

PUBLIC DISCLOSURE

(FEBRUARY 4, 2002)

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CHEMUNG CANAL TRUST COMPANY

RSSD: 884303

**One Chemung Canal Plaza
Elmira, New York 14901**

**Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045**

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

TABLE OF CONTENTS

Institution Rating	
Institution's CRA Rating	BB1
Table of Performance Test Ratings.....	BB1
Summary of Major Factors Supporting Rating.....	BB1
Institution	
Description of Institution	BB2
Scope of Examination	BB3
Conclusions With Respect to Performance Tests	BB4
Metropolitan Area (Full Review)	
Description of Operations in MSA 2335 (Elmira, NY).....	BB8
Conclusions With Respect to Performance Tests	BB10
Metropolitan Area (Full Review)	
Description of Operations in MSA 0960 (Binghamton, NY).....	BB15
Conclusions With Respect to Performance Tests	BB17
Non-Metropolitan Area (Full Review)	
Description of Operations in Schuyler and Steuben Counties.....	BB20
Conclusions With Respect to Performance Tests	BB22
Exhibits	
Exhibit 1 -- Lending Inside and Outside the Assessment Area	BB5
Exhibit 2 -- Assessment Area Demographics MSA 2335 (Elmira, NY)	BB10
Exhibit 3 -- Assessment Area Demographics MSA 0960 (Binghamton, NY)	BB17
Exhibit 4 -- Assessment Area Demographics Non-MSA Schuyler and Steuben Counties.....	BB21
Appendices	
CRA Appendix A: Scope of Examination	BB25
CRA Appendix B: Glossary.....	BB25
CRA Appendix C: Core CRA Tables	BB28
CRA Appendix D: Map of Assessment Area	BB34

INSTITUTION RATING

INSTITUTION'S CRA RATING: Chemung Canal Trust Company is rated “**OUTSTANDING.**”

The following table indicates the performance level of the bank with respect to the lending, investment and service tests.

PERFORMANCE LEVELS	CHEMUNG CANAL TRUST COMPANY		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

Major factors supporting the rating follow:

- Lending reflected excellent responsiveness to the credit needs of the assessment areas.
- The bank’s \$13.6 million in community development lending evidenced its leadership in this area.
- The bank had an excellent level of qualified community development investments totaling \$8.4 million.
- The bank’s delivery systems were readily accessible in geographies and to individuals of different income levels in its assessment areas.

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

INSTITUTION

DESCRIPTION OF INSTITUTION

Chemung Canal Trust Company (“Chemung”) is a full-service commercial bank headquartered in Elmira, New York. It is one of two wholly owned subsidiaries of the Chemung Canal Financial Corporation, a New York State-chartered banking corporation and a member of the Federal Reserve System. The corporation’s other subsidiary is CFS Group, Inc., a securities broker-dealer. The bank has one subsidiary, CCTC Funding Corporation, a real estate investment trust (“REIT”). Neither subsidiary is relevant to this examination.

As of September 30, 2001, Chemung reported assets of \$729.7 million, net loans and leases of \$421 million, and deposits of \$545 million.

The bank has three assessment areas: MSA 2335 (Elmira, NY), encompassing Chemung County; a portion of MSA 0960 (Binghamton, NY) including Tioga County; and two combined non-MSA areas of Schuyler County and a contiguous portion of Steuben County. Unchanged since the previous examination, the assessment areas are in compliance with Section 228.41 of Regulation BB and do not arbitrarily exclude any low- or moderate-income (“LMI”) geographies.

Through its 14-branch network, Chemung provides financial services to businesses and individuals. The bank’s product lines include retail banking, such as residential mortgage lending, small business and consumer lending as well as retail deposit services, personal trust and investment services, and business services.

Based on data supplied by the Federal Deposit Insurance Corporation (“FDIC”) Market Share Report dated June 30, 2001, Chemung ranks first in deposits among 19 institutions in its combined assessment areas with a 23.26 percent market share. The bank’s primary competitors are HSBC Bank USA, Elmira Savings Bank, Bath National Bank and Tioga State Bank.

There are no financial or legal factors that would prevent Chemung from fulfilling its responsibilities under the CRA. The bank’s previous CRA examination was conducted as of February 14, 2000, at which time the bank received an overall rating of “outstanding.”

DESCRIPTION OF THE ASSESSMENT AREAS

According to the 1990 Census, the total population of the bank’s combined assessment areas is 217,600 or only 1.2 percent of New York State’s population. Approximately 13 percent of the population resides within eight LMI census tracts. Initial reports from the 2000 Census indicate a 14 percent decline in population. In 2000, median family income based on estimates by the U.S. Department of Housing and Urban Development (“HUD”) range from a high of \$44,100 in the assessment area portion of MSA 0960 (Binghamton, NY) to a low of \$40,300 in the non-MSA portions of the assessment area.

According to the New York State Realtors Association ("NYSRA"), the median cost of housing as of June 2001 is \$50,543 in MSA 2335 (Elmira, NY) and \$63,527 in MSA 0960 (Binghamton, NY). A comparison of the median housing costs with the incomes in the assessment areas indicates that home purchase is affordable to low-income families with annual earnings of approximately \$21 thousand as of 2001. Other factors, however, impact affordability, such as the average age of 47 years for existing housing; 58 years for housing in Elmira alone. The resulting need for extensive improvements, combined with high heating costs during the region's often severe winters, make homeownership difficult for low-income families without the aid of subsidy programs.

The single low-income tract within the combined assessment areas has only 119 owner-occupied housing units. In the moderate-income tracts, 46 percent of the occupied units are rental with one- to four-family units accounting for 75 percent of occupied units. Overall, only 8 percent of the housing units in LMI tracts are owner-occupied, thus providing few HDMA-related lending opportunities.

Over the last several years, the economy in the bank's assessment areas has been weak, with factory closures and extreme downsizing marking further declines in 2001. Corning Inc. has reduced its workforce by almost one-third, putting a strain on Steuben and Chemung Counties' economy. In addition, Corning halted construction on several photonic plants, which impacted local building contractors and suppliers. Shepard Niles, a manufacturer of cranes and hoists based in Montour Falls (Schuyler County), is operating under Chapter 11 and has laid off a third of its 160 employees. At Hardinge Inc., a manufacturer of high tolerance tool/dye machinery in Chemung County, the number of jobs were cut in half, and the salaries of remaining employees were reduced.

Factory workers' buying power has been reduced overall. According to community contacts, factories that were sold may have retained staff, but employee wages, even those of the most experienced and skilled workers, were lowered. These declines in income have hindered borrowers' ability to afford loans for home purchase, refinancings and home improvement.

According to the New York Department of Labor, area unemployment rates during the examination period generally exceeded the 4.2 percent rate for the state overall.

SCOPE OF EXAMINATION

A full review of Chemung's performance was conducted for the bank's assessment areas using the Federal Financial Institutions Examination Council's ("FFIEC") *Interagency Procedures and Guidelines for Large Retail Institutions*.

Small business loans, community development loans, qualified investments and loans reported under the Home Mortgage Disclosure Act ("HMDA") were analyzed for the period of January 1, 2000, through October 31, 2001. One multifamily loan was originated but was excluded from the analysis because it was statistically insignificant.

For analytical purposes, loan products were evaluated and weighted based on the overall number of loans and their relative importance to the loan portfolio. In addition, the bank's HMDA-

related and small business loan performance was compared with the aggregate of all lenders in the bank's assessment areas reporting HMDA real estate loans and small business loans under the CRA. The data are reported annually, and the most recent year for which information was available is 2000.

HMDA-related lending was given greater consideration as it represented the majority (in number) of lending activity analyzed at this examination. Overall, HMDA-related lending represented 56 percent of bankwide lending activity.

The greatest weight in the evaluation process was placed on MSA 2335 (Elmira, NY), which has 50 percent of the bank's offices, 62 percent of total deposits, 66 percent of all HMDA-related lending, and 76 percent of small business lending. The non-MSAs account for 36 percent of the branch system and 26 percent of total deposits. MSA 0960 (Binghamton, NY) contains 14 percent of branches and 11 percent of deposits.

The bank has only one low-income tract and seven moderate-income tracts in its combined assessment areas.

For evaluation of the geographic distribution of loans, geographies were classified on the basis of the Census Bureau's 1990 Census income data. The distribution of loans to borrowers of different income levels was determined based on the 2001 HUD estimated median family income for the various MSA and non-MSA assessment areas.

For this examination, examiners used information from two community contacts involved in affordable housing and small business lending activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Chemung is rated "outstanding" in meeting the credit needs of its assessment areas based on excellent performance in MSA 2335 (Elmira, NY), the bank's most weighted assessment area, and high satisfactory performance in both MSA 0960 (Binghamton, NY) and the non-MSA assessment area.

The tables in Appendix C contain the facts and data used to evaluate the bank's lending test performance in its various assessment areas. Lending volume is depicted in Table 1, HMDA-related geographic distribution in Tables 2-4, and HMDA-related borrower characteristics are depicted in Tables 8-10. Geographic distribution of small loans to businesses is shown in Table 6, with borrower distribution of such loans in Table 11.

Lending Activity: Overall, Chemung's lending activity showed excellent responsiveness to the credit needs in the bank's assessment areas when measured in terms of the number and dollar amount of HMDA-related and small business loans originated. Lending volume was excellent in

MSA 2335 (Elmira, NY), the most weighted of the three assessment areas, and good in both the assessment area portion of MSA 0960 (Binghamton, NY) and the non-MSA assessment area.

The bank's volume of HMDA-related lending in its assessment areas declined since the previous examination primarily because of high interest rates during the examination period (which impacted all lenders in the assessment areas, particularly in the category of refinancings). When compared with other lenders in the assessment areas, however, Chemung's volume of home purchase loans increased since the previous examination.

Assessment Area Concentration: A substantial portion of the bank's loan originations was made in its assessment areas. As detailed below, 92 percent of the number and 88 percent of the dollar amount were generated in the assessment areas.

EXHIBIT 1								
Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Home purchase	258	87.46	\$20,230	86.17	37	12.54	\$3,247	13.83
Refinancings	203	90.22	13,081	89.78	22	9.78	1,489	10.22
Home improvement	591	89.94	6,363	91.03	66	10.06	627	8.97
Total HMDA-related	1,052	89.37	\$39,674	88.09	125	10.63	\$5,363	11.91
Total small business	843	94.51	\$112,025	87.81	49	5.49	\$15,550	12.19
TOTAL LOANS	1,895	91.58	\$151,699	87.88	174	8.42	\$20,913	12.12

Geographic and Borrower Distribution: Overall, the geographic distribution of loans was excellent based on excellent distribution in MSA 2335 (Elmira, NY) and MSA 0960 (Binghamton, NY), and good distribution in the non-MSA assessment area. The distribution of loans among borrowers of different income levels and businesses of different sizes was good, with strong performance among moderate-income borrowers. Several flexible lending products directed to first-time LMI home buyers enhanced the bank's performance, particularly in the MSA 2335 (Elmira, NY) assessment area.

Community Development Lending: Based on excellent performance in both MSA 2335 (Elmira, NY) and the non-MSAs, as well as adequate performance in MSA 0960 (Binghamton, NY), Chemung's level of community development lending activity was excellent. Community development loan commitments totaled \$13.6 million.

In addition to community development loans, Chemung issued \$9,000 in letters of credit to support community development activities. One community development loan for affordable housing totaling \$160 thousand was made outside the assessment area and is included in the community development lending total as the bank adequately met needs in its assessment areas. Community development lending increased 109 percent since the previous examination when such loans totaled \$6.5 million. Community services received 97 percent of total activity, and affordable housing initiatives 3 percent.

INVESTMENT TEST

Chemung's investment performance is rated "outstanding" based on excellent performance in MSA 2335 (Elmira, NY) and MSA 0960 (Binghamton, NY), and adequate performance in the non-MSA assessment area. Community development investments totaled \$8.4 million. The investments included \$8.1 million to entities engaged in community development services. The balance of the investment total was in the form of multiple charitable grants and contributions to various community development organizations. For details, see Appendix C Table 14 on page BB32.

Qualified investments initiated during the examination period accounted for \$3.4 million or 40 percent of the total. Investments included \$4.7 million in municipal bonds targeted for infrastructure repair and support of a school district located in an LMI area. In addition, \$3.4 million was invested in organizations promoting small business development, including a \$2.9 million investment representing a 27.5 percent share in Cephaz Capital, a small business investment corporation ("SBIC"), and \$235 thousand in charitable grants and contributions.

Community development investment activity was responsive to assessment area needs and directed to the following activities:

- Revitalization and stabilization: \$4.4 million or 52 percent of total activity.
- Economic development: \$3.5 million or 42 percent of total activity.
- Community service: \$498 thousand or 6 percent of total activity.
- Affordable housing: \$4,700 or .1 percent of total activity.

Community contacts cited economic development and the revitalization of LMI areas as the primary community development needs in the bank's assessment areas.

SERVICE TEST

Chemung's performance under the service test is rated "outstanding" based on excellent performance in the MSA 2335 (Elmira, NY) and non-MSA assessment areas (Schuyler and Steuben Counties) as well as adequate performance in MSA 0960 (Binghamton, NY). For details, see Appendix C Table 15 on page BB33.

Retail Services: Overall, the bank provides excellent accessibility to its delivery systems when compared with the concentration of population and businesses in the various income geographies. Half of the bank's 14 branches and seven of its ATMs are located in or near LMI tracts. The bank maintains six off-site ATMs, two of which are located in moderate-income census tracts and one in a tract adjacent to a moderate-income tract. Alternative delivery systems include banking by mail and banking online, and 24-hour telephone banking, all available at no cost. All branches maintain regular business hours Monday through Friday, and ten branches maintain Saturday hours. The same full range of loan and deposit services is available at all branch offices.

During the examination period, one branch office was relocated but did not impact the availability of services. No other changes were made since the previous examination.

Community Development Services: Chemung is a leader in providing community development services. Bank officers and employees provide technical assistance by serving on boards and committees of nonprofit community organizations that support affordable housing, small business development and economic development throughout the bank's assessment areas. The bank participated in numerous educational presentations and seminars, most of which focused on financial services and first-time home-buying.

The bank also provides community development financial services including:

- Federal Home Loan Bank's ("FHLB") First Home Club. The funds from the FHLB assist first-time LMI home buyers with down payment and closing costs. The bank originates the loans and oversees the administration of the program. During the examination period, the bank originated one mortgage totaling \$24,850 and managed eight savings accounts throughout its assessment areas.
- Credit Builder Loan Program. Proceeds of \$1,000 to \$5,000 loans are placed in certificates of deposit for one to three years. Borrowers establish a positive credit record to repair damaged credit or address a lack of credit history when cosigners are unavailable. During the examination period, the bank originated 53 loans totaling \$95,375 in its assessment areas.
- Special checking accounts, such as the New York State Basic Checking account, and free checking accounts for senior citizens as well as municipal and nonprofit organizations.

COMPLIANCE WITH FAIR LENDING LAWS

No credit practices were identified that violated the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity Act (Regulation B) and the Fair Housing Act.

METROPOLITAN AREA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 2335 (ELMIRA, NY)

Performance in this assessment area had the greatest weight in determining Chemung's overall rating because of the concentration of deposits, lending and population. As of October 31, 2001, Chemung operated seven branches, or half of all its branches, in MSA 2335 (Elmira, NY). The bank ranks first in branch deposits among all depository institutions with approximately \$328 million in deposits or 30 percent of the market share. Elmira Savings Bank, FSB (Federal Savings Bank), is Chemung's closest competitor.

During the examination period, Chemung reported 695 HMDA-related loans (66 percent of the bank's total HMDA-related lending) and 641 small business loans (76 percent of all small business lending) in the MSA. In 2000, Chemung ranked first among 144 HMDA lenders in the MSA with a 16 percent market share, followed by Elmira Savings Bank, Wells Fargo Home Mortgage, and Elmira Savings & Loan. Chemung also ranks first among 32 small business lenders with a 27.6 percent lending market share, followed by GE Capital Financial Inc., American Express Centurion and HSBC Bank, USA.

Demographic and economic information relevant to the bank's performance context is discussed below. Information was obtained from publicly available sources including HUD, the U.S. Department of Commerce's Bureau of the Census (1990 and 2000), U.S. Department of Labor, New York State Department of Labor, and the NYSRA. In addition to the following discussion of demographics, see Exhibit 2 on page BB10.

PERFORMANCE CONTEXT

Demographic Characteristics

MSA 2335 (Elmira, NY) encompasses Chemung County and as of 2000 has a population of 91,070, a 4.3 percent decline since 1990. The MSA contains approximately 47 percent of the population of the bank's combined assessment areas. The only low-income tract in the bank's combined assessment areas is located in this MSA, which also contains four moderate-income tracts. All the MSA's LMI tracts are located in the city of Elmira.

Income Characteristics

The HUD adjusted median family income for MSA 2335 (Elmira, NY) was \$42,300 for 2000 and \$43,200 for 2001.

Housing Characteristics

According to the 1990 Census, out of 37,290 housing units in the MSA, 24,095 or 65 percent are owner-occupied and 11,180 or 30 percent are rental units. Within the predominantly commercial LMI tracts, 27 percent of all housing units are owner-occupied and 64 percent are rental. These figures suggest scarce opportunities for HMDA-related lending.

Demographic information from 1990 estimated that the age of housing stock throughout the MSA averages 58 years, which puts the current average age of housing at approximately 70 years. As community contacts noted during this examination, home improvement lending is clearly needed in order to upgrade the housing, which is even older in the city of Elmira's historic district, where many of the buildings date back to the 1860s.

According to the National Association of Home Builders, the 2000 median home sales price is \$69 thousand. This amount appears to be affordable to low-income individuals, but they are unable to buy in most cases because they lack down payment and closing costs, according to community contacts. Furthermore, although the older structures are generally less expensive, the need to rehabilitate them is also daunting to potential homeowners.

Labor, Employment and Economic Characteristics

The unemployment rate in this MSA is the highest in New York State. The jobless rate rose from 4.1 percent in December 2000 to 5.1 percent in June 2001. For both years, the state unemployment rate is 4.2 percent. According to the Bureau of Labor Statistics, by September 2001 employment declined 1.6 percent overall in the MSA over a 12-month period, and the construction/mining and manufacturing sectors declined 8.7 percent and 7.1 percent, respectively.

The total number of factory jobs indicated heavy losses in the last two years. At least 600 jobs were lost as a result of cutbacks at Hardinge Inc., a manufacturer of high tolerance tool and dye machinery. According to the community contacts, manufacturing wages throughout the MSA have generally been reduced by as much as 10 percent, sometimes down to minimum wage levels even for the most skilled and experienced factory workers.

EXHIBIT 2 Assessment Area Demographics MSA 2335 (Elmira, NY)								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	4.6	477	1.92	293	13.24	4,669	18.62
Moderate-income	4	18.2	2,635	10.58	609	27.49	4,868	19.41
Middle-income	14	63.6	16,053	64.48	1,186	53.54	5,837	23.28
Upper-income	3	13.6	5,730	23.02	127	5.73	9,703	38.69
Total Assessment Area	22	100%	24,895	100%	2,215	100%	25,077	100%
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%		#	%	#	%
Low-income	932	119	0.49		768	6.87	45	2.23
Moderate-income	5,146	1,550	6.43		3,120	27.91	476	23.62
Middle-income	23,829	16,297	67.64		6,297	56.32	1,235	61.29
Upper-income	7,383	6,129	25.44		995	8.90	259	12.86
Total Assessment Area	37,290	24,095	100%		11,180	100%	2,015	100%
	Total Businesses by Tract*				Businesses by Tract & Revenue Size			
					Under \$1 million		Over \$1 million	
	#	%			#	%	#	%
Low-income	142	4.29			107	3.68	25	9.29
Moderate-income	772	23.31			661	22.76	73	27.14
Middle-income	1,716	51.83			1,515	52.20	133	49.44
Upper-income	681	20.57			620	21.36	38	14.13
Total Assessment Area	3,311	100%			2,903	100%	269	100%
					Percentage of Total Businesses:		87.67%**	8.12%

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 2335 (ELMIRA, NY)

LENDING TEST

Chemung's overall performance with respect to the lending test was excellent based on excellent lending activity, geographic distribution of loans and community development lending. Borrower distribution was good.

The facts and data used to evaluate the bank's performance are shown in Appendix C. Lending activity is depicted in Table 1, geographic distribution is depicted in Tables 2-6, and borrower characteristics are depicted in Tables 8-11.

* Business data source: WIZ Business Geographic Data 2001.

** The percentages in the under and over \$1 million categories do not total 100 percent because 138 businesses did not report revenues. They are excluded from these categories but are included in Total Businesses by Tract.

Lending Activity: Chemung's responsiveness to retail credit needs in MSA 2335 (Elmira, NY) was excellent. The bank ranks first among all lenders in lending market share for both HMDA-related and small business lending in the MSA.

Geographic Distribution of Lending: The overall distribution of loans reflected excellent loan penetration throughout the assessment area.

HMDA-related Loans

When compared with the level of owner-occupied housing units and the performance of the aggregate in moderate-income tracts, the overall distribution of home purchase and home improvement loans was excellent. The very small number of housing units in the one low-income tract provided little opportunity for HMDA-related lending, as noted in the MSA Performance Context above. The distribution of refinance lending was good, although the bank slightly underperformed the aggregate.

Small Loans to Businesses

The distribution of small loans to businesses across census tracts of different income levels reflected excellent penetration throughout the MSA when compared with the number of small business establishments. The bank's lending in both low- and moderate-income tracts was excellent, exceeding the aggregate in both areas.

Borrower Distribution of Lending: The distribution of Chemung's loans among borrowers of different income levels and businesses of different sizes was good.

Home Purchase Loans

The distribution of home purchase loans across borrower income levels reflected excellent performance with regard to moderate-income borrowers when compared with the level of moderate-income families and the performance of the aggregate.

Lending to low-income borrowers was adequate. Chemung slightly outperformed the aggregate. Lending to low-income borrowers is difficult because of economic conditions, as discussed earlier in the Performance Context section, and the scarcity of subsidy programs that provide closing and down payment costs. Therefore, the examiners' conclusion about home purchase lending performance is primarily based on lending to moderate-income borrowers.

Chemung does, however, participate in several programs in the MSA that provide such assistance which resulted in enhanced bank performance. The City of Elmira's First Time Homebuyer's Grant Program provides grants and loans for LMI borrowers purchasing homes in the city. Chemung originates the loans and assumes certain closing costs. During the examination period, the bank originated 17 such loans. The bank also participates in the Providence Housing Development Corporation's Sullivan Street Homeownership Loan Program for LMI families. Chemung originated four loans during the examination period.

Refinancings

The distribution of refinance lending across borrower income levels reflected an adequate level of performance when compared with the number of LMI families in the area and the performance of the aggregate. Chemung underperformed the aggregate with regard to both low- and moderate-income borrowers.

Home Improvement Loans

Overall, the distribution of home improvement loans across borrower income levels reflected good performance when compared with the number of LMI families in the area and the performance of the aggregate. Chemung had excellent performance with regard to loans to moderate-income borrowers. The bank displayed adequate performance in lending to low-income borrowers. Chemung outperformed the aggregate.

Small Loans to Businesses

The bank's distribution of small loans to businesses was adequate based on both the number of business establishments with gross annual revenues ("GAR") of \$1 million or less and the performance of the aggregate. Chemung slightly outperformed the aggregate.

Community Development Lending: Chemung is a leader in making community development loans in MSA 2335 (Elmira, NY). Lending totaled \$8.2 million or 61 percent of the bank's total community development lending activity. In addition to loan commitments, Chemung issued \$9,000 in letters of credit to support community service initiatives. The bank's community development lending initiatives were all directed to agencies providing community development services.

Examples of community development loans originated in this MSA during the evaluation period include:

- A \$2 million construction loan and \$2.2 million in permanent financing to finance construction of a facility to house an organization that operates eight social services programs in Chemung and Schuyler Counties. The building includes office space, a community center and other facilities for LMI individuals.
- A \$400 thousand line of credit to an organization that operates foster homes and provides alternatives to institutional placement for social work agencies and preventive services for family problems.

INVESTMENT TEST

Chemung had an excellent level of community development investments. During the examination period, community development investments in MSA 2335 (Elmira, NY) totaled \$4.8 million or 57 percent of the bank's total investment activity. Sixty-nine percent of qualified investments or \$3.3 million were directed to economic development activity.

The activity included investments in organizations targeting small business development. Twenty-seven percent of qualified investments or \$1.3 million supported revitalization and stabilization. Activity included investments in municipal bonds targeted at infrastructure repair in LMI areas of Elmira. Three percent of qualified investments, or \$155 thousand, targeted community service activity. Less than 1 percent of qualified investments, or \$3,900, supported affordable housing. For details, see Table 14.

SERVICE TEST

Chemung's performance under the service test in this MSA was excellent based on a delivery system that is readily available to individuals of different income levels and the bank's leadership position in providing community development services.

Retail Services: Accessibility to the bank's delivery systems is excellent based on the distribution of LMI population in the MSA. Of the seven branches in MSA 2335 (Elmira, NY), one is located in a moderate-income tract and three are in tracts adjacent to the moderate-income tract.

All branches maintain 24-hour ATMs. There are also five off-site ATMs in the MSA, three of which are located in or adjacent to LMI tracts. All branches maintain regular business hours Monday through Friday. Five of the branches have Saturday hours, and three of them are in or near LMI tracts. The same full range of loan and deposit services is available at all branch offices.

During the examination period, one branch office was relocated from a mall to a stand-alone location 528 feet from the original site, thus having no impact on the delivery of services. No other changes occurred since the previous examination. For details, see Table 15.

Community Development Services: Chemung is a leader in providing community services. Seventy-two bank officers and employees provided technical assistance with their service on boards and committees of nonprofit community organizations. Some of these groups serving the needs of the LMI community include Elmira Downtown Development, Near Westside Neighborhood Association, Glove House and Community Progress Inc. The bank also participated in 17 educational presentations and seminars conducted in the MSA, most of which focused on financial education and first-time home-buying.

Also, Chemung participated in two programs aimed at facilitating mortgage and home improvement lending for LMI borrowers in MSA 2335 (Elmira, NY):

- Near Westside Neighborhood Association Home Purchase Plus Program. The bank administers this organization's loan program for LMI purchasers of single-family homes in Elmira.
- Chemung County Home Improvement Program. Chemung applied for and won a \$100 thousand grant from the FHLB for Community Progress Inc. to subsidize 17 rehabilitation projects for LMI families. State and local organizations also funded the program. The bank administers the program on behalf of Community Progress Inc.

METROPOLITAN AREA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 0960 (BINGHAMTON, NY)

Chemung's assessment area in MSA 0960 (Binghamton, NY) is in predominantly rural Tioga County. The few population centers and limited number of community organizations reduce the bank's opportunities to provide community development lending, investment and services. With two branches in the county, Chemung ranks second in deposit share in the county behind Tioga State Bank.

During the examination period, Chemung reported 87 HMDA-related loans (8 percent of the bank's total HMDA-related lending) and 47 small business loans (6 percent of total small business lending) in MSA 0960 (Binghamton, NY). In 2000, Chemung ranked fourth among local HMDA lenders with a 3.55 percent market share behind Visions Federal Credit Union, Tioga State Bank and BSB Bank & Trust Company. (Two nationwide mortgage lenders were not considered in the ranking.) With respect to small business lending, Chemung ranks second behind Manufacturers and Traders Trust Company ("M&T"). The top six lenders in this category were credit card companies that were not considered in the rankings.

Demographic and economic information relevant to the bank's performance context is discussed below. Information was obtained from publicly available sources including HUD, the U.S. Department of Commerce's Bureau of the Census (1990 and 2000), U.S. Department of Labor, New York State Department of Labor, and the NYSRA. In addition to the following discussion of demographics, see Exhibit 3 on page BB17.

PERFORMANCE CONTEXT

Demographic Characteristics

In 2000, the Tioga County portion of MSA 0960 (Binghamton, NY) had a population of 51,784, a 1.1 percent decline since 1990. The county contains about 27 percent of the bank's combined assessment area population. Tioga's two moderate-income tracts are located in Barton Township.

Income Characteristics

In 2000 and 2001, the HUD adjusted median family income in Tioga County was \$44,100 and \$44,700, respectively.

Housing Characteristics

According to the 1990 Census, out of 20,254 housing units in the county, 14,841 or 73 percent are owner-occupied, and 3,997 or 20 percent are rental units. In the moderate-income tracts,

65 percent of all housing units are owner-occupied and 28 percent are rental. Demographic information gathered in 1990 puts the average age of the housing stock at 31 years, bringing the current average age to approximately 43 years. According to a community contact, the cost of heating in the area is one of the highest in New York State, which adds to the difficulty of purchasing and maintaining a home in the county.

According to the National Association of Home Builders, the 2000 median sales price for houses in MSA 0960 (Binghamton, NY) is \$71 thousand. The median housing value in Tioga County as of June 2001 is \$63,527, according to the NYSRA.

Labor, Employment and Economic Characteristics

The unemployment rate for MSA 0960 (Binghamton, NY) was 3.3 percent in December 2000 and 3.4 percent in June 2001 when the state rate was 4.2 percent. However, by September 2001, the Bureau of Labor Statistics calculated an unemployment rate of 4.3 percent. For the same period, the MSA showed an overall decline in employment of .7 percent, with manufacturing displaying the largest decline of 7.1 percent over a 12-month period. Employment in the finance, insurance and real estate ("FIRE") segment increased 2.2 percent, while government and services sector jobs increased 1.7 percent and .9 percent, respectively.

EXHIBIT 3									
Assessment Area Demographics									
MSA 0960 (Binghamton, NY)									
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	2,730	18.88	
Moderate-income	2	22	2,424	16.76	305	30.29	2,596	17.95	
Middle-income	5	56	7,226	49.97	559	55.51	3,719	25.72	
Upper-income	2	22	4,811	33.27	143	14.20	5,416	37.45	
Total Assessment Area	9	100%	14,461	100%	1,007	100%	14,461	100%	
	Housing Units by Tract	Housing Types by Tract							
		Owner-occupied		Rental		Vacant			
		#	%	#	%	#	%		
Low-income	0	0	0	0	0	0	0	0	
Moderate-income	3,667	2,365	15.93	1,027	25.70	275	19.42		
Middle-income	10,429	7,349	49.52	2,232	55.84	848	59.89		
Upper-income	6,158	5,127	34.55	738	18.46	293	20.69		
Total Assessment Area	20,254	14,841	100%	3,997	100%	1,416	100%		
	Total Businesses by Tract*			Businesses by Tract & Revenue Size					
					Under \$1 million		Over \$1 million		
	#	%	#	%	#	%	#	%	
Low-income	0	0	0	0	0	0	0	0	
Moderate-income	267	17.34	230	17.01	16	19.05			
Middle-income	923	59.94	811	59.99	51	60.71			
Upper-income	350	22.72	311	23.00	17	20.24			
Total Assessment Area	1,540	100%	1,352	100%	84	100%	84	100%	
					Percentage of Total Businesses:		87.79%**	5.45%	

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 0960 (BINGHAMTON, NY)

LENDING TEST

Chemung’s overall performance with respect to the lending test in Tioga County was good based on good lending activity and borrower distribution, excellent geographic distribution and adequate community development lending.

The facts and data used to evaluate the bank’s performance are shown in Appendix C. Lending activity is depicted in Table 1, geographic distribution is depicted in Tables 2-6, and borrower characteristics are depicted in Tables 8-11.

* Business data source: WIZ Business Geographic Data 2001.

** The percentages in the under and over \$1 million categories do not total 100 percent because 113 businesses did not report revenues. They are excluded from these categories but are included in the Total Businesses by Tract.

Lending Activity: Chemung's responsiveness to retail credit needs in Tioga County was good. The bank's rank and market share of small business lending was consistent with the bank's deposit market position. HMDA-related lending was less consistent; however, the bank operates in a highly competitive market with limited opportunities for all lenders operating in the locale.

Geographic Distribution of Lending: The overall distribution of loans reflected excellent loan penetration.

HMDA-related Loans

When compared with the level of owner-occupied housing units and the performance of the aggregate in moderate-income tracts, the overall distribution of home purchase, refinance and home improvement loans was excellent.

Small Business Loans

The distribution of small loans to businesses across census tracts of different income levels reflected excellent penetration throughout the assessment area when compared with the level of business establishments and the performance of the aggregate. The bank outperformed the aggregate in the moderate-income tracts.

Borrower Distribution of Lending: The distribution of Chemung's loans among borrowers of different income levels and businesses of different sizes was good.

Home Purchase Loans

The distribution of loans to moderate-income borrowers was excellent based on the percentage of moderate-income families in the assessment area. Chemung outperformed the aggregate. Lending to low-income borrowers was adequate with the bank outperforming the aggregate. Lending to low-income borrowers is difficult unless subsidy programs are available to assist with down payments and closing costs; therefore, less weight was placed on lending to low-income borrowers.

Refinancings

Overall, the distribution of refinance lending across borrower income levels was good when compared with the number of LMI families in the area and the performance of the aggregate. The bank's performance with regard to moderate-income borrowers was excellent, but the lending to low-income borrowers was poor with the bank underperforming the aggregate.

Home Improvement Loans

The distribution of home improvement loans across borrower income levels reflected excellent performance with regard to loans to both low- and moderate-income borrowers based on the level of LMI families in the area and the performance of the aggregate. Overall, Chemung outperformed the aggregate.

Small Loans to Businesses

The distribution of small loans to businesses was good when compared with the level of business establishments with GAR of \$1 million or less and the performance of the aggregate. Lending was below the level of business establishments; however, the bank significantly outperformed the aggregate.

Community Development Lending: Community development lending in MSA 0960 (Binghamton, NY) was adequate based on limited opportunities in the assessment areas, as previously noted. Such lending totaled \$110 thousand or 1 percent of Chemung's community development lending activity, and was directed to both economic development and community service activities.

INVESTMENT TEST

Chemung provided an excellent level of community development investments, totaling \$3.5 million or 42 percent of the bank's total investment activity.

Eighty-six percent of qualified investments, or \$3 million, supported revitalization and stabilization. This activity included investments in municipal bonds targeted to infrastructure repair in the LMI areas of Waverly and Savona. Eight percent of qualified investments, or \$296 thousand, targeted community service activity, and 6 percent of qualified investments, or \$202 thousand, supported economic development through investments in organizations targeting small business development. Less than 1 percent of qualified investments or \$3,000 supported affordable housing. For details, see Appendix C Table 14.

SERVICE TEST

Chemung's performance under the service test was good based on a delivery system that is accessible to individuals of different income levels and on the bank's adequate level of community development services.

Retail Services: The bank provides good accessibility to its delivery systems based on the distribution of the predominantly rural population. Of the two branches in MSA 0960 (Binghamton, NY), one is located in a moderate-income tract. Both branches maintain 24-hour accessible ATMs. The branches maintain regular hours with both branches providing Saturday hours. The same full range of loan and deposit services is available at both branches. There were no changes in branch locations since the previous examination. For details, see Table 15.

Community Development Services: Chemung's level of community services was adequate based on the rural nature of Tioga County and the scarcity of CRA-eligible community organizations. Employees provide technical assistance to local organizations that provide services to LMI families and individuals, including the United Way of Tioga County. Chemung also presented a financial educational program in the assessment area.

NON-METROPOLITAN AREAS

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-METROPOLITAN AREAS OF SCHUYLER AND STEUBEN COUNTIES

Chemung's assessment area in non-MSA Schuyler County includes the entire county. In non-MSA Steuben County, only the southeastern part of the county is included in the assessment area. The two contiguous areas have been combined into one non-MSA assessment area for purposes of analysis at this examination.

The bank maintained five branches in the combined non-MSAs during the examination period. Chemung ranks second in deposits with a market share of 16.44 percent behind Bath National Bank. With regard to HMDA-related lending, Chemung ranks second among local banks with a 4.71 lending market share behind Bath National Bank. The bank ranks second in small business lending market share after four credit card companies were taken out of consideration. In addition to the following discussion of demographics, see Exhibit 4 on page BB21.

PERFORMANCE CONTEXT

Demographic Characteristics

According to the 1990 Census, the non-MSAs have a combined population of 70,068. Though complete 2000 Census data are not yet available, initial figures indicate a nearly 3 percent increase in population. The non-MSAs contain approximately 26 percent of the population in the bank's combined assessment areas. The non-MSA assessment area has no low-income tracts and one moderate-income tract.

Income Characteristics

The HUD-adjusted median family income for the non-MSAs was \$40,300 in 2000 and \$41,400 in 2001.

Housing Characteristics

According to the 1990 Census, out of 30,752 housing units in the non-MSAs, 19,436 or 63 percent are owner-occupied, and 7,326 or 24 percent are rentals. In the single moderate-income tract, 1,073 housing units or 74 percent are owner-occupied. Demographic information for 1990 indicates that the housing stock averages 36 years, bringing the current average age to approximately 48 years old. The median housing value for the non-MSAs is approximately \$51 thousand.

Labor, Employment and Economic Characteristics

The unemployment rate in the non-MSAs was 4.7 percent in December 2000, increasing to 5.4 percent the following June. Layoffs, factory closings and cutbacks by large employers such as Corning Inc. in Steuben County have affected the entire region as well as the county.

EXHIBIT 4								
Assessment Area Demographics								
Non-MSA Schuyler and Steuben Counties								
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	3,267	17.40
Moderate-income	1	5	989	5.27	131	8.85	3,720	19.82
Middle-income	17	85	15,223	81.11	1,222	82.57	4,578	24.40
Upper-income	2	10	2,556	13.62	127	8.58	7,203	38.38
Total Assessment Area	20	100%	18,768	100%	1,480	100%	18,768	100%
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied		Rental		Vacant		
		#	%	#	%	#	%	
Low-income	0	0	0	0	0	0	0	
Moderate-income	1,445	1,073	5.52	271	3.70	101	2.53	
Middle-income	25,447	15,673	80.64	6,114	83.46	3,660	91.73	
Upper-income	3,860	2,690	13.84	941	12.84	229	5.74	
Total Assessment Area	30,752	19,436	100%	7,326	100%	3,990	100%	
	Total Businesses by Tract*			Businesses by Tract & Revenue Size				
				Under \$1 million		Over \$1 million		
	#	%	#	%	#	%		
Low-income	0	0	0	0	0	0		
Moderate-income	84	3.17	76	3.27	0	0		
Middle-income	2,227	84.00	1,951	84.06	138	85.71		
Upper-income	340	12.83	294	12.67	23	14.29		
Total Assessment Area	2,651	100%	2,321	100%	161	100%		
	Percentage of Total Businesses:			87.55%**		6.07%		

* Business data source: WIZ Business Geographic Data 2001.

** The percentages in the under and over \$1 million categories do not total 100 percent because 169 businesses did not report revenues. The businesses are excluded from these categories but are included in Total Businesses by Tract.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-METROPOLITAN SCHUYLER AND STEUBEN COUNTIES

LENDING TEST

Chemung's overall performance in the non-MSAs with respect to the lending test was good based on good lending activity, and good geographic and borrower distribution, as well as excellent community development lending.

The facts and data used to evaluate the bank's performance are shown in Appendix C. Lending activity is depicted in Table 1, geographic distribution in Tables 2-6, and borrower characteristics are depicted in Tables 8-11.

Lending Activity

Chemung's responsiveness to retail credit needs in the non-MSA assessment area was good, although some weakness was noted in the Steuben County portion of the assessment area. All HMDA-related loans declined on an annualized basis since the previous examination, especially in Steuben County. Still, Chemung ranks second among local financial institutions in both HMDA-related and small business lending market share. (Four national credit card lenders were removed from consideration of small business lending.) Lending was affected by weak economic conditions and a reduction of borrowers' income caused by layoffs.

Geographic Distribution of Lending: The overall distribution of loans reflected good loan penetration based on limited lending opportunities for both HMDA-related and small business lending.

HMDA-related Loans

When compared with the level of owner-occupied housing and the performance of the aggregate, Chemung's performance in HMDA-related lending was adequate. The bank underperformed the aggregate in every HMDA-related product except home purchase where it performed slightly above the aggregate.

Small Loans to Businesses

The distribution of small loans to businesses across census tracts of different income levels reflected adequate penetration. However, there is a very low number of business establishments in the only moderate-income tract in the assessment area.

Borrower Distribution of Lending: The distribution of Chemung's loans among borrowers of different income levels and businesses of different sizes was good.

Home Purchase Loans

The distribution of home purchase loans across borrower income levels reflected good performance when compared with the level of LMI families in the assessment area and the

performance of the aggregate. Chemung provided excellent distribution to moderate-income borrowers exceeding the level of moderate-income families and outperforming the aggregate. There was no lending to low-income borrowers, but such lending is difficult unless subsidy programs are available to assist with down payments and closing costs. Thus, less weight was placed on lending to low-income borrowers.

Refinancings

The distribution of refinance lending across borrower income levels reflected a good level of lending compared with the percentage of LMI families in the assessment area and the performance of the aggregate. Chemung's excellent distribution to moderate-income borrowers outperformed the aggregate, and the lending performance to low-income borrowers was adequate.

Home Improvement Loans

The distribution of home improvement loans across borrower income levels reflected an excellent level of lending compared with the percentage of LMI families in the assessment area and the performance of the aggregate. Chemung provided an excellent distribution to moderate-income borrowers, consistent with the aggregate and an excellent level to low-income borrowers, which was on a par with the aggregate.

Small Loans to Businesses

The distribution of small loans to businesses was adequate compared with both the level of business establishments in the assessment area with GAR of \$1 million or less and the performance of the aggregate. Chemung's performance was below that of the aggregate.

Community Development Lending: Community development lending in the non-MSA areas of Steuben and Schuyler Counties was excellent, totaling \$5 million or 37 percent of the bank's total community development lending activity. Lending for community service initiatives totaled \$4.8 million or 96 percent of community development lending while affordable housing lending totaled \$200 thousand or 4 percent of such lending.

Examples of community development loans originated in the non-MSA areas during the evaluation period include:

- A \$900 thousand line of credit to an organization operating residential, day care, child care, and day treatment facilities to developmentally disabled individuals in Steuben County and throughout the southern tier of New York State.
- A \$500 thousand line of credit to a Schuyler County organization providing services to the mentally handicapped and developmentally disabled.

INVESTMENT TEST

The bank's level of community development investment was adequate. Community development investments in the non-MSAs of Steuben and Schuyler Counties totaled \$53.1 thousand, or less than 1 percent of total community development activity. The activity was targeted to economic development and community service activities. For details, see Table 14.

SERVICE TEST

Chemung's performance under the service test in the non-MSA assessment area was excellent based on a delivery system which is readily accessible to individuals and geographies of different income levels, as well as an excellent level of community development services.

Retail Services: The bank provides good accessibility to its delivery systems. Of the five branches in the non-MSA assessment area, two branches are located adjacent to the moderate-income tract and are readily accessible. All branches maintain 24-hour ATMs. In addition, the bank has an off-site ATM in Corning.

All branches maintain regular business hours Monday through Friday. Two of the three branches open on Saturday mornings are located adjacent to moderate-income areas. The same full range of loans and deposit services is available at all branch offices. For details, see Table 15.

Community Development Services: The bank provided an excellent level of community services, considering the limited opportunities available. In the non-MSA assessment areas, five officers and employees served on boards and committees of groups such as the Cornell Cooperative Extension, Southern Tier Economic Development, Quota International Bath and the Three Rivers Development Council in Corning. The bank also participated in several first-time home buyer workshops in conjunction with the Tri-County Housing Council.

CRA APPENDIX A

SCOPE OF EXAMINATION

Please see page BB3 for the Scope of Examination.

CRA APPENDIX B

GLOSSARY

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

Block numbering area (“BNA”): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

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: 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.

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 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 or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

Household: 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 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 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”): Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”), or consolidated metropolitan area (“CMSA”), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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.

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

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.

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 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.

CRA APPENDIX C

FFIEC INTERAGENCY CORE CRA PUBLIC EVALUATION TABLES

Table 1. Lending Volume

LENDING VOLUME												
Geography: CHEMUNG CANAL TRUST ASSESSMENT AREAS												
Evaluation Period: JANUARY 1, 2000 TO OCTOBER 31, 2001												
Metropolitan Statistical Area/ Assessment Area	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)		\$(000's)	
Full Review:												
MSA 2335	69.86	695	24,002	641	83,927	0	0	22	8,293	1,358	116,222	62.47
MSA 0960	7.00	87	2,582	47	5,658	0	0	2	110	136	8,350	11.34
Non-MSAs	23.15	271	13,177	155	22,440	0	0	24	5,031	450	40,648	26.20
Outside Assessment Area								1	160	1	160	

* Loan data as of October 31, 2001. Rated area refers to the overall state assessment area.

** The evaluation period for community development loans is January 1, 2000, to October 31, 2001.

*** Deposit data as of October 31, 2001. Rated area refers to the overall state assessment area.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE ("HP")														
Geography: CHEMUNG CANAL TRUST ASSESSMENT AREAS														
Evaluation Period: JANUARY 1, 2000 TO OCTOBER 31, 2001														
Metropolitan Statistical Area/ Assessment Area	Total HP Loans		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
Full Review:														
MSA 2335	160	62.02	0.49	0	6.43	8.13	67.64	60	25.44	31.88	0.43	7.26	64.04	28.26
MSA 0960	20	7.75	0	0	15.94	75	49.52	15	34.55	10	0	17.05	47.10	35.85
Non-MSAs	78	30.23	0	0	5.52	3.85	80.64	71.79	13.84	24.36	0	3.61	72.98	23.41

* Based on 2000 aggregate HMDA data only.

** Home purchase loans originated and purchased in the overall state assessment area as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of owner-occupied units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT ("HI")		Geography: CHEMUNG CANAL TRUST ASSESSMENT AREAS						Evaluation Period: JANUARY 1, 2000 TO OCTOBER 31, 2001						
Metropolitan Statistical Area/ Assessment Area	Total HI Loans		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
Full Review:														
MSA 2335	406	68.7	0.49	0.49	6.43	6.4	67.64	69.7	25.44	23.40	0.95	4.99	70.31	23.75
MSA 0960	51	8.63	0	0	15.94	64.71	49.52	29.41	34.55	5.88	0	19.63	48.52	31.85
Non-MSAs	134	22.67	0	0	5.52	0.75	80.64	93.28	13.84	5.97	0	3.85	89.86	6.29

* Based on 2000 peer mortgage data Northeast Region.

** Home improvement loans originated and purchased in the overall state assessment area as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of owner-occupied units is the number of owner-occupied housing units in a particular geography divided by number of owner-occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCINGS		Geography: CHEMUNG CANAL TRUST ASSESSMENT AREAS						Evaluation Period: JANUARY 1, 2000 TO OCTOBER 31, 2001						
Metropolitan Statistical Area/ Assessment Area	Total Refinancings		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
Full Review:														
MSA 2335	128	63.05	0.49	0	6.43	5.47	67.64	60.16	25.44	34.38	0.54	8.26	70.38	20.83
MSA 0960	16	7.88	0	0	15.94	75	49.52	12.50	34.35	12.5	0	17.89	56.49	25.61
Non-MSAs	59	29.06	0	0	5.52	1.69	80.64	89.83	13.84	8.47	0	5.13	79.69	15.18

* Based on 2000 peer mortgage data Northeast Region.

** Home mortgage refinance loans originated and purchased in the overall state assessment area as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of owner-occupied units is the number of owner-occupied housing units in a particular geography divided by number of owner-occupied housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: CHEMUNG CANAL TRUST ASSESSMENT AREAS								Evaluation Period: JANUARY 1, 2000 TO OCTOBER 31, 2001					
Metropolitan Statistical Area/ Assessment Area	Total Loans		Low-income Geographies		Moderate-income Geographies		Middle-income Geographies		Upper-income Geographies		Aggregate Lending (%) by Tract Income*				
	#	% of Total**	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	Low	Mod	Mid	Upper	
Full Review:															
MSA 2335	641	76.04	4.26	5.46	23.32	25.74	51.83	50.7	20.57	18.1	4.18	20.48	50.61	20.72	
MSA 0960	47	5.57	0	0	17.34	29.79	59.94	63.83	22.73	6.38	0	12.48	57.04	27.45	
Non-MSAs	155	18.39	0	0	3.17	1.29	84.01	81.94	12.83	16.77	0	7.15	79.89	8.51	

* Based on 2000 peer small business data U.S. and Puerto Rico.

** Small loans to businesses originated and purchased in the overall state assessment area as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source of data: Dun and Bradstreet (2001).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: CHEMUNG CANAL TRUST ASSESSMENT AREAS								Evaluation Period: JANUARY 1, 2000 TO OCTOBER 31, 2001					
Metropolitan Statistical Area/ Assessment Area	Total HP Loans		Low-income Borrowers		Moderate-income Borrowers		Middle-income Borrowers		Upper-income Borrowers		Aggregate Lending Data*				
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid	Upper	
Full Review:															
MSA 2335	160	62.02	18.75	9.21	18.82	24.34	23.45	23.68	38.98	42.76	8.22	23.14	28.3	40.34	
MSA 0960	20	7.75	18.88	10.53	17.96	26.32	25.71	47.37	37.45	15.79	7.12	24.62	30.19	38.08	
Non-MSAs	78	30.23	17.41	0	19.82	26.32	24.39	23.68	38.38	50	4.73	18.81	23.42	53.03	

* Based on 2000 peer mortgage data Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 4.26% of loans originated and purchased by the bank.

*** Percentage of families is based on 1990 Census information.

**** Home purchase loans originated and purchased in the overall state assessment area as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: CHEMUNG CANAL TRUST ASSESSMENT AREAS						Evaluation Period: JANUARY 1, 2000 TO OCTOBER 31, 2001						
Metropolitan Statistical Area/ Assessment Area	Total HI Loans		Low-income Borrowers		Moderate-income Borrowers		Middle-income Borrowers		Upper-income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid	Upper
Full Review:														
MSA 2335	406	68.7	18.75	10.74	18.82	24.04	23.45	26.85	38.98	38.36	9.6	19.95	28.28	42.17
MSA 0960	51	8.63	18.88	30	17.96	30	25.71	28	37.45	12	11.72	17.58	28.52	42.19
Non-MSAs	134	22.67	17.41	15.27	19.82	25.95	24.39	27.48	38.38	31.3	15.13	28.78	23.62	32.47

* Based on 2000 peer mortgage data Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 3.21% of loans originated and purchased by the bank.

*** Percentage of families is based on 1990 Census information.

**** Home purchase loans originated and purchased in the overall state assessment area as a percentage of all home purchase loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCINGS		Geography: CHEMUNG CANAL TRUST ASSESSMENT AREAS						Evaluation Period: JANUARY 1, 2000 TO OCTOBER 31, 2001						
Metropolitan Statistical Area/ Assessment Area	Total Refinancings		Low-income Borrowers		Moderate-income Borrowers		Middle-income Borrowers		Upper-income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid	Upper
Full Review:														
MSA 2335	128	63.05	18.75	4.1	18.82	12.3	23.45	40.16	38.98	43.44	9.19	19.23	34.19	37.39
MSA 0960	16	7.88	18.88	0	17.96	20	25.71	33.33	37.45	46.67	12.45	24.07	27.39	36.1
Non-MSAs	59	29.06	17.41	3.45	19.82	20.69	24.39	34.48	38.38	41.38	6.11	20.56	26.39	46.94

* Based on 2000 peer mortgage data Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 3.94% of loans originated and purchased by the bank.

*** Percentage of families is based on 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the overall state assessment area as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: CHEMUNG CANAL TRUST ASSESSMENT AREAS			Evaluation Period: JANUARY 1, 2000 TO OCTOBER 31, 2001				
Metropolitan Statistical Area/ Assessment Area	Total Small Loans to Businesses		Businesses With Revenues of \$1 Million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% Bank Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1 Million	All	Revenues \$1 Million or Less
Full Review:									
MSA 2335	641	76.04	87.71	34.48	68.8	17.16	14.04	1,221	388
MSA 0960	47	5.57	87.79	61.7	65.96	23.4	10.64	561	231
Non-MSAs	155	18.39	87.55	35.48	66.45	18.71	14.84	1,258	614

* Based on 2000 peer small business data U.S. and Puerto Rico.

** Small loans to businesses originated and purchased in the overall state assessment area as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 17.2% of small loans to business originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: CHEMUNG CANAL TRUST ASSESSMENT AREAS			Evaluation Period: JANUARY 1, 2000 TO OCTOBER 31, 2001				
Metropolitan Statistical Area/ Assessment Area	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
MSA 2335	5	3,972	79	821	84	4,793	70.10	0	0
MSA 0960	7	950	26	2,570	33	3,520	29.5	0	0
Non-MSAs	0	0	33	53	33	53	0.44	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.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM & OPENINGS/CLOSINGS																		
Geography: CHEMUNG CANAL TRUST ASSESSMENT AREAS																		
Evaluation Period: JANUARY 1, 2000 TO OCTOBER 31, 2001																		
Metropolitan Statistical Area/ Assessment Area	Deposits	Branches						Branch Openings/Closings						Population				
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population Within Each Geography				
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper	
Full Review:																		
MSA 2335	62.47	7	50	0	14.2	57.1	28.5	0	0	0	0	0	0	0	2.57	12.68	61.71	21.17
MSA 0960	11.34	2	14.29	0	50	50	0	0	0	0	0	0	0	0	0	17.05	50.78	32.17
Non-MSAs	26.2	5	35.71	0	0	20	80	0	0	0	0	0	0	0	0	5.64	81.06	13.3

CRA APPENDIX D

INSERT MAP OF THE ASSESSMENT AREA