
Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
<b>Home Purchase</b>										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	12.3%	6.3%
Moderate	0	0.0%	0.0%	0.0%	0.0%	1	50.0%	55.8%	31.6%	27.6%
Middle	2	100.0%	100.0%	100.0%	100.0%	1	50.0%	44.2%	33.3%	33.4%
Upper	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	15.8%	27.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	7.0%	5.4%
<b>Total</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	0	0.0%	0.0%	0.0%	0.0%	2	50.0%	52.5%	7.6%	4.9%
Moderate	0	0.0%	0.0%	0.0%	0.0%	1	25.0%	29.0%	15.2%	14.4%
Middle	4	100.0%	100.0%	100.0%	100.0%	1	25.0%	18.4%	31.8%	30.1%
Upper	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	40.9%	46.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	4.5%	4.2%
<b>Total</b>	<b>4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	12.8%	8.5%
Moderate	0	0.0%	0.0%	0.0%	0.0%	1	25.0%	9.1%	28.2%	26.1%
Middle	4	100.0%	100.0%	100.0%	100.0%	2	50.0%	81.8%	38.5%	33.7%
Upper	0	0.0%	0.0%	0.0%	0.0%	1	25.0%	9.1%	15.4%	24.1%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	5.1%	7.6%
<b>Total</b>	<b>4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multi-Family</b>										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>HMDA Totals</b>										
Low	0	0.0%	0.0%	0.0%	0.0%	2	20.0%	26.1%	10.5%	5.9%
Moderate	0	0.0%	0.0%	0.0%	0.0%	3	30.0%	36.6%	24.1%	21.4%
Middle	10	100.0%	100.0%	100.0%	100.0%	4	40.0%	36.2%	34.0%	31.9%
Upper	0	0.0%	0.0%	0.0%	0.0%	1	10.0%	1.1%	25.9%	35.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	5.6%	5.0%
<b>Total</b>	<b>10</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>10</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
	#	Bank		Aggregate						
		%	% \$(000s)	%	% \$(000s)	%		% \$(000s)		
Low	0	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%		
Moderate	0	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%		
Middle	1	100.0%	100.0%	100.0%	100.0%	100.0%		100.0%		
Upper	0	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%		
Unknown	0	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%		
Tract Unknown	0	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%		
<b>Total</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>		
<b>By Revenue</b>										
\$1 Million or Less	0	0.0%	0.0%	0.0%	0.0%	27.3%		39.4%		
<b>By Loan Size</b>										
\$100,000 or less	0	0.0%	0.0%	0.0%	0.0%	100.0%		100.0%		
\$100,001-\$250,000	0	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%		
\$250,001-\$1 Million	1	100.0%	100.0%	100.0%	100.0%	0.0%		0.0%		
<b>Total</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>		

2010 Originations and Purchases

2010 Aggregate Comparison Loan Distribution Table										
Assessment Area: MSA 27060										
Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
<b>Home Purchase</b>										
Low	0	0.0%	0.0%	0.0%	0.0%	1	10.0%	7.1%	4.8%	2.5%
Moderate	0	0.0%	0.0%	0.0%	0.0%	5	50.0%	45.4%	33.8%	28.7%
Middle	10	100.0%	100.0%	100.0%	100.0%	2	20.0%	32.3%	26.9%	27.2%
Upper	0	0.0%	0.0%	0.0%	0.0%	2	20.0%	15.3%	29.0%	37.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	5.5%	4.6%
<b>Total</b>	<b>10</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>10</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	6.8%	4.7%
Moderate	0	0.0%	0.0%	0.0%	0.0%	4	50.0%	38.5%	25.0%	19.7%
Middle	8	100.0%	100.0%	100.0%	100.0%	2	25.0%	47.8%	27.8%	28.0%
Upper	0	0.0%	0.0%	0.0%	0.0%	2	25.0%	13.6%	36.4%	43.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	4.0%	4.2%
<b>Total</b>	<b>8</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>8</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	0	0.0%	0.0%	0.0%	0.0%	1	6.7%	0.8%	19.4%	10.9%
Moderate	0	0.0%	0.0%	0.0%	0.0%	8	53.3%	42.7%	30.6%	21.0%
Middle	15	100.0%	100.0%	100.0%	100.0%	0	0.0%	0.0%	19.4%	23.6%
Upper	0	0.0%	0.0%	0.0%	0.0%	5	33.3%	55.2%	29.2%	44.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	6.7%	1.3%	1.4%	0.1%
<b>Total</b>	<b>15</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>15</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multi-Family</b>										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HMDA Totals</b>										
Low	0	0.0%	0.0%	0.0%	0.0%	2	6.1%	3.5%	8.4%	4.2%
Moderate	0	0.0%	0.0%	0.0%	0.0%	17	51.5%	42.7%	29.2%	23.6%
Middle	33	100.0%	100.0%	100.0%	100.0%	4	12.1%	30.1%	25.9%	26.9%
Upper	0	0.0%	0.0%	0.0%	0.0%	9	27.3%	23.4%	32.2%	40.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	3.0%	0.3%	4.3%	5.1%
<b>Total</b>	<b>33</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>33</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
	#	Bank			Aggregate					
		%	% \$(000s)		%	% \$(000s)				
Low	0	0.0%	0.0%		0.0%	0.0%				
Moderate	0	0.0%	0.0%		0.0%	0.0%				
Middle	5	100.0%	100.0%		100.0%	100.0%				
Upper	0	0.0%	0.0%		0.0%	0.0%				
Unknown	0	0.0%	0.0%		0.0%	0.0%				
Tract Unknown	0	0.0%	0.0%		0.0%	0.0%				
<b>Total</b>	<b>5</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</b>				
<b>By Revenue</b>										
\$1 Million or Less	4	80.0%	84.4%		47.2%	48.6%				
<b>By Loan Size</b>										
\$100,000 or less	4	80.0%	39.7%		96.5%	55.9%				
\$100,001-\$250,000	1	20.0%	60.3%		2.8%	19.4%				
\$250,001-\$1 Million	0	0.0%	0.0%		0.7%	24.7%				
<b>Total</b>	<b>5</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</b>				

2010 Originations and Purchases

## CRA APPENDIX A GLOSSARY

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies; or loans, investments or services that (i) Support, enable or facilitate projects or activities that meet eligible uses" criteria described in Section 2301c of the Housing and Economic Recovery Act of 2008 ("HERA"), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Urban and Development in accordance with the Neighborhood Stabilization program ("NSP"); (ii) Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by the grantees; (iii) Benefit low-, moderate- and middle-income individuals and geographies in the bank's assessment area(s) or geographies outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Development Financial Institution ("CDFI"):** A CDFI is an organization that has been certified by the U.S. Treasury as a provider of loans and services that assist specially funded institutions that revitalize LMI areas and assist LMI persons.

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** A family is a group of two people or more related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

**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 statute that requires certain mortgage lenders

that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

**Household:** A household consists of all persons who occupy a housing unit. Persons not living in households are classified as living in group quarters.

**Low-income:** Individual income that is less than 50% of the area median income, or a median family income that is less than 50%, in the case of a geography.

**Metropolitan Area (“MA”):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**Middle-income:** Individual income that is at least 80% and less than 120% of the area median income, or a median family income that is at least 80% and less than 120%, in the case of a geography.

**Moderate-income:** Individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, in the case of a geography.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Small loan(s) to business (es):** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (“Call Report”) and the Thrift Financial Reporting (“TFR”) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Upper-income:** Individual income that is more than 120% of the area median income, or a median family income that is more than 120%, in the case of a geography.

**Tioga State Bank**  
**Assessment Area**  
 January 1, 2010 - December 31, 2011

**Legend**

- Zero Income Tracts
- Low Income Tracts
- Moderate Income Tracts
- 2000 Census Tracts
- Counties
- Assessment Area
- Branch

