



PUBLIC DISCLOSURE

October 4, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Tioga State Bank, National Association
Charter Number 25239

1 North Main Street
Spencer, New York 14883

Office of the Comptroller of the Currency

5000 Brittonfield Parkway
Suite 102B
East Syracuse, New York 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.

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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 reasonable distribution of loans to borrowers of different income levels.
- The bank made a majority of home mortgage loans and small business loans originated during the evaluation period within the bank's assessment area (AA).
- The bank had a reasonable loan-to-deposit (LTD) ratio during the evaluation period.
- The bank demonstrated excellent responsiveness to community development needs through community development loans and qualified investments.

Loan-to-Deposit Ratio

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

Tioga State Bank, National Association's (TSB or bank) average LTD ratio for the 12-quarter period covering the evaluation period, January 1, 2018 through December 31, 2020, is 80.7 percent, with a quarterly high of 85.1 percent in fourth quarter 2019 and a quarterly low of 74.13 percent in first quarter 2018. In comparison, three similarly situated financial institutions located in the AA had quarterly average LTD ratios during the period ranging from 32.2 percent and 96.6 percent.

Lending in Assessment Area

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

The bank originated and purchased 78.8 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	749	77.8	214	22.2	963	98,995	76.6	30,171	23.4	129,166
Small Business*	52	98.1	1	1.9	53	8,178	96.5	300	3.5	8,478
Total	801	78.8	215	21.2	1,016	107,173	77.9	30,471	22.1	137,644

*TSB is not required to maintain a CRA register; therefore, small business performance was assessed based on a loan sample and does not include the entire population of loan originations and purchases.

Description of Institution

TSB is an intrastate community bank with \$520.3 million in total assets as of December 31, 2020. TSB is a wholly owned subsidiary of TSB Services, Inc., a one bank holding company. TSB, headquartered in Spencer, New York, operates in three AAs located within New York State's Southern Tier region which shares a border with Pennsylvania. Spencer is a small, rural community located approximately 20 miles south of the city of Ithaca; 25 miles east of the city of Elmira; and 40 miles west of the city of Binghamton. TSB operates Tioga State Insurance Agency, Inc, a wholly-owned bank subsidiary offering customers life insurance, long-term care insurance and annuity sales. TSB also provides access to financial planning options, insurance plans, and brokerage services through LPL Financial, a registered investment advisor and broker-dealer.

TSB's strategy during the evaluation period focused on organic loan and deposit growth throughout its branch network and AA. TSB's business activities included retail banking, commercial banking, and investment services provided to its customers in its market area through its 11 branch locations, loan production office, investment office, online banking, and mobile banking. Two of the 11 branch locations serve as transactional offices and did not offer lobby service. All branch locations had a drive-up facility and access to deposit-taking automated teller machines (ATMs) with an additional deposit-taking ATM located at the investment center.

TSB reported total loans of \$356.1 million, representing 68.5 percent of total assets, as of December 31, 2020. Loan portfolio composition was as follows: 52.7 percent residential real estate loans including multifamily and home equity products, 19.6 percent commercial and industrial loans, 19.4 percent commercial real estate loans, 5.7 percent construction and development loans, 1.7 percent consumer loans, and 0.9 percent other loan types including farmland and agriculture loans. Deposits totaled \$445.9 million and tier 1 equity capital totaled \$65.6 million as of December 31, 2020.

There were no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its AA during the evaluation period. TSB's prior Performance Evaluations dated August 13, 2018 and June 30, 2018 were conducted by the Federal Reserve Bank and New York State Department of Financial Services, respectively, and both resulted in a satisfactory rating based on satisfactory lending test and outstanding community development test ratings. OCC changes in asset size thresholds effective October 1, 2020 resulted in TSB assessed as a Small Bank for this evaluation.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The bank's performance was assessed using home mortgage and small business loans originated and purchased during the evaluation period, which spanned from January 1, 2018 through December 31, 2020. Performance also included an assessment of community development (CD) activities from January 1, 2018 through December 31, 2020, an optional assessment given the bank's asset size. CD activities included CD loans and qualified investments, grants, and donations. Qualifying activities performed through December 31, 2020 in response to the significant impact of the COVID-19 pandemic across the United States were included in this evaluation.

Home mortgage loans included home purchase, home improvement, home mortgage refinance, and multi-family loans reported on the Loan Application Register (LAR) as 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. Small business loans included those whose original amounts are \$1 million or less and were reported on the bank's call report as either loans secured by nonfarm or nonresidential real estate or commercial and industrial loans. The market share and peer comparisons are based on the information contained in the aggregate CRA Registers, which are available for public review.

The bank's primary loan products were home mortgage and small business loans. Primary loan products, for purposes of this review, were products in which the bank originated at least 20 loans within an AA during the evaluation period. TSB had a sufficient volume of home mortgage loans in the Binghamton, Ithaca, and Elmira MSA AAs to conduct a meaningful analysis. TSB had a sufficient volume of small business loans in the Binghamton and Ithaca MSA AAs to conduct meaningful analysis. The Elmira MSA AA did not have a sufficient volume of small business loans to conduct a meaningful analysis. The bank is not required to maintain a CRA register; therefore, examiners assessed performance based on the OCC's sampling methodology. HMDA and small business aggregate lending and market share percentages considered only lenders that submitted HMDA and small business data. Lenders that collected, but did not submit data, were not considered in the percentages.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of 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 based on its performance in New York State.

Refer to the “Scope” section under the 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 bank 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: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- The geographic distribution of loans is reasonable.
- The distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable.
- The bank demonstrated excellent responsiveness to community development needs through community development loans and qualified investments.

Description of Institution's Operations in New York

As of December 31, 2020, TSB had three AAs within the state of New York which consisted of the Binghamton MSA AA, Ithaca MSA AA, and Elmira 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 census tracts.

TSB offered loan and deposit products and services through 11 branches, 13 deposit taking ATMs, and one loan production office in the state of New York. Two of the 11 branch locations serve as transactional offices and did not offer lobby service. During the evaluation period, TSB did not open or close any branch locations.

Binghamton MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Binghamton MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	58	12.1	17.2	46.6	24.1	0.0
Population by Geography	224,605	7.1	14.1	50.3	28.5	0.0
Housing Units by Geography	100,963	8.1	16.2	51.0	24.7	0.0
Owner-Occupied Units by Geography	60,064	3.0	10.5	55.2	31.4	0.0
Occupied Rental Units by Geography	29,851	15.3	26.1	44.0	14.6	0.0
Vacant Units by Geography	11,048	16.6	20.2	47.3	15.9	0.0
Businesses by Geography	13,110	10.7	12.6	54.3	22.4	0.0
Farms by Geography	429	2.8	6.8	68.3	22.1	0.0
Family Distribution by Income Level	54,129	21.6	16.9	21.4	40.1	0.0
Household Distribution by Income Level	89,915	26.1	15.2	16.8	41.8	0.0
Median Family Income MSA - 13780 Binghamton, NY MSA		\$63,860	Median Housing Value			\$109,271
			Median Gross Rent			\$709
			Families Below Poverty Level			10.3%
<i>Source: 2015 ACS and 2020 D&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 Binghamton MSA AA consisted of 58 contiguous census tracts in Tioga County and the southwestern portion of Broome County in the Binghamton, NY MSA (MSA #13780). Per the 2015 American Community Survey (ACS) data, census tracts were designated as follows: seven low-income, 10 moderate-income, 27 middle-income, and 14 upper-income.

TSB operated nine branches and 11 deposit-taking ATMs in the AA. The bank offered its full range of products and services at eight branches, which included one in a low-income census tract, while one branch served as a transactional office and did not offer account opening services. This transitional office was located within three miles of another full-service branch located within the AA. According to the June 30, 2020 FDIC Market Share Report, TSB had \$394.1 million in deposits in the Binghamton MSA AA, which accounted for 90.6 percent of TSB's bank-wide deposits. TSB ranked fourth out of twelve deposit taking financial institutions in the MSA with a 5.1 percent market share of deposits behind Visions Federal Credit Union with 48.7 percent, Manufacturers and Traders Trust Company with 22.7 percent and NBT Bank with 6.4 percent.

TSB's home mortgage loan originations in the MSA AA accounted for 64.0 percent of its total home mortgage originations. Based on the 2020 HMDA market share data, TSB ranked sixth out of 145 lending institutions, or the 96th percentile, for home mortgage loan originations and purchases with a market share of 4.4 percent. The top five home mortgage lenders, Visions Federal Credit Union, Manufacturers and Trading Trust Company, Homestead Funding Corp., Wells Fargo Bank N.A., and Quicken Loans LLC, had a combined market share of 53.4 percent. Market share of the top five lenders ranged from 6.4 to 21.8 percent.

There were approximately 101.0 thousand total housing units in the AA of which, 59.5 percent were owner-occupied; 29.6 percent were rental; and 10.9 percent were vacant units. The weighted average age of housing stock in the AA was 63 years. Per Realtor.com, the home median price increased from \$120.3 thousand in January 2018 to \$149.9 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. While the average listing price increased by 24.6 percent over the evaluation period, this did not create a challenge for low- or moderate-income borrowers to qualify for home mortgage financing given the median family income of the AA.

The 2020 FFIEC estimated median family income for this MSA was approximately \$76.9 thousand, increasing from the 2015 level of approximately \$63.9 thousand. The unemployment rate for the MSA AA of 6.6 percent as of December 2020, was up over the evaluation period from 4.5 percent in December 2018. The peak unemployment rate during the evaluation period of 17.1 percent occurred in April 2020 due to the impacts of the coronavirus pandemic. The MSA's primary industries were government, educational and health services, retail trade, and manufacturing. Some of the MSA's largest employers were Binghamton University, United Health Services, Lockheed Martin Corp., and Lourdes Hospital.

The OCC reviewed information from one community contact conducted during the evaluation period to determine local economic conditions and community needs within the Binghamton MSA AA. The organization focused on supporting families and strengthening the local economy through grant funding to non-profits, schools, and municipalities within the AA. The organization indicated the need for affordable housing for low- and moderate-income individuals as many area residents were paying more than 30 percent of income to obtain suitable housing. Less expensive housing was older and falling into disrepair. The contact also noted a lack of access to the internet and broadband services, as well as, transportation and childcare were significant barriers to finding and maintaining employment.

Ithaca MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Ithaca MSA AA (Full)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	23	0.0	17.4	52.2	26.1	4.3
Population by Geography	103,855	0.0	15.2	54.6	24.4	5.8
Housing Units by Geography	41,983	0.0	12.9	59.2	22.7	5.2
Owner-Occupied Units by Geography	21,356	0.0	12.2	70.6	17.0	0.2
Occupied Rental Units by Geography	17,104	0.0	14.6	45.9	29.7	9.8
Vacant Units by Geography	3,523	0.0	8.2	55.0	23.4	13.3
Businesses by Geography	7,054	0.0	15.1	48.0	34.2	2.7
Farms by Geography	339	0.0	11.5	75.5	13.0	0.0
Family Distribution by Income Level	20,250	21.0	16.7	21.2	41.0	0.0
Household Distribution by Income Level	38,460	27.1	14.5	15.6	42.8	0.0
Median Family Income MSA - 27060 Ithaca, NY MSA		\$74,524	Median Housing Value			\$206,473
			Median Gross Rent			\$993
			Families Below Poverty Level			9.5%
<i>Source: 2015 ACS and 2020 D&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 the 23 contiguous census tracts in Tompkins County that make up the Ithaca MSA (MSA #27060). Per the 2015 ACS data, census tracts were designated as follows: zero low-income, four moderate-income, 12 middle-income, six upper-income, and one unknown.

TSB offered its full ranges of products and services through one branch located in a moderate-income census tract and one deposit-taking ATM. According to the June 30, 2020 FDIC Market Share Report, TSB had \$36.9 million in deposits in the Ithaca MSA AA, which accounted for 8.5 percent of TSB's bank-wide deposits. TSB ranked tenth out of 14 deposit taking financial institutions in the MSA with a 1.0 percent market share of deposits. The deposit market in the AA was dominated by a Tompkins Trust Company with 45.3 percent and CFCU Community Credit Union with 27.5 percent deposit market share. Other banks in the MSA AA included Manufacturers and Traders Trust Company and Elmira Savings Bank with market shares of 6.8 and 3.5 percent, respectively.

TSB's home mortgage loan originations in the MSA AA accounted for 9.4 percent of its total home mortgage originations. Based on the 2020 HMDA market share data, TSB ranked 10th out of 116 lending institutions, or the 91st percentile, for home mortgage loan originations and purchases with a market share of 1.5 percent. The top five home mortgage lenders, CFCU Community Credit Union, Tompkins Trust Company, Elmira Savings Bank, Manufacturers and Trading Trust Company, and Quicken Loans LLC, had a combined market share of 66.5 percent. Market share of the top five lenders ranged from 4.2 to 22.2 percent.

The AA included approximately 42.0 thousand total housing units of which, 50.9 percent were owner-occupied; 40.7 percent were rental; and 8.4 percent were vacant units. The weighted average age of housing stock in the AA was 52 years. Per Realtor.com, the home median list price increased from \$244.5 thousand in January 2018 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 posed 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 2020 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 5.0 percent as of December 2020 increased from 3.4 percent in December 2018. The peak unemployment rate during the evaluation period of 11.3 percent occurred in April 2020 due to the impacts of the coronavirus pandemic. The MSA's primary industries were educational and health services, government, leisure and hospitality services, and retail trade. Some of the MSA's largest employers were Cornell University, Ithaca College, BorgWarner Morse Systems, and Cayuga Medical Center.

The OCC reviewed information from one community contact conducted during the evaluation period to determine local economic conditions and community needs within the Ithaca MSA AA. The organization focused on affordable housing, neighborhood revitalization and economic stabilization. The organization identified the need for affordable housing for low- and moderate-income individuals and families and financial education.

Scope of Evaluation in New York

The OCC conducted full-scope reviews of the Binghamton MSA AA (#13780) and the Ithaca MSA AA (#27060), and a limited-scope review of the Elmira MSA AA (#21300). The two full-scope AAs accounted for 99.1 percent of bank deposits and 90.9 percent of its branches. The Binghamton MSA AA received the highest weighting as it represented 90.6 percent of the bank's deposits and 81.8 percent of its branches. Home mortgage originations, which accounted for approximately 31.8 percent of total originations by count and 43.7 percent of total originations by dollar volume during the evaluation period were given more weight than small business loans. The volume of small business originations made during the evaluation period was skewed due to the bank's participation in the Small Business Administration's (SBA) Paycheck Protection Program (PPP) in 2020, which accounted for 18.1 percent of total originations by count and 13.7 percent of total originations by dollar volume over the evaluation period. This volume of small business lending is not representative of the bank's actual lending practices as evidenced by the volume of small business loans originated in 2018 and 2019; however, PPP lending was considered as it met credit needs during a time of economic challenge.

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 Binghamton MSA AA and the Ithaca MSA AA is good.

Distribution of Loans by Income Level of the Geography

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

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.

The geographic distribution of home mortgage loans is reasonable.

Binghamton MSA AA

The geographic distribution of home mortgage loans is reasonable. The bank's level of home mortgage loans in low-income geographies over the evaluation period exceeded the demographic data and aggregate performance. The bank's level of home mortgage loans in moderate-income geographies over the evaluation period was near to the demographic data and aggregate performance.

Ithaca MSA AA

The geographic distribution of home mortgage loans is excellent. The bank's level of home mortgage loans in moderate-income geographies over the evaluation period significantly exceeded the demographic data and aggregate performance. The AA did not include any low-income geographies in the AA.

Small Loans to Businesses

Refer to Table Q 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 originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses is excellent.

Binghamton MSA AA

The geographic distribution of small loans to businesses is excellent. The geographic distribution of small loans to business in low- and moderate-income census tracts exceeded the percentage of businesses and aggregate lending in the low- and moderate-income census tracts.

Ithaca MSA AA

The geographic distribution of small loans to businesses is excellent. The geographic distribution of small loans to business in moderate-income census tracts significantly exceeded the percentage of

businesses and aggregate lending in the low- and moderate-income census tracts. The AA did not include any no low-income geographies in the AA.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable 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.

The borrower distribution of home loans is reasonable.

Binghamton MSA AA

The borrower distribution of home loans is reasonable. The bank's level of home mortgage loans to low-income borrowers was well below the demographic data and near to the aggregate performance. The bank's level of home mortgages loans to moderate-income borrowers exceeded the demographic data and the aggregate performance.

Ithaca MSA AA

The borrower distribution of home loans is excellent. The bank's level of home mortgage loans to low-income borrowers was near to the demographic data and exceeded the aggregate performance. The bank's level of home mortgages loans to moderate-income borrowers exceeded the demographic data and the 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.

Small Loans to Businesses

Refer to Table R 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 originations and purchases of small loans to businesses.

The borrower distribution of small loans to businesses is reasonable.

The assessment of performance of small loans to businesses considered the impact of loans originated under the SBA's PPP initiated in 2020 in response to the pandemic. During 2020, TSB originated 550 PPP loans to customers and non-customers totaling \$40.5 million. TSB typically did not obtain the applicant's revenue when underwriting these loans as this was not a requirement of the program; therefore, examiners were unable to determine the size of the business. However, 472 or 85.8 percent of PPP originations were for loan amounts of \$100 thousand or less.

Binghamton MSA AA

The borrower distribution of small loans to businesses is reasonable. The distribution of small loans to businesses with revenues of \$1 million or less was well below the percentage of those businesses and near to the aggregate lending in the AA. The distribution of small loans to businesses was impacted by the bank's participation in the SBA's PPP in 2020 as noted above. The OCC noted 23.3 percent of

originations in the sample with unknown revenue were SBA PPP loans for loan amounts of \$100 thousand or less.

Ithaca MSA AA

The borrower distribution of small loans to businesses is reasonable. The distribution of small loans to businesses with revenues of \$1 million or less was well below the percentage of those businesses and exceeded the aggregate lending in the AA. The distribution of small loans to businesses was impacted by the bank's participation in the SBA's PPP in 2020 as noted above. The OCC noted 36.4 percent of originations in the sample with unknown revenue were SBA PPP loans for loan amounts of \$100 thousand or less.

Responses to Complaints

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

Conclusions for Area Receiving a Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Lending Test in the Elmira MSA AA is consistent with the bank's overall performance under the Lending Test in the full-scope area.

COMMUNITY DEVELOPMENT

Based on full-scope and limited-scope reviews, the bank exhibits excellent responsiveness to community development needs in the state through community development loans and qualified investments, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area(s). Performance related to community development activities had a positive effect on the bank's rating in the state.

Number and Amount of Community Development Loans

Community Development Loans				
<i>Assessment Area</i>	#	%	\$ (000's)	%
Binghamton MSA AA	18	90.0	\$6,322	92.6
Ithaca MSA AA	1	5.0	\$403	5.9
Elmira MSA AA	0	0.0	\$0	0.0
Outside AA	1	5.0	\$100	1.5
Total	20	100.0	\$6,825	100.0

The Community Development Loans Tables, shown above, sets forth the information and data used to evaluate the bank's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The bank demonstrated excellent responsiveness to community development needs through community development loans.

Binghamton MSA AA

TSB demonstrated excellent responsiveness to community development needs through community development loans. Community development lending included 17 loans totaling \$4.7 million for affordable housing and one loan totaling \$1.7 million for economic development, representing 10.6 percent of allocated tier one capital.

Ithaca MSA AA

TSB demonstrated excellent responsiveness to community development needs through community development loans. Community development lending included one loan totaling \$403 thousand for affordable housing, representing 7.2 percent of allocated tier one capital.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Binghamton MSA AA	2	\$52	81	\$596	83	76.1	\$648	55.9	0	\$0
Ithaca MSA AA	0	\$0	17	\$509	17	15.6	\$509	43.9	0	\$0
Elmira MSA AA	0	\$0	0	\$0	0	0.0	\$0	0.0	0	\$0
Outside AA	0	\$0	9	\$3	9	8.3	\$3	0.2	0	\$0
Total	2	\$52	107	\$1,108	109	100.0	\$1,160	100.0	0	\$0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The Qualified Investment Table, shown above, set forth the information and data used to evaluate the bank's level of qualified CD investments. These tables include all CD investments, including prior period investments that remain outstanding as of the examination date.

The bank demonstrated adequate responsiveness to community development needs through investments, donations, and grants.

Binghamton MSA AA

TSB demonstrated adequate responsiveness to community development needs through investments, donations, and grants. Qualified investments included eight donations totaling \$2.9 thousand to organizations supporting affordable housing for low- or moderate-income individuals, eight donations totaling \$8.8 thousand to organizations promoting economic development, and 65 investments and donations totaling \$584 thousand to municipalities and organizations providing community services targeting low- or moderate-income individuals. The aggregate qualified investments and donations made during the evaluation period represented 1.0 percent of allocated tier one capital. Prior period investments included \$52 thousand in balances outstanding on municipal bonds whose purpose included community services targeting low- or moderate-income individuals in the AA.

Ithaca MSA AA

TSB demonstrated excellent responsiveness to community development needs through investments, donations, and grants. Qualified investments included three donations totaling \$1 thousand to organizations supporting affordable housing for low- or moderate-income individuals, 13 donations totaling \$7.7 thousand to organizations providing community services targeting low- or moderate-income individuals, and one investment totaling \$500 thousand to a municipality stabilizing a moderate-income geography. The aggregate qualified investments and donations made during the evaluation period represented 9.1 percent of allocated tier 1 capital.

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

Appendix A: Scope of Examination

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”.

Time Period Reviewed:	01/01/2018 – 12/31/2020	
Bank Products Reviewed:	Home mortgage and small business loans Community development loans and qualified investments	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	None reviewed	Not applicable
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State of New York		
Binghamton MSA AA	Full-Scope	Tioga County and portions of Broome County
Ithaca MSA AA	Full-Scope	Tompkins County
Elmira MSA AA	Limited-Scope	Portions of Chemung County

Appendix B: Summary of State Ratings

RATINGS	Tioga State Bank, National Association
Overall Bank:	Lending Test Rating
TSB	Satisfactory
State:	
New York	Satisfactory

Appendix C: Definitions and Common Abbreviations

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

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 30th 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 Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2018-20	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% 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		
Binghamton MSAAA	616	78,626	82.2	4,961	3.0	4.4	2.1	10.5	7.6	9.8	55.2	66.1	51.3	31.4	21.9	36.8	0.0	0.0	0.0		
Elmira MSA AA	43	4,072	5.7	193	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		
Ithaca MSA AA	90	16,296	12.0	2,017	0.0	0.0	0.0	12.2	32.2	11.2	70.6	60.0	65.5	17.0	6.7	22.3	0.2	1.1	1.0		
Total	749	98,995	100.0	7,171	2.1	3.6	1.4	10.6	10.1	9.9	60.5	67.3	56.6	26.7	18.8	31.7	0.1	0.1	0.3		

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

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																				2018-20	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Binghamton MSA AA	616	78,626	82.2	4,961	21.6	7.6	9.7	16.9	20.6	19.6	21.4	23.9	20.8	40.1	29.4	30.3	0.0	18.5	19.6		
Elmira MSA AA	43	4,072	6.2	193	16.8	6.3	6.2	23.5	44.2	16.6	21.1	30.2	31.6	38.6	16.3	32.1	0.0	6.3	13.5		
Ithaca MSA AA	90	16,296	12.3	2,017	21.0	15.3	4.8	16.7	24.4	18.2	21.2	22.2	21.6	41.0	25.6	44.8	0.0	17.8	10.6		
Total	749	98,995	100.0	7,171	21.3	7.7	8.3	17.1	22.4	19.1	21.3	24.0	21.3	40.3	28.2	34.4	0.0	17.6	16.9		

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

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2018-20
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Binghamton MSA AA	30	5,502	57.7	2,936	10.7	16.7	10.5	12.6	13.3	13.2	54.3	60.0	53.7	22.4	10.0	22.6	0.0	0.0	0.0
Ithaca MSA AA	22	2,677	42.3	1,768	0.0	0.0	0.0	15.1	68.2	16.9	48.0	27.3	50.6	34.2	4.6	29.4	2.7	0.0	3.2
Total	52	8,178	100.0	4,778	6.9	9.6	6.5	13.3	36.5	14.3	52.8	46.2	53.3	26.1	7.7	24.7	0.9	0.0	1.2

*Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2018-20
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Binghamton MSA AA	30	5,502	57.7	2,936	81.9	36.7*	41.1	5.5	40.0	12.6	23.3	
Ithaca MSA AA	22	2,677	42.3	1,768	83.3	54.5*	45.8	4.6	9.1	12.1	36.4	
Total	52	8,178	100.0	4,778	82.4	44.2*	42.8	5.1	26.9	12.4	28.8	

*Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%
Percentage impacted by the volume of PPP originated in 2020 which were originated without consideration of applicant revenues.