



## **PUBLIC DISCLOSURE**

September 20, 2021

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Dryden  
Charter Number 6487

7 West Main Street  
Dryden, NY 13053

Office of the Comptroller of the Currency

Syracuse Field Office  
5000 Brittonfield Parkway Suite 102B  
East Syracuse, NY 13057

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, and should not 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.

## Table of Contents

Overall CRA Rating.....	1
Description of Institution.....	2
Scope of the Evaluation.....	2
Discriminatory or Other Illegal Credit Practices Review.....	3
State Rating.....	4
State of New York.....	4
Lending Test .....	9
Appendix A: Scope of Examination.....	A-1
Appendix B: Summary of MMSA and State Ratings.....	B-1
Appendix C: Definitions and Common Abbreviations.....	C-1
Appendix D: Tables of Performance Data.....	D-1

## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

**The lending test is rated: Satisfactory.**

The major factors that support this rating include:

- The Lending Test rating is based on performance in the state of New York, which demonstrated an overall reasonable distribution of loans to geographies of different income levels and an overall excellent distribution of loans to borrowers of different income levels.
- A less than reasonable loan-to-deposit (LTD) ratio during the evaluation period.
- A substantial majority of home mortgage loans and consumer loans originated during the evaluation period were within the bank's assessment area (AA).

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD ratio is less than reasonable.

The First National Bank of Dryden's (FNBD) average LTD ratio for the prior 16 quarters, covering the period since the end of the prior evaluation period, was 32.6 percent, with a quarterly high of 35.8 percent in fourth quarter 2017 and a quarterly low of 29.2 percent in second quarter 2018. During the same period, a custom peer group of four banks operating in, or near the AA, with less \$500 million in total assets, had an average LTD ratio of 72.5 percent. While FNBD traditionally holds a higher percentage of municipal deposits than their peers, the bank's LTD as of December 31, 2020, net of municipal deposits, was 43.5 percent, which remains below the peer average.

### Lending in Assessment Area

A substantial majority of the bank's loans were inside its AAs.

The bank originated and purchased 86.2 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	122	79.2	32	20.8	154	14,984	78.7	4,052	21.3	19,036
Consumer	2,001	86.7	306	13.3	2,307	20,948	79.8	5,298	20.2	26,246
Total	2,123	86.2	338	13.8	2,461	35,932	79.4	9,350	20.6	45,282

## Description of Institution

FNBD is an intrastate community bank with \$193.5 million in assets as of December 31, 2020. FNBD's main office was located in Dryden, New York and all of its branches and assessment areas are located within New York State. Dryden is a small, rural community approximately 40 miles north of the city of Binghamton; 45 miles south of the city of Syracuse; and within approximately 10 miles of the cities of Cortland and Ithaca. As of December 31, 2020, FNBD reported \$172.1 million in total deposits and \$19.7 million in tier 1 capital.

FNBD operated four branches throughout its AAs. All four locations had a drive-up facility and non-deposit taking automated teller machines (ATMs). FNBD offered a traditional selection of banking products and services, including online banking and bill pay. There was one branch opened and no branches closed during the evaluation period.

As of December 31, 2020, the bank's assets were composed of \$58.2 million (30.1 percent) in loans and \$126.1 million (65.2 percent) in investments. The loan portfolio was comprised primarily of 53.1 percent one- to four-family residential real estate loans, 17.2 percent loans to individuals and 16.2 percent commercial and industrial loans. The bank's business strategy was to primarily focus on making consumer installment loans and one- to four-family residential mortgages.

There were no legal, financial, or other factors that would impede the bank's ability to help meet the credit needs in its AAs. At the last CRA examination, dated April 24, 2017, FNBD received a "Satisfactory" CRA rating.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period covered January 1, 2018, through December 31, 2020, for home mortgage and consumer loans. Home mortgage loans include home purchase, home improvement, home mortgage refinance, and multi-family loans as reported on the Loan Application Register (LAR) required by the Home Mortgage Disclosure Act (HMDA).

The market share and peer comparisons are based on the information contained in the aggregate HMDA Loan Registers, which are available for public review. The aggregate HMDA Registers for 2018 are used for the 2018 evaluation period comparison, the 2019 registers are used for the 2019 evaluation period comparison, and the 2020 registers for the 2020 evaluation period comparison.

The bank's primary loan products were home mortgage and consumer loans. As consumer loans are not reported, examiners used guidance in the *Comptroller's Handbook* booklet, "Community Reinvestment Act Examination Procedures" to sample consumer loans from 2018, 2019, and 2020 to conduct the analysis of the distribution of consumer loans by income level of the borrower. The bank voluntarily maintained geocoding information for consumer loans; therefore, after validating the accuracy of the geocoding data, examiners were able to conduct the analysis of lending inside and outside of the assessment areas, and the distribution of consumer loans by the income level of the geography, based upon the full volume of consumer loans originated or purchased during the evaluation period.

## **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, one or more of its AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

## **Ratings**

The bank’s overall rating is a blend of the state ratings, and where applicable, multistate ratings.

In determining overall conclusions for FNBD, the rating was based upon the bank’s performance in its only Rating Area, the state of New York.

The state ratings are based on performance in all bank AAs. Refer to the “Scope” section under each state Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank’s or federal savings association’s (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank’s lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution’s lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution’s next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## **State Rating**

### **State of New York**

**CRA rating for the State of New York<sup>1</sup>: Satisfactory**

**The Lending Test is rated: Satisfactory**

The major factors that support this rating include:

- An overall reasonable distribution of loans to geographies of different income levels.
- An overall excellent distribution of loans to borrowers of different income levels.
- FNBD did not receive any CRA related complaints during the evaluation period.

### **Description of Institution's Operations in New York**

As of December 31, 2020, FNBD had two AAs within the state of New York. These AAs included the Ithaca MSA AA and the Cortland non-MSA AA. Refer to Appendix A for the geographies that make up the AAs. All state of New York AAs met the requirements of the CRA regulation and did not arbitrarily exclude any low- or moderate-income tracts.

FNBD offered a full range of loan and deposit products and services through four branches and non-deposit taking ATMs in the state of New York. During the evaluation period, 100 percent of deposits, HMDA and consumer loan originations were in the state of New York.

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<sup>1</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

Ithaca MSA AA

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Ithaca MSA AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	6	0.0	0.0	100.0	0.0	0.0
Population by Geography	29,124	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	13,206	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	9,137	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	3,076	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	993	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,603	0.0	0.0	100.0	0.0	0.0
Farms by Geography	162	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	7,753	16.4	20.1	23.2	40.3	0.0
Household Distribution by Income Level	12,213	18.9	14.3	17.8	49.0	0.0
Median Family Income MSA - 27060 Ithaca, NY MSA		\$74,524	Median Housing Value			\$152,270
			Median Gross Rent			\$817
			Families Below Poverty Level			6.1%
<i>Source: 2015 ACS and 2020 D&amp;B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Ithaca MSA AA consisted of six contiguous census tracts in the eastern portion of Tompkins County in the Ithaca MSA (MSA 27060). Per the 2015 American Community Survey (ACS) data, all census tracts in the MSA AA are middle-income.

FNBD offered their full range of products and services through two branches and non-deposit-taking ATMs located in the AA. According to the June 30, 2020 FDIC Market Share Report, FNBD had \$115.6 million in deposits in the Ithaca MSA AA, which accounted for 61.7 percent of FNBD's bank-wide deposits. FNBD ranked fourth out of 11 deposit taking institutions in the MSA with a 4.5 percent market share of deposits. The deposit market in the AA was dominated by a single trust bank, Tompkins Trust Co., whose deposit market share was 65.7 percent. Other banks in the MSA AA included Manufacturers and Traders Trust Co. and Elmira Savings Bank, market shares of 9.9 and 5.0 percent, respectively.

FNBD's home mortgage loan originations in the MSA AA accounted for 36.9 percent of its total home mortgage originations, and 45.8 percent of the bank's total consumer loan originations were within the AA. The primary lending focus in the MSA AA was home mortgage and consumer lending, consistent with the bank overall.

There were approximately 13.2 thousand total housing units in the AA of which, 69.2 percent were owner-occupied; 23.3 percent were rental; and 7.5 percent were vacant units. Per Realtor.com, the home median list price increased from \$244.5 thousand in January 2017 to \$287.5 thousand in December 2020. This increase in listing price occurred primarily in 2020 and was impacted by the limited housing

stock available beginning in April 2020, with the commencement of the coronavirus pandemic. The disparity between the median income level and housing process poses a challenge for low-income borrowers to qualify for a home mortgage financing. One method used to determine housing affordability assumes a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. Assuming a 30-year mortgage with a five percent interest rate, and not accounting for down payment, homeowners insurance, real estate taxes, or any additional monthly expenses, a low-income borrower making less than \$42,800 per year (or less than 50 percent of the 2020 FFIEC adjusted median family income in the AA) could afford a mortgage payment of \$1,070 per month. This illustrates that low-income borrowers would be challenged to qualify for a mortgage loan in the MSA AA with an estimated payment of \$1,543.

The weighted average age of housing stock in the AA was 51 years. Per the 2019 Peer Mortgage Data, FNBD ranked 15<sup>th</sup> of 589 mortgage lenders originating mortgages in the MSA, with a 1.7 percent market share.

The 2020 FFIEC estimated median family income for this MSA was approximately \$85.6 thousand, increasing from the 2015 level of approximately \$74.5 thousand. The unemployment rate for the MSA AA of 4.4 percent as of December 2020, was up over the evaluation period from 4.2 percent in December 2018. The peak unemployment rate during the evaluation period of 10.8 percent occurred in April 2020 due to the impacts of the coronavirus pandemic. The MSA primary industries were educational and health services, government, leisure and hospitality services and retail. Some of the MSA's largest employers were Cornell University, Ithaca College, BorgWarner Morse Systems, and Cayuga Medical Center.

The OCC utilized one community contact with a local housing organization dedicated to providing affordable housing within the AA. The organization indicated needs for affordable housing for low- and moderate-income individuals and families and financial education.

Cortland non-MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Cortland non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	12	0.0	8.3	66.7	25.0	0.0
Population by Geography	51,837	0.0	9.1	64.0	26.9	0.0
Housing Units by Geography	21,796	0.0	9.2	68.2	22.6	0.0
Owner-Occupied Units by Geography	12,897	0.0	5.6	67.9	26.5	0.0
Occupied Rental Units by Geography	6,260	0.0	16.1	68.1	15.7	0.0
Vacant Units by Geography	2,639	0.0	10.3	69.7	20.0	0.0
Businesses by Geography	2,787	0.0	6.4	66.8	26.8	0.0
Farms by Geography	211	0.0	2.4	64.9	32.7	0.0
Family Distribution by Income Level	11,728	18.9	14.8	22.8	43.6	0.0
Household Distribution by Income Level	19,157	23.8	14.1	18.7	43.4	0.0
Median Family Income MSA - 13780 Binghamton, NY MSA		\$63,860	Median Housing Value			\$107,316
Median Family Income Non-MSAs – NY		\$59,570	Median Gross Rent			\$683
			Families Below Poverty Level			7.9%

*Source: 2015 ACS and 2020 D&B Data  
Due to rounding, totals may not equal 100.0%  
(\* The NA category consists of geographies that have not been assigned an income classification.*

The Cortland non-MSA AA consisted of all but one census tract of Cortland County. The excluded census tract is a middle-income geography located in the far northeastern portion of the county and is not near any of the bank's branches. The Cortland non-MSA AA also contained one census tract in Tioga County, which is in the Binghamton MSA (MSA 13780). There are no branches located in the Binghamton MSA; therefore, it does not need to be evaluated as a separate AA under the CRA. The census tract is adjacent to boundaries of the Ithaca AA and the non-MSA AA. It is reasonable for the bank to include this census tract in its AA based on the level of lending in the census tract, its proximity to the bank's branch location, and minimal presence of other financial institutions in the northern portion of the census tract. For purposes of the evaluation, the OCC included this census tract as part of the non-MSA AA since the demographics of the Binghamton MSA were more similar to the demographics of the non-MSA. The AA complies with the CRA regulation and did not arbitrarily exclude low- and moderate-income geographies.

Per the 2015 ACS data, the Cortland non-MSA AA contained 12 census tracts, one moderate-income, eight middle-income and three upper-income. The MSA AA did not have any low-income census tracts.

FNBD operated two branches and non-deposit taking ATMs in the AA. The branches are located within one mile of each other in the town of Dryden. Lending services were offered at one of the two branches, otherwise, the full range of products and services were offered at both branches. There was one branch opened and no branches closed in the AA during the evaluation period. According to the June 30, 2020 FDIC Market Share Report, FNBD had \$71.7 million in deposits in the Cortland non-MSA AA which accounted for 38.3 percent of FNBD's bank-wide deposits. FNBD ranked third out of seven deposit

taking institutions in the MSA with a 9.1 percent market share of deposits. The deposit market in the AA was dominated by two institutions whose combined deposit market share was 71.6 percent. Specifically, NBT Bank, N.A. with 38.5 percent market share and KeyBank, N.A. with 33.1 percent market share.

Home mortgage loan originations in the non-MSA AA accounted for 63.1 percent of total home mortgage originations and 54.2 percent of total consumer loan originations were made in the AA. The primary lending focus in the MSA AA was home mortgage and consumer lending, consistent with the bank overall.

There were approximately 21.8 thousand total housing units in the AA of which, 59.2 percent were owner-occupied; 28.7 percent were rental; and 12.1 percent were vacant units. Per Realtor.com, the home median list price increased from \$125.9 thousand in January 2018 to \$176.0 thousand in December 2020. This increase in listing price occurred primarily in 2020 and was impacted by the limited housing stock available beginning in April 2020, with the commencement of the coronavirus pandemic. The disparity between the median income level and housing process poses a challenge for low-income borrowers to qualify for a home mortgage financing. One method used to determine housing affordability assumes a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. Assuming a 30-year mortgage with a five percent interest rate, and not accounting for down payment, homeowners insurance, real estate taxes, or any additional monthly expenses, a low-income borrower making less than \$33,600 per year (or less than 50 percent of the 2020 FFIEC adjusted median family income in the AA) could afford a mortgage payment of \$840 per month. This illustrates that low-income borrowers would be challenged to qualify for a mortgage loan in the MSA AA with an estimated payment of \$945.

The weighted average age of housing stock in the AA was 67 years. Per the 2019 Peer Mortgage Data, FNBD ranked ninth of 965 mortgage lenders originating mortgages in the AA, with a 3.2 percent market share.

The 2020 FFIEC estimated median family income for this MSA was approximately \$67.2 thousand, increasing from the 2015 level of approximately \$59.6 thousand. The unemployment rate for the MSA AA of 6.6 percent as of December 2020, was up over the evaluation period from 5.1 percent in December 2018. The peak unemployment rate during the evaluation period of 15.4 percent occurred in April 2020 due to the impacts of the coronavirus pandemic. The primary industries in the AA were educational and health services, government, leisure and hospitality services and retail. Some of the AA's largest employers were SUNY Cortland, Guthrie Cortland Medical Center, Cortland City School District, and Marietta Corporation.

## **Scope of Evaluation in New York**

The bank has two assessment areas, the Ithaca MSA AA #27060 and Cortland non-MSA AA, both of which received a full-scope review during this evaluation.

When assessing overall Lending Testing performance, the assessment areas were weighted equally. The Ithaca MSA AA contains 61.7 percent of the bank's deposits and accounts for 36.9 percent of home mortgage and 45.8 percent of consumer loan originations. The Cortland non-MSA AA contains 38.3 percent of the bank's deposits and accounts for 63.1 percent of home mortgage and 54.2 percent of consumer loan originations. Consumer loans accounted for 94.3 percent of lending by volume and 58.3

percent of total value; and home mortgage loans 5.7 percent by volume and 41.7 percent of total value. Therefore, consumer loans were given more weight when assessing performance. Additionally, greater weight was given to the bank's performance in the distribution of loans by income level of the borrower due to the fact that there is only one low- or moderate-income geography throughout the bank's AAs.

## **LENDING TEST**

The bank's performance under the Lending Test in New York is rated Satisfactory.

## **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, the bank's performance in the Ithaca MSA AA and Cortland non-MSA AA is good.

## **Distribution of Loans by Income Level of the Geography**

The bank exhibits reasonable geographic distribution of loans in the state.

A geographic distribution analysis of home mortgage and consumer loans during the evaluation period was not completed for the Ithaca MSA AA. The Ithaca MSA AA does not include census tracts of low- and moderate-income levels; therefore, completing the assessment would not be meaningful.

### ***Home Mortgage Loans***

Refer to Table O in the state of New York section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

### **Cortland non-MSA AA**

The bank's level of home mortgage loans in moderate-income geographies over the evaluation period was well below the demographic data and aggregate performance. However, this overall performance is driven by very poor performance in one year of the three-year evaluation period, 2019. Combined 2018 and 2020 performance showed the level of home mortgage loans in moderate-income geographies exceeded the demographic data and was somewhat below aggregate performance. There are no low-income geographies in the AA.

### ***Consumer Loans***

Refer to Table U in the state of New York section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

### **Cortland non-MSA AA**

The bank's level of consumer loans in moderate-income geographies was below the demographic data. There are no low-income geographies in the AA.

### ***Lending Gap Analysis***

The OCC reviewed summary reports to analyze home mortgage and consumer lending activity to identify any gaps in the geographic distribution of loans in the full-scope AAs. The OCC did not identify any unexplained conspicuous gaps in any of the areas reviewed.

### **Distribution of Loans by Income Level of the Borrower**

The bank exhibits an excellent distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

### ***Home Mortgage Loans***

Refer to Table P in the state of New York section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

#### Ithaca MSA AA

The bank's level of home mortgage loans to low-income borrowers was near to the demographic data and exceeded aggregate performance. The bank's level of home mortgage loans to moderate-income borrowers was near to the demographic data and was below aggregate performance. When assessing performance, examiners considered the affordability of housing for low-income borrowers in the AA given median housing value and the median family income for low-income borrowers.

#### Cortland non-MSA AA

The bank's level of home mortgage loans to low-income borrowers was below the demographic data and exceeded aggregate performance. The bank's level of home mortgage loans to moderate-income borrowers exceeded both the demographic data and aggregate performance. When assessing performance, examiners considered the affordability of housing for low-income borrowers in the AA given median housing value and the median family income for low-income borrowers.

### ***Consumer Loans***

Refer to Table V in the state of New York section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

#### Ithaca MSA AA

The bank's level of consumer loans to low- and moderate-income borrowers exceeded the percentage of low- and moderate-income households in the AA.

#### Cortland non-MSA AA

The bank's level of consumer loans to low-income households was somewhat below the demographic data while the level of consumer loans to moderate-income households significantly exceeded the demographic data.

### **Responses to Complaints**

FNBD did not receive any CRA related complaints during the evaluation period.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	01/01/2018 to 12/31/2020)	
<b>Bank Products Reviewed:</b>	Home mortgage and consumer loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>New York State</b>		
Ithaca MSA #27060 (partial)	Full-scope	Portion of Tompkins County
Cortland non-MSA	Full-scope	Portions of Cortland and Berkshire County

## Appendix B: Summary of MMSA and State Ratings

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RATINGS FNBD	
<b>Overall Bank:</b>	Lending Test Rating
FNBD	Satisfactory
<b>MMSA or State:</b>	
New York	Satisfactory

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**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 conduct 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 the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

**Multifamily:** Refers to a residential structure that contains five or more units.

**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.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

**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) 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.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland; or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																		<b>2018-2020</b>		
	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
Assessment Area:	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Cortland non-MSA AA	77	7,719	63.1	965	0.0	0.0	0.0	5.6	2.6	5.6	67.9	61.0	69.1	26.5	36.4	24.4	0.0	0.0	0.0	
Ithaca MSA AA	45	5,181	36.9	589	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Total</b>	<b>122</b>	<b>14,984</b>	<b>100.0</b>	<b>1,554</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.3</b>	<b>2.0</b>	<b>4.1</b>	<b>81.2</b>	<b>84.2</b>	<b>80.8</b>	<b>15.5</b>	<b>13.9</b>	<b>15.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																		<b>2018-2020</b>		
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Cortland non-MSA AA	77	9,803	63.1	965	18.9	6.5	4.5	14.8	19.5	19.3	22.8	20.8	27.7	43.6	37.7	31.1	0.0	15.6	14.4	
Ithaca MSA AA	45	5,181	36.9	589	16.4	13.3	4.8	20.1	17.8	21.4	23.2	20.0	25.8	40.3	37.7	31.2	0.0	13.3	9.8	
<b>Total</b>	<b>122</b>	<b>14,949</b>	<b>100.0</b>	<b>1,554</b>	<b>17.9</b>	<b>10.9</b>	<b>6.6</b>	<b>16.9</b>	<b>21.8</b>	<b>22.7</b>	<b>23.0</b>	<b>14.9</b>	<b>27.0</b>	<b>42.2</b>	<b>36.6</b>	<b>31.1</b>	<b>0.0</b>	<b>15.8</b>	<b>12.7</b>	

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

<b>Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography</b>												<b>2018-2020</b>	
	<b>Total Consumer Loans</b>			<b>Low-Income Tracts</b>		<b>Moderate-Income Tracts</b>		<b>Middle-Income Tracts</b>		<b>Upper-Income Tracts</b>		<b>Not Available-Income Tracts</b>	
<b>Assessment Area:</b>	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>% of Households</b>	<b>% Bank Loans</b>	<b>% of Households</b>	<b>% Bank Loans</b>	<b>% of Households</b>	<b>% Bank Loans</b>	<b>% of Households</b>	<b>% Bank Loans</b>	<b>% of Households</b>	<b>% Bank Loans</b>
Cortland non-MSA AA	1,084	11,394	54.2	0.0	0.0	9.1	6.5	68.0	73.1	23.0	20.4	0.0	0.0
Ithaca MSA AA	917	9,554	45.8	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>2,001</b>	<b>20,948</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5.5</b>	<b>6.5</b>	<b>80.4</b>	<b>73.1</b>	<b>14.0</b>	<b>20.4</b>	<b>0.0</b>	<b>0.0</b>

*Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data.  
Due to rounding, totals may not equal 100.0%*

<b>Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower</b>												<b>2018-2020</b>	
	<b>Total Consumer Loans</b>			<b>Low-Income Borrowers</b>		<b>Moderate-Income Borrowers</b>		<b>Middle-Income Borrowers</b>		<b>Upper-Income Borrowers</b>		<b>Not Available-Income Borrowers</b>	
<b>Assessment Area:</b>	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>% of Households</b>	<b>% Bank Loans</b>	<b>% of Households</b>	<b>% Bank Loans</b>	<b>% of Households</b>	<b>% Bank Loans</b>	<b>% of Households</b>	<b>% Bank Loans</b>	<b>% of Households</b>	<b>% Bank Loans</b>
Cortland non-MSA AA	87	765	48.6	23.8	19.6	14.1	21.7	18.7	21.7	43.4	27.2	0.0	9.8
Ithaca MSA AA	92	860	51.4	18.9	24.1	14.3	28.7	17.8	27.7	49.0	16.1	0.0	3.4
<b>Total</b>	<b>179</b>	<b>1,625</b>	<b>100.0</b>	<b>21.9</b>	<b>21.9</b>	<b>14.1</b>	<b>25.3</b>	<b>18.3</b>	<b>24.8</b>	<b>45.6</b>	<b>21.5</b>	<b>0.0</b>	<b>6.5</b>

*Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data.  
Due to rounding, totals may not equal 100.0%*