

# **PUBLIC DISCLOSURE**

November 4, 2013

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Cortland Savings and Banking Company  
RSSD # 846619

194 West Main Street  
Cortland, Ohio 44410

Federal Reserve Bank of Cleveland

P.O. Box 6387  
Cleveland, Ohio 44101-1387

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

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**INSTITUTION'S CRA RATING: This institution is rated: "Satisfactory"**  
**The Lending Test is rated: "Satisfactory"**  
**The Community Development Test is rated: "Outstanding"**

The major factors and criteria contributing to this rating include:

- A reasonable loan-to-deposit ratio, given the bank's size, financial condition, and assessment area credit needs;
- A majority of loans and other lending-related activities are in the assessment area;
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area;
- A reasonable penetration among individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes;
- No CRA-related complaints about the institution's performance in meeting the assessment area credit needs; and,
- The bank's community development performance demonstrates an excellent responsiveness to the community development needs of its assessment area, considering the bank's capacity and the need and availability of such opportunities in the bank's assessment area.

The bank was evaluated as an intermediate small bank and was rated "Satisfactory" at the previous CRA evaluation dated October 17, 2011.

## SCOPE OF EXAMINATION

The Cortland Savings and Banking Company's (Cortland) Community Reinvestment Act (CRA) performance was evaluated using the interagency intermediate small bank examination procedures under Regulation BB.

Cortland's CRA performance was evaluated based on lending data for the period of January 1, 2012 through December 31, 2012. The loan products evaluated included small business loans, loans reported under the Home Mortgage Disclosure Act (HMDA), and consumer loans. Small business loans are comprised of loans secured and not secured by real estate. HMDA loans are comprised of home purchase and refinance loans. Consumer loans are comprised of home equity lines of credit (HELOC) and other secured and unsecured consumer loans.

Community development activities for the period between October 17, 2011 and November 4, 2013 were also reviewed as part of this evaluation, specifically community development loans, investments, and services occurring since the previous examination.

Cortland's assessment area for CRA purposes is comprised of the following four assessment areas, and the scope of the review for each area was determined based on the volume of lending activity and deposit share:

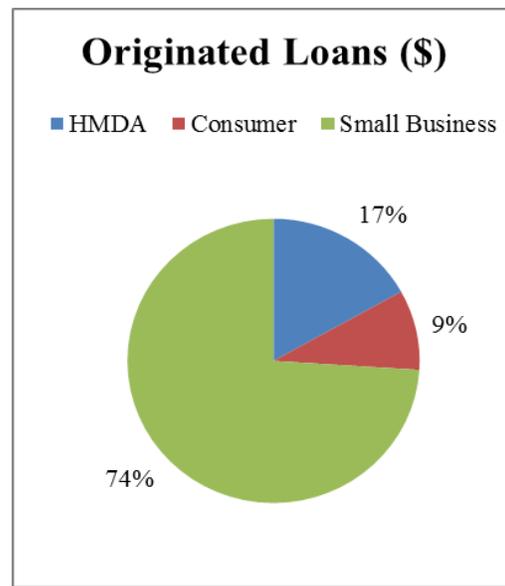
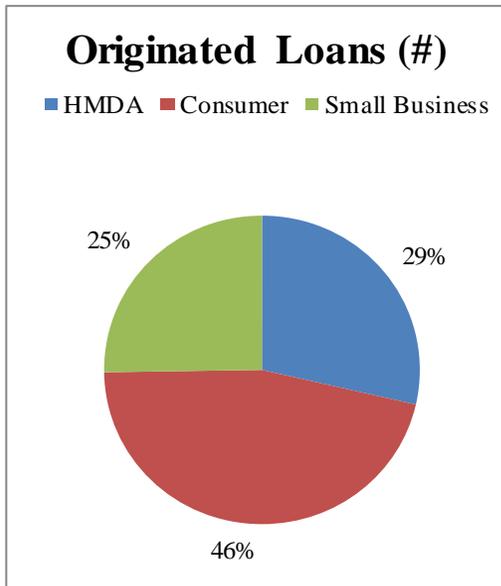
- Youngstown-Warren-Boardman, Ohio Metropolitan Statistical Area – Full-scope evaluation
- Akron, Ohio Metropolitan Statistical Area – Limited-scope evaluation
- Cleveland-Elyria-Mentor Metropolitan Statistical Area – Limited-scope evaluation
- Ashtabula, Ohio Nonmetropolitan Area – Limited-scope evaluation

A detailed description of each assessment area is presented in subsequent sections of this performance evaluation.

Five community contact interviews were conducted to provide perspective on the credit needs of the assessment area in which the bank operates. Details from these interviews are presented within each of the respective assessment areas of this evaluation.

The following table and charts illustrate the volume and distribution of loans originated within Cortland's assessment area during the evaluation period:

<b>Loan Type</b>	<b>Number of Loans</b>	<b>Dollar Amount of Loans (000s)</b>
HMDA	145	19,014
Consumer	234	10,229
Small Business	128	83,207
<b>Total</b>	<b>507</b>	<b>112,450</b>



Based on loan volume by dollar amount and the bank's stated business strategy, small business lending received the greatest weight in this analysis, followed by HMDA and consumer lending.

For the purposes of this evaluation, geographic distribution and borrower distribution were weighted equally based on the characteristics of the assessment area.

## DESCRIPTION OF INSTITUTION

Cortland is the banking subsidiary of Cortland Bancorp. Both the bank and the holding company are located in Cortland, Ohio. According to the September 30, 2013 Uniform Bank Performance Report (UBPR), Cortland had total assets of \$533 million, a 10.8% increase in total assets since the previous evaluation.

Cortland has one main office and twelve branch offices. The bank's main office is located in Cortland in Trumbull County. The bank also has six other offices in Trumbull County in Bristolville, Brookfield, Hubbard, Niles, Vienna, and Warren. The bank has two offices in Boardman and North Lima in Mahoning County, two offices in Mantua and Windham in Portage County, an office in Middlefield in Geauga County, and an office in Williamsfield in Ashtabula County. All of Cortland's branches have full-service ATMs. While Cortland has no branch offices or ATMs located in low-income census tracts, the Windham office in the Akron MSA is located in a moderate-income tract. Of the remaining offices, ten (77.0%) are located in middle-income tracts and two (15.0%) in upper-income tracts.

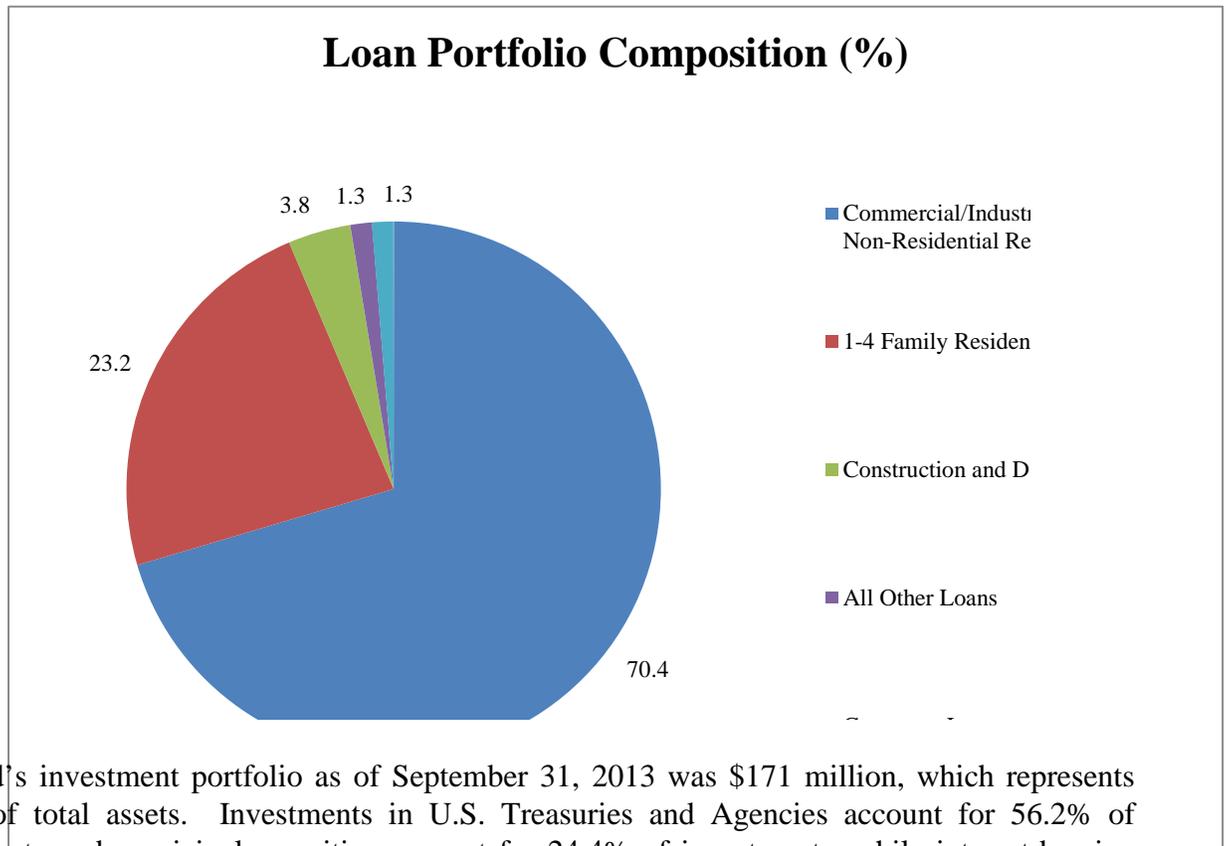
Since the previous evaluation, Cortland closed two branch offices: the North Bloomfield office, which was consolidated with the Bristolville office located five miles away, and the Middlefield office.<sup>1</sup>

In 2011, the bank established a subsidiary, CSB Mortgage Company, for the purpose of wholesale mortgage loan origination. Three loan production offices (LPOs) were opened in Canfield, North Olmsted, and Dayton, Ohio to facilitate retail mortgage lending for the bank and the mortgage company. The LPOs in North Olmsted and Dayton were closed in September 2013 when the bank exited the wholesale mortgage arena. Lending activity generated by CSB Mortgage Company was not considered as part of this evaluation.

Cortland is a full-service retail bank offering business and consumer deposit accounts and commercial, residential mortgage, and consumer loans. The following charts display the bank's loan portfolio composition and trend as of March 31, 2013:

Loan Type	Percent of Total Loans
Commercial/Industrial & Non-Farm Non-Residential Real Estate	70.4%
1-4 Family Residential Real Estate	23.2%
Construction and Development	3.8%
Consumer Loans	1.3%
All Other Loans	1.3%
<b>Total (gross)</b>	<b>100.0%</b>

<sup>1</sup> The Middlefield office closed on November 8, 2013, which is outside of this evaluation period. Therefore, lending activity generated from this branch office was considered in this review.



Cortland's investment portfolio as of September 31, 2013 was \$171 million, which represents 32.1% of total assets. Investments in U.S. Treasuries and Agencies account for 56.2% of investments and municipal securities account for 24.4% of investments, while interest-bearing bank balances, trading account assets, and other investments comprise the remaining 19.4% of the bank's total investments.

There are no legal or financial constraints preventing Cortland from meeting the credit needs of its assessment area in a manner consistent with its asset size, business strategy, resources, and local economy.

## DESCRIPTION OF ASSESSMENT AREAS

Cortland has delineated four assessment areas within Ohio, including:

- Youngstown-Warren-Boardman, Ohio Metropolitan Statistical Area 49660 comprised of the entirety of Trumbull and Mahoning counties.
- Akron, Ohio Metropolitan Statistical Area 10420 comprised of 31 of 35 census tracts in Portage County.
- Cleveland-Elyria-Mentor Metropolitan Statistical Area 17460 comprised of seven of 21 census tracts in the southeastern portion of Geauga County.
- Ashtabula, Ohio Nonmetropolitan Area comprised of two census tracts in southernmost Ashtabula County, which borders Trumbull County.

The bank's assessment areas consist of 165 census tracts, of which 17 (10.3%) are designated as low-income, 34 (20.6%) are moderate-income, 88 (53.3%) are middle-income, and 26 (15.8%) are upper-income tracts.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### Lending Test

Cortland’s overall performance under the lending test is considered satisfactory. Lending performance in all four assessment areas was considered reasonable.

### *Loan-to-Deposit Ratio*

A financial institution’s loan-to-deposit ratio (LTD) compares the institution’s aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution’s lending volume relative to its capacity to lend and is derived by adding the quarterly LTD ratios and dividing by the total number of quarters. The following table illustrates Cortland’s quarterly LTD ratios along with the average LTD for the same period as compared to the bank’s aggregate peer group, consisting of all insured commercial banks having assets between \$300 million and \$1 billion, and two local peer banks from the Deposit Market Share Report.

<b>Cortland Savings Bank Loan-to-Deposit Ratios</b>					
<b>As of Date</b>	<b>Cortland</b>	<b>Aggregate Ratio</b>	<b>Middlefield Bank</b>	<b>Andover Bank</b>	<b>Custom Peer</b>
June 30, 2013	72.43	74.85	101.55	66.46	84.01
March 31, 2013	70.30	73.19	100.89	65.52	83.21
December 31, 2012	70.88	73.97	101.55	65.32	83.44
September 30, 2012	69.58	74.47	99.71	66.39	83.05
June 30, 2012	71.34	74.28	97.83	68.17	83.00
March 31, 2012	68.63	73.28	96.02	66.79	81.41
December 31, 2011	67.81	75.10	98.37	66.15	82.26
September 30, 2011	64.74	75.89	98.13	62.54	80.34
<b>Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation</b>	<b>69.46</b>	<b>74.38</b>	<b>99.26</b>	<b>65.92</b>	<b>82.59</b>

Cortland’s average LTD ratio was 69.46% over the past eight quarters, which is below the aggregate of all lenders average ratio of 74.38%. However, Cortland’s LTD ratio steadily increased during the review period. Bank management attributes this to its focus on the generation of loans across all product types, especially small business.

Additionally, Cortland’s LTD ratio was compared to the local peer banks Middlefield Bank in Middlefield, Ohio and Andover Bank in Andover, Ohio. Each of the local peer banks had less than 5.0% of the market share. While Cortland’s average LTD ratio is below Middlefield’s, it is comparable to Andover’s quarterly and average ratios.

Considering the bank’s lending-related activity, size, financial condition, and assessment area credit needs, Cortland’s LTD ratio is considered reasonable.

***Lending in the Assessment Area***

The bank’s small business, mortgage, and consumer lending was analyzed to determine the volume of lending inside and outside the bank’s assessment area. Of the bank’s total loans, 73.5% by volume and 65.1% by dollar amount were made inside the assessment area.

The following table shows the distribution of loans made inside and outside the bank’s assessment area.

**Lending Inside and Outside the Assessment Area**

Loan Type - Description	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
HE - Home Equity	97	99	5,569	99.8	1	1	10	0.2	98	5,579
XX - Consumer Loans	137	90.7	4,660	27	14	9.3	12,570	73	151	17,229
<b>Total Consumer-related</b>	<b>234</b>	<b>94</b>	<b>10,229</b>	<b>44.8</b>	<b>15</b>	<b>6</b>	<b>12,580</b>	<b>55.2</b>	<b>249</b>	<b>22,809</b>
CV - Home Purchase - Conventional	60	72.3	7,354	61.5	23	27.7	4,612	38.5	83	11,966
FH - Home Purchase - FHA	4	80	449	79.2	1	20	118	20.8	5	567
HI - Home Improvement	43	100	1,348	100	0	0	0	0	43	1,348
MF - Multi-Family Housing	1	100	283	100	0	0	0	0	1	283
RF - Refinancing	81	35.5	11,211	25.3	147	64.5	33,014	74.7	228	44,225
<b>Total HMDA-related</b>	<b>189</b>	<b>52.5</b>	<b>20,645</b>	<b>35.4</b>	<b>171</b>	<b>47.5</b>	<b>37,744</b>	<b>64.6</b>	<b>360</b>	<b>58,389</b>
SB - Small Business	128	90.8	83,207	88.5	13	9.2	10,798	11.5	141	94,005
<b>Total Small Bus.-related</b>	<b>128</b>	<b>90.8</b>	<b>83,207</b>	<b>88.5</b>	<b>13</b>	<b>9.2</b>	<b>10,798</b>	<b>11.5</b>	<b>141</b>	<b>94,005</b>
<b>TOTAL LOANS</b>	<b>551</b>	<b>73.5</b>	<b>114,081</b>	<b>65.1</b>	<b>199</b>	<b>26.5</b>	<b>61,122</b>	<b>34.9</b>	<b>750</b>	<b>175,203</b>

Therefore, a majority of the bank’s loans by both volume and dollar amount were made inside its assessment area.

***Geographic Distribution of Lending***

Cortland’s geographic distribution of lending is reasonable. While the bank had significant lending gaps in its primary assessment area, the dispersion of loans among different tract income categories is adequate. Small business lending, which received the greatest weight, is considered good; however, HMDA lending is poor. Consumer lending, which received the least weight, is adequate. The respective analyses are included within each assessment area evaluation later in this report.

### ***Borrower Distribution of Lending***

Cortland's lending to borrowers of different income levels and businesses of different revenue sizes are reasonable. Small business lending, which received the greatest weight, is adequate. HMDA lending and consumer lending are also adequate. The respective analyses can be found within each assessment area discussion later in this report.

### ***Response to Consumer Complaints***

The bank has not received any CRA-related complaints since the previous examination.

### **Community Development Test**

Cortland's overall performance under the community development test is considered outstanding.

The bank demonstrates an excellent responsiveness to the needs of its assessment area through community development loans and qualified investments and services, considering the bank's capacity and the need and availability of opportunities in the bank's assessment area.

### ***Community Development Loans***

During the review period, Cortland did not originate any community development loans. However, the bank received credit for seven community development loans totaling \$9.4 million on the books from the previous evaluation.

### ***Community Development Investments***

During this evaluation period, Cortland made three investments and 37 donations aggregating \$4.5 million.

The bank received credit for one investment for \$2.0 million in an Ohio equity fund for housing that promotes the construction, rehabilitation, and preservation of affordable housing throughout Ohio primarily through low-income housing tax credits (LIHTCs). The bank also received credit for another \$2.0 million investment in a loan fund intended to provide small business loans throughout the assessment area. Because these investments benefit Cortland's overall assessment area, funds were prorated within each assessment area based on the percent of the bank's deposits in that area. The third investment is a municipal bond with a book value of \$465,525 that supports classroom facilities improvements in a school district in a moderate-income tract within the bank's assessment area. Cortland also received credit for \$34,612 in donations during this review period.

Additionally, the bank made four community development investments outside its assessment area totaling \$1.8 million. These investments benefited moderate-income areas in the bank's regional area in Ohio and Pennsylvania.

### *Community Development Services*

Cortland's employees provided financial expertise to organizations with community development-related purposes. Services were provided in conjunction with organizations such as Junior Achievement, YMCA, Ohio State University, and Youngstown State University. Most services related to providing financial literacy to students in low- and moderate-income school districts. Thirteen employees participated in eleven programs during this evaluation period.

### **Fair Lending or Other Illegal Credit Practices Review**

No evidence of discrimination or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

**DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN  
YOUNGSTOWN-WARREN-BOARDMAN METROPOLITAN STATISTICAL AREA  
49660  
(Full-scope Review)**

The Youngstown-Warren-Boardman MSA 49660 (Youngstown MSA) consists of Mahoning and Trumbull Counties in Ohio and Mercer County in Pennsylvania; however, Cortland's assessment area encompasses only the entireties of Trumbull and Mahoning Counties. This assessment area consists of a total of 125 census tracts comprised of 16 low-income census tracts (12.8%), 27 moderate-income census tracts (21.6%), 62 middle-income tracts (49.6%), and 20 upper-income tracts (16.0%). The bank has seven offices, including the main office, in Trumbull County and two offices in Mahoning County.

Trumbull County is located in northeastern Ohio and is a mixture of urban and rural areas situated between the Youngstown, Cleveland, and Akron corridors. Warren is the largest city and county seat. The county had a population of 210,312, according to the 2010 U.S. Census.

Mahoning County is located south of Trumbull County. Youngstown is the largest city and county seat and is located approximately 65 miles southeast of Cleveland and 61 miles northwest of Pittsburgh, Pennsylvania. The county had a population of 238,823, according to the 2010 U.S. Census.

According to the June 30, 2013 FDIC Deposit Market Share Report, Cortland ranked seventh out of 14 institutions in the market with a deposit share of 5.36% in Mahoning and Trumbull Counties.<sup>2</sup>

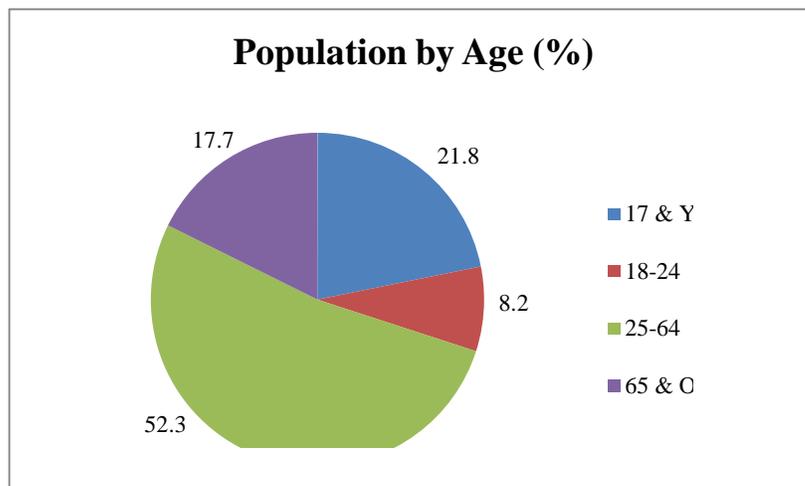
#	Financial Institution	Deposit Market Share
1	Huntington National Bank	26.11%
2	First Place Bank	14.24%
3	Home Savings and Loan Company of Youngstown, Ohio	12.24%
4	PNC Bank, NA	11.02%
5	JPMorgan Chase, NA	10.88%
6	Farmers National Bank of Canfield	10.68%
7	Cortland Savings and Banking Company	5.36%
8	First National Bank of Pennsylvania	4.08%
9	RBS Citizens, NA	1.78%
10	Key Bank NA	1.54%
11	Home Federal Savings and Loan Association of Niles	0.89%
12	Middlefield Banking Company	0.68%
13	U.S. Bank NA	0.49%
14	Woodforest National Bank	0.03%

<sup>2</sup> FDIC Summary of Deposits, [www.fdic.gov](http://www.fdic.gov)

Two community contact interviews were conducted to provide additional information regarding credit needs of the local community. One community contact is involved with neighborhood revitalization and stated that Youngstown has been on the decline, referencing the city's shrinking population and blighted neighborhoods. According to the contact, there are not enough opportunities for jobs, loans, or new business and much of the neighborhood decline is compounded by foreclosed properties that are not maintained by the banks that own them. The contact stated that there is a great need for home and business financing in the area and mentioned efforts by several banks that support the organization's mission. The second contact provides planning resources to local organizations in support of a myriad of community services. According to the community contact, Warren has significant pockets of low-income residents and although there is not a need for additional housing or rentals, the stabilization of neighborhoods remains its highest priority. Further, the contact stated that banks should be more gracious in lending to small businesses, especially to underserved populations, such as women and minorities. Although the contact felt that banks in general could do better, the organization recognized the overall efforts of several banks.

### **Population Characteristics**

According to the 2010 U.S. Census, the total population in this market is 449,135. Approximately, 8.2% of the assessment area's population resides in low-income tracts and 15.7% in moderate-income tracts, while 52.8% reside in middle-income tracts and 23.3% reside in upper-income tracts. As shown in the chart below, 78.2% of the population is 18 years of age or older, which is the legal age to enter into a contract, while 60.5% of the population is between the ages of 18 and 64 and more likely to have credit needs.



The population in the Youngstown MSA is declining, as depicted in the following table, which shows the actual and projected population changes over the 2010 U.S. Census figure by county in this assessment area:<sup>3</sup>

<sup>3</sup> Ohio Development Services Agency, [www.development.ohio.gov/reports/reports\\_countytrends](http://www.development.ohio.gov/reports/reports_countytrends)

County	2010 Population	2012 Population	Percent Change	2020 Projected Population	Percent Change
Trumbull	210,312	207,406	-1.4%	200,840	-4.5%
Mahoning	238,823	235,145	-1.5%	224,680	-5.9%

### **Income Characteristics**

According to 2010 U.S. Census data, the median family income in the assessment area was \$52,363, compared to Ohio’s median family income of \$59,680 and the Youngstown-Warren-Boardman MSA’s median family income of \$52,933. As depicted in the chart below, the MSA’s median family income increased to \$55,700 in 2012, a 5.2% increase.

#### **Borrower Income Levels Youngstown-Warren-Boardman, Ohio - MSA**

HUD Estimated Median Family Income		Low 0 - 49.99%		Moderate 50% - 79.99%		Middle 80% - 119.99%		Upper 120% - & above	
<b>2012</b>	<b>\$55,700</b>	0	\$27,849	\$27,850	\$44,559	\$44,560	\$66,839	\$66,840	& above

The assessment area contains 185,487 households, of which 119,938 (64.7%) are designated as families. Low- and moderate-income families represent 20.7% and 17.8% of all families in this assessment area, respectively, with 12.1% of families below the poverty level as compared to 10.3% of all families below the poverty level within Ohio.

Based on 2011 data from the Economic Research Service of the U.S. Department of Agriculture (USDA), household poverty rates for the counties in the assessment area were as follows:<sup>4</sup>

County	1999 Poverty Rate	2011 Poverty Rate	Change
Trumbull	10.30%	16.50%	60.19%
Mahoning	12.50%	17.70%	41.60%
<b>Ohio</b>	<b>10.60%</b>	<b>16.30%</b>	<b>53.77%</b>
<b>United States</b>	<b>12.40%</b>	<b>15.90%</b>	<b>28.23%</b>

Poverty rates for Trumbull and Mahoning Counties have increased significantly and at a higher rate than both the state and country.

### **Labor, Employment, and Economic Characteristics**

The following table illustrates the largest percentage of land use in each county in the assessment area:<sup>5</sup>

<sup>4</sup> U.S. Department of Agriculture, [www.ers.usda.gov/data/povertyrates](http://www.ers.usda.gov/data/povertyrates)

<sup>5</sup> Ohio Development Services Agency, [www.development.ohio.gov/reports/reports\\_countytrends](http://www.development.ohio.gov/reports/reports_countytrends)

County	Urban	Cropland	Pasture	Forest	Open Water	Wetlands	Bare Mines
Trumbull	16.47%	28.43%	3.40%	42.26%	2.72%	6.64%	0.09%
Mahoning	22.97%	22.53%	9.44%	41.07%	2.00%	1.67%	0.31%

Only 16.47% of the land in Trumbull County and 22.97% of the land in Mahoning County is considered urban, which includes land used for residential, commercial, industrial, or transportation purposes or as urban grasses. The remaining amount of land that does not contain housing, businesses and schools may impact Cortland’s ability to originate all types of loans in this assessment area.

According to the Ohio Office of Policy, Research, and Strategic Planning, the largest industries by average employment are trade, transportation, and utilities; education and health services; professional and business services; manufacturing; local government; and leisure and hospitality. Major employers in the bank’s assessment area include:<sup>6</sup>

County	Major Employers
Trumbull	Delphi Automotive Systems, General Motors, Giant Eagle, HM Health Services, Sears Holdings/Kmart, Trumbull County, Valley Care Health System, and Warren City Schools
Mahoning	Austintown Local Schools, Boardman Local Schools, HM Health Partners, InfoCision Management, Mahoning County, UCFC/Home Savings & Loan, V&M Star, Valley Care Health System, VXi Global Solutions, Wal-Mart, Youngstown City Schools, and Youngstown State University

The chart below shows the 2011 and 2012 average annual unemployment rate for the counties in the assessment area and reflect a positive trend over the two-year period.

**Unemployment Rates**  
Assessment Area: Youngstown-Warren-Boardman, OHMSA

Area	Years - Annualized	
	2011	2012
Mahoning Co.	9.5 (E)	7.8 (E)
Trumbull Co.	9.5 (E)	8.1 (E)
Youngstown-Warren-Boardman OH, MS	9.4 (E)	8.1 (E)
<b>Ohio</b>	<b>8.6 (D)</b>	<b>7.2 (D)</b>

Not Seasonally Adjusted

D : Reflects revised population controls and model reestimation.

E : Reflects revised inputs, reestimation, and controlling to new statewide totals.

<sup>6</sup> Ohio Development Services Agency, [www.development.ohio.gov/reports/reports\\_countytrends](http://www.development.ohio.gov/reports/reports_countytrends)

## **Housing Characteristics**

There are 208,680 housing units in this assessment area, based on the 2010 U.S. Census. Within this assessment area, 65.2% of the units are owner-occupied, 23.7% are rental units, and 11.1% are vacant. Only 5.3% and 13.3% of all owner-occupied housing units are located in low- and moderate-income census tracts, respectively, suggesting limited opportunity for mortgage credit in low- and moderate-income geographies.

The median age of housing stock was 52 years, according to the 2010 U.S. Census, with 30.9% of housing built prior to 1950. Older homes such as these are typically more likely to require repairs and rehabilitation. The median housing value in the assessment area was \$100,106 with an affordability ratio of 41.1%.<sup>7</sup> The affordability ratio is derived by dividing the median household income by the median housing value. The higher the affordability ratio, the more affordable a home is considered. Nearly half (49.9%) of the homes in this assessment area were valued below \$100,000. Further, based on the 2012 median family income for the Youngstown MSA (\$55,700), approximately 58.3% of the homes valued up to \$102,086 in the assessment area would be considered affordable for low-income individuals and 85.1% of the homes valued up to \$163,334 would be considered affordable for moderate-income individuals. These percentages were calculated assuming a housing expense ratio equal to 28.0% of gross income for a 4.0% fixed-rate, 30-year loan.

According to Sperling's Best Places, the 2012 median home cost in Trumbull County was \$66,500, a depreciation of 0.8% over the prior year, while in Mahoning County, the median home cost was \$72,500, a decline of 0.8% over the prior year.<sup>8</sup>

One in every 475 (0.2%) properties in Trumbull County was in foreclosure in October 2013 which is 19.0% lower than the same time in 2012. Similarly, in Mahoning County, the figure was one in every 470 (0.21%), which is 58.0% higher than the same time in 2012. Both counties are above Ohio and the national rate of 0.2% and 0.1%, respectively.<sup>9</sup>

The median gross rent in the assessment area was \$584, with 11.8% of the rental units having rents of less than \$350 a month, according to the 2010 U.S. Census. The majority of rents (34.3%) in this assessment area were \$500-\$699 per month and 18.5% of rents were \$350-\$499, while 28.1% of rents were greater than \$700. Almost one-quarter of all housing units in the assessment area are rental units. Additionally, 46.5% of renters have rent costs greater than 30.0% of their income.

The following table illustrates the demographics in the Youngstown MSA.

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<sup>7</sup> A ratio of 100% indicates that median family income is just sufficient to purchase the median-priced home. When the ratio falls below 100, the typical household has less income than necessary to purchase the typical house.

<sup>8</sup> Sperling's Best Places, [www.bestplaces.net](http://www.bestplaces.net)

<sup>9</sup> RealtyTrac, [www.realtytrac.com](http://www.realtytrac.com)

### Combined Demographics Report

Assessment Area(s): Youngstown-Warren-Boardman MSA 2012

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	16	12.8	7,967	6.6	3,539	44.4	24,767	20.6	
Moderate-income	27	21.6	17,729	14.8	4,214	23.8	21,402	17.8	
Middle-income	62	49.6	65,090	54.3	5,548	8.5	26,417	22.0	
Upper-income	20	16.0	29,152	24.3	1,231	4.2	47,352	39.5	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>125</b>	<b>100.0</b>	<b>119,938</b>	<b>100.0</b>	<b>14,532</b>	<b>12.1</b>	<b>119,938</b>	<b>100.0</b>	
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>							
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%	
Low-income	19,800	7,251	5.3	36.6	7,438	37.6	5,111	25.8	
Moderate-income	36,236	18,117	13.3	50.0	11,792	32.5	6,327	17.5	
Middle-income	108,532	75,578	55.5	69.6	23,435	21.6	9,519	8.8	
Upper-income	44,112	35,136	25.8	79.7	6,740	15.3	2,236	5.1	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>208,680</b>	<b>136,082</b>	<b>100.0</b>	<b>65.2</b>	<b>49,405</b>	<b>23.7</b>	<b>23,193</b>	<b>11.1</b>	
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>							
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>			
		#	%	#	%	#	%	#	%
Low-income	1,943	7.9	1,650	7.5	185	12.6	108	10.8	
Moderate-income	3,087	12.6	2,711	12.3	244	16.7	132	13.2	
Middle-income	11,812	48.3	10,771	49.0	584	39.9	457	45.8	
Upper-income	7,615	31.1	6,864	31.2	451	30.8	300	30.1	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>24,457</b>	<b>100.0</b>	<b>21,996</b>	<b>100.0</b>	<b>1,464</b>	<b>100.0</b>	<b>997</b>	<b>100.0</b>	
<b>Percentage of Total Businesses:</b>				<b>89.9</b>		<b>6.0</b>		<b>4.1</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>							
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>			
		#	%	#	%	#	%	#	%
Low-income	6	0.9	6	0.9	0	0.0	0	0.0	
Moderate-income	14	2.1	14	2.1	0	0.0	0	0.0	
Middle-income	515	76.0	512	76.1	3	60.0	0	0.0	
Upper-income	143	21.1	141	21.0	2	40.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>678</b>	<b>100.0</b>	<b>673</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>	
<b>Percentage of Total Farms:</b>				<b>99.3</b>		<b>.7</b>		<b>.0</b>	

Based on 2012 D&B information according to 2010 ACS Boundaries.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN YOUNGSTOWN- WARREN-BOARDMAN METROPOLITAN STATISTICAL AREA 49660**

### **Lending Test**

Lending performance in the Youngstown MSA assessment area is considered to be reasonable.

The greatest consideration, based on volume, was given to small business lending, followed by HMDA lending (home purchase and refinance lending), and consumer lending (home equity lines of credit and other consumer). There were not enough home improvement loans or multi-family loans to conduct a meaningful analysis.

In addition, the bank's lending performance was compared to the 2012 aggregate performance of all lenders required to report HMDA and CRA data within the respective assessment areas.

Details of the bank's small business, HMDA, and consumer lending can be found in the tables in Appendix B.

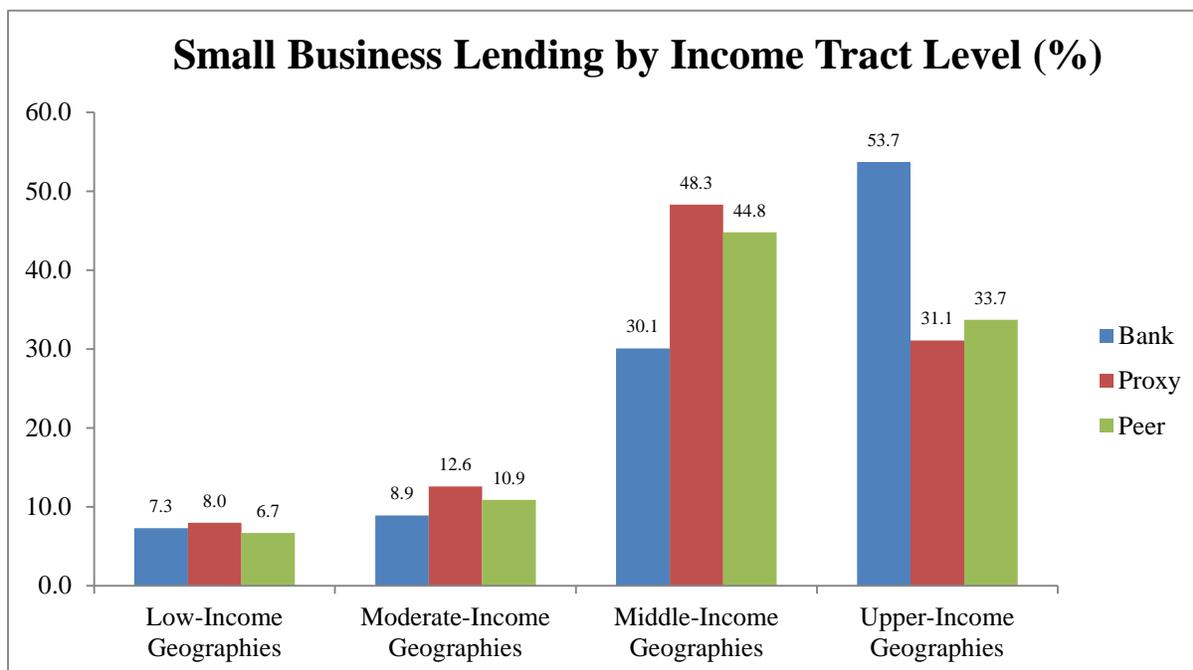
### ***Geographic Distribution of Lending***

The bank made loans in three of the 16 low-income census tracts (18.8%) in the Youngstown MSA and 15 of the 27 moderate-income tracts (55.6%). Overall, the bank made loans in 74 of the 125 census tracts (59.2%) in the assessment area. Cortland does not have any branches in low-income census tracts and only one of its nine offices in the assessment area is located in a moderate-income tract.

Overall, Cortland's distribution of lending among geographies is considered adequate.

### ***Small Business Lending***

Cortland originated 123 small business loans in the assessment area during the period. As depicted in the following graph, the bank performed similar to the proxy (percent of total business in the assessment area with revenue of \$1 million or less) and exceeded the peer (aggregate of CRA reporters in the assessment area) performance in low-income census tracts. Lending in moderate-income geographies is similar to both the proxy and peer. Therefore, geographic distribution of small business lending is considered good.

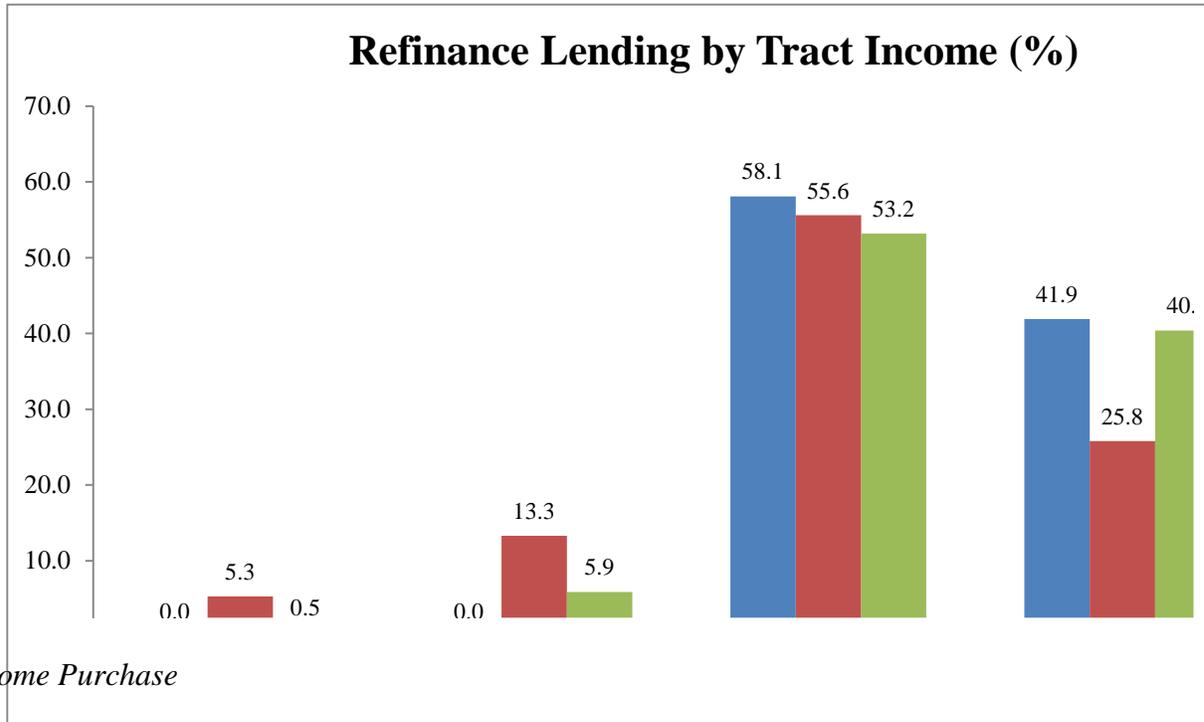


### *HMDA Lending*

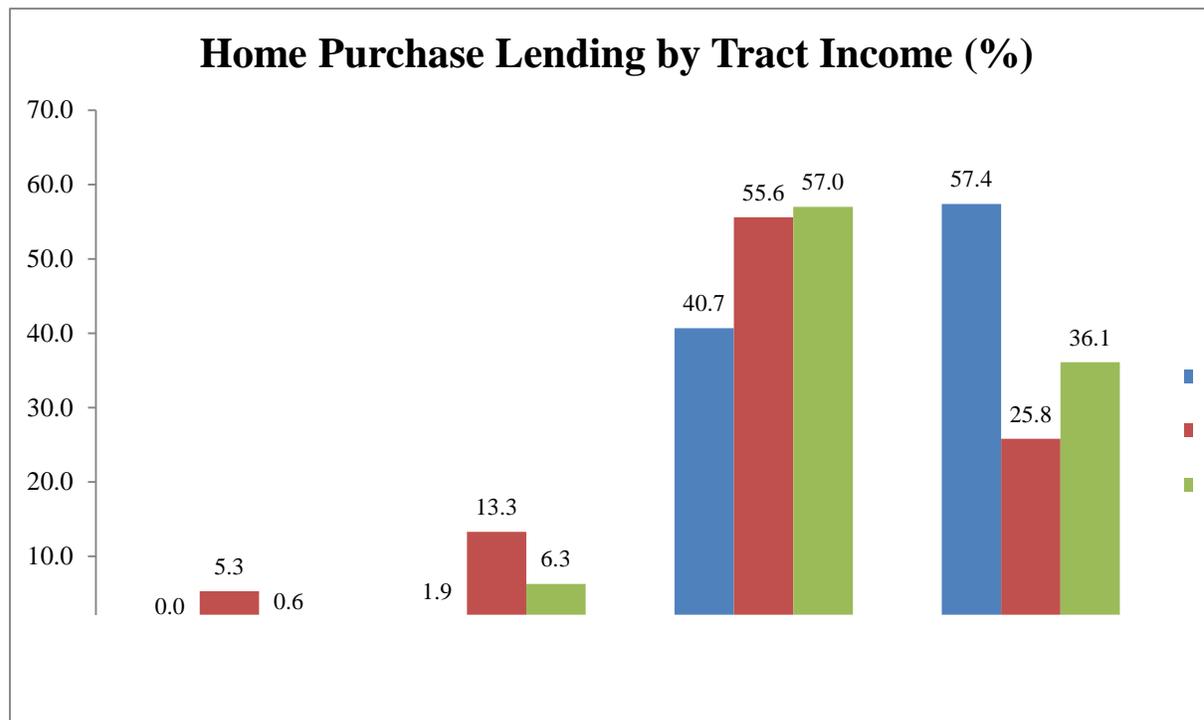
During 2012, Cortland made 128 HMDA loans comprised of 74 refinance (57.8%) and 54 home purchase (42.2%) loans. Cortland's performance was compared to the number of owner-occupied housing units in the assessment area (proxy) and the aggregate of all residential lenders (peer) in this market that are HMDA reporters. Poverty levels, lack of affordability, and general economic conditions in the assessment area, which provide limited lending opportunities, were also considered as part of the evaluation. Gaps in the low- and moderate-income tracts are not considered significant given the high percentage of families below the poverty level in low- (44.4%) and moderate-income (23.8%) tracts, as well as the low percentage of owner-occupied units in low (5.3%) and moderate-income (13.3%) tracts.

### *Refinance*

While Cortland did not make any refinance loans in low- or moderate-income tracts, only 5.3% and 13.3% of all owner-occupied units are located in these areas, respectively. Cortland performed lower than the proxy and peer in low- and moderate-income areas. Cortland's geographic distribution of refinance loans is considered poor.

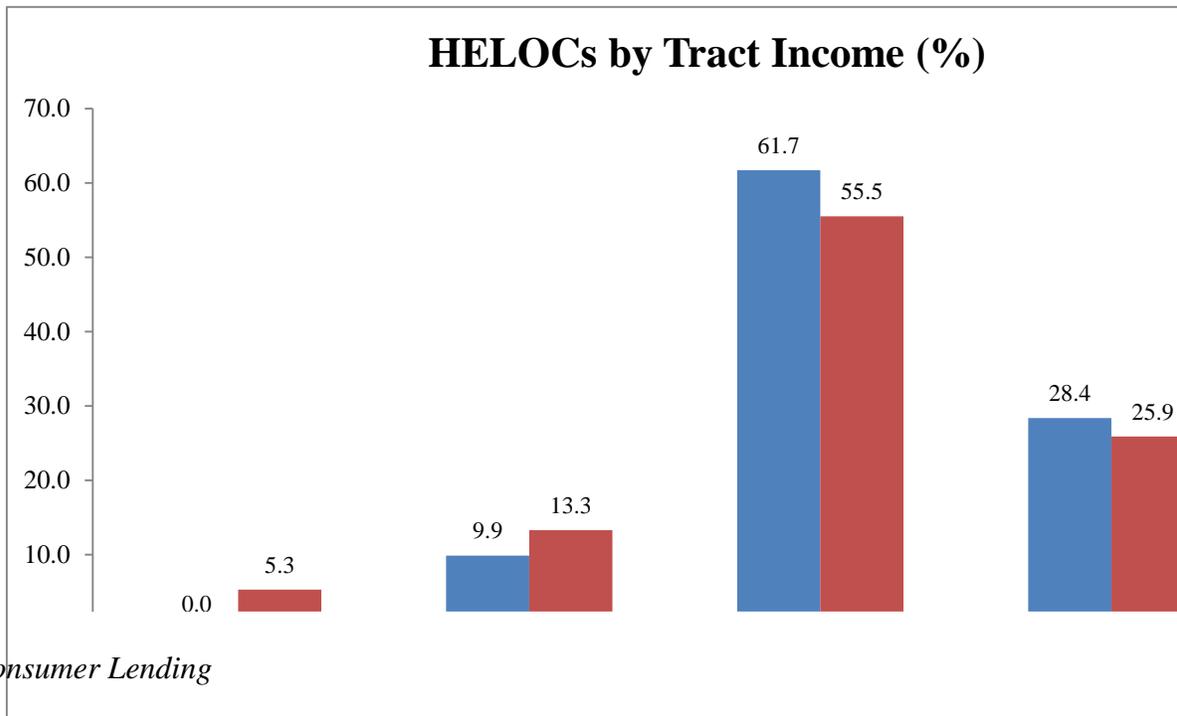


The bank and peer performed similarly in low-income areas and the bank performed significantly below the peer in moderate-income areas. This may, in part, be attributed to economic conditions and low affordability (41.1%) in the assessment area. Cortland's geographic distribution of home purchase loans is considered poor.



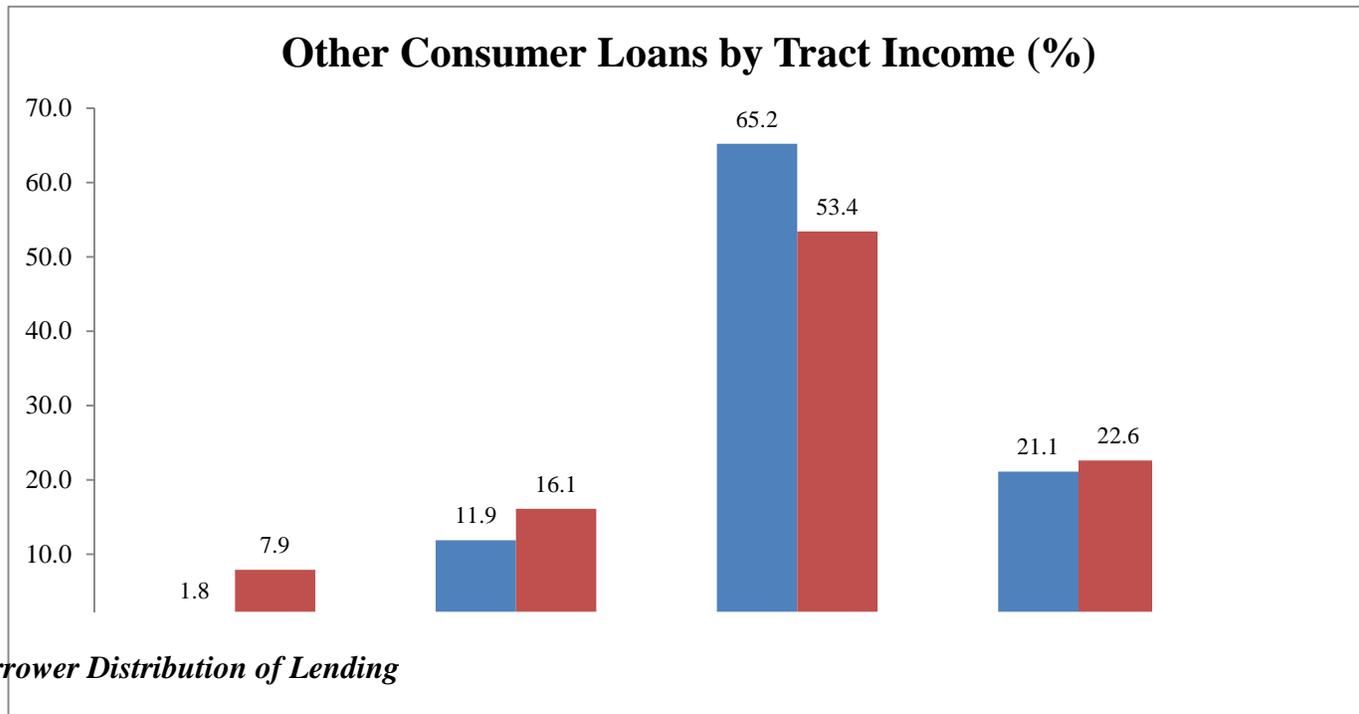
### HELOCs

Cortland originated 81 HELOCs within the assessment area during the review period. Cortland's performance was compared to the number of owner-occupied housing units in the assessment area (proxy). As shown in the graph below, Cortland's lending in low-income tracts is below the proxy, while the percent of loans made to borrowers in middle-income tracts was comparable to the proxy. Cortland's lending to low- and moderate-income individuals is considered adequate.



### Consumer Lending

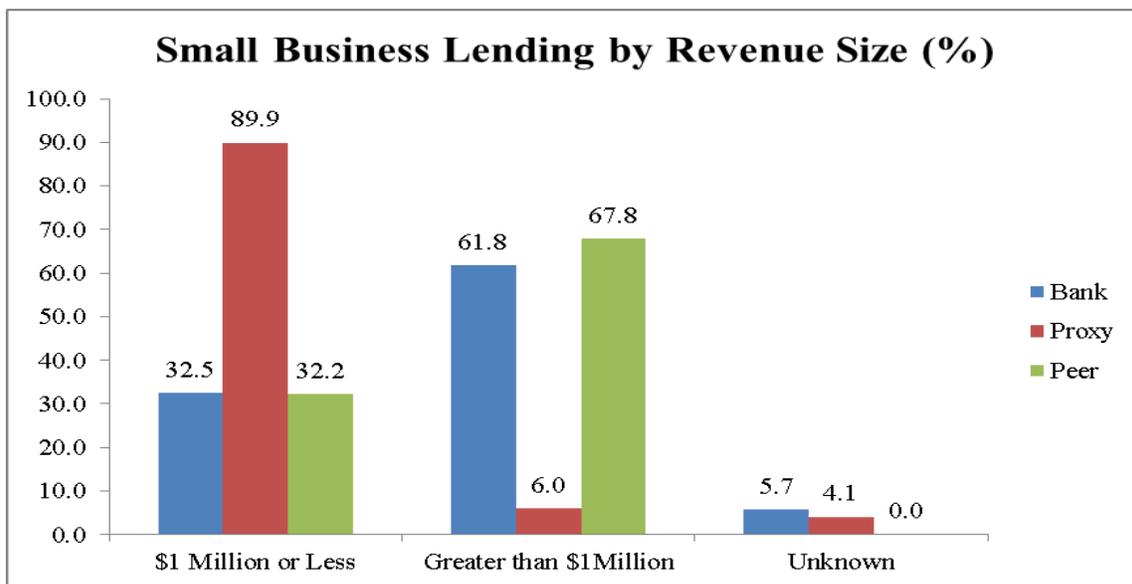
Cortland originated 109 consumer loans in the assessment area during the review period. As shown in the chart below, the bank's performance was below the number of households (proxy) in low-income tracts, but comparable in moderate-income geographies. Cortland's lending is considered adequate.



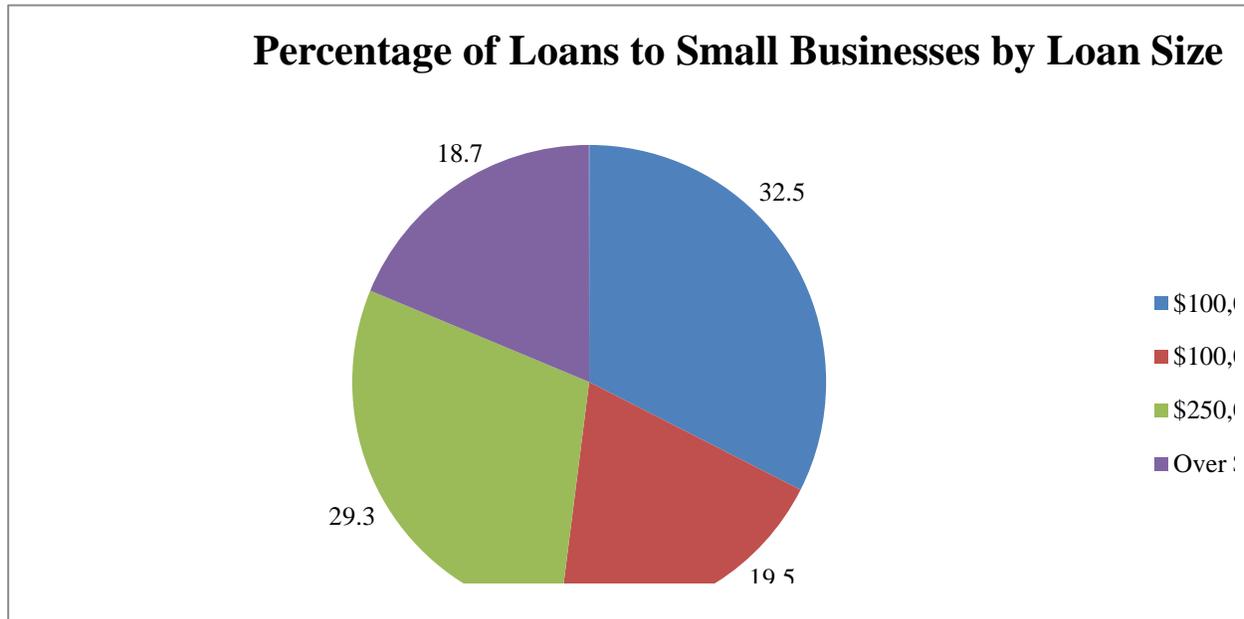
Based on lending volume, more weight was given to small business lending when considering borrower distribution in this assessment area. Overall, Cortland’s borrower distribution of lending performance in Youngstown MSA is considered adequate.

*Small Business Lending*

Although Cortland’s lending to businesses with revenue of \$1 million or less (32.5%) is significantly below the percentage of such businesses in the assessment area (89.9%), its performance is in line with the peer as depicted in the graph below.



Further analysis of small business lending shows 32.5% of the bank's small business loans were for \$100,000 or less. Typically, the extent to which a bank is willing to extend loans in amounts of \$100,000 or less is reviewed because smaller businesses often have a greater need for small-dollar loans.



Further, Cortland originated seventeen loans, aggregating \$9 million, under lending programs that help to promote economic development within the area (i.e., Grow Now, SBA 7a, SBA 504).

The borrower distribution for small business lending is considered adequate.

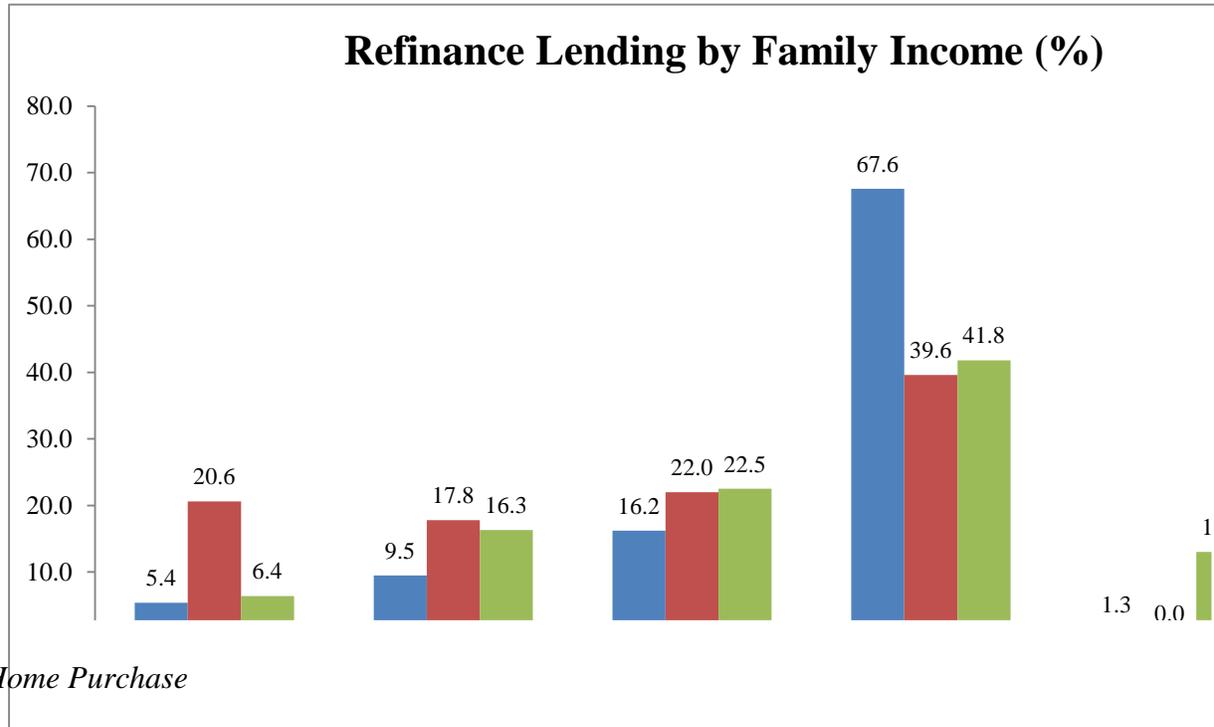
#### *HMDA Lending*

Cortland's performance was compared to the income levels of families in the assessment area (proxy) and the aggregate of all residential lenders (peer) in this market that are HMDA reporters.

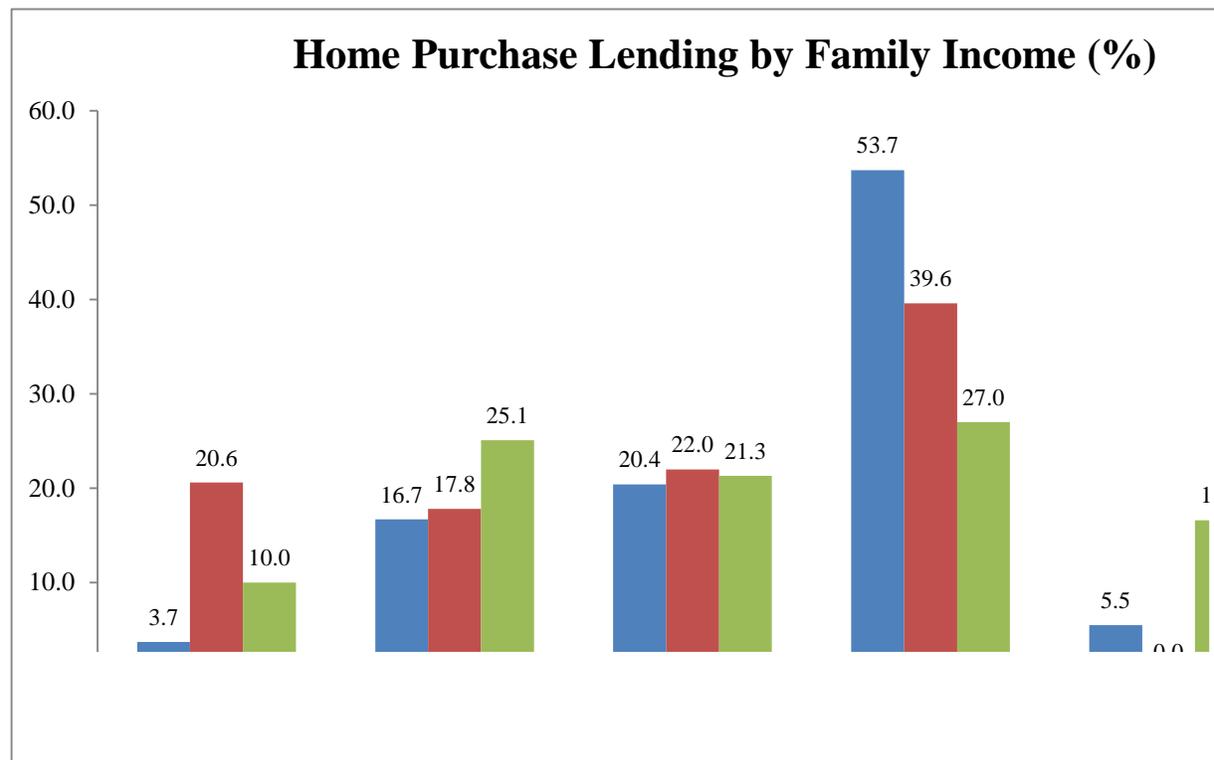
Of note, Cortland made two Welcome Home loans aggregating \$84,000. These loans provide low-income, first-time homebuyers with assistance for down payments and closing costs.

#### *Refinance*

While Cortland's lending to low-income borrowers is less than the proxy, it is comparable to the peer, while lending to moderate-income borrowers is less than the peer. The distribution of refinance lending is considered to be adequate.

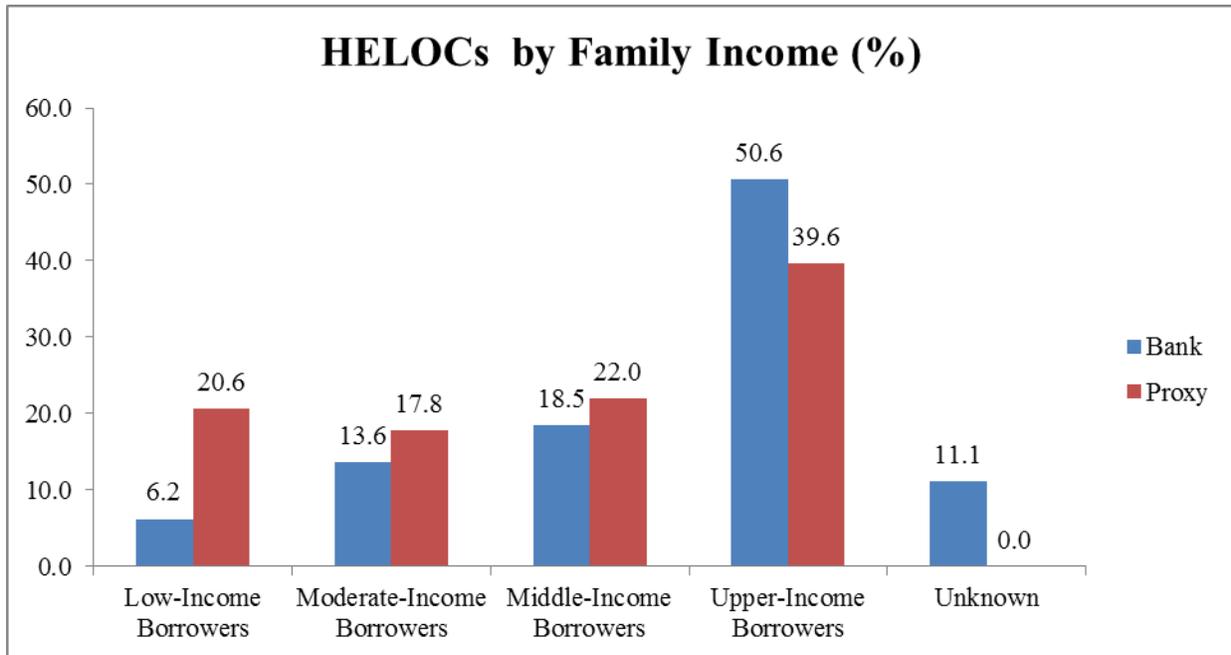


As shown in the chart below, Cortland’s home purchase lending by family income is significantly below the proxy and peer in low-income geographies. Lending is significantly improved for moderate-income borrowers. Given the high poverty levels and low affordability of homes in the assessment area, home purchase lending among borrowers of different incomes is adequate.



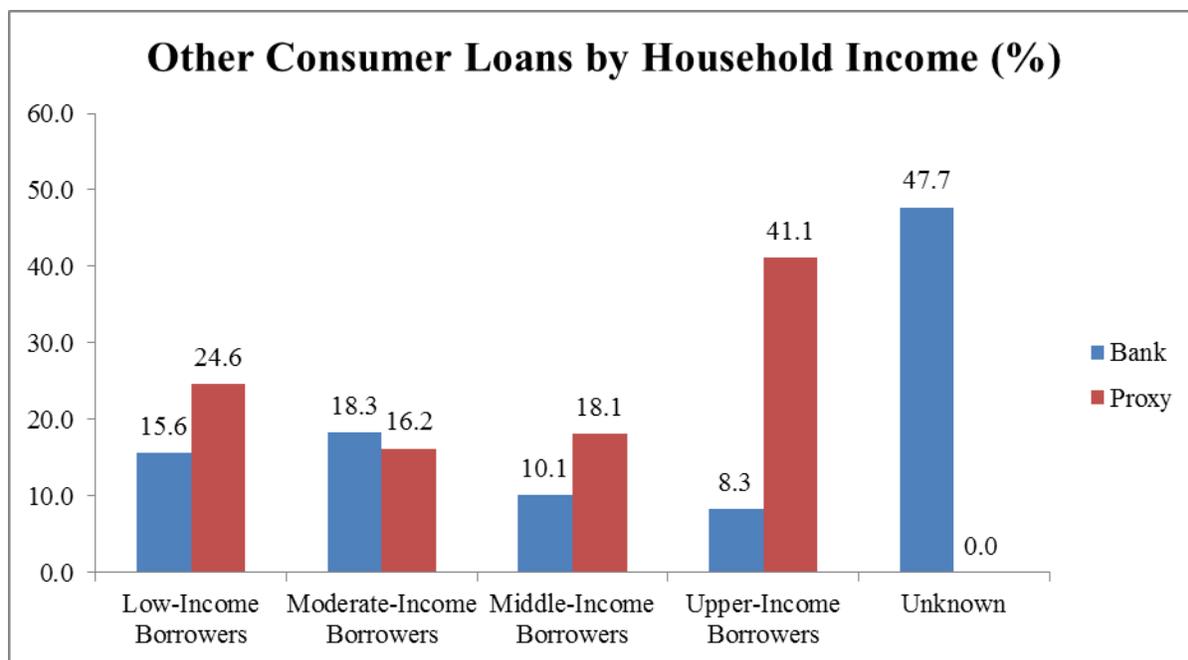
### HELOCs

As shown in the following chart, Cortland's lending to low-income borrowers was substantially lower than the percentage of households (proxy), but was much closer to the proxy for moderate-income borrowers and is considered adequate.



### Consumer Loans

Cortland's consumer lending performance was compared to the income levels of households in the assessment area (proxy). As shown below, lending to borrowers in low-income households is below the proxy, but the bank's lending to moderate-income households exceeds the proxy. Consumer lending among borrowers of different incomes is considered good.



### **Community Development Test**

Cortland demonstrated an overall excellent level of responsiveness related to community development lending, investments, and services, considering the bank’s capacity and the need and availability of such opportunities in the assessment area.

### ***Community Development Loans***

While Cortland did not generate any community development loans during this review period, the bank has seven community development loans totaling \$9.4 million from the previous evaluation.

### ***Community Development Investments***

The Youngstown MSA received credit for a portion of two investments totaling \$3.5 million in loan funds supporting affordable housing and small business lending. Additionally, the bank made 26 donations totaling \$33,885 benefiting organizations in Trumbull and Mahoning Counties that serve low- and moderate-income individuals or provide community services in low- or moderate-income tracts.

### ***Community Development Services***

Cortland’s employees participated in ten programs providing financial literacy to low- and moderate income students.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN  
AKRON METROPOLITAN STATISTICAL AREA 10420  
(Limited-scope Review)**

The Akron, Ohio MSA 10420 (Akron MSA) consists of the entireties of Portage and Summit Counties, but the bank's assessment area consists only of 31 out of 35 census tracts in Portage County. Of the 31 census tracts in Akron MSA, one is low-income (3.2%), six moderate-income (19.4%), eighteen middle-income (58.0%), and six are upper-income (19.4%). Cortland operates two branches with full-service ATMs in this assessment area, located in Windham and Mantua. Based on the bank's lending volume, a limited-scope review was conducted in this assessment area.

According to the FDIC Deposit Market Share Report, as of June 30, 2013, Cortland's market share of deposits accounts for 2.0% of the market within Portage County, ranking 12<sup>th</sup> out of 16 institutions in the county. The top five institutions in the market are Huntington National Bank, JPMorgan Chase Bank NA, Portage Community Bank, Hometown Bank, and KeyBank NA.<sup>10</sup>

Between January 1, 2012 and December 31, 2012, Cortland originated 52 loans in seven (22.5%) census tracts in the Akron MSA, with 44.0% of the loans being made in moderate-income tracts. Cortland originated two business loans, 20 HMDA loans, and 30 consumer loans, representing 9.4% of the bank's total loan volume.

Two community contact interviews were conducted to provide additional information regarding credit needs of the local community. One community contact was with an affordable housing organization; the contact stated that there are several poor neighborhoods in the northwest portion of the county where the organization targets its efforts. While the community organization funds its own mortgage loans, the contact stated that nearly all of the major banking organizations have a presence in the area and support the need for funds for residential real estate rehabilitation and renovation. Overall, the contact felt that local institutions have been very supportive and have a good reputation in the community. The other community contact was with an economic development corporation that described improving economic conditions in the area. According to the contact, the plastics and rubber industries continue to be strong, while the county is seeing growth in the areas of engineering, medical imaging, and the oil and gas industry. The contact stated that the most significant issue for the area is matching the skills of the workforce with the manufacturing needs of the local businesses as there are not enough skilled workers in the community to fill open positions. Finally, the contact felt that local banks are accessible and that several funding sources are available including traditional banking, Small Business Lending administration lending, and micro-loan programs.

Facts and data reviewed, including performance and demographic information, can be found in the core tables accompanying this report.

The following table page shows the demographics for this assessment area using data from the 2010 U.S. Census.

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<sup>10</sup> FDIC Summary of Deposits, [www.fdic.gov](http://www.fdic.gov)

### Combined Demographics Report

Assessment Area(s): Akron MSA 2012

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	1	3.2	135	0.4	34	25.2	6,752	19.0	
Moderate-income	6	19.4	5,912	16.7	880	14.9	6,402	18.0	
Middle-income	18	58.1	20,080	56.6	1,642	8.2	7,811	22.0	
Upper-income	6	19.4	9,366	26.4	391	4.2	14,528	40.9	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>31</b>	<b>100.0</b>	<b>35,493</b>	<b>100.0</b>	<b>2,947</b>	<b>8.3</b>	<b>35,493</b>	<b>100.0</b>	
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>							
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%	
Low-income	1,249	0	0.0	0.0	1,084	86.8	165	13.2	
Moderate-income	10,873	5,751	15.7	52.9	4,126	37.9	996	9.2	
Middle-income	32,477	21,437	58.4	66.0	8,956	27.6	2,084	6.4	
Upper-income	14,412	9,537	26.0	66.2	3,944	27.4	931	6.5	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>59,011</b>	<b>36,725</b>	<b>100.0</b>	<b>62.2</b>	<b>18,110</b>	<b>30.7</b>	<b>4,176</b>	<b>7.1</b>	
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>							
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>			
		#	%	#	%	#	%	#	%
Low-income	25	0.4	22	0.4	1	0.2	2	0.7	
Moderate-income	932	13.4	837	13.4	56	13.3	39	13.9	
Middle-income	3,948	56.9	3,573	57.3	223	52.8	152	54.3	
Upper-income	2,028	29.3	1,799	28.9	142	33.6	87	31.1	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>6,933</b>	<b>100.0</b>	<b>6,231</b>	<b>100.0</b>	<b>422</b>	<b>100.0</b>	<b>280</b>	<b>100.0</b>	
<b>Percentage of Total Businesses:</b>			<b>89.9</b>		<b>6.1</b>		<b>4.0</b>		
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>							
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>			
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	31	13.1	30	12.8	1	100.0	0	0.0	
Middle-income	166	70.3	166	70.6	0	0.0	0	0.0	
Upper-income	39	16.5	39	16.6	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>236</b>	<b>100.0</b>	<b>235</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>	
<b>Percentage of Total Farms:</b>			<b>99.6</b>		<b>.4</b>		<b>.0</b>		

Based on 2012 D&B information according to 2010 ACS Boundaries.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN  
AKRON METROPOLITAN STATISTICAL AREA 10420**

The bank's lending performance in this assessment area is above the bank's overall lending performance and the community development test is consistent with performance in the bank's overall assessment area.

The Akron MSA received credit for three investments totaling \$780,525. One investment for \$465,525 was the purchase of municipal bonds in support of the classroom renovation in the local school district located in a moderate-income area. The remaining two investments totaling \$315,000 was the pro-rata portion of investments that benefitted the overall assessment area.

Donations were made to nine organizations totaling \$637 and one service was provided in three schools in the Akron MSA.

Cortland provided one qualified community development service to one organization/event serving three local schools.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN  
CLEVELAND-ELYRIA-MENTOR METROPOLITAN STATISTICAL AREA 17460  
(Limited-scope Review)**

The Cleveland-Elyria Mentor, Ohio MSA 17460 (Cleveland MSA) consists of Cuyahoga, Lake, Lorain, and Medina Counties; however, the bank's assessment area consists only of seven census tracts located in the southeast quadrant of Geauga County. Of the seven census tracts in the bank's assessment area, one is a moderate income (14.3%) and six are middle-income (85.7%). Cortland operates one branch in Middlefield. Based on the bank's lending volume, a limited-scope review was conducted in this assessment area.

According to the FDIC Deposit Market Share Report, as of June 30, 2013, Cortland's market share of deposits accounts for 0.21% of the market within Geauga County, ranking 14<sup>th</sup> out of 15 institutions in the county. The top five institutions in the market are Middlefield Banking Company, Huntington National Bank, Geauga Savings Bank, JPMorgan Chase Bank NA, and RBS Citizens NA with 64.50% of the market share and operating 20 offices.<sup>11</sup>

Between January 1, 2012 and December 31, 2012, Cortland originated 13 loans in four (57.1%) census tracts in the Cleveland MSA, with 23.0% of the loans being made in moderate-income tracts. Cortland originated two business loans, five HMDA loans, and six consumer loans, representing 2.4% of the bank's total loan volume.

Facts and data reviewed, including performance and demographic information, can be found in the core tables accompanying this report.

The table on the following page shows the demographics for this assessment area using data from the 2010 U.S. Census.

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<sup>11</sup> FDIC Summary of Deposits, [www.fdic.gov](http://www.fdic.gov)

### Combined Demographics Report

Assessment Area(s): Cleveland-Elyria-Mentor MSA 2012

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	913	15.0	
Moderate-income	1	14.3	578	9.5	121	20.9	1,367	22.5	
Middle-income	6	85.7	5,509	90.5	358	6.5	1,725	28.3	
Upper-income	0	0.0	0	0.0	0	0.0	2,082	34.2	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>7</b>	<b>100.0</b>	<b>6,087</b>	<b>100.0</b>	<b>479</b>	<b>7.9</b>	<b>6,087</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied				Rental		Vacant	
		#	%	%	#	%	#	%	
Low-income	0	0	0.0	0.0	0	0.0	0	0.0	
Moderate-income	716	566	8.6	79.1	150	20.9	0	0.0	
Middle-income	7,786	5,999	91.4	77.0	1,406	18.1	381	4.9	
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>8,502</b>	<b>6,565</b>	<b>100.0</b>	<b>77.2</b>	<b>1,556</b>	<b>18.3</b>	<b>381</b>	<b>4.5</b>	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	120	8.3	110	8.4	6	6.9	4	8.9	
Middle-income	1,319	91.7	1,197	91.6	81	93.1	41	91.1	
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>1,439</b>	<b>100.0</b>	<b>1,307</b>	<b>100.0</b>	<b>87</b>	<b>100.0</b>	<b>45</b>	<b>100.0</b>	
<b>Percentage of Total Businesses:</b>				<b>90.8</b>		<b>6.0</b>		<b>3.1</b>	
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	7	7.8	7	7.8	0	0.0	0	0.0	
Middle-income	83	92.2	83	92.2	0	0.0	0	0.0	
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>90</b>	<b>100.0</b>	<b>90</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>	
<b>Percentage of Total Farms:</b>				<b>100.0</b>		<b>.0</b>		<b>.0</b>	

Based on 2012 D&B information according to 2010 ACS Boundaries.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN  
CLEVELAND-ELYRIA-MENTOR METROPOLITAN STATISTICAL AREA 17460**

The bank's lending performance in this assessment area is above the bank's overall lending performance and the community development test was consistent with performance in the bank's overall assessment area.

The Cleveland MSA received credit for a portion of two investments totaling \$38,560 that benefitted the overall assessment area.

A donation was made to one organization totaling \$40.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN ASHTABULA, OHIO -  
NONMETROPOLITAN AREA  
(Limited-scope Review)**

Cortland's assessment area in Ashtabula County consists of two middle-income census tracts located in the southernmost portion of the county (bordering Trumbull County). Cortland operates one branch with a full-service ATM located in Williamsfield Township.

According to the FDIC Deposit Market Share Report, as of June 30, 2013, Cortland's market share of deposits accounts for 1.13% of the market within Ashtabula County, ranking ninth out of 9 institutions in the county. The top five institutions in the market are Andover Bank, KeyBank NA, FirstMerit Bank NA, Huntington National Bank, and U.S. Bank NA<sup>12</sup>.

Between January 1, 2012 and December 31, 2012, Cortland originated 12 loans in two (100.0%) census tracts in Ashtabula Non-MSA. Cortland originated one business loan, three HMDA loans, and eight consumer loans, representing 2.2% of the bank's total loan volume.

One community contact interview was conducted to provide additional information regarding credit needs of the local community. The organization coordinates applications for grants that assist with improvements to public buildings, first-time home buying, and homeowner rehabilitation assistance. The contact stated that housing prices have risen slightly and demand for homes and home improvements has increased. Foreclosures have decreased and banks are using programs such as Save the Dream to help homeowners. The contact felt that the census data for median family income doesn't reflect the reduction in income for people in that community and while jobs are available, they tend to be lower-paying. Additionally, area manufacturers are not willing to invest in training the workforce and prefer to hire already skilled workers. The contact stated that banks have been very active with community programs, but there is still opportunity to find ways to help individuals with less-than-satisfactory credit.

Facts and data reviewed, including performance and demographic information, can be found in the core tables accompanying this report.

The table on the following page shows the demographics for this assessment area using data from the 2010 U.S. Census.

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<sup>12</sup> FDIC Summary of Deposits, [www.fdic.gov](http://www.fdic.gov)

### Combined Demographics Report

Assessment Area(s): Non Metro Ohio 2012

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	543	19.4
Moderate-income	0	0.0	0	0.0	0	0.0	554	19.8
Middle-income	2	100.0	2,795	100.0	278	9.9	801	28.7
Upper-income	0	0.0	0	0.0	0	0.0	897	32.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>2</b>	<b>100.0</b>	<b>2,795</b>	<b>100.0</b>	<b>278</b>	<b>9.9</b>	<b>2,795</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	4,774	3,178	100.0	66.6	685	14.3	911	19.1
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>4,774</b>	<b>3,178</b>	<b>100.0</b>	<b>66.6</b>	<b>685</b>	<b>14.3</b>	<b>911</b>	<b>19.1</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	568	100.0	511	100.0	30	100.0	27	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>568</b>	<b>100.0</b>	<b>511</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>90.0</b>		<b>5.3</b>		<b>4.8</b>	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	98	100.0	97	100.0	1	100.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>98</b>	<b>100.0</b>	<b>97</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>			<b>99.0</b>		<b>1.0</b>		<b>.0</b>	

Based on 2012 D&B information according to 2010 ACS Boundaries.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NONMETROPOLITAN OHIO**

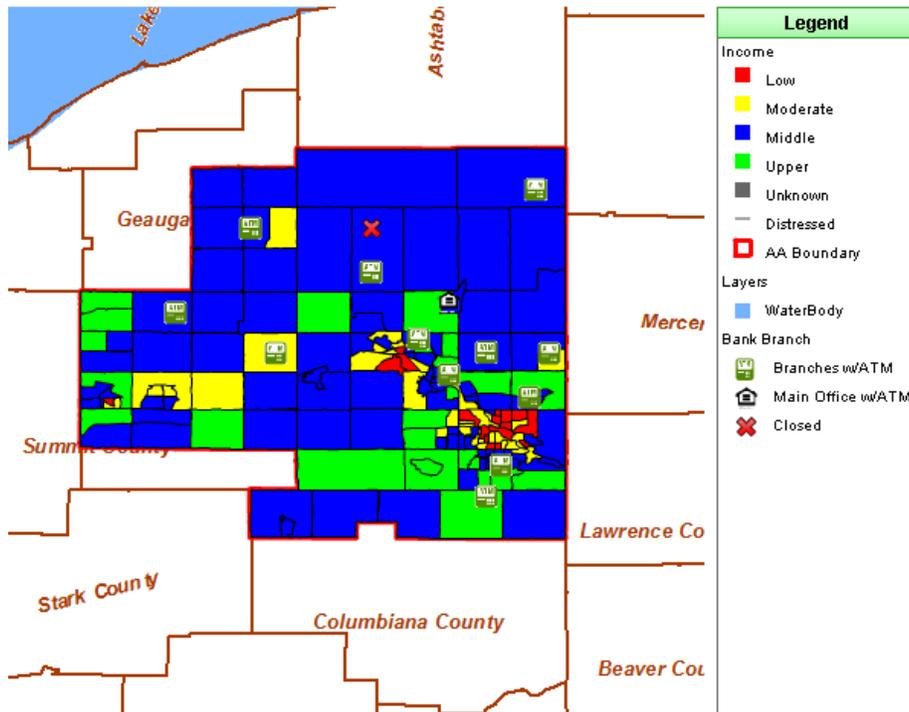
The bank's lending performance in this assessment area is above the bank's overall lending performance and the community development test is consistent with performance in the bank's overall assessment area.

Nonmetropolitan Ashtabula received credit for a pro-rata portion of two investments totaling \$107,160 that benefitted the overall assessment area. A donation was made to one organization totaling \$50.

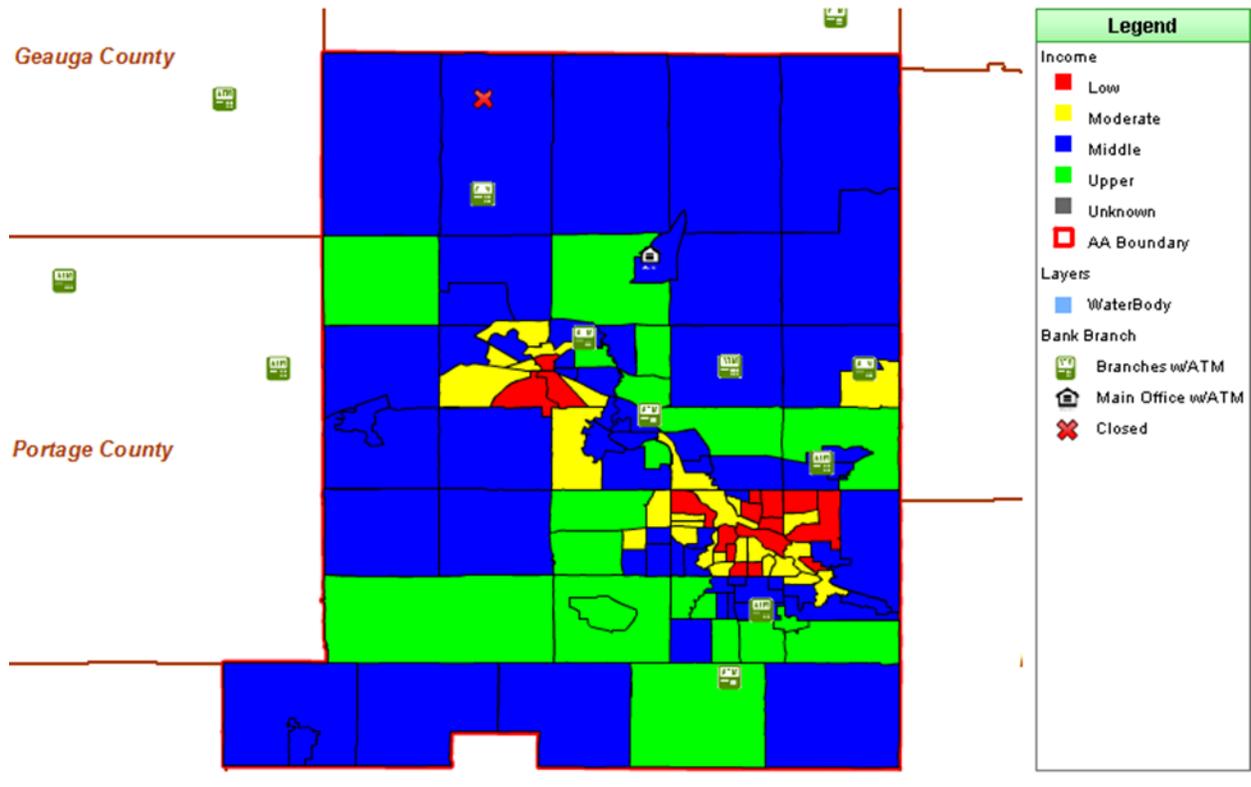
## APPENDIX A

### ASSESSMENT AREA MAPS

#### Assessment Area Overall

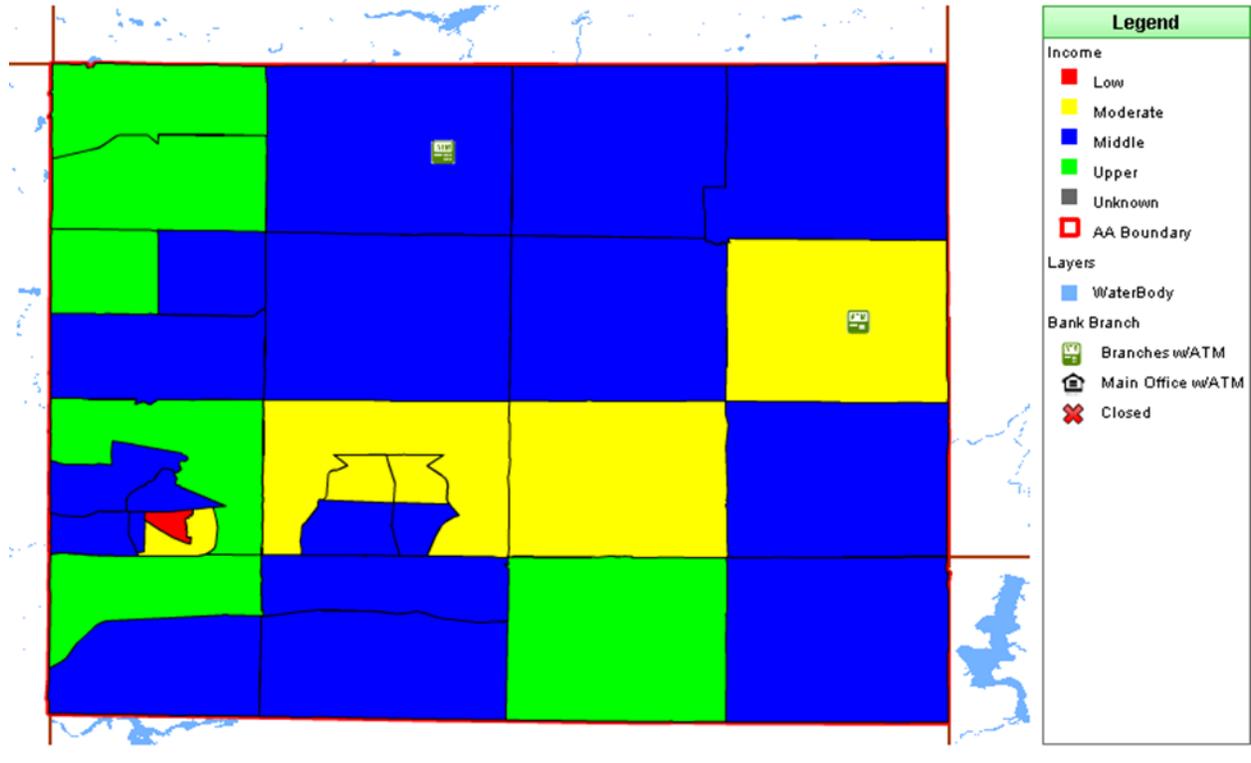


**Youngstown-Warren-Boardman MSA 2012**

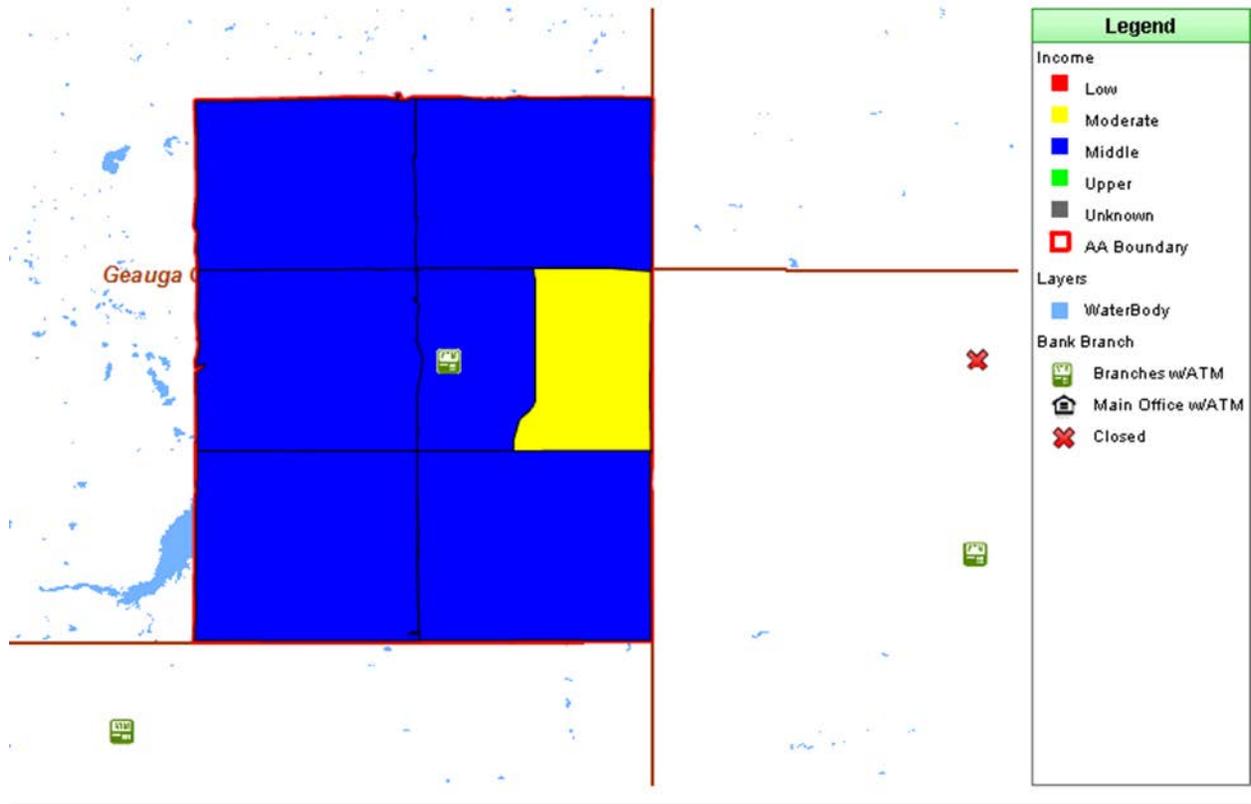


### Akron MSA 2012

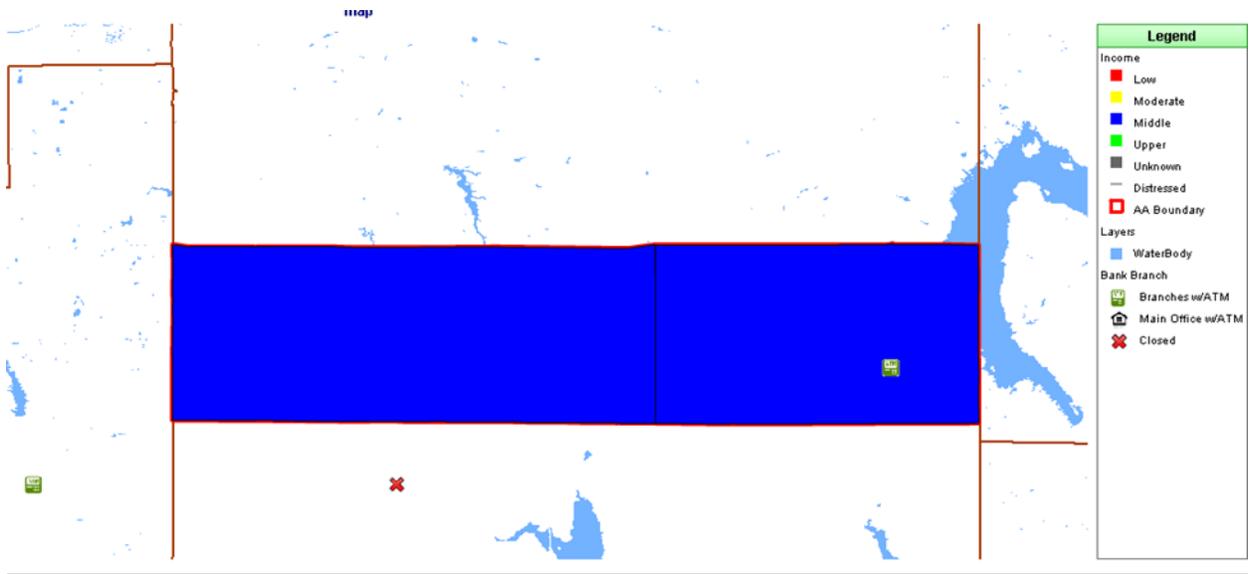
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**Cleveland-Elyria-Mentor MSA 2012**



**Nonmetropolitan Ohio 2012**



## APPENDIX B

### LENDING TABLES

#### CRA Loan Distribution Table

Exam: Cortland Bank

Assessment Area/Group: Youngstown-Warren-Boardman MSA 2012

Income Categories	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>							
Low	9	7.3%	5,793	7.1%	0	0.0%	0	0.0%
Moderate	11	8.9%	7,717	9.5%	0	0.0%	0	0.0%
Low/Moderate Total	20	16.3%	13,510	16.6%	0	0.0%	0	0.0%
Middle	37	30.1%	19,631	24.1%	0	0.0%	0	0.0%
Upper	66	53.7%	48,383	59.3%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	123	100.0%	81,524	100.0%	0	0.0%	0	0.0%
	<b>By Revenue</b>							
Total \$1 Million or Less	40	32.5%	17,652	21.7%	0	0.0%	0	0.0%
Over \$1 Million	76	61.8%	55,024	67.5%	0	0.0%	0	0.0%
Not Known	7	5.7%	8,848	10.9%	0	0.0%	0	0.0%
Total	123	100.0%	81,524	100.0%	0	0.0%	0	0.0%
	<b>By Loan Size</b>							
\$100,000 or less	40	32.5%	2,152	2.6%	0	0.0%	0	0.0%
\$100,001 - \$250,000	24	19.5%	4,233	5.2%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	36	29.3%	17,989	22.1%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	23	18.7%	57,151	70.1%	0	0.0%	0	0.0%
Total	123	100.0%	81,524	100.0%	0	0.0%	0	0.0%
	<b>By Loan Size and Revenue \$1 Million or Less</b>							
\$100,000 or less	21	52.5%	1,195	6.8%	0	0.0%	0	0.0%
\$100,001 - \$250,000	6	15.0%	1,099	6.2%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	7	17.5%	2,649	15.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	6	15.0%	12,709	72.0%	0	0.0%	0	0.0%
Total	40	100.0%	17,652	100.0%	0	0.0%	0	0.0%

\*Information based on 2010 ACS data

**CRA Loan Distribution Table**

Exam: Cortland Bank

Assessment Area/Group: Akron MSA 2012

Income Categories	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>By Tract Income</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	2	100.0%	204	100.0%	0	0.0%	0	0.0%
Low/Moderate Total	2	100.0%	204	100.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	204	100.0%	0	0.0%	0	0.0%
<b>By Revenue</b>								
Total \$1 Million or Less	1	50.0%	4	1.8%	0	0.0%	0	0.0%
Over \$1 Million	1	50.0%	200	98.2%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	204	100.0%	0	0.0%	0	0.0%
<b>By Loan Size</b>								
\$100,000 or less	1	50.0%	4	1.8%	0	0.0%	0	0.0%
\$100,001 - \$250,000	1	50.0%	200	98.2%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	204	100.0%	0	0.0%	0	0.0%
<b>By Loan Size and Revenue \$1 Million or Less</b>								
\$100,000 or less	1	100.0%	4	100.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	4	100.0%	0	0.0%	0	0.0%

\*Information based on 2010 ACS data

**CRA Loan Distribution Table**

Exam: Cortland Bank

Assessment Area/Group: Cleveland-Elyria-Mentor MSA 2012

Income Categories	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>By Tract Income</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	2	100.0%	1,300	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	1,300	100.0%	0	0.0%	0	0.0%
<b>By Revenue</b>								
Total \$1 Million or Less	1	50.0%	300	23.1%	0	0.0%	0	0.0%
Over \$1 Million	1	50.0%	1,000	76.9%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	1,300	100.0%	0	0.0%	0	0.0%
<b>By Loan Size</b>								
\$100,000 or less	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	2	100.0%	1,300	100.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	1,300	100.0%	0	0.0%	0	0.0%
<b>By Loan Size and Revenue \$1 Million or Less</b>								
\$100,000 or less	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	1	100.0%	300	100.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	300	100.0%	0	0.0%	0	0.0%

\*Information based on 2010 ACS data

**CRA Loan Distribution Table**

Exam: Cortland Bank

Assessment Area/Group: Non Metro Ohio 2012

Income Categories	SMALL BUSINESS				SMALL FARM			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
	<b>By Tract Income</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	1	100.0%	179	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	179	100.0%	0	0.0%	0	0.0%
	<b>By Revenue</b>							
Total \$1 Million or Less	1	100.0%	179	100.0%	0	0.0%	0	0.0%
Over \$1 Million	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	179	100.0%	0	0.0%	0	0.0%
	<b>By Loan Size</b>							
\$100,000 or less	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	1	100.0%	179	100.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	179	100.0%	0	0.0%	0	0.0%
	<b>By Loan Size and Revenue \$1 Million or Less</b>							
\$100,000 or less	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	1	100.0%	179	100.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	179	100.0%	0	0.0%	0	0.0%

\*Information based on 2010 ACS data

### HMDA Loan Distribution Table

Exam: Cortland Bank

Assessment Area/Group :Youngstown-Warren-Boardman MSA 2012

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
<b>Home Purchase</b>								
Low	0	0.0%	0	0.0%	2	3.7%	91	1.3%
Moderate	1	1.9%	47	0.7%	9	16.7%	640	9.5%
Low/Moderate Total	1	1.9%	47	0.7%	11	20.4%	731	10.8%
Middle	22	40.7%	2,177	32.2%	11	20.4%	1,180	17.5%
Upper	31	57.4%	4,531	67.1%	29	53.7%	4,258	63.0%
Unknown	0	0.0%	0	0.0%	3	5.6%	586	8.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	54	100.0%	6,755	100.0%	54	100.0%	6,755	100.0%
<b>Refinance</b>								
Low	0	0.0%	0	0.0%	4	5.4%	311	3.1%
Moderate	0	0.0%	0	0.0%	7	9.5%	454	4.5%
Low/Moderate Total	0	0.0%	0	0.0%	11	14.9%	765	7.6%
Middle	43	58.1%	4,231	42.1%	12	16.2%	998	9.9%
Upper	31	41.9%	5,810	57.9%	50	67.6%	8,206	81.7%
Unknown	0	0.0%	0	0.0%	1	1.4%	72	0.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	74	100.0%	10,041	100.0%	74	100.0%	10,041	100.0%
<b>Home Improvement</b>								
Low	0	0.0%	0	0.0%	3	9.4%	82	8.2%
Moderate	6	18.8%	154	15.5%	7	21.9%	138	13.9%
Low/Moderate Total	6	18.8%	154	15.5%	10	31.3%	220	22.1%
Middle	20	62.5%	667	67.1%	5	15.6%	124	12.5%
Upper	6	18.8%	173	17.4%	14	43.8%	611	61.5%
Unknown	0	0.0%	0	0.0%	3	9.4%	39	3.9%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	32	100.0%	994	100.0%	32	100.0%	994	100.0%
<b>Multi-Family</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	1	100.0%	283	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	1	100.0%	283	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	283	100.0%	1	100.0%	283	100.0%
<b>HMDA Totals</b>								
Low	0	0.0%	0	0.0%	9	5.6%	484	2.7%
Moderate	7	4.3%	201	1.1%	23	14.3%	1,232	6.8%
Low/Moderate Total	7	4.3%	201	1.1%	32	19.9%	1,716	9.5%
Middle	86	53.4%	7,358	40.7%	28	17.4%	2,302	12.7%
Upper	68	42.2%	10,514	58.2%	93	57.8%	13,075	72.3%
Unknown	0	0.0%	0	0.0%	8	5.0%	980	5.4%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	161	100.0%	18,073	100.0%	161	100.0%	18,073	100.0%

\*Information based on 2010 ACS data

### HMDA Loan Distribution Table

Exam: Cortland Bank

Assessment Area/Group :Akron MSA 2012

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
<b>Home Purchase</b>								
Low	0	0.0%	0	0.0%	2	33.3%	136	20.4%
Moderate	2	33.3%	103	15.5%	2	33.3%	188	28.2%
Low/Moderate Total	2	33.3%	103	15.5%	4	66.7%	324	48.6%
Middle	4	66.7%	563	84.5%	2	33.3%	342	51.4%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	6	100.0%	666	100.0%	6	100.0%	666	100.0%
<b>Refinance</b>								
Low	0	0.0%	0	0.0%	1	14.3%	65	5.6%
Moderate	2	28.6%	98	8.4%	2	28.6%	159	13.6%
Low/Moderate Total	2	28.6%	98	8.4%	3	42.9%	224	19.1%
Middle	3	42.9%	417	35.6%	0	0.0%	0	0.0%
Upper	2	28.6%	655	56.0%	4	57.1%	946	80.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	7	100.0%	1,170	100.0%	7	100.0%	1,170	100.0%
<b>Home Improvement</b>								
Low	0	0.0%	0	0.0%	2	28.6%	60	42.6%
Moderate	3	42.9%	54	38.3%	0	0.0%	0	0.0%
Low/Moderate Total	3	42.9%	54	38.3%	2	28.6%	60	42.6%
Middle	4	57.1%	87	61.7%	4	57.1%	68	48.2%
Upper	0	0.0%	0	0.0%	1	14.3%	13	9.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	7	100.0%	141	100.0%	7	100.0%	141	100.0%
<b>Multi-Family</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>HMDA Totals</b>								
Low	0	0.0%	0	0.0%	5	25.0%	261	13.2%
Moderate	7	35.0%	255	12.9%	4	20.0%	347	17.6%
Low/Moderate Total	7	35.0%	255	12.9%	9	45.0%	608	30.8%
Middle	11	55.0%	1,067	54.0%	6	30.0%	410	20.7%
Upper	2	10.0%	655	33.1%	5	25.0%	959	48.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	20	100.0%	1,977	100.0%	20	100.0%	1,977	100.0%

\*Information based on 2010 ACS data

**HMDA Loan Distribution Table**

Exam: Cortland Bank

Assessment Area/Group :Cleveland-Elyria-Mentor MSA 2012

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
<b>Home Purchase</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	2	100.0%	168	100.0%	2	100.0%	168	100.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	168	100.0%	2	100.0%	168	100.0%
<b>Refinance</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Home Improvement</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	33.3%	50	25.0%	0	0.0%	0	0.0%
Low/Moderate Total	1	33.3%	50	25.0%	0	0.0%	0	0.0%
Middle	2	66.7%	150	75.0%	2	66.7%	150	75.0%
Upper	0	0.0%	0	0.0%	1	33.3%	50	25.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	3	100.0%	200	100.0%	3	100.0%	200	100.0%
<b>Multi-Family</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>HMDA Totals</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	20.0%	50	13.6%	0	0.0%	0	0.0%
Low/Moderate Total	1	20.0%	50	13.6%	0	0.0%	0	0.0%
Middle	4	80.0%	318	86.4%	4	80.0%	318	86.4%
Upper	0	0.0%	0	0.0%	1	20.0%	50	13.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	5	100.0%	368	100.0%	5	100.0%	368	100.0%

\*Information based on 2010 ACS data

**HMDA Loan Distribution Table**

Exam: Cortland Bank

Assessment Area/Group :Non Metro Ohio 2012

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
<b>Home Purchase</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	2	100.0%	214	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	2	100.0%	214	100.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	214	100.0%	2	100.0%	214	100.0%
<b>Refinance</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Home Improvement</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	1	100.0%	13	100.0%	1	100.0%	13	100.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	13	100.0%	1	100.0%	13	100.0%
<b>Multi-Family</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>HMDA Totals</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	3	100.0%	227	100.0%	1	33.3%	13	5.7%
Upper	0	0.0%	0	0.0%	2	66.7%	214	94.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	3	100.0%	227	100.0%	3	100.0%	227	100.0%

\*Information based on 2010 ACS data

**Consumer Loan Distribution Table**

Exam: Cortland Bank

Assessment Area/Group :Youngstown-Warren-Boardman MSA 2012

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Consumer Loans</b>							
Low	2	1.8%	6	0.1%	17	15.6%	100	2.3%
Moderate	13	11.9%	71	1.7%	20	18.3%	117	2.7%
Low/Moderate Total	15	13.8%	77	1.8%	37	33.9%	218	5.1%
Middle	71	65.1%	2,431	56.8%	11	10.1%	133	3.1%
Upper	23	21.1%	1,773	41.4%	9	8.3%	1,607	37.5%
Unknown	0	0.0%	0	0.0%	52	47.7%	2,324	54.3%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	109	100.0%	4,281	100.0%	109	100.0%	4,281	100.0%
	<b>Home Equity</b>							
Low	0	0.0%	0	0.0%	5	6.2%	115	2.4%
Moderate	8	9.9%	282	5.9%	11	13.6%	416	8.7%
Low/Moderate Total	8	9.9%	282	5.9%	16	19.8%	530	11.0%
Middle	50	61.7%	2,901	60.4%	15	18.5%	645	13.4%
Upper	23	28.4%	1,621	33.7%	41	50.6%	2,686	55.9%
Unknown	0	0.0%	0	0.0%	9	11.1%	943	19.6%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	81	100.0%	4,804	100.0%	81	100.0%	4,804	100.0%
	<b>Consumer Loan Totals</b>							
Low	2	1.1%	6	0.1%	22	11.6%	215	2.4%
Moderate	21	11.1%	353	3.9%	31	16.3%	533	5.9%
Low/Moderate Total	23	12.1%	359	3.9%	53	27.9%	748	8.2%
Middle	121	63.7%	5,332	58.7%	26	13.7%	778	8.6%
Upper	46	24.2%	3,394	37.4%	50	26.3%	4,293	47.3%
Unknown	0	0.0%	0	0.0%	61	32.1%	3,266	36.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	190	100.0%	9,085	100.0%	190	100.0%	9,085	100.0%

### Consumer Loan Distribution Table

Exam: Cortland Bank

Assessment Area/Group :Akron MSA 2012

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Consumer Loans</b>							
Low	0	0.0%	0	0.0%	5	26.3%	45	14.7%
Moderate	8	42.1%	42	13.8%	3	15.8%	31	10.2%
Low/Moderate Total	8	42.1%	42	13.8%	8	42.1%	77	24.9%
Middle	11	57.9%	265	86.2%	3	15.8%	7	2.3%
Upper	0	0.0%	0	0.0%	3	15.8%	206	66.9%
Unknown	0	0.0%	0	0.0%	5	26.3%	19	6.1%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	19	100.0%	308	100.0%	19	100.0%	308	100.2%
	<b>Home Equity</b>							
Low	0	0.0%	0	0.0%	2	18.2%	43	10.8%
Moderate	6	54.5%	147	37.2%	3	27.3%	87	22.0%
Low/Moderate Total	6	54.5%	147	37.2%	5	45.5%	130	32.8%
Middle	5	45.5%	248	62.8%	4	36.4%	225	57.0%
Upper	0	0.0%	0	0.0%	2	18.2%	41	10.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	11	100.0%	395	100.0%	11	100.0%	395	100.0%
	<b>Consumer Loan Totals</b>							
Low	0	0.0%	0	0.0%	7	23.3%	88	12.5%
Moderate	14	46.7%	189	26.9%	6	20.0%	118	16.9%
Low/Moderate Total	14	46.7%	189	26.9%	13	43.3%	206	29.4%
Middle	16	53.3%	514	73.1%	7	23.3%	232	33.0%
Upper	0	0.0%	0	0.0%	5	16.7%	246	35.1%
Unknown	0	0.0%	0	0.0%	5	16.7%	19	2.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	30	100.0%	703	100.0%	30	100.0%	703	100.1%

**Consumer Loan Distribution Table**

Exam: Cortland Bank

Assessment Area/Group : Cleveland-Elyria-Mentor MSA 2012

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Consumer Loans</b>							
Low	0	0.0%	0	0.0%	2	66.7%	26	86.8%
Moderate	1	33.3%	21	70.6%	1	33.3%	4	14.0%
Low/Moderate Total	1	33.3%	21	70.6%	3	100.0%	30	100.8%
Middle	2	66.7%	9	29.4%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	3	100.0%	30	100.0%	3	100.0%	30	100.8%
	<b>Home Equity</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	33.3%	100	39.9%	0	0.0%	0	0.0%
Low/Moderate Total	1	33.3%	100	39.9%	0	0.0%	0	0.0%
Middle	2	66.7%	150	60.1%	2	66.7%	200	80.0%
Upper	0	0.0%	0	0.0%	1	33.3%	50	20.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	3	100.0%	250	100.0%	3	100.0%	250	100.2%
	<b>Consumer Loan Totals</b>							
Low	0	0.0%	0	0.0%	2	33.3%	26	9.3%
Moderate	2	33.3%	121	43.2%	1	16.7%	4	1.5%
Low/Moderate Total	2	33.3%	121	43.2%	3	50.0%	30	10.8%
Middle	4	66.7%	159	56.8%	2	33.3%	200	71.4%
Upper	0	0.0%	0	0.0%	1	16.7%	50	18.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	6	100.0%	281	100.0%	6	100.0%	281	100.2%

### Consumer Loan Distribution Table

Exam: Cortland Bank

Assessment Area/Group :Non Metro Ohio 2012

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Consumer Loans</b>							
Low	0	0.0%	0	0.0%	3	50.0%	15	37.2%
Moderate	0	0.0%	0	0.0%	2	33.3%	12	30.7%
Low/Moderate Total	0	0.0%	0	0.0%	5	83.3%	27	67.9%
Middle	6	100.0%	40	100.0%	1	16.7%	13	32.8%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	6	100.0%	40	100.0%	6	100.0%	40	100.7%
	<b>Home Equity</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	1	50.0%	70	58.3%
Low/Moderate Total	0	0.0%	0	0.0%	1	50.0%	70	58.3%
Middle	2	100.0%	120	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	1	50.0%	50	41.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	120	100.0%	2	100.0%	120	100.0%
	<b>Consumer Loan Totals</b>							
Low	0	0.0%	0	0.0%	3	37.5%	15	9.3%
Moderate	0	0.0%	0	0.0%	3	37.5%	82	51.4%
Low/Moderate Total	0	0.0%	0	0.0%	6	75.0%	97	60.7%
Middle	8	100.0%	160	100.0%	1	12.5%	13	8.2%
Upper	0	0.0%	0	0.0%	1	12.5%	50	31.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	8	100.0%	160	100.0%	8	100.0%	160	100.2%

## APPENDIX C

### GLOSSARY OF TERMS

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

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

**Community development:** All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

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

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

**Family:** 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 (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

**Household:** 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 (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

**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 metropolitan area/assessment area.

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

**Middle-income:** Individual income that is at least 80 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.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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.

**Rated area:** A rated area is a state or multistate metropolitan 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Residential loans:** See home mortgage loans.

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

**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.

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