

PUBLIC DISCLOSURE

May 4, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Tioga State Bank
RSSD No. 910118**

**1 North Main Street
P.O. Box 386
Spencer, New York 14883**

**FEDERAL RESERVE BANK OF NEW YORK
33 LIBERTY STREET
NEW YORK, NY 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'S CRA RATING: Tioga State Bank (“Tioga”) is rated **“Satisfactory.”**

The following table indicates the performance level of the institution with respect to the lending and community development tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS	
	Lending Test	Community Development Test
Outstanding		X
Satisfactory	X	
Needs to Improve		
Substantial Noncompliance		

The satisfactory performance of Tioga with regard to the Community Reinvestment Act (“CRA”) is based on the following performance criteria:

- Tioga’s loan-to-deposit ratio was reasonable.
- A substantial majority of loans were originated in the assessment area.
- The overall distribution of loans to borrowers of different income levels and businesses of different sizes reflects reasonable penetration.
- The overall geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The overall 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

Tioga is a retail commercial bank wholly owned by a one-bank holding company, TSB Services, Inc. Founded in 1864, Tioga offers a variety of consumer and commercial loan products and deposit products. Loan products include consumer loans, commercial loans, and residential mortgages. Deposit products include checking, savings, and money market accounts.

Headquartered in Spencer, New York, Tioga operates eleven full-service branches, five of which are located in Tioga County, four in Broome County, one in Chemung County, and one in Tompkins County. Tioga operates in a competitive market with branches of numerous local and regional banks. Based on the deposits reported to the Federal Deposit Insurance Corporation (“FDIC”) on June 30, 2014, Tioga has the fourth largest deposit market share (9.5%) in the Binghamton metropolitan statistical area (“MSA”), the assessment area where the bank conducts a majority of its business.

As of December 31, 2014, Tioga maintained total assets of \$396.6 million, total loans and leases of \$267.3 million, and total domestic deposits of \$302.9 million. Of the total gross loans and leases, 44% were secured by one- to four-family residential real estate. Listed below is a table that summarizes the bank’s loan portfolio according to the Consolidated Report of Condition and Income.

LOAN PORTFOLIO SUMMARY		
Loan Type	Dollar Amount* ('000s)	Percent of Total
Commercial / Industrial & Non Farm Non Residential Real Estate	114,294	42.76%
Construction & Land Development	7,958	2.98%
Secured by 1-4 Family Residential Real Estate	117,722	44.04%
Multifamily	18,284	6.84%
Consumer	7,357	2.75%
Other	1,679	0.63%
Total Gross Loans and Leases	267,294	100%

*Data as of December 31, 2014

Tioga’s previous CRA examination was conducted as of March 5, 2012, using the Federal Financial Institutions Examination Council’s (“FFIEC”) CRA Intermediate Small Institution Examination procedures. The prior examination resulted in an overall rating of “satisfactory.” There are no financial or legal factors that would prevent Tioga from fulfilling its responsibility under CRA.

DESCRIPTION OF ASSESSMENT AREA

Tioga maintains three assessment areas located in central and southern New York State within three contiguous 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.

Tioga's assessment area delineation remained unchanged since the previous examination. Based on the 2010 Census, Tioga's assessment area contains 63 census tracts, of which 5 are low-income, 14 are moderate-income, 28 are middle-income, and 16 are upper-income.

Tioga's 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 the bank's assessment areas is in Appendix B.

SCOPE OF EXAMINATION

Procedures

Tioga was examined using the FFIEC's Interagency CRA Procedures for Intermediate Small Institutions, which consists of a small bank lending test and a community development test.

Products

Retail loan products analyzed during this examination included home purchase, refinance, and home improvement loans reported under the Home Mortgage Disclosure Act ("HMDA"), a sample of 178 closed-end consumer loans, and a sample of 133 small business loans originated in 2012, 2013, and 2014. Examiners verified the integrity of the bank's 2014 HMDA loans, and the sample of consumer loans and small business loan data as part of the onsite examination. Multifamily loans were excluded from the analysis as the volume was too insignificant for analysis.

A full-scope review was conducted of MSA 13780 (Binghamton, NY), while limited-scope reviews were conducted of MSA 21300 (Elmira, NY) and MSA 27060 (Ithaca, NY). MSA 13780 was selected for a full-scope review because it contains 82% of the bank's branches, 86% of the bank's retail deposits, and 84% of the bank's lending activity. The limited-scope assessment areas combined contain 18% of the bank's branches, 14% of the bank's retail deposits, and 16% of the bank's retail lending activity.

Examination Period

All HMDA-related loans (excluding multifamily), and the sample of consumer and small business loans originated from January 1, 2012 through December 31, 2014 were analyzed. Loans, investments, philanthropic grants, and services provided between January 1, 2012 and March 31, 2015 were evaluated as qualifying community development activities.

Lending Distribution Analysis

The borrower and geographic loan distribution analyses were based on loan activity conducted in Tioga's assessment areas. Tioga's lending performance in 2012, 2013, and 2014 was compared to the U.S. Department of Commerce's Bureau of Census 2010 ("2010 Census") demographic data.

To analyze the borrower characteristics of HMDA-related loans, the proportion of originations to LMI borrowers was compared with the proportion of LMI families in the assessment area. Income estimates from the U.S. Department of Housing and Urban Development ("HUD") were used to categorize borrower income. For small business loans, the proportion of loans to borrowers with gross annual revenues ("GAR") of \$1 million or less were compared with the proportion of such businesses as reported by Dun and Bradstreet. An analysis of the dollar amount of small business loans was conducted, focusing on credit extensions under \$100,000, which are seen as especially responsive to the needs of smaller businesses.

For evaluation of the geographic distribution of loans, performance was rated based on penetration in low- and moderate-income areas. The proportion of HMDA-related loan originations in LMI geographies were compared with the proportion of owner-occupied units located in LMI geographies in the assessment area. For small business loans, the analysis compared the proportion of loan originations with the proportion of businesses located in LMI areas as reported by Dun and Bradstreet. The size of the small business loans was also used as a proxy to identify lending to businesses with GAR of \$1 million or less.

Tioga's HMDA-related and small business lending performance in 2012 and 2013 was also compared respectively to the 2012 and 2013 performance of the aggregate of all lenders in the assessment area subject to HMDA and/or CRA small business loan reporting. The aggregate data for 2014 was not publicly available at the time of the exam.

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 Tioga within their assessment areas. Tioga's loan-to-deposit ratio was also compared to its National Peer group. Tioga's performance in making community development loans and qualified investments was also compared with peer banks in Tioga's assessment areas.

Community Contacts

Examiners conducted interviews with three community development organizations in order to gain an understanding of credit needs within the bank's assessment areas.

Summary of Key Assessment Area Data				
	MSA 13780 (Binghamton, NY)	MSA 21300 (Elmira, NY)	MSA 27060 (Ithaca, NY)	Totals
Total Population ⁴	227,711	7,569	15,562	250,842
Population % of AA population ⁽⁵⁾	91%	3%	6%	100%
Families	57,479	2,077	4,083	63,639
Families % of AA families ⁽⁵⁾	90%	3%	6%	100%
Total Census Tracts ⁴	58	2	3	63
Tracts % AA tracts	92%	3%	5%	100%
LMI tracts	17	0	0	17
LMI tracts % all AA LMI tracts	100%	0%	0%	100%
Total Owner-Occupied Units ⁴	62,871	2,457	4,766	70,094
Units % of AA units ⁽⁵⁾	90%	4%	7%	100%
Business Establishments ⁵	9,866	248	646	10,760
Bus. est. % AA bus. est.	92%	2%	6%	100%
Number of Branches ¹	9	1	1	11
Branches % all branches	82%	9%	9%	100%
Branches in LMI tracts	1	0	1	2
LMI branches % AA LMI branches	0%	0%	0%	0%
Branch Deposits (\$'000s) ²	262,875	7,241	36,200	306,316
Deposits % AA deposits	86%	2%	12%	100%
Deposit Market Share (%)/ Rank in MSA	9.50/4	.70/6	2.05/8	
Home Purchase Originations ³	200	10	19	229
HP originations % AA orig. ⁽⁶⁾	87%	4%	8%	100%
Refinance Originations ³	219	20	20	259
Refi orig. % AA orig. ⁽⁶⁾	85%	8%	8%	100%
Home Improvement Originations ³	257	19	47	323
Home Improvement orig. % AA orig. ⁽⁶⁾	80%	6%	15%	100%
Small Business Originations ³	105	3	8	116
SB orig. % AA orig. ⁽⁶⁾	91%	3%	7%	100%
Consumer Loan Originations	124	7	27	158
Consumer orig. % AA orig. ⁽⁶⁾	78%	4%	17%	100%
Combined Loan Totals	905	59	121	1,085
% of AA Orig. ⁽⁶⁾	83%	5%	11%	100%

(1) Branch numbers are as of 12/31/2014. (2) Branch deposits and deposit market share are from the FDIC as of 6/30/14. (3) Originations are loans reported under HMDA and samples of small business and consumer loans for 2012 through 2014. (4) Demographic information was obtained from the 2010 Census. (5) Business establishments information was reported by D&B for 2013. (6) Due to rounding, total percentages may not equal 100%.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Tioga's record of meeting the credit needs of its assessment areas through its lending performance is rated satisfactory. Tioga's loan-to-deposit ratio was reasonable and a substantial majority of its loans were originated within its assessment areas. The overall distribution of loans to borrowers of different income levels and businesses of different sizes was reasonable. The geographic distribution of loans also reflected reasonable penetration among geographies of different income levels through the bank's assessment areas.

LOAN-TO-DEPOSIT RATIO

Tioga's loan-to-deposit ratio was reasonable given the bank's size, financial condition, and the credit needs of its assessment area. Tioga's average loan-to-deposit ratio for the 12 quarters between January 1, 2012 and December 31, 2014 was 81%, based on information contained in its Consolidated Report of Condition and Income. This ratio was above the national peer average of 75% and slightly below an average of 82% for four similarly-situated banks with branches located in Tioga's assessment areas during the evaluation period. Tioga's average loan-to-deposit ratio increased from the prior CRA examination period when the bank had an average loan-to-deposit ratio of 73%.

LENDING IN ASSESSMENT AREA

Tioga originated a substantial majority of its loans in its assessment areas. Overall, 85% of the loans evaluated during this examination period were originated in the assessment areas, which is a slight decrease of 88% from the last exam period. Of the consumer loans, Tioga originated 89% of loans to individuals residing in the bank's assessment areas. Tioga originated 84% of its HMDA-related loans to individuals residing in the bank's assessment areas. Of the small business loans, 87% were extended to small businesses in the assessment areas. See the table on the following page for details of the bank's lending inside and outside of the assessment areas.

**Lending Inside and Outside the Assessment Area
January 1, 2012 – December 31, 2014**

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Consumer Loans	158	88.8	\$3,349	89.2	20	11.2	\$406	10.8
Total Consumer related	158	88.8	\$3,349	89.2	20	11.2	\$406	10.8
Home Improvement	323	79.6	\$13,703	81.2	83	20.4	\$3,172	18.8
Home Purchase - Conventional	229	83.3	\$26,088	80.1	46	16.7	\$6,475	19.9
Multi-Family Housing	31	93.9	\$12,093	90.7	2	6.1	\$1,235	9.3
Refinancing	259	88.4	\$24,892	86.8	34	11.6	\$3,799	13.2
Total HMDA related	842	83.6	\$76,776	83.9	165	16.4	\$14,681	16.1
Commercial/Ag Loans	116	87.2	\$19,734	81.0	17	12.8	\$4,622	19.0
Total Small Bus./Farm related	116	87.2	\$19,734	81.0	17	12.8	\$4,622	19.0
TOTAL LOANS	1,116	84.7	\$99,859	83.5	202	15.3	\$19,708	16.5

LENDING TO BORROWERS OF DIFFERENT INCOMES AND BUSINESSES OF DIFFERENT SIZES

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

GEOGRAPHIC DISTRIBUTION OF LOANS

Tioga's overall 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

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

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Tioga 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)

Full Review

DESCRIPTION OF OPERATIONS

Tioga's banking activities within its assessment areas were primarily conducted within the Binghamton, NY assessment area, which is composed of all of Tioga County and a portion of Broome County. As of December 31, 2014, Tioga operated 9 of its 11 branches (82%) in this MSA. As of June 30, 2014, these branches generated \$263 million in deposits, which accounts for 86% of the bank's total branch deposits. Of the bank's total HMDA loans (excluding multifamily) originated in the assessment areas during 2012, 2013, and 2014 (811), 83% were originated in the Binghamton, NY assessment area. Of the selected sample of consumer loans originated in the assessment areas (158), 78% were originated in this assessment area. Of the selected sample of small business loans originated in the assessment areas (116), 91% were originated in this assessment area. For additional assessment area data, see the Summary of Key Assessment Area Data table on BB5 and the performance context information below.

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the 2010 Census, HUD, New York State Association of Realtors, U.S. Department of Labor, and the New York State Department of Labor.

Demographic Characteristics

According to the 2010 Census, the population of the Binghamton, NY assessment area is 227,711. Tioga's Binghamton, NY assessment area represents 90% of the entire MSA's population. The city of Binghamton is the largest city in the MSA and is located within Broome County. Of the 58 census tracts located in the Binghamton, NY assessment area, 17 (29%) are LMI. All of the LMI census tracts are located in Broome County.

Income Characteristics

According to 2010 Census demographics data, the Binghamton, NY assessment area contains 57,479 families, of which 11,722 (20%) are low-income, 10,289 (18%) are moderate-income, and 5,842 (10%) families live below the poverty level. The HUD-adjusted median family income ("MFI") for MSA 13780 was \$61,800 in 2012, \$58,600 in 2013, and \$62,900 in 2014.

Housing Characteristics

According to 2010 Census demographics data, the Binghamton, NY assessment area has 102,018 housing units, of which 62% are owner-occupied. Of the owner-occupied units in the assessment area, 3% are located in low-income census tracts and 10% are located in moderate-income census tracts. The remaining housing in this assessment area consists of rental housing (29%) and vacant properties (9%). The 2010 Census data estimated that the median age of the housing stock in this assessment area is 44, which is lower than New York State's median age of 55.

Housing in the assessment area is generally affordable, although according to community contacts, affordable housing remains a pressing need. According to the New York State Association of Realtors, the median sales price of an existing single-family home in MSA 13780 was \$112,500 in 2014, approximately four times the MFI of a low-income borrower and two and a half times the MFI of a moderate-income borrower. In comparison, the median sales price for a single family home in New York State was \$225,000 in 2014. Rents are also relatively affordable in the assessment area. The 2010 Census valued median gross rent for the assessment area as \$612, which is lower compared to the median gross rent of \$977 for New York State.

The Demographics Report table on the following page provides a summary of demographic information related to Tioga's assessment area.

Demographics Report

Assessment Area: MSA 13780 (Binghamton, NY)

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	5	8.6	2,673	4.7	999	37.4	11,722	20.4	
Moderate-income	12	20.7	7,652	13.3	1,439	18.8	10,289	17.9	
Middle-income	25	43.1	29,138	50.7	2,593	8.9	12,277	21.4	
Upper-income	16	27.6	18,016	31.3	811	4.5	23,191	40.3	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	58	100.0	57,479	100.0	5,842	10.2	57,479	100.0	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied				Rental		Vacant	
		#	%	%	#	%	#	%	
Low-income	6,894	1,582	2.5	22.9	3,874	56.2	1,438	20.9	
Moderate-income	17,565	6,290	10.0	35.8	9,012	51.3	2,263	12.9	
Middle-income	49,963	33,620	53.5	67.3	12,054	24.1	4,289	8.6	
Upper-income	27,596	21,379	34.0	77.5	4,724	17.1	1,493	5.4	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	102,018	62,871	100.0	61.6	29,664	29.1	9,483	9.3	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	829	8.4	712	8.1	78	11.6	39	10.1	
Moderate-income	1,352	13.7	1,150	13.1	136	20.2	66	17.0	
Middle-income	4,817	48.8	4,361	49.5	272	40.4	184	47.4	
Upper-income	2,868	29.1	2,582	29.3	187	27.8	99	25.5	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	9,866	100.0	8,805	100.0	673	100.0	388	100.0	
Percentage of Total Businesses:				89.2		6.8		3.9	

2013 FFIEC Census Data and 2013 D&B Information

Labor, Employment and Economic Characteristics

Tioga County's major employment is the services industry, including education and health care services, as well as retail and manufacturing. As of 2013, there were 9,866 businesses operating in the assessment area, of which 8% were in low-income areas and 14% were in moderate-income areas.

The annual unemployment rate for MSA 13780 decreased from 8.5% in 2012 to 7.6% in 2013 to 6.5% in 2014. This is similar to the unemployment decrease in New York State, although as of 2014, the unemployment rate is slightly higher than the New York State unemployment rate of 6.3%.

U.S. Department of Labor Annual Unemployment Rates			
Area	2012	2013	2014
MSA 13780	8.5	7.6	6.5
New York State	8.5	7.7	6.3

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

Lending performance in the assessment area relating to borrower distribution in 2013 was reasonable overall, and reflected reasonable penetration among individuals of all income levels (including LMI individuals) as well as businesses with GAR of \$1 million or less. See the 2013 Aggregate Comparison Loan Distribution on BB16 for details of the bank's 2013 loan distribution by borrower income and business revenue size. An analysis of the lending in each loan category follows:

Home Purchase Loans

Tioga's distribution of home purchase loans to LMI borrowers was reasonable based on very poor home purchase lending to low-income borrowers and excellent lending to moderate-income borrowers. In 2013, Tioga originated 2% of its home purchase loans to low-income borrowers, compared to 20% of low-income families residing in the assessment area. The bank's 2013 home purchase lending to low-income borrowers was significantly below the aggregate, which originated 8% of its home purchase loans to low-income borrowers in 2013. Tioga's 2012 home purchase lending to low-income borrowers was more favorable at 11% of home purchase loans, while Tioga's lending to low-income borrowers in 2014 was comparable to lending in 2013.

Tioga originated 21% of its home purchase loans to moderate-income borrowers in 2013, compared to 18% of moderate-income families residing in the area. Home purchase lending to moderate-income borrowers was similar to aggregate, which originated 24% of its home purchase loans to moderate-income borrowers in 2013. Tioga's 2012 home purchase lending to moderate-income borrowers was similar to 2013 and more favorable than lending to moderate-income borrowers in 2014.

Refinance Loans

Tioga's distribution of refinance loans to LMI borrowers was reasonable based on very poor refinance lending to low-income borrowers and excellent lending to moderate-income borrowers. In 2013, Tioga did not originate any of its refinance loans to low-income borrowers, compared to 20% of low-income families residing in the assessment area. The bank's refinance lending to low-income borrowers was significantly below the aggregate, which originated 5% of its refinance loans to low-income borrowers in 2013. Tioga's refinance lending to low-income borrowers in 2012 and 2014 were both more favorable than the distribution of loans to low-income borrowers in 2013.

Tioga originated 18% of its refinance loans to moderate-income borrowers in 2013, compared to 18% of moderate-income families residing in the area. Refinance lending to moderate-income borrowers was above the aggregate, which originated 14% of its refinance loans to moderate-income borrowers in 2013. Tioga's refinance lending to moderate-income borrowers in 2013 was more favorable than its refinance lending in 2012 and 2014.

Home Improvement Loans

Tioga's distribution of home improvement loans to LMI borrowers was reasonable based on reasonable home improvement lending to low-income borrowers and excellent lending to moderate-income borrowers. In 2013, Tioga originated 11% of its home improvement loans to low-income borrowers, compared to 20% of low-income families residing in the assessment area. The bank's home improvement lending to low-income borrowers was similar to the aggregate, which originated 11% of its home improvement loans to low-income borrowers in 2013. Tioga's 2012 and 2014 home improvement lending to low-income borrowers was comparable in 2012 and 2014.

Tioga originated 24% of its home improvement loans to moderate-income borrowers in 2013, compared to 18% of moderate-income families residing in the area. Home improvement lending to moderate-income borrowers was slightly above the aggregate, which originated 20% of its home improvement loans to moderate-income borrowers in 2013. Tioga's 2012 home improvement lending to moderate-income borrowers was less favorable at 18% of home improvement lending than 2013; however, the lending to moderate-income borrowers was more favorable at 30% of home improvement loans in 2014.

Consumer Loans

Tioga's distribution of consumer loans to LMI borrowers in 2013 was excellent based on excellent performance in lending to both low- and moderate-income borrowers. Tioga made 30% of its consumer loans to low-income borrowers and 27% of its consumer loans to moderate-income borrowers. Demographics data from 2010 reflect that 20% of households in the assessment area are of low-income, while 18% are of moderate-income. Performance in 2012 and 2014 was comparable to performance in 2013.

Small Business Loans

Tioga's distribution of loans to small businesses of different sizes was reasonable based on reasonable lending to businesses with GAR of \$1 million or less. In 2013, Tioga originated 58% of its small business loans to businesses with GAR of \$1 million or less, compared to 89% of such businesses operating in the assessment area. Tioga's performance was above the aggregate, which reported 42% of its loans to small businesses with GAR of \$1 million or less. Of the bank's total small business loans made in 2013, 73% were in amounts of \$100,000 or less, which was below the aggregate's 92% of small business loans in amounts of \$100,000 or less. Tioga's 2012 and 2014 small business lending was comparable to its lending in 2013.

GEOGRAPHIC DISTRIBUTION OF LOANS

Tioga's geographic distribution of loans reflects reasonable penetration throughout the entire assessment area, including LMI census tracts. With a total of five low-income census tracts and less than 3% of owner-occupied housing units located in these tracts, opportunities to originate loans in low-income census tracts were limited. The performance of the aggregate demonstrates these limitations, as well as the 37% of families residing in low-income tracts that live below poverty level. See the 2013 Aggregate Comparison Loan Distribution on BB16 for details of the bank's 2013 loan distribution by geography. An analysis of the lending in each loan category follows:

Home Purchase Loans

Tioga's distribution of home purchase loans in the LMI areas of its assessment area was reasonable based on reasonable home purchase lending in low-income geographies and reasonable lending in moderate-income geographies. In 2013, Tioga originated one home purchase loan in a low-income geography, compared to 3% of owner-occupied housing units located in low-income geography in the assessment area. Tioga's performance was below the aggregate, which made 2% of its home purchase loans in low-income geographies in 2013. Tioga's 2012 and 2014 home purchase lending in low-income geographies was comparable. In 2012, Tioga did not originate any loans in low-income areas, and in 2014, Tioga originated 3% of loans in low-income areas.

Tioga originated 5% of its home purchase loans in moderate-income geographies in 2013, compared to 10% of owner-occupied housing units located in moderate-income geographies in the assessment area. Tioga's performance was below the aggregate, which made 10% of its home purchase loans in moderate-income geographies in 2013. Tioga's 2012 and 2014 home purchase lending in moderate-income geographies was comparable.

Refinance Loans

Tioga's distribution of refinance loans in the LMI areas of its assessment area was reasonable based on excellent refinance lending in low-income geographies and reasonable lending in moderate-income geographies. In 2013, Tioga originated 3% of its refinance loans in low-income areas compared to 3% of owner-occupied housing units located in low-income geographies in the assessment area. Tioga's performance was above the aggregate, which made 2% of its refinance loans in low-income geographies in 2013. Tioga's 2013 refinance lending in low-income geographies was greater than 2012 and 2014, as no refinance loans to low-income geographies were originated.

Tioga originated 5% of its refinance loans in moderate-income areas in 2013, compared to 10% of owner-occupied housing units located in moderate-income geographies in the assessment area. Tioga's performance was below the aggregate, which made 8% of its refinance loans in moderate-income geographies in 2013. Tioga's refinance loans to borrowers in moderate-income geographies equaled 3% in 2012 and increased to 11% in 2014.

Home Improvement Loans

Tioga's distribution of home improvement loans in the LMI areas of its assessment area was reasonable based on reasonable home improvement lending in both low-income and middle-income geographies. In 2013, Tioga originated 1% of its loans in the assessment area to low-income geographies, compared to 3% of owner-occupied housing units located in low-income geographies in the assessment area. Tioga's performance was slightly below the aggregate, which made 2% of its home improvement loans in low-income geographies in 2013. Tioga's home improvement lending in low-income geographies in 2012 and 2014 was comparable to 2013, originating 1% of loans to these geographies in 2012 and no loans to these geographies in 2014.

Tioga originated 4% of its home improvement loans in moderate-income areas in 2013, compared to 10% of owner-occupied housing units located in moderate-income geographies in the assessment area. Tioga's performance was below the aggregate, which originated 8% of its home improvement loans in moderate-income geographies in 2013. Tioga's 2012 and 2014 home improvement lending in moderate-income geographies was comparable to 2013, originating 2% of loans to moderate-income geographies in 2012 and 1% of loans in 2014.

Consumer Loans

Tioga's distribution of consumer loans to LMI areas in 2013 was poor based on very poor performance in lending in low-income tracts and poor performance in moderate-income tracts. About 5% of families who live in the assessment area reside in low-income census tracts, which make lending to these areas challenging. In 2013, Tioga originated one loan, which equates to 2% of total loans, in one moderate-income census tract, and did not originate any loans in low-income census tracts. Consumer lending in low- and moderate-income level tracts was similar in

2014; however, no consumer loans were originated in 2012 in low- or moderate-income census tracts.

Small Business Loans

Tioga's distribution of small business loans in the LMI areas of its assessment area was reasonable based on excellent small business lending in low-income geographies and reasonable lending in moderate-income geographies. In 2013, Tioga originated 15% of its small business loans in low-income areas, compared to 8% of small businesses in the assessment area operating in low-income geographies. Tioga's performance was above the aggregate, which made 10% of its small business loans in low-income geographies in 2013. In 2012, 25% of Tioga's small business loans were in low-income geographies; however, in 2014, only 3% of Tioga's small business loans were in low-income geographies.

In 2013, Tioga originated 12% of its small business loans in moderate-income areas, compared to 14% of businesses in the assessment area operating in moderate-income geographies. Tioga's performance was slightly below the aggregate, which made 15% of its small business loans in moderate-income geographies in 2013. In 2012, 5% of Tioga's small business loans were in moderate-income geographies, while in 2014, Tioga did not originate any small business loans in moderate-income geographies.

2013 Aggregate Comparison Loan Distribution Table
Assessment Area: MSA 13780 (Binghamton, NY)

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	Bank %	Bank % \$(000s)	Aggregate %	Aggregate % \$(000s)	#	Bank %	Bank % \$(000s)	Aggregate %	Aggregate % \$(000s)
Home Purchase										
Low	1	1.8%	0.9%	2.4%	1.6%	1	1.8%	0.4%	7.7%	4.6%
Moderate	3	5.4%	3.2%	9.6%	6.5%	12	21.4%	15.0%	23.5%	18.6%
Middle	38	67.9%	62.9%	53.3%	49.0%	16	28.6%	30.2%	23.9%	22.9%
Upper	14	25.0%	33.1%	34.6%	43.0%	22	39.3%	47.0%	32.3%	43.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	5	8.9%	7.4%	12.6%	10.1%
<i>Total</i>	<i>56</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>56</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Refinance										
Low	2	3.0%	1.9%	2.1%	1.1%	0	0.0%	0.0%	5.2%	2.2%
Moderate	3	4.5%	2.1%	7.8%	3.6%	12	17.9%	10.8%	14.0%	7.1%
Middle	43	64.2%	65.7%	48.3%	34.4%	17	25.4%	19.3%	22.7%	13.9%
Upper	19	28.4%	30.3%	41.8%	60.9%	27	40.3%	49.5%	47.3%	43.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	11	16.4%	20.4%	10.8%	33.0%
<i>Total</i>	<i>67</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>67</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Home Improvement										
Low	1	1.1%	4.8%	1.7%	1.7%	10	11.1%	2.0%	10.8%	3.9%
Moderate	4	4.4%	3.6%	7.7%	4.9%	22	24.4%	9.4%	20.1%	9.4%
Middle	67	74.4%	78.5%	63.5%	61.4%	16	17.8%	10.9%	24.4%	20.8%
Upper	18	20.0%	13.2%	27.1%	32.1%	36	40.0%	43.9%	42.0%	57.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	6	6.7%	33.8%	2.7%	8.7%
<i>Total</i>	<i>90</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>90</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Multi-Family										
Low	3	27.3%	4.7%	25.8%	9.5%	0	0.0%	0.0%	0.0%	0.0%
Moderate	3	27.3%	5.0%	19.4%	3.4%	0	0.0%	0.0%	0.0%	0.0%
Middle	4	36.4%	62.6%	41.9%	76.8%	0	0.0%	0.0%	0.0%	0.0%
Upper	1	9.1%	27.8%	12.9%	10.3%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	11	100.0%	100.0%	100.0%	100.0%
<i>Total</i>	<i>11</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>11</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA Totals										
Low	7	3.1%	3.0%	2.3%	1.7%	11	4.9%	0.5%	6.9%	3.1%
Moderate	13	5.8%	3.5%	8.7%	4.8%	46	20.5%	8.5%	18.8%	11.5%
Middle	152	67.9%	66.9%	52.4%	43.3%	49	21.9%	14.8%	23.3%	17.2%
Upper	52	23.2%	26.6%	36.6%	50.2%	85	37.9%	33.9%	39.8%	42.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	33	14.7%	42.2%	11.2%	25.6%
<i>Total</i>	<i>224</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>224</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
SMALL BUSINESS										
By Tract Income										
		Bank			Aggregate					
	#	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	% \$(000s)
Low	5	15.2%		29.8%		10.4%		10.9%		
Moderate	4	12.1%		27.0%		15.0%		12.5%		
Middle	17	51.5%		18.8%		43.8%		41.9%		
Upper	7	21.2%		24.4%		30.3%		34.5%		
Unknown	0	0.0%		0.0%		0.0%		0.0%		
Tract Unknown	0	0.0%		0.0%		0.5%		0.2%		
<i>Total</i>	<i>33</i>	<i>100.0%</i>		<i>100.0%</i>		<i>100.0%</i>		<i>100.0%</i>		
By Revenue										
\$1 Million or Less	19		57.6%		36.2%		41.8%		37.1%	
By Loan Size										
\$100,000 or less	24		72.7%		16.0%		92.4%		33.4%	
\$100,001-\$250,000	3		9.1%		8.6%		4.3%		21.0%	
\$250,001-\$1 Million	6		18.2%		75.4%		3.3%		45.6%	
<i>Total</i>	<i>33</i>		<i>100.0%</i>		<i>100.0%</i>		<i>100.0%</i>		<i>100.0%</i>	

Originations and Purchases

Consumer Loan Distribution Table
Assessment Area: MSA 13780 (Binghamton, NY)

Income Categories	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Other Loan Data							
Low	0	0.0%	0	0.0%	13	29.5%	135	15.0%
Moderate	1	2.3%	6	0.7%	12	27.3%	140	15.5%
Low/Moderate Total	1	2.3%	6	0.7%	25	56.8%	275	30.4%
Middle	39	88.6%	812	90.0%	10	22.7%	204	22.6%
Upper	4	9.1%	84	9.3%	7	15.9%	399	44.2%
Unknown	0	0.0%	0	0.0%	2	4.5%	25	2.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	44	100.0%	903	100.0%	44	100.0%	903	100.0%

COMMUNITY DEVELOPMENT TEST

Tioga’s performance under the community development test in MSA 13780 is rated outstanding. Tioga demonstrated overall excellent responsiveness to the community development needs of its assessment area through making community development loans, qualified investments, and community development services. This assessment also considered Tioga’s capacity, the need and availability of opportunities for community development in the assessment area, and the performance of local competitors and their responsiveness to community development needs.

During the examination period, Tioga made a total of \$13.4 million in community development loans and qualified investments, of which almost 88% by number and 95% by dollar volume were made in MSA 13780. On an annualized basis, Tioga’s total community development efforts in terms of dollar volume increased by 36% compared to the prior examination. See the table below for details of the bank’s community development loans and qualified investments.

Tioga State Bank January 1, 2012 to March 31, 2015										
Community Development Loans & Qualified Investments (combined)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize and Stabilize		Total	
	#	(\$'000s)	#	(\$'000s)	#	(\$'000s)	#	(\$'000s)	#	(\$'000s)
MSA 13780	19	4,172	31	1,212	14	591	15	6,730	79	12,705
Broader Statewide	2	11	5	266	1	140	2	273	10	690
Total CD Loans and Investments	21	4,183	36	1,478	15	731	17	7,003	89	13,395

Of the bank’s total community development loans and qualified investments in terms of dollar volume, 52% targeted revitalization and stabilization of LMI areas and 31% targeted affordable housing for LMI individuals. Communication with community contacts identified affordable housing as a primary assessment area need.

When compared to four similarly-situated banks operating in the assessment area, Tioga's annualized community development loans and qualified investments as a percent of average assets and as a percentage tier one capital was average among its peers, while its annualized community development loans and qualified investments as a percent of deposits exceeded the majority of its peers.

Community Development Loans

Tioga received credit for \$11.7 million in community development loans. Of this total dollar amount of community development loans, 36% financed affordable housing projects and 58% financed revitalization and stabilization of LMI geographies. All of Tioga's community development loans were new commitments originated since the prior CRA evaluation.

Examples of Tioga's community development loans originated in the assessment area include:

- Two commercial mortgage loans totaling \$1.9 million to finance the acquisition of a mobile home park and provide affordable housing for LMI individuals.
- A \$2.4 million commercial mortgage loan to construct a new pharmacy in a low-income census tract that will revitalize and stabilize the geography.
- A commercial mortgage loan with eligible credit for \$363,000 secured by a commercial building in a low-income census tract. The tenants located in the building will revitalize and stabilize the area by attracting and retaining business.

Community Development Investments

Tioga received \$1.7 million in qualified investments in the assessment area. In terms of dollar amount, 87% of the investments were dedicated to community services targeted to LMI individuals. Approximately 100% of qualified investments represented new investments made since the prior CRA evaluation.

Tioga's qualified investments primarily funded the purchase of municipal bonds for Tioga Central School District in Tioga Center, NY, which provides free and reduced lunches for students in LMI families. The bonds supported activities that provide community services, such as improving sidewalks, enhancing infrastructure, and the purchasing of school buses for students. Of the total qualified investments, Tioga made \$33,000 in charitable donations to community development organizations located throughout the assessment area.

Community Development Services

Tioga provided a significant number of community development services in its assessment area. Tioga operates 11 branches, of which two are located in LMI areas. Tioga's community development services were primarily targeted to this assessment area. Many employees of Tioga

serve as committee members for various community development organizations that benefit low-to moderate-income individuals and geographies. Examples of these organizations include:

- A non-profit home repair organization that provides free home repairs for elderly, low-income, and/or disabled residents. The organization increases the availability and quality of individual and group housing and promotes economic renewal and development.
- An organization that is responsible for developing, integrating, and coordinating a workforce development system for Tioga and Broome counties that meets the needs of business, provides career opportunities for workers, and assures meaningful education and employment opportunities for youth.

METROPOLITAN AREAS
MSA 21300 (Elmira, NY)
MSA 27060 (Ithaca, NY)

Limited Review

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:

PERFORMANCE OF LIMITED-SCOPE AREAS		
Assessment Area	Lending Test	Community Development Test
MSA 21300 (Elmira, NY)	Below	Below
MSA 27060 (Ithaca, NY)	Below	Below

Consumer Loan Distribution Table
Assessment Area: MSA 21300 (Elmira, NY)

Income Categories	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Consumer Loan Totals							
Low	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%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	1	100.0%	50	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	1	100.0%	50	100.0%
Unknown	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%
Total	1	100.0%	50	100.0%	1	100.0%	50	100.0%

Consumer Loan Distribution Table
Assessment Area: MSA 27060 (Ithaca, NY)

Income Categories	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Other Loan Data							
Low	0	0.0%	0	0.0%	6	54.5%	39	42.3%
Moderate	11	100.0%	92	100.0%	4	36.4%	47	51.1%
Low/Moderate Total	11	100.0%	92	100.0%	10	90.9%	86	93.5%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	1	9.1%	6	6.5%
Unknown	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%
Total	11	100.0%	92	100.0%	11	100.0%	92	100.0%

2013 Aggregate Comparison Loan Distribution Table
Assessment Area: MSA 21300 (Elmira, NY)

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	8.0%	4.8%
Moderate	0	0.0%	0.0%	0.0%	0.0%	1	33.3%	23.0%	28.0%	20.6%
Middle	3	100.0%	100.0%	100.0%	100.0%	1	33.3%	27.9%	28.0%	28.4%
Upper	0	0.0%	0.0%	0.0%	0.0%	1	33.3%	49.1%	26.0%	36.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	10.0%	9.4%
<i>Total</i>	<i>3</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>3</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Refinance										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	13.0%	9.1%
Moderate	0	0.0%	0.0%	0.0%	0.0%	1	12.5%	12.1%	18.2%	13.1%
Middle	8	100.0%	100.0%	100.0%	100.0%	1	12.5%	9.0%	22.1%	21.5%
Upper	0	0.0%	0.0%	0.0%	0.0%	6	75.0%	78.8%	41.6%	50.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	5.2%	5.6%
<i>Total</i>	<i>8</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>8</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Home Improvement										
Low	0	0.0%	0.0%	0.0%	0.0%	2	22.2%	28.5%	4.8%	7.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	1	11.1%	24.8%	27.4%	12.4%
Middle	9	100.0%	100.0%	100.0%	100.0%	2	22.2%	3.4%	24.2%	18.2%
Upper	0	0.0%	0.0%	0.0%	0.0%	4	44.4%	43.3%	35.5%	59.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	8.1%	2.9%
<i>Total</i>	<i>9</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>9</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Multi-Family										
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%
<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
HMDA Totals										
Low	0	0.0%	0.0%	0.0%	0.0%	2	10.0%	6.6%	9.0%	7.2%
Moderate	0	0.0%	0.0%	0.0%	0.0%	3	15.0%	16.9%	23.8%	15.7%
Middle	20	100.0%	100.0%	100.0%	100.0%	4	20.0%	11.0%	24.3%	23.5%
Upper	0	0.0%	0.0%	0.0%	0.0%	11	55.0%	65.6%	35.4%	47.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	7.4%	6.5%
<i>Total</i>	<i>20</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>20</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
SMALL BUSINESS										
By Tract Income										
		Bank			Aggregate					
	#	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	% \$(000s)
Low	0	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%	0.0%
Middle	1	100.0%	100.0%	100.0%	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%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tract Unknown	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Total</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
By Revenue										
\$1 Million or Less	0	0.0%	0.0%	0.0%	0.0%	27.3%	16.3%			
By Loan Size										
\$100,000 or less	0	0.0%	0.0%	0.0%	0.0%	97.7%	67.4%			
\$100,001-\$250,000	0	0.0%	0.0%	0.0%	0.0%	2.3%	32.6%			
\$250,001-\$1 Million	1	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%			
<i>Total</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>			

Originations and Purchases

2013 Aggregate Comparison Loan Distribution Table
Assessment Area: MSA 27060 (Ithaca, NY)

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	%	Bank % \$(000s)	%	Aggregate % \$(000s)	#	%	Bank % \$(000s)	%	Aggregate % \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	0.0%	0.0%	1	16.7%	3.5%	15.0%	7.5%
Moderate	5	83.3%	96.5%	51.4%	41.0%	1	16.7%	6.7%	33.6%	23.4%
Middle	1	16.7%	3.5%	48.6%	59.0%	0	0.0%	0.0%	22.1%	18.8%
Upper	0	0.0%	0.0%	0.0%	0.0%	4	66.7%	89.9%	22.9%	23.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	6.4%	26.7%
<i>Total</i>	<i>6</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>6</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Refinance										
Low	0	0.0%	0.0%	0.0%	0.0%	4	57.1%	33.7%	17.3%	10.1%
Moderate	4	57.1%	59.2%	49.4%	44.7%	1	14.3%	15.8%	24.7%	20.4%
Middle	3	42.9%	40.8%	50.6%	55.3%	1	14.3%	21.5%	29.0%	30.3%
Upper	0	0.0%	0.0%	0.0%	0.0%	1	14.3%	29.0%	22.2%	31.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	6.8%	7.6%
<i>Total</i>	<i>7</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>7</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Home Improvement										
Low	0	0.0%	0.0%	0.0%	0.0%	10	43.5%	21.5%	23.7%	9.9%
Moderate	23	100.0%	100.0%	65.6%	52.9%	7	30.4%	32.4%	29.0%	25.7%
Middle	0	0.0%	0.0%	34.4%	47.1%	4	17.4%	40.1%	20.4%	27.8%
Upper	0	0.0%	0.0%	0.0%	0.0%	2	8.7%	6.0%	24.7%	35.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	2.2%	1.1%
<i>Total</i>	<i>23</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>23</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Multi-Family										
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%	100.0%	100.0%	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%	100.0%	100.0%
<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA Totals										
Low	0	0.0%	0.0%	0.0%	0.0%	15	41.7%	20.3%	17.8%	8.4%
Moderate	32	88.9%	83.6%	54.4%	46.0%	9	25.0%	17.9%	28.6%	21.3%
Middle	4	11.1%	16.4%	45.6%	54.0%	5	13.9%	20.3%	24.3%	23.1%
Upper	0	0.0%	0.0%	0.0%	0.0%	7	19.4%	41.5%	22.8%	26.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	6.5%	20.7%
<i>Total</i>	<i>36</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>36</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
SMALL BUSINESS										
By Tract Income										
	#	%	Bank % \$(000s)	%	Aggregate % \$(000s)		%	Bank % \$(000s)	%	Aggregate % \$(000s)
Low	0		0.0%		0.0%		0.0%			0.0%
Moderate	2		66.7%		42.3%		49.3%			55.3%
Middle	1		33.3%		57.7%		50.7%			44.7%
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%
<i>Total</i>	<i>3</i>		<i>100.0%</i>		<i>100.0%</i>		<i>100.0%</i>			<i>100.0%</i>
By Revenue										
\$1 Million or Less	3		100.0%		100.0%		50.7%			63.5%
By Loan Size										
\$100,000 or less	1		33.3%		6.3%		95.6%			43.7%
\$100,001-\$250,000	2		66.7%		93.7%		1.5%			11.6%
\$250,001-\$1 Million	0		0.0%		0.0%		2.9%			44.7%
<i>Total</i>	<i>3</i>		<i>100.0%</i>		<i>100.0%</i>		<i>100.0%</i>			<i>100.0%</i>

Originations and Purchases

CRA APPENDIX A

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small, relatively permanent statistical subdivision of a county or statistically equivalent entity delineated for data presentation purposes by a local group of census data users or the geographic staff of a regional census center in accordance with Census Bureau guidelines. Designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time they are established, census tracts generally contain between 1,000 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries are delineated with the intention of being stable over many decades, so they generally follow relatively permanent visible features. However, they may follow governmental unit boundaries and other invisible features in some instances; the boundary of a state or county (or statistically equivalent entity) is always a census tract boundary.

Community development: 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of LMI individuals.

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 or more people 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 refinancings of home improvement and home purchase loans.

Household: A household consists of all the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes 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 geography.

Metropolitan Statistical Area (“MSA”): A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core.

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.

CRA APPENDIX B MAP OF THE ASSESSMENT AREA

