

PUBLIC DISCLOSURE

May 29, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Chemung Canal Trust Company
RSSD No. 884303**

**One Chemung Canal Plaza
Elmira, NY 14901**

**FEDERAL RESERVE BANK OF NEW YORK
33 LIBERTY STREET
NEW YORK, N.Y. 10045**

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

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INSTITUTION RATING

Chemung Canal Trust Company (“Chemung”) is rated Outstanding.

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

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

Major factors supporting the rating are:

- Chemung’s community development activities demonstrate an overall excellent responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s assessment areas.
 - A substantial majority of loans were made in the assessment areas.
 - Chemung’s loan-to-deposit ratio was reasonable.
 - The overall distribution of loans to borrowers of different incomes and businesses of different sizes was reasonable.
 - The overall geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.

DESCRIPTION OF INSTITUTION

Chemung is a New York State-chartered bank that is a wholly-owned subsidiary of Chemung Financial Corporation. Established in 1833, Chemung is headquartered in Elmira, New York. Chemung provides full-service banking and trust services to commercial and consumer customers.

As of December 31, 2011, Chemung reported total assets of \$1.2 billion, with total net loans and leases of \$787 million and total deposits of \$1 billion. These deposits were located within 29 full-service branch offices in the Southern Tier of New York State and Northern Pennsylvania. The total number of branches include the five branches acquired on April 11, 2011 from Capital Bank of Albany.

Chemung's market is competitive with local, regional and multinational banks, mortgage companies, credit unions and other financial institutions operating in its assessment areas. Chemung's primary bank competitors include Manufacturers and Traders Trust Company ("M&T"), HSBC Bank NA, Elmira Savings Bank, Community Bank NA, Five Star Bank and Tioga State Bank.

There are no financial or legal impediments preventing Chemung from serving the credit needs of its assessment areas. Chemung received an outstanding rating at the prior CRA examination, dated April 5, 2010, conducted by the Federal Reserve Bank of New York.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

Chemung has six assessment areas located in New York and Pennsylvania and consisting of the following:

Full Scope Assessment Areas in New York

- MSA 21300 (Elmira, NY), consisting of Chemung County, NY.
- New York Non-MSA Counties, consisting of Schuyler County and the eastern portion of Steuben County, NY.
- MSA 13780 (Binghamton, NY), consisting of portions of Broome County including the City of Binghamton and Tioga County.

Limited Scope Assessment Areas in New York

- MSA 10580 (Albany-Schenectady-Troy, NY) which includes all of Albany and Saratoga Counties.
- MSA 27060 (Ithaca, NY) consisting of Tompkins County, NY.

Full Scope Assessment Area in Pennsylvania

- Non-MSA Pennsylvania consisting of all of Bradford County, the eastern portion of Tioga County and the western portion of Sullivan County.

Full scope assessment areas were identified based on the significance of the bank's lending and deposit activities within these assessment areas in comparison to other assessment areas. Chemung's performance in MSA 21300 (Elmira, NY), the NY Non-MSA assessment area and MSA 13780 (Binghamton, NY), received the most weight in determining the bank's overall New York State rating because of their concentration of deposits, lending, population, and owner-occupied housing units. MSA 21300 (Elmira, NY), the NY non-MSA assessment area and MSA 13780 (Binghamton, NY) had 81% of the deposits in the New York State assessment area and 90% of the combined HMDA and small business loan volume in the New York State assessment area. The remaining two assessment areas in New York State did not have a substantial effect on the overall rating. See Exhibit 2 for details of key assessment area data in New York State.

Chemung's assessment areas are in compliance with the requirements of Section 228.41 of Regulation BB and do not arbitrarily exclude low- and moderate-income ("LMI") geographies. A map illustrating Chemung's assessment areas is in Appendix B.

SCOPE OF EXAMINATION

Procedures and Products

Chemung was examined using the Federal Financial Institutions Examination Council's ("FFIEC") Interagency CRA Examination Procedures for Intermediate Small Institutions, which consists of the small bank lending test and a community development test. The examination covers the evaluation period January 1, 2010 through December 31, 2011 for the lending test. Examiners reviewed activities pertaining to the community development test for the period January 1, 2010 through March 31, 2012.

Retail loan products including home purchase, refinance, and home improvement loans reported under the Home Mortgage Disclosure Act ("HMDA") and small business loans originated during 2010 and 2011 were analyzed. Examiners verified the integrity of HMDA-related loans reported by Chemung for the reporting years 2010 and 2011 as well as the small business loans originated during 2010 and 2011. In addition, examiners reviewed community development loans, qualified investments, and community development services.

Lending Distribution Analysis

The analysis of borrower and geographic distribution was based on the loans made in the assessment areas. To analyze the borrower characteristics of HMDA-related loans, the proportion of originations to LMI borrowers was compared with the proportion of LMI families in the assessment areas. Income estimates from the U.S. Department of Housing and Urban Development ("HUD") were used to categorize borrower income. For small business loans, Chemung's percentage of loans to businesses with gross annual revenues ("GAR") of \$1 million or less was compared to the percentage of all such businesses in the assessment areas. The size

of the small business loan was also used as a proxy to identify lending to businesses with GAR of \$1 million or less.

To evaluate geographic distribution, the proportion of HMDA-related loan originations was compared to the proportion of owner-occupied housing units located in LMI geographies. For small business loans, the analysis compared the proportion of loan originations to the proportion of businesses located in LMI geographies.

Chemung's lending performance in 2010 was also compared to the 2010 loan data of the aggregate of all HMDA-reporting lenders. Aggregate data for 2011 was not publicly available for comparison at the time of this examination.

Peer data was used for the loan-to-deposit analysis. Local peer banks were selected based on the amount of deposits and number of branches in order to choose banks similarly-sized to Chemung within the full scope MSA's. Local peer banks selected include NBT National Association, Tioga State Bank, Elmira Savings Bank, and Tompkins Trust Company. Chemung's loan-to-deposit performance was also compared to its National Peer group. The bank's performance in making community development loans and qualified investments was also compared with peer banks in MSA 21300, the non-MSA assessment area, and MSA 13780. No peer comparisons were made in the Pennsylvania portion of the assessment area due to Chemung's limited presence in that geography.

Deriving Overall Conclusions

Chemung's performance in the New York State assessment areas received the most weight in deriving the bank's overall CRA performance rating. In addition to containing 84% of the total retail and small business loans and 93% of deposits in the bank's overall assessment area, 90% of branches, 93% of all census tracts and all of the LMI census tracts are located in the New York State assessment areas. Furthermore, 93% of home purchase loans, 81% of refinance loans, 88% of home improvement loans, and 79% of small business loans were originated in the New York State assessment areas during the examination period.

Community Contacts

In order to learn more about community credit needs, examiners conducted interviews with one economic development agency and two non-profit agencies that are actively involved with affordable housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Chemung's overall record of meeting the credit needs of its assessment areas through lending performance is satisfactory. Chemung originated a substantial majority of loans within its assessment area and its loan-to-deposit ratio was reasonable. The overall distribution of loans to borrowers of different incomes and businesses of different sizes was reasonable. The overall geographic distribution of HMDA-related and small business loans represented reasonable penetration among geographies of different income levels including LMI geographies.

Loan-to-Deposit Ratio

Chemung’s loan-to-deposit ratio was reasonable given Chemung’s size, financial condition, and the credit needs of its assessment areas. Chemung’s average loan-to-deposit ratio for the eight most recent quarters ending December 31, 2011, was 74%, based on information contained in its Consolidated Report of Condition and Income. This ratio was slightly below the national peer average of 78% and was also slightly below the average ratio of 78% for five similarly-situated banks with branches in the assessment areas during the same time period.

Lending in the Assessment Area

Chemung originated a substantial majority of its loans, 92% by number, and 88% by dollar amount, overall, in its assessment areas. Chemung originated 93% by number and 89% by dollar amount of its HMDA-related loans and 89% of its small business loans by number and 86% by dollar amount, within its assessment areas, as shown in the following table:

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$ ('000s)	%	#	%	\$ ('000s)	%
Home Purchase	209	91	23,091	86	21	9	3,636	14
Refinancings	579	91	61,194	89	55	9	7,618	11
Home Improvement	669	96	19,159	95	31	4	1,090	5
Multifamily	3	75	713	79	1	25	185	21
Total HMDA	1,460	93	104,157	89	108	7	12,529	11
Small Business	322	89	62,137	86	38	11	10,060	14
All Loans	1,782	92	166,294	88	146	8	22,589	12

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Chemung’s overall lending penetration among borrowers of different income levels, including LMI individuals and businesses of different sizes, was reasonable. The reasonable rating is based on reasonable performance in the New York Assessment areas and reasonable performance in the non-MSA Pennsylvania assessment area.

Geographic Distribution of Loans

The overall distribution of loans reflected reasonable penetration in all geographies throughout Chemung’s assessment areas including LMI geographies. This conclusion is based on reasonable performance in the New York Assessment areas and reasonable performance in the non-MSA Pennsylvania assessment area.

RESPONSE TO COMPLAINTS

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

Exhibit 1: Summary of Key Assessment Area Data			
Key Data	New York	Pennsylvania	Totals
Total Population¹	943,488	82,327	1,025,815
Population % of AA population	92%	8%	100%
Families	234,750	22,909	257,659
Families % of AA families	91%	9%	100%
Total Census Tracts¹	235	19	254
Tracts % AA tracts	93%	7%	100%
LMI tracts	58	0	58
LMI tracts % all AA LMI tracts	100%	0%	100%
Total Owner-Occupied Units¹	238,391	24,722	263,113
Units % of AA units	91%	9%	100%
Business Establishments²	41,706	2,659	44,365
Bus. est. % AA bus. est.	94%	6%	100%
Number of Branches³	26	3	29
Branches % all branches	90%	10%	100%
Branches in LMI tracts	4	0	4
LMI branches % AA LMI branches	100%	0%	100%
Branch Deposits (\$'000s)⁴	943,773	71,928	1,015,701
Deposits % AA deposits	93%	7%	100%
Deposit Market Share (%) / Rank in Mkt.	4.1/6	4.0/6	na
Home Purchase Originations⁵	194	15	209
HP originations % AA orig.	93%	7%	100%
Refinance Originations⁵	457	110	567
Refi orig. % AA orig.	81%	19%	100%
Home Improvement Originations⁵	586	83	669
HI orig. % AA orig.	88%	12%	100%
Small Business Originations⁵	255	67	322
SB orig. % AA orig.	79%	21%	100%
Combined Loan Totals⁵	1,492	275	1,767
% of AA Originations	84%	16%	100%

(1) U.S. Census Data for 2000.
(2) Source: 2010 Dun & Bradstreet
(3) Number of branches as of 12/31/2011
(4) Source: FDIC summary of deposit data as of 6/30/2011.
(5) Originations include originations from January 1, 2010 - December 31, 2011

COMMUNITY DEVELOPMENT TEST

Chemung’s performance under the community development test is rated outstanding. Chemung demonstrated excellent responsiveness to the community development needs of its assessment areas through an excellent level of community development loans, qualified investments, and community development services, considering Chemung’s capacity and the need and availability of such opportunities for community development in Chemung’s assessment areas.

During the examination period, Chemung’s community development loans and qualified investments totaled \$48 million, of which 97% were made in the bank’s assessment areas. \$24 million, or 50% of total activity represented new loans and investments made since the prior examination. In terms of dollar volume, total community development efforts increased by 15% on an annualized basis since the prior examination however annualized community development loans and qualified investments declined from 1.2% to 1% as a percentage of average assets. The acquisition of Capital Bank in April, 2011 influenced the decline in this ratio. See the chart below for details of the bank’s total community development loans and qualified investments.

Exhibit 2		
Summary of Community Development Loans and Qualified Investments		
January 1, 2010 – March 31, 2012		
Designation	(\$000)	%
Affordable Housing	\$2,973	6.2%
Community Services	\$30,008	62.5%
Economic Development	\$3,959	8.2%
Revitalize and Stabilize	\$11,057	23.0%
Total Activity	\$47,997	100.0%

**Lending activity includes new loans and investments made during the examination period as well as loans and investments with existing balances from the prior examination period that were outstanding as of 3/31/2012.*

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Chemung is in compliance with the substantive provisions of the anti-discrimination laws and regulations. No evidence of discriminatory or other illegal credit practice was identified as being inconsistent with helping to meet the credit needs of the assessment area.

STATE OF NEW YORK

CRA RATING FOR NEW YORK STATE: OUTSTANDING

The Lending Test is rated: *Satisfactory*

The Community Development Test is rated: *Outstanding*

The major factors supporting the rating include:

- An excellent level of community development activities;
- A reasonable overall distribution of loans among individuals of different income levels and businesses of different sizes; and
- A reasonable overall geographic distribution of loans in the bank's assessment areas.

SCOPE OF EXAMINATION

Examiners conducted full-scope analyses of the following three assessment areas in New York State:

- MSA 21300 (Elmira, NY): Includes Chemung County in its entirety
- NY Non-MSA: Includes all of Schuyler County and the eastern portion of Steuben County.
- MSA 13780 (Binghamton, NY): Includes the City of Binghamton, the region west of Binghamton and all of Tioga County, NY.

90% or more of the Chemung's lending and deposit taking activities are conducted in the full-scope assessment areas.

DESCRIPTION OF INSTITUTION'S OPERATIONS

Chemung's performance in the New York State assessment areas received the most weight in deriving the bank's overall CRA performance rating. In addition to containing 84% of the total retail and small business loans and 93% of deposits in the bank's overall assessment area, 90% of branches, 93% of all census tracts and all of the LMI census tracts are located in the New York State assessment areas. Furthermore, 93% of home purchase loans, 81% of refinance loans, 88% of home improvement loans, and 79% of small business loans were originated in the New York State assessment areas during the examination period.

Chemung had a 41% deposit market share and ranked first in the market in the Elmira (MSA 21300) assessment area and had a 5% deposit market share and ranked sixth in the market in the Binghamton (MSA 13780) assessment area. In the NY Non-MSA counties of Schuyler and Steuben, Chemung had an 18% deposit market share and ranked third in the market.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW YORK STATE

LENDING TEST

Chemung's lending test performance is rated satisfactory based on overall reasonable performance in the distribution of loans to borrowers of different incomes and businesses of different sizes and overall reasonable performance in the geographic distribution of loans.

Borrower Distribution:

The overall borrower distribution of HMDA-related and small business loans was reasonable. This conclusion is based on reasonable performance in MSA 21300 (Elmira, NY), the New York Non-MSA (Schuyler and Steuben County, NY) and in MSA 13780 (Binghamton, NY).

Geographic Distribution:

The overall geographic distribution of HMDA-related and small business loans reflected reasonable penetration in LMI geographies. This conclusion is based on reasonable performance in MSA 21300 (Elmira, NY), and poor performance in the New York Non-MSA areas (Schuyler and Steuben County, NY) and in MSA 13780 (Binghamton, NY).

COMMUNITY DEVELOPMENT TEST

Chemung demonstrated overall outstanding responsiveness to the community development needs of the New York assessment areas. Total community development loans and qualified investments increased 14.7% on an annualized basis. Chemung provided an excellent level of community development activities in MSA 21300 (Elmira, NY), and the New York Non-MSA areas (Schuyler and Steuben County, NY). Adequate performance was noted in MSA 13780 (Binghamton, NY).

METROPOLITAN AREA (FULL REVIEW)

MSA 21300 (Elmira, NY)

DESCRIPTION OF INSTITUTION'S OPERATIONS

As of December 31, 2011, Chemung operated 7 of 26 New York State branches (27%) in this MSA. These branches generated \$453 million in deposits, which accounts for 48% of the bank's New York State branch deposits as of June 30, 2011. Of the bank's total New York State HMDA loans and small business loans originated during 2010 and 2011, 52% were originated in this MSA.

Chemung ranked first in deposit market share with 41%. Other lead banks in terms of deposit market share were Elmira Savings Bank, HSBC Bank National Association, Community Bank, National Association, Five Star Bank, Manufacturers and Traders Trust Company, and Tioga

State Bank. For additional assessment area data, see Exhibit 2, Summary of Key Assessment Area Data - New York State.

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce’s Bureau of Census, the U.S. Department of Labor, and the National Association of Realtors.

Demographic Characteristics

According to the 2000 Census, the population of MSA 21300 is 91,070. The MSA is comprised of Chemung County. The City of Elmira is the largest city in the MSA with a population of 29,310. The percentage of the population 65 and older is 16% in Chemung County compared with 13% in New York State. Of the 23 census tracts located in MSA 21300, 6 or 26% are LMI.

Income Characteristics

According to the 2000 census, MSA 21300 has 23,461 families, of which 4,313 (18%) are low-income families and 4,377 (19%) are moderate-income families. As shown in the table to the right, the HUD-adjusted median family income for MSA 21300 was \$57,200 in 2010 and \$56,200 in 2011. These income levels are low in comparison to New York State’s 2011 HUD-adjusted median family income of \$70,400.

HUD MEDIAN FAMILY INCOMES		
Area	2010	2011
MSA 21300	\$57,200	\$56,200

Housing Characteristics

Housing costs are comparatively low in the MSA, particularly, in comparison to the state average median sales price as shown in the table to the right. Nonetheless, housing affordability remains difficult for low-income borrowers in the MSA. The median housing cost in the assessment area is about four times the median family income of a low-income borrower and two times the income of a moderate-income borrower. Community contacts, reported, however, that due to Elmira’s close proximity to Pennsylvania, housing costs have been affected by the drilling for natural gas as available rental housing has been taken by industry workers.

MEDIAN HOUSING SALES PRICE		
Area	2010	2011
MSA 21300	\$99,950	\$105,000
New York State	\$214,000	\$212,500
Source: NYS Assoc. of Realtors		

Exhibit 3: Summary of Key Assessment Area Data - New York State

Key Data	MSA 21300	NY-Non-MSA	MSA 10580	MSA 13780	MSA 27060	Total New York State
Total Population ¹	91,070	78,720	495,200	181,997	96,501	943,488
Population % of AA population	10%	8%	52%	19%	10%	100%
Families	23,461	21,148	125,266	45,616	19,259	234,750
Families % of AA families	10%	9%	53%	19%	8%	100%
Total Census Tracts ¹	23	23	118	48	23	235
Tracts % AA tracts	10%	10%	50%	20%	10%	100%
LMI tracts	6	1	29	17	5	58
LMI tracts % all AA LMI tracts	10%	2%	50%	29%	9%	100%
Total Owner-Occupied Units ¹	24,159	22,923	125,859	45,867	19,583	238,391
Units % of AA units	10%	10%	53%	19%	8%	100%
Business Establishments ²	3,132	3,074	24,462	7,314	3,724	41,706
Bus. est. % AA bus. est.	8%	7%	59%	18%	9%	100%
Number of Branches ³	7	5	6	6	2	26
Branches % all branches	27%	19%	23%	23%	8%	100%
Branches in LMI tracts	1	0	1	1	1	4
LMI branches % AA LMI branches	25%	0%	25%	25%	25%	100%
Branch Deposits (\$'000s) ⁴	453,464	175,334	157,647	127,569	29,759	943,773
Deposits % AA deposits	48%	19%	17%	14%	3%	100%
Dep. Mkt. Shr. (%)/ Rank in Mkt.	41/1	17.9/3	.75/16	4.9/6	1.9/10	4.1/6
Home Purchase Originations ⁵	114	42	7	13	18	194
HP originations % AA orig.	59%	22%	4%	7%	9%	100%
Refinance Originations ⁵	226	101	0	89	41	457
Refi orig. % AA orig.	49%	22%	0%	19%	9%	100%
Home Improvement Originations ⁵	312	147	2	104	21	586
HI orig. % AA orig.	53%	25%	0%	18%	4%	100%
Small Business Originations ⁵	123	36	50	38	8	255
SB orig. % AA orig.	48%	14%	20%	15%	3%	100%
Combined Loan Totals ⁵	775	326	59	244	88	1,492
% of AA Originations	52%	22%	4%	16%	6%	100%

(1) U.S. Census Data for 2000.

(2) Source: 2010 Dun & Bradstreet

(3) Number of branches as of 12/31/2011

(4) Source: FDIC summary of deposit data as of 6/30/2011.

(5) Originations include originations from January 1, 2010 - December 31, 2011

Labor, Employment and Economic Characteristics

Long term economic trends in the Elmira MSA indicate an increase in employment in education, health care and services. Community contacts noted, however, that many of the service jobs are low paying. In addition, during the examination period, the average annual unemployment rates for Chemung County decreased from 8.5% in 2010 to 7.9% in 2011 as the economy improved.

U.S. DEPARTMENT OF LABOR ANNUAL UNEMPLOYMENT RATES		
Area	2010	2011
MSA 21300	8.5%	7.9%
State of New York	8.6%	8.2%

According to the New York State Department of Labor the MSA has had limited benefits from anticipated drilling for natural gas in the Southern Tier of New York State. One firm is already constructing a \$30 million facility to supply materials and technical services to the drilling industry. Also, many New York state residents have taken jobs in the natural gas industry in Pennsylvania. For additional assessment area details see the Assessment Area Demographic Report on the following page.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Chemung’s overall record of lending in MSA 21300 (Elmira, NY) was satisfactory, based on reasonable lending to borrowers of different income levels and to businesses of different sizes and a reasonable geographic distribution of lending.

Distribution by Borrower Income and Revenue Size of Business

Lending performance in the assessment area relating to borrower distribution in 2010 was reasonable overall, and reflected reasonable penetration among individuals of all income levels (including LMI) and businesses of different sizes. While housing is generally affordable to moderate-income borrowers in the MSA, housing costs are generally 3 or 4 times the income of low-income borrowers.

Overall, Chemung’s performance in 2011 was similar overall to its performance in 2010. The bank’s 2010 performance in lending to low- and moderate- income borrowers within each HMDA and small business product compared to the aggregate’s performance is summarized in the chart below:

Assessment Area Demographics								
Assessment Area: MSA 21300 (Elmira, NY)								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	8.7	438	1.9	167	38.1	4,313	18.4
Moderate-income	4	17.4	3,155	13.4	665	21.1	4,377	18.7
Middle-income	13	56.5	14,210	60.6	1,158	8.1	5,498	23.4
Upper-income	3	13.0	5,658	24.1	152	2.7	9,273	39.5
Unknown-income	1	4.3	0	0.0	0	0.0	0	0.0
Total Assessment Area	23	100.0	23,461	100.0	2,142	9.1	23,461	100.0
	Housing	Housing Types by Tract						
	Units by Tract	Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	1,393	107	0.4	7.7	1,035	74.3	251	18.0
Moderate-income	6,366	2,351	9.7	36.9	3,292	51.7	723	11.4
Middle-income	22,153	15,310	63.4	69.1	5,424	24.5	1,419	6.4
Upper-income	7,830	6,391	26.5	81.6	1,136	14.5	303	3.9
Unknown-income	3	0	0.0	0.0	3	100.0	0	0.0
Total Assessment Area	37,745	24,159	100.0	64.0	10,890	28.9	2,696	7.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	347	11.1	271	9.9	48	22.6	28	15.3
Moderate-income	471	15.0	385	14.1	49	23.1	37	20.2
Middle-income	1,577	50.4	1,420	51.9	80	37.7	77	42.1
Upper-income	733	23.4	657	24.0	35	16.5	41	22.4
Unknown-income	4	0.1	4	0.1	0	0.0	0	0.0
Total Assessment Area	3,132	100.0	2,737	100.0	212	100.0	183	100.0
	Percentage of Total Businesses:			87.4		6.8		5.8

Based on 2000 Census Information

<i>MSA 21300 (Elmira, NY)</i>				
<i>PRODUCT</i>	Low-income Borrowers		Moderate-income Borrowers	
	Chemung's Performance	2010 Aggregate Comparison	Chemung's Performance	2010 Aggregate Comparison
Home Purchase	Reasonable	Below	Excellent	Similar
Refinance	Poor	Significantly Below	Reasonable	Slightly Below
Home Improvement	Reasonable	Slightly Above	Excellent	Above
<i>PRODUCT</i>	Lending to Businesses with GAR ≤ \$1 million		2010 Aggregate Comparison	
Small Business	Excellent		Significantly Above	

Home Purchase Loans

Chemung's overall distribution of home purchase loans to LMI borrowers was excellent based on reasonable distribution to low-income borrowers and excellent distribution to moderate-income borrowers. In 2010, Chemung made 5% of its home purchase loans to low-income borrowers while 18% of the families in the MSA are low-income. Chemung's performance was below the market aggregate, which made 9% of its home purchase loans to low-income borrowers. Performance in lending to moderate-income borrowers was excellent as 27% of Chemung's home purchase loans were made to moderate-income borrowers compared to 19% of families in the MSA that were of moderate-income. Chemung's performance was similar to the market aggregate which made 25% of its home purchase loans to moderate-income borrowers in 2010. Chemung's 2011 performance was similar.

Refinance Loans

Chemung's overall distribution of refinance loans to LMI borrowers was reasonable based on reasonable distribution to moderate-income borrowers and poor distribution to low-income borrowers. Chemung's distribution of refinance loans to low-income borrowers was poor as only 2% of refinance loans were made to low-income borrowers compared to 18% of all families in the MSA that were of low-income. Chemung's performance was significantly below the market aggregate which made 5% of its refinance loans to low-income borrowers. Chemung's distribution of refinance loans to moderate-income borrowers was reasonable as 13% of refinance loans were made to moderate-income borrowers compared to 19% of all families in the MSA that were of moderate-income. Chemung's performance was slightly below the market aggregate which made 14% of its refinance loans to moderate-income borrowers. Chemung's 2011 performance was similar.

Home Improvement Loans

Chemung's overall distribution of home improvement loans to LMI borrowers was excellent based on excellent distribution to moderate-income borrowers and reasonable distribution to low-income borrowers. In 2010, Chemung made 15% of its home improvement loans to low-income borrowers while 18% of the families in the MSA are low-income. Chemung's performance was slightly above the market aggregate, which made 14% of its home improvement loans to low-income borrowers. Performance in lending to moderate-income borrowers was excellent as 33% of Chemung's home improvement loans were made to moderate-income borrowers compared to 19% of families in the MSA that were of moderate-income. Chemung's performance was above the market aggregate which made 25% of its home improvement loans to moderate-income borrowers in 2010. Chemung's 2011 performance was similar.

Small Business Loans

The overall level of lending to small businesses was reasonable based on excellent performance in 2010 and reasonable performance in 2011. During 2010, Chemung made 89% of its small business loans to businesses with gross annual revenues of \$ 1 million or less, compared to 87% of business establishments in the MSA with GAR of \$1 million or less. Performance was significantly above the aggregate which made 29% of its loans to businesses with GAR of \$1 million or less. Chemung's performance in 2011 was reasonable as 30% of its small business loans were made to businesses with GAR of \$1 million or less. According to bank management differences between performance in 2011 and 2010 were due to increased borrowings by businesses with GAR of \$ 1 million or more.

During 2010 100% of Chemung's loans were in amounts of \$100,000 or less, with an average loan size of \$44,736. Chemung out-performed the aggregate which originated 94% of its loans in amounts of \$100,000 or less. Performance in 2011 was below 2010's performance as 54% of its small business loans were in amounts of \$100,000 or less.

Geographic Distribution of Loans

Chemung's overall geographic distribution of loans reflects reasonable dispersion throughout the entire assessment area, including LMI census tracts. HMDA-related lending performance was reasonable while small business lending performance was excellent. Opportunities to make HMDA-related loans in low-income census tracts were very limited. Less than 1% or 107 owner-occupied housing units were located in low-income census tracts. This performance context consideration is confirmed by the performance of the market aggregate, which in 2010 made only 5 HMDA-related loans in low-income census tracts. Additionally, 38% of the families residing in low-income census tracts have incomes below the poverty level, further limiting lending opportunities. Chemung's performance in 2011 exceeded its 2010 performance with regard to geographic distribution. The table on the next page summarizes geographic distribution performance in LMI tracts in 2010.

2010 Aggregate Comparison Loan Distribution Table										
Assessment Area: MSA 21300										
Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	Bank		Aggregate		#	Bank		Aggregate	
%		% \$(000s)	%	% \$(000s)	%		% \$(000s)	%	% \$(000s)	
Home Purchase										
Low	0	0.0%	0.0%	0.1%	0.0%	3	4.8%	2.6%	8.5%	4.2%
Moderate	4	6.5%	4.8%	8.7%	4.9%	17	27.4%	16.3%	25.3%	17.6%
Middle	40	64.5%	53.7%	59.2%	51.6%	15	24.2%	20.6%	25.8%	22.8%
Upper	18	29.0%	41.5%	32.0%	43.5%	24	38.7%	56.8%	33.0%	48.3%
Unknown	0	0.0%	0.0%	0.0%	0.0%	3	4.8%	3.6%	7.4%	7.0%
Total	62	100.0%	100.0%	100.0%	100.0%	62	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	0.2%	0.1%	3	2.3%	1.2%	4.7%	2.4%
Moderate	10	7.6%	3.6%	6.1%	3.6%	17	12.9%	6.8%	14.4%	10.3%
Middle	68	51.5%	37.5%	54.3%	45.0%	30	22.7%	14.1%	23.7%	19.0%
Upper	54	40.9%	59.0%	39.4%	51.3%	68	51.5%	71.3%	50.7%	62.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	14	10.6%	6.5%	6.6%	5.6%
Total	132	100.0%	100.0%	100.0%	100.0%	132	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	1	0.6%	1.5%	0.5%	0.6%	24	15.1%	8.2%	13.5%	7.1%
Moderate	14	8.8%	3.0%	7.5%	3.1%	52	32.7%	14.3%	24.5%	14.2%
Middle	106	66.7%	54.1%	64.7%	57.2%	30	18.9%	20.2%	25.0%	26.6%
Upper	38	23.9%	41.3%	27.4%	39.1%	47	29.6%	48.8%	33.9%	47.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	6	3.8%	8.6%	3.1%	4.8%
Total	159	100.0%	100.0%	100.0%	100.0%	159	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	28.6%	62.9%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	71.4%	37.1%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
HMDA Totals										
Low	1	0.3%	0.3%	0.3%	2.1%	30	8.5%	2.8%	7.7%	3.4%
Moderate	28	7.9%	3.8%	7.3%	4.0%	86	24.4%	10.7%	20.2%	13.3%
Middle	214	60.6%	44.8%	58.1%	48.3%	75	21.2%	16.9%	24.6%	20.5%
Upper	110	31.2%	51.2%	34.3%	45.6%	139	39.4%	63.5%	41.0%	53.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	23	6.5%	6.1%	6.5%	9.1%
Total	353	100.0%	100.0%	100.0%	100.0%	353	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
By Tract Income										
		Bank		Aggregate						
	#	%	% \$(000s)	%	% \$(000s)		%	% \$(000s)		
Low	2	10.5%	15.3%	8.3%	12.8%					
Moderate	4	21.1%	22.7%	16.4%	19.8%					
Middle	8	42.1%	41.3%	47.3%	45.5%					
Upper	5	26.3%	20.7%	26.1%	20.0%					
Unknown	0	0.0%	0.0%	0.0%	0.0%					
Tract Unknown	0	0.0%	0.0%	2.0%	1.9%					
Total	19	100.0%	100.0%	100.0%	100.0%					
By Revenue										
\$1 Million or Less	17	89.5%	92.4%	29.1%	29.8%					
By Loan Size										
\$100,000 or less	19	100.0%	100.0%	93.7%	32.5%					
\$100,001-\$250,000	0	0.0%	0.0%	2.7%	13.1%					
\$250,001-\$1 Million	0	0.0%	0.0%	3.6%	54.4%					
Total	19	100.0%	100.0%	100.0%	100.0%					

Originations and Purchases

<i>MSA 21300 (Elmira, NY)</i>				
<i>PRODUCT</i>	Low-income Tracts		Moderate-income Tracts	
	Chemung's Performance	2010 Aggregate Comparison	Chemung's Performance	2010 Aggregate Comparison
Home Purchase	Reasonable	Similar	Reasonable	Below
Refinance	Reasonable	Similar	Reasonable	Slightly Above
Home Improvement	Reasonable	Similar	Reasonable	Slightly Above
Small Business	Reasonable	Above	Excellent	Above

Home Purchase Loans

Chemung's overall home purchase lending distribution was considered reasonable in light of demographic and performance context challenges relating to housing affordability and the availability of owner-occupied housing in low-income census tracts in the assessment area. While Chemung did not make any home purchase loans in low-income census tracts, less than 1% of all owner-occupied housing units in Chemung's assessment area were located in low-income census tracts. This performance context consideration is confirmed by the performance of the market aggregate, which in 2010 made only 1 or less than 1% of its home purchase loans in low-income census tracts.

Chemung's performance in moderate-income census was reasonable. Chemung originated 6% of its home purchase loans in moderate-income census tracts compared to 10% of owner-occupied housing units located in moderate-income census tracts in the MSA. Chemung's performance in moderate-income census tracts was below the market aggregate, which made 9% of its home purchase loans in moderate-income geographies in 2010. Home purchase lending performance in moderate-income geographies in 2011 exceeded performance in 2010.

Refinance Loans

Chemung's overall refinance lending in LMI geographies was reasonable. Chemung's refinance lending performance in low-income geographies was reasonable when considering performance context factors that make HMDA-related lending challenging in low-income geographies. Less than 1% of owner-occupied housing units are in low-income census tracts, indicating very limited lending opportunities. While Chemung did not make any refinance loans in low-income census tracts, the market aggregate made only two, or less than 1%, of its refinance loans in low-income census tracts in 2010.

Chemung's refinance lending performance in moderate-income census tracts was reasonable. Chemung originated 8% of its refinance loans in moderate-income census tracts in 2010 compared to 10% of owner-occupied housing units located in moderate-income census tracts in this MSA. Chemung's performance was slightly above the market aggregate which originated 6% of its

refinance loans in moderate-income census tracts. Chemung's 2011 refinance lending performance exceeded 2010 performance in moderate-income census tracts.

Home Improvement Loans

Chemung's overall home improvement lending performance in LMI geographies 2010 was reasonable. Chemung's home improvement lending performance in low-income geographies was reasonable when considering performance context factors that make HMDA-related lending challenging in low-income geographies. Less than 1% of owner-occupied housing units are in low-income census tracts indicating very limited lending opportunities. While Chemung made one home improvement loan in low-income census tracts, the market aggregate made only two or less than 1% of its home improvement loans in low-income census tracts in 2010.

Chemung's home improvement lending performance in moderate-income census tracts was reasonable. Chemung originated 9% of its home improvement loans in moderate-income census tracts in 2010 compared to 10% of owner-occupied housing units located in moderate-income census tracts in this MSA. Chemung's performance was slightly above the market aggregate which originated 8% of its home improvement loans in moderate-income census tracts. Chemung's 2011 home improvement lending performance was similar to its performance in 2010.

Small Business Loans

Overall, small business lending performance was excellent based on reasonable performance in low-income census tracts and excellent performance in moderate-income census tracts. Chemung made 2 or 11% of its small business loans in low-income census tracts and 4 or 21% of its small business loans in moderate-income census tracts compared to 11% and 15% of business establishments located in low- and moderate-income census tracts, respectively. Chemung's performance in both low- and moderate-income census tracts was above the market aggregate, which had 8% and 16% of its small business loans in low- and moderate-income census tracts, respectively. Chemung's performance in 2011 was similar.

COMMUNITY DEVELOPMENT TEST

Chemung demonstrated excellent responsiveness to the community development needs of the MSA 21300 (Elmira, NY) assessment area through community development loans, qualified investments and community development services as appropriate, considering the bank's capacity and the need and availability of opportunities for community development in the bank's assessment area.

Exhibit 4		
Summary of Community Development Loans and Qualified Investments		
January 1, 2010 – March 31, 2012		
Designation	(\$000)	%
Affordable Housing	\$2,344	10.1%
Community Services	\$19,441	83.8%
Economic Development	\$700	3.0%
Revitalize and Stabilize	\$712	3.0%
Total Activity	\$23,197	100.0%

**Lending activity includes new loans and investments made during the examination period as well as loans and investments with existing balances from the prior examination period that were outstanding as of 3/31/2012*

Chemung made a total of \$23 million in community development loans and qualified investments, of which \$10 million or 43% were made in the current period. The current level of community development lending and qualified investment activity increased slightly when compared to the levels shown at the prior period examination, when Chemung made \$21 million in community development loans and qualified investments. Chemung's performance was supported by a comparison to similarly-situated retail banks in the assessment area. Chemung ranked 2nd out of 5 banks in annualized community development loans and qualified investments as a percentage of deposits within the MSA. Chemung also provided a total of 39 community development services during the current examination period.

Community development loans totaled \$19 million, a decrease of 7% on an annualized basis compared to community development lending at the last examination. Forty-eight percent of community development loans involve new commitments since the prior CRA examination.

Community development lending was focused on community services and was responsive to identified credit needs. According to community contacts, there is a strong need in the Southern Tier of New York for supportive services. Most of Chemung's community development loans were to non-profit organizations that provide social services to LMI individuals. Examples of such loans include:

- A \$2,200,000 term loan to a social service agency located in a low-income census tract providing programs such as Head Start, and family service, and youth support programs, which target a largely LMI clientele.
- A \$1,100,000 line of credit to a non-profit organization that operates group homes, provides family support, health, residential, vocational training and job placement services for developmentally challenged individuals throughout the Southern Tier of New York.
- A \$480,000 term loan for the construction of a mobile home park in Chemung County. The mobile home park will provide affordable housing for LMI residents, senior citizens and temporary residents.

- A \$300,000 line of credit to a non-profit organization that operates a nursing home for the elderly. The majority of funding comes from Medicaid.

During the examination period, community development investment commitments totaled \$4.6 million, representing a 20% increase on an annualized basis from the last CRA examination. Forty-six percent of the investments represent new commitments since the prior CRA examination.

Qualified investments in MSA 21300 (Elmira, NY) were focused on community development services and revitalization and stabilization efforts. The investments were responsive to identified credit needs. The majority of investments were purchases of bonds from municipalities. Examples of such investments include:

- A \$2,400,000 equity investment in a Small Business Investment Corporation that promotes economic development in the broader statewide area that includes MSA 21300.
- A \$460,000 bond anticipation note for infrastructure improvements involving a sewerage cogeneration plant located in a low-income tract.
- A \$160,000 bond anticipation note to fund infrastructure improvements such as bridge repairs in LMI neighborhoods. The bond anticipation note also funded repairs to the county jail.
- A \$185,000 bond anticipation note for various capital projects for infrastructure improvements including road reconstruction, bridge repairs, park repairs and building demolition in low-income areas.

Chemung provided financial seminars to various organizations that furnish community development services to LMI individuals. Chemung offered six mortgage counseling workshops in MSA 21300 (Elmira, NY). In addition, 21 bank employees served on the boards and committees of 33 community development organizations in MSA 21300 (Elmira, NY). Examples include:

- One officer served on the finance committee for a non-profit organization that provides counseling to LMI children who have mental health issues, were abandoned or abused.
- One officer and the chairman served as board members of two organizations that promote small business and economic development in the Southern Tier of New York State.
- One officer serves on the board of directors and loan committee of an organization that provides meals to the elderly and low-income individuals.
- Two officers serve as board members for a non-profit organization that assists in the development of affordable housing for LMI individuals.

In addition, Chemung has one branch located in a low-income census tract in MSA 21300 providing needed financial services to the area. Chemung's headquarters is also located in this low-income census tract in MSA 21300.

NON-METROPOLITAN AREA (FULL REVIEW)

(Steuben and Schuyler Counties, NY)

DESCRIPTION OF INSTITUTION'S OPERATIONS

As of December 31, 2011, Chemung operates 5 branches in the Non-MSA assessment area. Twenty-two percent of the bank's HMDA-related and small business loans in New York State were originated in this assessment area.

As of June 30, 2011, 19% of Chemung's deposits in New York State were held in this assessment area. Chemung had the third highest deposit market share at 18%, behind Five Star Bank and Community Bank, National Association. Other competitor banks include Steuben Trust Company, Manufacturers and Traders Trust Co., Citizens and Northern Bank, and HSBC Bank USA, NA.

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of Census, the New York State Department of Labor, the U.S. Department of Housing and Urban Development ("HUD") and the New York Association of Realtors.

Demographic Characteristics

The Non-MSA Assessment Area encompasses portions of Steuben County and all of Schuyler County. According to the 2000 Census, the Non-MSA Assessment area's population totals 78,720. The NY Non-MSA contains 8% of the bank's combined assessment area population in New York State. In the Non-MSA assessment area, 15% of the population is age 65 and older, which is comparable to the state percentage of population age 65 and older.

Income Characteristics

The HUD-adjusted median family incomes for the Non-MSA assessment area for 2010 and 2011 are shown in the table to the right. Based on the 2000 Census, of the 23 census tracts included in the analysis, one is moderate-income, 18 are middle-income and 4 are upper-income. All of the middle-income tracts in Steuben County are considered distressed, while all of the middle-income tracts in Schuyler County are underserved. Nine percent of all families within the Non-MSA have incomes below the poverty level.

HUD MEDIAN FAMILY INCOMES		
Area	2010	2011
Steuben County	\$54,400	\$54,400
Schuyler County	\$54,900	\$54,500

Assessment Area Demographics								
Assessment Area: Non-MSA New York								
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	3,759	17.8
Moderate-income	1	4.3	793	3.7	109	13.7	3,876	18.3
Middle-income	18	78.3	16,232	76.8	1,499	9.2	4,692	22.2
Upper-income	4	17.4	4,123	19.5	265	6.4	8,821	41.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	23	100.0	21,148	100.0	1,873	8.9	21,148	100.0
	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	1,236	871	3.8	70.5	179	14.5	186	15.0
Middle-income	28,222	17,820	77.7	63.1	5,863	20.8	4,539	16.1
Upper-income	7,136	4,232	18.5	59.3	2,353	33.0	551	7.7
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	36,594	22,923	100.0	62.6	8,395	22.9	5,276	14.4
	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	104	3.4	96	3.5	3	2.0	5	3.0
Middle-income	2,258	73.5	2,034	73.9	103	67.8	121	71.6
Upper-income	712	23.2	623	22.6	46	30.3	43	25.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	3,074	100.0	2,753	100.0	152	100.0	169	100.0
Percentage of Total Businesses:			89.6		4.9		5.5	

Based on 2000 Census Information

Housing Characteristics

The Non-MSA assessment area contains 36,594 housing units, of which 63% are owner-occupied. The table to the right provides the median housing price of detached housing in Schuyler and Steuben Counties.

MEDIAN HOUSING SALES PRICE		
Area	2010	2011
Schuyler County	\$129,229	\$141,250
Steuben County	\$90,500	\$93,000
Source: NYS Assoc. of Realtors		

In 2010 and 2011, the median housing costs in Steuben and Schuyler Counties was 3 to 5 times the median family income of a low-income borrower, and 2 to 3 times the median-family income of a moderate-income borrower, indicating that housing affordability may be difficult for low-income individuals.

Labor, Employment and Economic Characteristics

According to the New York State Department of Labor, the economy in western New York began to improve in 2010 after experiencing its highest unemployment levels in the past twenty years. While private sector employment improved, budget pressures at both the state and local government levels led to employee reductions at government agencies. Major employers in the assessment area include Corning Inc., a world leader in specialty glass and ceramics.

U.S. DEPARTMENT OF LABOR ANNUAL UNEMPLOYMENT RATES		
Area	2010	2011
Steuben County	10.0%	9.4%
Schuyler County	8.2%	7.8%
State of New York	8.6%	8.2%

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Distribution by Borrower Income and Revenue Size of Business

Lending performance in the assessment area relating to borrower distribution in 2010 was reasonable overall, and reflected reasonable penetration among individuals of all income levels (including LMI) and businesses of different sizes. Chemung’s performance in 2011 was similar overall to its performance in 2010. The following table summarizes the bank’s performance in lending to low- and moderate- income borrowers within each HMDA and small business product:

<i>Non-MSA New York (Schuyler and Steuben, Counties, NY)</i>				
<i>PRODUCT</i>	Low-income Borrowers		Moderate-income Borrowers	
	Chemung's Performance	2010 Aggregate Comparison	Chemung's Performance	2010 Aggregate Comparison
Home Purchase	Excellent	Significantly Above	Reasonable	Below
Refinance	Reasonable	Significantly Above	Poor	Below
Home Improvement	Reasonable	Similar	Excellent	Similar
<i>PRODUCT</i>	Lending to Businesses with GAR <= \$1 million		2010 Aggregate Comparison	
Small Business	Excellent		Significantly Above	

Home Purchase Loans

Chemung's overall distribution of home purchase loans to LMI borrowers was reasonable based on excellent distribution to low-income borrowers and reasonable distribution to moderate-income borrowers. In 2010, Chemung made 21% of its home purchase loans to low-income borrowers while 18% of the families in the MSA are low-income. Chemung's performance was significantly above the market aggregate, which made 6% of its home purchase loans to low-income borrowers.

Performance in lending to moderate-income borrowers was reasonable as 14% of Chemung's home purchase loans were made to moderate-income borrowers compared to 18% of families in the MSA that were of moderate-income. Chemung's performance was below the market aggregate which made 24% of its home purchase loans to moderate-income borrowers in 2010. Chemung's 2011 performance was similar.

Refinance Loans

Chemung's overall distribution of refinance loans to LMI borrowers was reasonable based on reasonable distribution to low and poor distribution to moderate-income borrowers. Chemung's distribution of refinance loans to low-income borrowers was reasonable as 8% of refinance loans were made to low-income borrowers compared to 18% of all families in the MSA that were of low-income. Chemung's performance was significantly above the market aggregate which made 5% of its refinance loans to low-income borrowers.

Chemung's distribution of refinance loans to moderate-income borrowers in 2010 was poor as 7% of refinance loans were made to moderate-income borrowers compared to 18% of all families in the MSA that were of moderate-income. Chemung's performance was below the market aggregate, which made 14% of its refinance loans to moderate-income borrowers. Chemung's 2011 performance, however, was improved, as it was reasonable to both low- and moderate-income borrowers.

Home Improvement Loans

Chemung's overall distribution of home improvement loans to LMI borrowers was excellent based on reasonable performance to low-income borrowers and excellent performance to moderate-income borrowers. In 2010, Chemung made 12% of its home improvement loans to low-income borrowers while 18% of the families in the MSA are low-income. Chemung's performance was similar to the market aggregate, which also made 12% of its home improvement loans to low-income borrowers.

Performance in lending to moderate-income borrowers was excellent as 24% of Chemung's home improvement loans were made to moderate-income borrowers compared to 18% of families in the MSA that were of moderate-income. Chemung's performance was similar to the market aggregate which made 26% of its home improvement loans to moderate-income borrowers in 2010. Chemung's 2011 performance was similar.

Small Business Loans

The overall level of lending to small businesses was reasonable based on excellent performance in 2010 and reasonable performance in 2011. During 2010, Chemung made 100% of its small business loans to businesses with gross annual revenues of \$ 1 million or less, compared to 90% of business establishments in the MSA with GAR of \$1 million or less. Performance was significantly above the aggregate which made 40% of its loans to businesses with GAR of \$1 million or less. Chemung's performance in 2011 was below 2010's performance as 48% of its small business loans were made to businesses with GAR of \$ 1 million or less. According to bank management differences between 2011 and 2010 were due to increased borrowings by businesses with GAR of over \$1 million.

During 2010 100% of Chemung's loans were in amounts of \$100,000 or less, with an average loan size of \$39,337. Chemung out-performed the aggregate which originated 95% of its loans in amounts of \$100,000 or less. Performance in 2011 was below 2010's performance as 63% of its small business loans were in amounts of \$100,000 or less.

Geographic Distribution of Loans

The overall geographic distribution of HMDA-related and small business loans reflected reasonable loan penetration across census tracts of different income levels in the NY Non-MSA. However, lending opportunities are limited as the assessment area has only one moderate-income census tract and no low-income census tracts. There are 871 owner-occupied housing units in the moderate-income tract and only 104 businesses in that moderate-income tract. The number of loans originated by the aggregate support the limited lending opportunities. Both HMDA-related lending performance and small business lending performance was poor. Chemung's geographic distribution of lending performance in 2011 exceeded its 2010 performance. The chart on the following page summarizes Chemung's performance in lending in LMI geographies:

<i>Non-MSA New York (Schuyler and Steuben, Counties, NY)</i>				
<i>PRODUCT</i>	Low-income Tracts		Moderate-income Tracts	
	Chemung's Performance	2010 Aggregate Comparison	Chemung's Performance	2010 Aggregate Comparison
Home Purchase	N/A	N/A	Reasonable	Significantly Below
Refinance	N/A	N/A	Reasonable	Significantly Below
Home Improvement	N/A	N/A	Reasonable	Significantly Below
Small Business	N/A	N/A	Reasonable	Significantly Below

Home Purchase Loans

Chemung's performance in moderate-income census tracts was poor. Chemung did not originate any of its home purchase loans in moderate-income census tracts while 4% of owner-occupied housing units in the assessment area were located in moderate-income census tracts. Chemung's performance in moderate-income census tracts was significantly below the market aggregate, which made 2% or 11 home purchase loans in moderate-income geographies in 2010. Home purchase performance in 2011 was also poor.

Refinance Loans

Chemung's performance in moderate-income census tracts was poor. Chemung did not originate any of its refinance loans in moderate-income census tracts while 4% of owner-occupied housing units in the assessment area were located in moderate-income census tracts. Chemung's performance in moderate-income census tracts was significantly below the market aggregate, which made 2% or 18 refinance loans in moderate-income geographies in 2010. Refinance performance in 2011 was reasonable.

Home Improvement Loans

Chemung's performance in moderate-income census tracts was reasonable. Chemung made 1% or 1 of its home improvement loans in moderate-income census tracts while 4% of owner-occupied housing units in the assessment area were located in moderate-income census tracts. Chemung's performance in moderate-income census tracts was significantly below the market aggregate, which made 5% or 16 home improvement loans in moderate-income geographies in 2010. Home improvement performance in 2011 was similar to performance in 2010.

2010 Aggregate Comparison Loan Distribution Table										
Assessment Area: Non-MSA NY										
Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	Bank %	Bank % \$(000s)	Aggregate %	Aggregate % \$(000s)	#	Bank %	Bank % \$(000s)	Aggregate %	Aggregate % \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	0.0%	0.0%	3	21.4%	12.5%	6.3%	3.2%
Moderate	0	0.0%	0.0%	1.7%	1.2%	2	14.3%	12.1%	23.7%	15.8%
Middle	9	64.3%	60.9%	67.4%	65.4%	5	35.7%	38.1%	23.2%	19.5%
Upper	5	35.7%	39.1%	30.1%	33.1%	4	28.6%	37.3%	39.0%	53.7%
Unknown	0	0.0%	0.0%	0.8%	0.3%	0	0.0%	0.0%	7.8%	7.7%
Total	14	100.0%	100.0%	100.0%	100.0%	14	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	0.0%	0.0%	5	8.5%	4.1%	4.6%	2.3%
Moderate	0	0.0%	0.0%	2.3%	1.7%	4	6.8%	4.7%	13.5%	8.3%
Middle	43	72.9%	65.3%	67.9%	62.3%	12	20.3%	13.4%	20.0%	14.3%
Upper	16	27.1%	34.7%	29.6%	35.9%	32	54.2%	69.3%	54.4%	66.7%
Unknown	0	0.0%	0.0%	0.1%	0.1%	6	10.2%	8.5%	7.5%	8.4%
Total	59	100.0%	100.0%	100.0%	100.0%	59	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	0.0%	0.0%	11	12.2%	3.3%	12.0%	5.5%
Moderate	1	1.1%	0.1%	4.6%	4.9%	22	24.4%	18.9%	26.0%	17.5%
Middle	82	91.1%	88.8%	78.3%	74.9%	30	33.3%	24.9%	28.0%	24.9%
Upper	7	7.8%	11.0%	17.1%	20.2%	25	27.8%	51.7%	32.0%	51.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	2.2%	1.2%	2.0%	1.0%
Total	90	100.0%	100.0%	100.0%	100.0%	90	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
HMDA Totals										
Low	0	0.0%	0.0%	0.0%	0.0%	19	11.7%	5.0%	6.7%	2.9%
Moderate	1	0.6%	0.0%	2.5%	1.7%	28	17.2%	9.1%	19.7%	12.0%
Middle	134	82.2%	70.5%	69.8%	64.7%	47	28.8%	19.4%	22.7%	17.0%
Upper	28	17.2%	29.5%	27.3%	33.5%	61	37.4%	60.9%	44.2%	59.7%
Unknown	0	0.0%	0.0%	0.3%	0.2%	8	4.9%	5.6%	6.7%	8.5%
Total	163	100.0%	100.0%	100.0%	100.0%	163	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
By Tract Income										
	#	Bank %	Bank % \$(000s)	Aggregate %	Aggregate % \$(000s)					
Low	0	0.0%	0.0%	0.0%	0.0%					
Moderate	0	0.0%	0.0%	0.0%	0.0%					
Middle	9	100.0%	100.0%	73.1%	73.8%					
Upper	0	0.0%	0.0%	22.5%	24.0%					
Unknown	0	0.0%	0.0%	0.0%	0.0%					
Tract Unknown	0	0.0%	0.0%	1.5%	0.4%					
Total	9	100.0%	100.0%	100.0%	100.0%					
By Revenue										
\$1 Million or Less	9	100.0%	100.0%	39.8%	44.8%					
By Loan Size										
\$100,000 or less	9	100.0%	100.0%	95.0%	53.5%					
\$100,001-\$250,000	0	0.0%	0.0%	3.4%	18.8%					
\$250,001-\$1 Million	0	0.0%	0.0%	1.7%	27.7%					
Total	9	100.0%	100.0%	100.0%	100.0%					

Small Business Loans

Small business lending performance in 2010 was poor. Chemung did not make any of its small business loans in moderate-income census tracts while 3% of business establishments are located in moderate-income census tracts. Chemung’s performance was significantly below the market aggregate which originated 3% or 19 of its small business loans in moderate-income census tracts. Chemung’s performance in 2011 was also poor.

COMMUNITY DEVELOPMENT TEST

Chemung demonstrated excellent responsiveness to the community development needs of the NY Non-MSA assessment area through community development loans, qualified investments and community development services as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s assessment area.

Exhibit 5		
Summary of Community Development Loans and Qualified Investments		
January 1, 2010 – March 31, 2012		
Designation	(\$000)	%
Affordable Housing	\$280	1.6%
Community Services	\$8,234	46.4%
Economic Development	\$661	3.7%
Revitalize and Stabilize	\$8,556	48.3%
Total Activity	\$17,731	100.0%

**Lending activity includes new loans and investments made during the examination period as well as loans and investments with existing balances from the prior examination period that were outstanding as of 3/31/2012*

Chemung made a total of \$18 million in community development loans and qualified investments, of which \$17 million or 94% were made in the current period. The current level of community development lending and qualified investment activity increased 33% when compared to the levels shown at the prior period examination, when Chemung made \$12 million in community development loans and qualified investments. Chemung’s performance was supported by a comparison to similarly-situated retail banks in the assessment area. Chemung ranked 2nd out of 5 banks in annualized community development loans and qualified investments as a percentage of deposits within the MSA. Chemung also provided a total of 15 community development services during the current examination period.

Community development loans totaled \$3.3 million, a decline of 6% on an annualized basis compared to the last examination. Eighty-two percent of the community development loans were new commitments since the prior CRA examination.

Community development lending targeted community service activities to LMI individuals and was responsive to identified credit needs. Fifty-six percent of community development loans in the NY Non-MSA were for community services, 20% for economic development, 20% went to revitalize and stabilize distressed and underserved areas of Steuben and Schuyler counties, with the remaining 4% providing affordable housing. Examples include:

- A \$125,000 line of credit to provide job training to LMI individuals.
- A \$617,000 term loan to provide various support activities, such as child care, home services, and pre-school programs, to LMI persons. Funding is primarily from Medicaid and the State of New York.
- A \$500,000 line of credit to an organization that serves LMI persons with developmental disabilities. The organization is primarily funded by Medicaid.
- A \$600,000 term loan for equipment purchases to a hospital located in an underserved area that provides medical services to the residents of Schuyler County. The hospital is the largest employer in Schuyler County.

Community development investments totaled \$14.4 million. This represents a 33% increase on an annualized basis compared to the last examination. Fifty-one percent of investments were new commitments since the prior CRA examination.

Qualified investments in the NY Non-MSA focused on revitalization and stabilization and community service activities and were responsive to identified credit needs. Fifty-five percent of qualified investments in the NY Non-MSA went to revitalization and stabilization activities, 44% went to community services activities, and 1% targeted affordable housing activities. The majority of investments were purchases of bonds from municipalities, many of which provided services to distressed or underserved areas. Examples of such investments include:

- A \$1,115,000 municipal bond to finance reconstruction and repairs to a school building, which is located in a distressed middle-income census tract in Steuben County. The majority of the students are on a reduced or free lunch program.
- A \$250,000 municipal bond to finance the cost of a reservoir replacement project in and for the City of Salamanca. The City of Salamanca lies almost wholly on a Native American Reservation which is a moderate-income tract. The bond provides essential services to assist in revitalizing the municipality.
- A \$380,000 municipal bond to finance construction of a jail in a distressed area of Steuben County. Construction of the facility will bring jobs and help revitalize a distressed area.
- A \$500,000 municipal bond to finance marina improvements in the Village of Montour Falls, NY. The village is in the Finger Lakes Region in Schuyler County, an underserved area in New York State. Construction of the marina provides essential infrastructure which supports tourism in the region.

Chemung provided three financial seminars to organizations that that furnish community development services to LMI individuals. Twelve bank employees serve on the boards and committees of 9 community development organizations in the NY Non-MSA. Examples include:

- One officer is a member of the board of directors and chairman of the finance committee of a non-profit organization that works to reduce poverty, promote healthy individual and family life, and advocates for social justice.
- One employee serves as a treasurer of a Steuben County-based organization that promotes economic development.
- One bank officer serves as a board and finance committee member of a Schuyler County-based organization that promotes economic development.
- One employee serves as a financial specialist of an organization that provides vocational rehabilitation services to LMI individuals.

METROPOLITAN AREA (FULL REVIEW)

MSA 13780 (Binghamton, NY)

DESCRIPTION OF INSTITUTION'S OPERATIONS

As of December 31, 2011, Chemung operated 6 or 23% of its 26 New York State branches in this MSA. These branches generated \$128 million in deposits, which accounts for 14% of the bank's New York State branch deposits as of June 30, 2011. Of the bank's total New York State HMDA loans and small business loans originated during 2010 and 2011, 16% were originated in this MSA.

At 5%, Chemung ranked 6th in terms of deposit market share in this MSA. Lead banks in terms of deposit market share were Manufacturers and Traders Trust Company, HSBC Bank USA National Association, NBT Bank, National Association, Tioga State Bank, and RBS Citizens, National Association. For additional assessment area data, see Exhibit 2, Summary of Key Assessment Area Data – New York State.

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of Census, the U.S. Department of Labor, and the National Association of Realtors.

Demographic Characteristics

According to the 2000 Census, the population of MSA 13780 is 181,997. The MSA is comprised of Broome and Tioga Counties, with Broome county representing 88% of the MSA's population. The City of Binghamton is the largest city in the MSA and is located within Broome County. Of the 48 census tracts located in MSA 13780, 17 or 35% are LMI. All of the LMI census tracts are located in Broome County.

Income Characteristics

According to the 2000 census, MSA 13780 has 45,616 families, of which 8,931 (20%) are low-income families and 8,446 (19%) are moderate-income families. As shown in the table to the right, the HUD-adjusted median family income for MSA 13780 was \$60,400 in 2010 and \$61,000 in 2011. These income levels are low in comparison to New York State's 2011 HUD-adjusted median family income of \$70,400.

HUD MEDIAN FAMILY INCOMES		
Area	2010	2011
MSA 13780	\$60,400	\$61,000

Housing Characteristics

Housing costs are comparatively low in the MSA, particularly, in comparison to the state average median sales price as shown in the table to the right. Nonetheless, housing affordability remains difficult for low-income borrowers in the MSA. The median housing cost in the assessment area is about four times the median family income of a low-income borrower and 2 times the income of a moderate-income borrower.

MEDIAN HOUSING SALES PRICE		
Area	2010	2011
MSA 13780	\$110,000	\$113,800
New York State	\$214,000	\$212,500

Source: NYS Assoc. of Realtors

Community contacts, reported, however, that the area has not been affected by the housing foreclosure crisis since housing prices were never inflated. A community development organization noted that home improvement lending is a need in the area because housing is relatively old, and many houses are in need of basic upgrades.

Labor, Employment and Economic Characteristics

The region has a sizeable presence of computer, electronics, and defense-related manufacturing, although less than in the past. During the recent economic recession, the Binghamton area registered a job loss of roughly 6%, steeper than New York as a whole, but roughly on par with the nation. Unemployment in MSA 13780 remains high and slightly above the State unemployment rate, as a whole. The area's employment level was adversely affected by the loss of the Presidential helicopter contract at Lockheed Martin, resulting in the loss of 800 jobs.

U.S. DEPARTMENT OF LABOR ANNUAL UNEMPLOYMENT RATES		
Area	2010	2011
MSA 13780	8.8%	8.4%
State of New York	8.6%	8.2%

Flooding in 2011 caused by Hurricane Irene and Tropical Storm Lee brought major devastation to the region. Estimates from the New York Department of State estimated the flood damage in Broome County at \$436 million and \$280 million in Tioga County. FEMA designated Broome and Tioga Counties a disaster area on September 13, 2011.

See the table on the next page for additional assessment area details.

Assessment Area Demographics								
Assessment Area: MSA 13780								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	4	8.3	1,366	3.0	437	32.0	8,931	19.6
Moderate-income	13	27.1	8,302	18.2	1,587	19.1	8,446	18.5
Middle-income	20	41.7	22,500	49.3	1,558	6.9	10,307	22.6
Upper-income	11	22.9	13,448	29.5	487	3.6	17,932	39.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	48	100.0	45,616	100.0	4,069	8.9	45,616	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	4,299	657	1.4	15.3	2,931	68.2	711	16.5
Moderate-income	19,144	6,158	13.4	32.2	10,623	55.5	2,363	12.3
Middle-income	37,544	24,226	52.8	64.5	10,328	27.5	2,990	8.0
Upper-income	19,799	14,826	32.3	74.9	4,128	20.8	845	4.3
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	80,786	45,867	100.0	56.8	28,010	34.7	6,909	8.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	665	9.1	541	8.3	73	16.4	51	14.4
Moderate-income	1,447	19.8	1,271	19.5	107	24.1	69	19.4
Middle-income	3,340	45.7	3,045	46.7	153	34.5	142	40.0
Upper-income	1,862	25.5	1,658	25.4	111	25.0	93	26.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	7,314	100.0	6,515	100.0	444	100.0	355	100.0
Percentage of Total Businesses:				89.1		6.1		4.9
Based on 2000 Census information								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Distribution by Borrower Income and Revenue Size of Business

Lending performance in the assessment area relating to borrower distribution 2010 was reasonable overall, and reflected reasonable penetration among individuals of all income levels (including LMI) and businesses of different sizes. Chemung's performance in 2011 was similar overall to its performance in 2010. The following table summarizes the bank's performance in lending to low-income and moderate-income borrowers within each HMDA and small business product:

<i>MSA 13780 (Binghamton, NY)</i>				
<i>PRODUCT</i>	Low-income Borrowers		Moderate-income Borrowers	
	Chemung's Performance	2010 Aggregate Comparison	Chemung's Performance	2010 Aggregate Comparison
Home Purchase	Poor	Significantly Below	Poor	Significantly Below
Refinance	Reasonable	Significantly Above	Reasonable	Slightly Below
Home Improvement	Reasonable	Slightly Above	Excellent	Similar
	Lending to Businesses with GAR ≤ \$1 million		2010 Aggregate Comparison	
Small Business	Excellent		Significantly Above	

Home Purchase Loans

Chemung's overall distribution of home purchase loans to LMI borrowers was poor based on poor distribution to both low- and moderate-income borrowers. In 2010, Chemung did not make any home purchase loans to low-income borrowers while 20% of the families in the MSA are low-income. Chemung's performance was significantly below the market aggregate, which made 11% of its home purchase loans to low-income borrowers.

Performance in lending to moderate-income borrowers was also poor as Chemung made 1 or 14% of its home purchase loans to moderate-income borrowers compared to 19% of families in the MSA that were of moderate-income. Chemung's performance was significantly below the market aggregate which made 29% of its home purchase loans to moderate-income borrowers in 2010. Chemung's 2011 performance in home purchase lending to LMI borrowers was also poor.

Refinance Loans

Chemung's overall distribution of refinance loans to LMI borrowers was reasonable based on reasonable distribution to both low- and moderate-income borrowers. Chemung made 9% of its refinance loans to low-income borrowers compared to 20% of all families in the MSA that were of

low-income. Chemung's performance was significantly above the market aggregate which made 5% of its refinance loans to low-income borrowers.

Chemung's distribution of refinance loans to moderate-income borrowers was reasonable as 16% of refinance loans were made to moderate-income borrowers compared to 19% of all families in the MSA that were of moderate-income. Chemung's performance was slightly below the market aggregate which made 20% of its refinance loans to moderate-income borrowers. In 2011 Chemung's refinance lending performance was excellent to moderate-income borrowers while its performance in lending to low-income borrowers was similar.

Home Improvement Loans

Chemung's overall distribution of home improvement loans to LMI borrowers was excellent based on reasonable performance to low-income borrowers and excellent performance to moderate-income borrowers. In 2010, Chemung made 18% of its home improvement loans to low-income borrowers while 20% of the families in the MSA are low-income. Chemung's performance was slightly above the market aggregate, which made 15% of its home improvement loans to low-income borrowers.

Performance in lending to moderate-income borrowers was excellent as 20% of Chemung's home improvement loans were made to moderate-income borrowers compared to 19% of families in the MSA that were of moderate-income. Chemung's performance was similar to the market aggregate which made 22% of its home improvement loans to moderate-income borrowers in 2010. Chemung's 2011 home improvement lending performance was similar.

Small Business Loans

The overall level of lending to small businesses was reasonable based on excellent performance in 2010 and reasonable performance in 2011. During 2010, Chemung made 100% of its small business loans to businesses with gross annual revenues of \$ 1 million or less, compared to 89% of business establishments in the MSA with GAR of \$1 million or less. Performance was significantly above the aggregate which made 37% of its small business loans to businesses with GAR of \$1 million or less. Chemung's performance in 2011 was reasonable as 46% of its small business loans were made to businesses with GAR of \$ 1 million or less. According to bank management differences between 2011 and 2010 were due to increased borrowings by businesses with GAR of greater than \$1 million.

During 2010 100% of Chemung's loans were in amounts of \$100,000 or less, with an average loan size of \$41,000. Chemung out-performed the aggregate which originated 93% of its loans in amounts of \$100,000 or less. Performance in 2011 was below 2010's performance as 47% of its small business loans were in amounts of \$100,000 or less.

Geographic Distribution of Loans

The overall geographic distribution of HMDA-related and small business loans reflected poor loan penetration across census tracts of different income levels in MSA 13780 (Binghamton, NY). Lending in low-income census tracts was considered reasonable in relation to performance context

issues and lending in moderate-income tracts was considered poor. Opportunities to make HMDA-related loans in low-income census tracts were very limited as only 1%, or 657 owner-occupied housing units were located in low-income census tracts. Additionally, 32% of the families residing in low-income census tracts have incomes below the poverty level further limiting lending opportunities. Overall, due to the very low number of owner-occupied units in low-income geographies and the very low number of aggregate loans, the bank's performance in low-income geographies was considered reasonable in the context of the limited lending opportunities. Chemung's geographic distribution of lending performance in 2011 exceeded its 2010 performance.

<i>MSA 13780 (Binghamton, NY)</i>				
<i>PRODUCT</i>	Low-income Tracts		Moderate-income Tracts	
	Chemung's Performance	2010 Aggregate Comparison	Chemung's Performance	2010 Aggregate Comparison
Home Purchase	Reasonable	Significantly Above	Poor	Significantly Below
Refinance	Reasonable	Similar	Poor	Significantly Below
Home Improvement	Reasonable	Similar	Poor	Significantly Below
Small Business	Poor	Significantly Below	Reasonable	Similar

Home Purchase Loans

Chemung's overall home purchase lending in LMI geographies was poor. Performance in low-income geographies was considered reasonable in light of demographic and performance context challenges relating to housing affordability and the availability of owner-occupied housing in the low-income geographies in the assessment area. Chemung made only 1 home purchase loan in low-income census tracts while 1% of all owner-occupied housing units were located in low-income census tracts. Home purchase performance in low-income census tracts was significantly above the market aggregate which made only 33 or 2% of its home purchase loans in low-income census tracts. Performance in 2011 was weaker as no home purchase loans were made in low-income census tracts.

Chemung's performance in moderate-income geographies was poor. In 2010, Chemung did not originate any of its home purchase loans in moderate-income census tracts compared to 13% of owner-occupied housing units located in moderate-income census tracts in the MSA. Chemung's performance in moderate-income geographies was significantly below the market aggregate, which made 15% of its home purchase loans in moderate-income geographies in 2010. In 2011 Chemung made 1 home purchase loan in moderate-income geographies.

Refinance Loans

Chemung's overall refinance lending in LMI geographies was poor. Performance in low-income geographies was considered reasonable in light of demographic and performance context

challenges relating to housing affordability and the availability of owner-occupied housing in the low-income census tracts in the assessment area. Chemung did not make any refinance loans in low-income census tracts, however, only 1% of owner-occupied housing units are located in low-income census tracts indicating very limited lending opportunities. The limited opportunities are confirmed by the performance of the market aggregate, which made only nine, or less than 1%, of its refinance loans in low-income census tracts in 2010.

Chemung's refinance lending performance in moderate-income geographies was poor. Chemung originated 5% of its refinance loans in moderate-income census tracts in 2010 compared to 13% of owner-occupied housing units located in moderate-income census tracts in this MSA. Chemung's performance was significantly below the market aggregate, which originated 9% of its refinance loans in moderate-income geographies. Chemung's 2011 refinance lending performance was also poor.

Home Improvement Loans

Chemung's overall home improvement lending performance in LMI geographies in 2010 was poor. Chemung's home improvement lending performance in low-income geographies is considered reasonable in relation to the performance context factors. Chemung did not make any home improvement loans in low-income census tracts, however, only 1% of owner-occupied housing units are in low-income census tracts indicating limited lending opportunities. The limited opportunities are confirmed by the performance of the market aggregate which made only six or 2% of its home improvement loans in low-income geographies in 2010.

Chemung's home improvement lending performance in moderate-income census geographies was poor. Chemung originated 1 or 3% of its home improvement loans in moderate-income census tracts in 2010 compared to 13% of owner-occupied housing units located in moderate-income census tracts in this MSA. Chemung's performance was significantly below the market aggregate which originated 11% of its home improvement loans in moderate-income geographies. Chemung's 2011 home improvement lending performance was also poor.

Small Business Loans

Overall, small business lending performance in 2010 was reasonable based on reasonable performance in moderate-income geographies. Chemung did not make any small business loans in low-income geographies while 9% of all business establishments are located in low-income geographies. Chemung's performance was significantly below the market aggregate which made 208 or 12% of its small business loans in low-income geographies.

Chemung's performance in moderate-income geographies was reasonable as 1 of 5 (20%) of its small business loans were originated in moderate-income census geographies compared to 20% of business establishments located in moderate-income geographies. Chemung's performance was similar to the market aggregate in moderate-income census tracts as the aggregate made 20% of its small business loans in moderate-income census geographies. Chemung's performance in 2011 exceeded its performance in low-income census tracts and was similar in moderate-income census tracts.

2010 Aggregate Comparison Loan Distribution Table										
Assessment Area: MSA 13780										
Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	1	14.3%	3.1%	2.3%	1.5%	0	0.0%	0.0%	10.8%	6.6%
Moderate	0	0.0%	0.0%	14.7%	10.6%	1	14.3%	12.8%	28.9%	23.3%
Middle	5	71.4%	62.7%	49.4%	45.6%	1	14.3%	14.7%	26.8%	26.8%
Upper	1	14.3%	34.2%	33.6%	42.3%	3	42.9%	66.0%	27.7%	38.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	28.6%	6.5%	5.8%	5.1%
Total	7	100.0%	100.0%	100.0%	100.0%	7	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	0.6%	0.4%	4	9.1%	6.5%	5.2%	3.1%
Moderate	2	4.5%	2.7%	9.1%	6.0%	7	15.9%	10.2%	20.3%	14.5%
Middle	31	70.5%	62.9%	47.7%	42.2%	7	15.9%	14.2%	24.4%	21.3%
Upper	11	25.0%	34.4%	42.6%	51.5%	23	52.3%	62.6%	42.8%	53.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	3	6.8%	6.5%	7.2%	7.3%
Total	44	100.0%	100.0%	100.0%	100.0%	44	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	1.7%	0.8%	7	17.5%	2.6%	14.7%	4.0%
Moderate	1	2.5%	8.6%	11.3%	6.6%	8	20.0%	13.4%	21.5%	12.0%
Middle	27	67.5%	32.2%	59.6%	51.9%	9	22.5%	16.0%	23.7%	23.8%
Upper	12	30.0%	59.1%	27.4%	40.7%	14	35.0%	67.0%	36.7%	56.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	5.0%	1.0%	3.4%	3.7%
Total	40	100.0%	100.0%	100.0%	100.0%	40	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	14.3%	12.1%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	52.4%	84.2%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	23.8%	2.1%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	9.5%	1.6%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
HMDA Totals										
Low	1	1.1%	0.4%	1.5%	2.1%	11	12.1%	4.8%	8.6%	4.3%
Moderate	3	3.3%	3.6%	12.0%	16.0%	16	17.6%	11.2%	24.0%	16.6%
Middle	63	69.2%	56.2%	49.5%	39.8%	17	18.7%	14.7%	25.2%	21.5%
Upper	24	26.4%	39.8%	36.9%	42.1%	40	44.0%	64.0%	35.3%	41.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	7	7.7%	5.3%	6.8%	15.8%
Total	91	100.0%	100.0%	100.0%	100.0%	91	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
By Tract Income										
		Bank			Aggregate					
	#	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	% \$(000s)
Low	0	0.0%	0.0%	0.0%	0.0%	11.7%	15.9%			
Moderate	1	20.0%	36.6%	19.9%	38.5%	18.1%	32.5%			
Middle	0	0.0%	0.0%	0.0%	0.0%	38.5%	32.5%			
Upper	4	80.0%	63.4%	29.2%	33.4%	29.2%	33.4%			
Unknown	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Tract Unknown	0	0.0%	0.0%	0.0%	0.0%	0.8%	0.2%			
Total	5	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%			
By Revenue										
\$1 Million or Less	5	100.0%	100.0%	36.5%	39.2%					
By Loan Size										
\$100,000 or less	5	100.0%	100.0%	92.7%	37.5%					
\$100,001-\$250,000	0	0.0%	0.0%	4.3%	21.6%					
\$250,001-\$1 Million	0	0.0%	0.0%	3.0%	40.9%					
Total	5	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%			

Originations and Purchases

COMMUNITY DEVELOPMENT TEST

Chemung’s community development performance in MSA 13780 demonstrates adequate responsiveness to the community development needs of the assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the need and availability of such opportunities for community development in Chemung’s assessment area. Four percent or \$2.1 million of Chemung’s overall community development loans and investments were made in MSA 13780.

Exhibit 6		
Summary of Community Development Loans and Qualified Investments		
January 1, 2010 – March 31, 2012		
Designation	(\$000)	%
Affordable Housing	\$328	15.7%
Community Services	\$1,475	70.6%
Economic Development	\$0	0%
Revitalize and Stabilize	\$285	13.6%
Total Activity	\$2,088	100.0%

**Lending activity includes new loans and investments made during the examination period as well as loans and investments with existing balances from the prior examination period that were outstanding as of 3/31/2012.*

In MSA 13780, Chemung made \$1.8 million in community development loans. Of this total, 82% targeted community service initiatives and 18% targeted affordable housing initiatives. On an annualized basis community development lending increased 43% compared to the last CRA examination. Examples of Chemung’s community development loans made in MSA 13780 include:

- A \$300,000 line of credit to a non-profit corporation whose mission is to increase available housing units in Binghamton and Broome County through construction of new low-income housing and through renovations to sub-standard properties. The corporation also assists LMI families through workshops for employment training and job skills, social programs to help residents deal with substance abuse, health care, day care, and parenting.
- A \$232,000 line of credit to a non-profit corporation that provides counseling, youth services, guidance for parents, and mental health services. The non-profit corporation received the majority of its funding through Medicaid.
- A \$500,000 line of credit to a major provider of community development services in Tioga County, NY. Operations include coordination of food deliveries to food pantries and soup kitchens, head start programs, programs to rehabilitate housing as well as weatherization and home energy assistance programs targeted to LMI populations.

Within MSA 13780, Chemung’s community development investments totaled \$322,000, consisting of \$285,000 invested in two municipal bonds to a school district in which approximately half of the students participate in a reduced or free lunch program and \$37,000 in

grants and donations. The bonds were for reconstruction of various school facilities. On an annualized basis, qualified investments declined 17% compared to the last CRA examination.

Twelve bank employees serve on the boards and committees of seven community development organizations in MSA 13780. Examples include:

- One Chemung officer is president of the board of a non-profit agency that provides housing services for LMI individuals. Programs include rental assistance, weatherization, senior citizen housing, and food distribution programs for LMI individuals and senior citizens.
- One employee serves on the loan committee of a municipal industrial development agency that promotes economic development.
- One officer serves on the board of a community loan fund that promotes economic development.

In terms of retail banking services, Chemung's overall branch distribution provides some accessibility to the LMI population and geographies within the assessment areas. Within MSA 13780, the bank operates six branches, one of which is in a low-income tract. All branches provide a full range of financial services to the communities they serve.

METROPOLITAN AREAS

(LIMITED REVIEW)

MSA 10580 (Albany, NY)

MSA 27060 (Ithaca, NY)

Conclusions regarding performance in the limited scope assessment areas were compared with the overall rating, which was based on the full-scope assessment area performance. Conclusions follow:

PERFORMANCE OF LIMITED SCOPE AREAS		
Assessment Area	Lending Test	Community Development Test
MSA 10580	Below	Below
MSA 27060	Below	Below

2010 Aggregate Comparison Loan Distribution Table										
Assessment Area: MSA 27060										
Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	8.0%	4.0%
Moderate	0	0.0%	0.0%	8.7%	8.5%	1	10.0%	6.6%	23.3%	16.6%
Middle	10	100.0%	100.0%	75.4%	72.8%	1	10.0%	8.7%	26.5%	25.0%
Upper	0	0.0%	0.0%	16.0%	18.7%	8	80.0%	84.6%	38.3%	51.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	3.9%	3.4%
Total	10	100.0%	100.0%	100.0%	100.0%	10	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	0.0%	0.0%	1	3.6%	0.6%	4.6%	2.5%
Moderate	2	7.1%	5.5%	6.1%	6.7%	4	14.3%	7.4%	18.9%	12.5%
Middle	23	82.1%	85.3%	79.2%	75.2%	3	10.7%	7.4%	23.5%	19.7%
Upper	3	10.7%	9.2%	14.7%	18.1%	19	67.9%	82.1%	49.3%	60.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	3.6%	2.5%	3.8%	5.3%
Total	28	100.0%	100.0%	100.0%	100.0%	28	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	0.0%	0.0%	1	14.3%	0.8%	12.5%	5.0%
Moderate	2	28.6%	40.2%	6.3%	6.9%	3	42.9%	55.7%	22.2%	10.3%
Middle	4	57.1%	18.9%	87.2%	79.4%	1	14.3%	3.3%	24.1%	15.4%
Upper	1	14.3%	41.0%	6.6%	13.7%	2	28.6%	40.2%	37.8%	62.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	3.4%	6.6%
Total	7	100.0%	100.0%	100.0%	100.0%	7	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	47.4%	51.2%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	42.1%	45.5%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	10.5%	3.3%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
HMDA Totals										
Low	0	0.0%	0.0%	0.0%	0.0%	2	4.4%	0.4%	7.1%	3.1%
Moderate	4	8.9%	4.5%	7.5%	10.3%	8	17.8%	8.1%	20.9%	13.4%
Middle	37	82.2%	88.5%	78.6%	72.6%	5	11.1%	7.8%	24.5%	20.5%
Upper	4	8.9%	7.0%	13.9%	17.2%	29	64.4%	82.0%	42.8%	52.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	2.2%	1.7%	4.6%	10.4%
Total	45	100.0%	100.0%	100.0%	100.0%	45	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
By Tract Income										
		Bank			Aggregate					
	#	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	% \$(000s)
Low	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	27.1%	0.0%	30.3%	0.0%	0.0%
Middle	1	100.0%	100.0%	100.0%	100.0%	60.7%	0.0%	62.1%	0.0%	0.0%
Upper	0	0.0%	0.0%	0.0%	0.0%	7.9%	0.0%	6.8%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tract Unknown	0	0.0%	0.0%	0.0%	0.0%	4.4%	0.0%	0.8%	0.0%	0.0%
Total	1	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
By Revenue										
\$1 Million or Less	0	0.0%	0.0%	0.0%	0.0%	35.3%	0.0%	37.4%	0.0%	0.0%
By Loan Size										
\$100,000 or less	1	100.0%	100.0%	100.0%	100.0%	90.9%	0.0%	32.1%	0.0%	0.0%
\$100,001-\$250,000	0	0.0%	0.0%	0.0%	0.0%	5.3%	0.0%	23.0%	0.0%	0.0%
\$250,001-\$1 Million	0	0.0%	0.0%	0.0%	0.0%	3.7%	0.0%	44.9%	0.0%	0.0%
Total	1	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Originations and Purchases

STATE OF PENNSYLVANIA

CRA RATING FOR THE STATE OF PENNSYLVANIA: SATISFACTORY

The Lending Test is Rated: *Satisfactory*

The Community Development Test is rated: *Satisfactory*

Major factors supporting the rating include:

- Distribution of loans among borrowers of different income levels including LMI and businesses of different sizes was reasonable;
- The geographic dispersion of loans in the bank's assessment areas was reasonable;
- The bank's community development activities demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the needs and availability of such opportunities for community development in Chemung's assessment area.

SCOPE OF EXAMINATION

A full-scope review was conducted within the one assessment area located in the State of Pennsylvania. This assessment area is comprised of a Non-MSA area including Bradford County, eastern Tioga County and western Sullivan County.

NON-METROPOLITAN AREA (FULL REVIEW)

(Bradford, Tioga, and Sullivan, PA)

DESCRIPTION OF INSTITUTION'S OPERATIONS

As December 31, 2011, Chemung operated 3 branches in the Non-MSA assessment area. Sixteen percent of the bank's total HMDA-related and small business loans were originated in this assessment area.

As of June 30, 2011, 7% of Chemung's deposits were held in this assessment area. With a deposit market share of 4%, Chemung was the sixth largest depository institution in the assessment area, behind Citizens and Northern Bank, First Citizens Bank, Peoples State Bank of Wyalusing, Pennsylvania, Norwest Savings Bank, and Manufacturers and Traders Trust Company.

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce’s Bureau of Census, and the U.S. Department of Housing and Urban Development (“HUD”).

Demographic Characteristics

According to the 2000 Census, the PA non-MSA assessment area’s population totals 82,327. the PA non-MSA contains 8% of the bank’s combined assessment area population in New York State and Pennsylvania. In the PA non-MSA assessment area, 16% of the population is 65 and older, which is comparable to the state percentage. Within the PA non-MSA assessment area, one middle-income census tract in Sullivan County meets the FFIEC definition of underserved middle-income census tracts for remote rural areas.

Income Characteristics

The HUD-adjusted median family incomes for the PA non-MSA assessment area for 2010 and 2011 are shown in the table to the right. Based on the 2000 Census, of the 19 census tracts included in the analysis, all are middle-income. Nine percent of all families within the Non-MSA have incomes below the poverty level.

HUD MEDIAN FAMILY INCOMES		
Area	2010	2011
Bradford County	\$50,900	\$50,600
Sullivan County	\$48,500	\$50,400
Tioga County	\$48,200	\$49,500

Housing Characteristics

The Non-MSA assessment area contains 39,824 housing units, of which 62% are owner-occupied. The table to the right provides the median housing price of detached housing in Bradford, Sullivan, and Tioga Counties.

MEDIAN HOUSING PRICE	
Area	2009
Bradford County	\$167,211
Sullivan County	\$199,946
Tioga County	\$156,633
Source: City-data.com	

In 2010 and 2011, the median housing costs in Bradford, Sullivan and Tioga Counties were 6 to 8 times the median family income of a low-income borrower, and 1 to 5 times the median-family income of a moderate-income borrower, indicating that housing affordability may be difficult for both low-income and moderate-income individuals. Housing costs, including rental housing costs, have increased due to the expansion of the natural gas industry in northern Pennsylvania.

Labor, Employment and Economic Characteristics

Economic conditions in the non-MSA Counties of northern Pennsylvania are improving as the economy, particularly in Bradford County, shifts from a tourist based economy to an economy driven by the natural gas industry. Unemployment rates are improving and are below the rates of 8.4% in 2010 and 8.0% in 2011 for the State of Pennsylvania as a whole. Flooding in 2011 caused by Hurricane Irene and Tropical Storm Lee brought major devastation to the region. FEMA designated Bradford and Sullivan Counties disaster areas on September 3, 2011.

U.S. DEPARTMENT OF LABOR ANNUAL UNEMPLOYMENT RATES		
Area	2010	2011
Bradford County	6.7%	5.9%
Sullivan County	7.6%	6.8%
Tioga County	8.1%	6.7%

Detailed demographic data for this assessment area is provided in the chart on the next page.

Assessment Area Demographics								
Assessment Area: Non-MSA Pennsylvania								
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	4,236	18.5
Moderate-income	0	0.0	0	0.0	0	0.0	4,660	20.3
Middle-income	19	100.0	22,909	100.0	1,997	8.7	5,507	24.0
Upper-income	0	0.0	0	0.0	0	0.0	8,506	37.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	19	100.0	22,909	100.0	1,997	8.7	22,909	100.0
	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	39,824	24,722	100.0	62.1	7,361	18.5	7,741	19.4
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
Total Assessment Area	39,824	24,722	100.0	62.1	7,361	18.5	7,741	19.4
	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	2,659	100.0	2,331	100.0	139	100.0	189	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
Total Assessment Area	2,659	100.0	2,331	100.0	139	100.0	189	100.0
Percentage of Total Businesses:				87.7		5.2		7.1

Based on 2000 Census Information

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Distribution by Borrower Income and Revenue Size of Business

Lending performance in the assessment area relating to borrower distribution in 2010 was reasonable overall, and reflected reasonable penetration among individuals of all income levels and businesses of different sizes. Chemung's performance in 2011 was similar overall to its performance in 2010. The following table summarizes the bank's performance in lending to low- and moderate-income borrowers within each HMDA and small business product:

<i>Non-MSA Pennsylvania (Bradford, Tioga, and Sullivan Counties, PA)</i>				
<i>PRODUCT</i>	Low-income Borrowers		Moderate-income Borrowers	
	Chemung's Performance	2010 Aggregate Comparison	Chemung's Performance	2010 Aggregate Comparison
Home Purchase	Poor	Significantly Below	Excellent	Significantly Above
Refinance	Reasonable	Similar	Reasonable	Slightly Below
Home Improvement	Reasonable	Slightly Above	Excellent	Significantly Above
<i>PRODUCT</i>	Lending to Businesses with GAR <= \$1 million		2010 Aggregate Comparison	
Small Business	Excellent		Significantly Above	

Home Purchase Loans

Chemung's distribution of home purchase loans to LMI borrowers was poor overall based on reasonable performance in 2010 and poor performance in 2011. Performance in 2010 was reasonable based on excellent distribution to moderate-income borrowers and poor distribution to low-income borrowers. Performance in 2011 was poor overall to both low- and moderate-income borrowers. In 2010, Chemung did not make any home purchase loans to low-income borrowers while 19% of the families in the MSA are low-income. Chemung's performance was significantly below the market aggregate, which made 8% of its home purchase loans to low-income borrowers. Performance in lending to moderate-income borrowers was excellent as 40% of Chemung's home purchase loans were made to moderate-income borrowers compared to 20% of families in the MSA that were of moderate-income. Chemung's performance was significantly above the market aggregate, which made 20% of its home purchase loans to moderate-income borrowers in 2010. Chemung's 2011 performance was poor as Chemung did not make any home purchase loans to LMI borrowers.

Refinance Loans

Chemung's distribution of refinance loans to LMI borrowers was reasonable overall based on reasonable distribution to both low- and moderate-income borrowers. Chemung's distribution of refinance loans to low-income borrowers was reasonable as 4% of refinance loans were to low-income borrowers compared to 19% of all families in the MSA that were of low-income. Chemung's performance was similar to the market aggregate which also made 4% of its refinance loans to low-income borrowers. Chemung's distribution of refinance loans to moderate-income borrowers was reasonable as 11% of refinance loans were to moderate-income borrowers compared to 20% of all families in the MSA that were of moderate-income. Chemung's performance was slightly below the market aggregate which made 14% of its refinance loans to moderate-income borrowers. Chemung's 2011 refinance lending performance exceeded its 2010 performance.

Home Improvement Loans

Chemung's distribution of home improvement loans to LMI borrowers was excellent overall based on reasonable performance to low-income borrowers and excellent performance to moderate-income borrowers. In 2010, Chemung made 11% of its home improvement loans to low-income borrowers while 19% of the families in the MSA are low-income. Chemung's performance was slightly above the market aggregate, which made 9% of its home improvement loans to low-income borrowers. Performance in lending to moderate-income borrowers was excellent as 32% of Chemung's home improvement loans were made to moderate-income borrowers compared to 20% of families in the MSA that were of moderate-income. Chemung's performance was significantly above the market aggregate, which made 20% of its home improvement loans to moderate-income borrowers in 2010. Chemung's 2011 performance in home improvement lending was similar.

Small Business Loans

The level of lending to small businesses was reasonable overall based on excellent performance in 2010 and reasonable performance in 2011. During 2010, Chemung made 100% of its small business loans to businesses with gross annual revenues of \$ 1 million or less, compared to 90% of business establishments in the MSA with GAR of \$1 million or less. Performance was significantly above the aggregate which made 46% of its loans to businesses with GAR of \$1 million or less. Chemung's performance in 2011 was below 2010's performance as 62% of its small business loans were made to businesses with GAR of \$ 1 million or less. According to bank management differences between 2011 and 2010 were due to increased borrowings by businesses with GAR of over \$1 million.

During 2010 100% of Chemung's loans were in amounts of \$100,000 or less, with an average loan size of \$36,000. Chemung out-performed the aggregate which originated 96% of its loans in amounts of \$100,000 or less. Performance in 2011 was below 2010's performance as 63% of its small business loans were in amounts of \$100,000 or less.

Geographic Distribution

The overall distribution of HMDA-related and small business loans reflected reasonable loan penetration in the PA Non-MSA. All 19 of Chemung's census tracts in the PA Non-MSA are middle-income tracts; there were no low- or moderate-income census tracts in the PA Non-MSA assessment area. Since all the geographies have the same income classification, a geographic analysis had limited value. Lending dispersion based on a map review revealed adequate distribution of HMDA-related and small business loans throughout the assessment area.

2010 Aggregate Comparison Loan Distribution Table										
Assessment Area: Non-MSA PA										
Income Categories	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	7.9%	3.9%
Moderate	0	0.0%	0.0%	0.0%	0.0%	4	40.0%	37.8%	20.9%	15.6%
Middle	10	100.0%	100.0%	100.0%	100.0%	3	30.0%	15.8%	23.3%	19.6%
Upper	0	0.0%	0.0%	0.0%	0.0%	3	30.0%	46.4%	43.2%	53.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	4.8%	7.0%
Total	10	100.0%	100.0%	100.0%	100.0%	10	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	0.0%	0.0%	2	3.8%	1.0%	4.1%	2.2%
Moderate	0	0.0%	0.0%	0.0%	0.0%	6	11.3%	7.4%	13.6%	9.6%
Middle	53	100.0%	100.0%	100.0%	100.0%	14	26.4%	20.6%	23.6%	18.5%
Upper	0	0.0%	0.0%	0.0%	0.0%	28	52.8%	65.0%	49.3%	57.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	3	5.7%	5.9%	9.4%	12.1%
Total	53	100.0%	100.0%	100.0%	100.0%	53	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	0.0%	0.0%	4	10.8%	4.2%	8.7%	3.3%
Moderate	0	0.0%	0.0%	0.0%	0.0%	12	32.4%	18.0%	20.1%	13.1%
Middle	37	100.0%	100.0%	100.0%	100.0%	7	18.9%	9.7%	24.7%	20.5%
Upper	0	0.0%	0.0%	0.0%	0.0%	14	37.8%	68.1%	43.8%	58.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	2.7%	4.2%
Total	37	100.0%	100.0%	100.0%	100.0%	37	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Total	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
HMDA Totals										
Low	0	0.0%	0.0%	0.0%	0.0%	6	6.0%	1.5%	6.2%	3.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	22	22.0%	12.3%	17.3%	12.2%
Middle	100	100.0%	100.0%	100.0%	100.0%	24	24.0%	18.0%	23.7%	19.1%
Upper	0	0.0%	0.0%	0.0%	0.0%	45	45.0%	63.9%	46.2%	56.3%
Unknown	0	0.0%	0.0%	0.0%	0.0%	3	3.0%	4.2%	6.6%	9.5%
Total	100	100.0%	100.0%	100.0%	100.0%	100	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
By Tract Income										
		Bank		Aggregate						
	#	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	% \$(000s)
Low	0		0.0%		0.0%		0.0%		0.0%	0.0%
Moderate	0		0.0%		0.0%		0.0%		0.0%	0.0%
Middle	22		100.0%		100.0%		88.4%		97.7%	
Upper	0		0.0%		0.0%		0.0%		0.0%	0.0%
Unknown	0		0.0%		0.0%		0.0%		0.0%	0.0%
Tract Unknown	0		0.0%		0.0%		11.6%		2.3%	
Total	22		100.0%		100.0%		100.0%		100.0%	
By Revenue										
\$1 Million or Less	22		100.0%		100.0%		45.9%		46.2%	
By Loan Size										
\$100,000 or less	21		95.5%		84.6%		88.4%		31.8%	
\$100,001-\$250,000	1		4.5%		15.4%		7.0%		22.2%	
\$250,001-\$1 Million	0		0.0%		0.0%		4.7%		46.0%	
Total	22		100.0%		100.0%		100.0%		100.0%	

Originations and Purchases

COMMUNITY DEVELOPMENT TEST

Chemung's community development performance in non-MSA Pennsylvania demonstrates reasonable responsiveness to the community development needs of the assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the need and availability of such opportunities for community development in Chemung's assessment area. One percent or \$402,000 of Chemung's overall community development loans and investments were made in this non-MSA Pennsylvania assessment area.

Exhibit 7		
Summary of Community Development Loans and Qualified Investments		
January 1, 2010 – March 31, 2012		
Designation	(\$000)	%
Affordable Housing	\$0	0%
Community Services	\$352	87.6%
Economic Development	\$0	0%
Revitalize and Stabilize	\$50	12.4%
Total Activity	\$402	100.0%

**Lending activity includes new loans and investments made during the examination period as well as loans and investments with existing balances from the prior examination period that were outstanding as of 3/31/2012.*

Chemung made a total of \$402,000 in community development loans and qualified investments, of which \$190,000 or 47% were made in the current period. The current level of community development lending and qualified investment activity increased 42% when compared to the levels shown at the prior period examination, when Chemung made \$168,000 in community development loans and qualified investments.

Community development loans totaled \$324,000 and increased 19% on an annualized basis compared to the last CRA examination. This amount consisted of loans made to support community services targeted to LMI individuals. Community development loans included the following:

- A \$112,000 term loan to a non-profit organization that provides training, education and affordable housing services to LMI individuals with mental health issues. The loan will be used to acquire a home to be used as a group home for these individuals.
- A \$66,000 commercial mortgage to a non-profit organization that provides education and training targeted to mentally handicapped LMI individuals.

Qualified Investments totaled \$78,000. This level of activity reflects an increase from the last CRA examination when no qualified investments or grants were reported. Qualified investments included a \$50,000 municipal bond to Burlington Township to help revitalize and stabilize areas damaged by Hurricane Irene and Tropical Storm Lee in the fall of 2011. Bradford County was designated a federal disaster area by FEMA. Chemung also made \$28,000 in donations and grants to organizations providing community service activities in the PA non-MSA assessment area.

One Chemung officer serves as a board member on the organization in Bradford County that promotes economic development. Another officer serves on the board of directors of an organization that seeks to address the needs of low-income individuals and families.

CRA APPENDIX A GLOSSARY

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; or loans, investments or services that (i) Support, enable or facilitate projects or activities that meet eligible uses" criteria described in Section 2301c of the Housing and Economic Recovery Act of 2008 ("HERA"), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Urban and Development in accordance with the Neighborhood Stabilization program ("NSP"); (ii) Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by the grantees; (iii) Benefit low-, moderate- and middle-income individuals and geographies in the bank's assessment area(s) or geographies outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Development Financial Institution ("CDFI"): A CDFI is an organization that has been certified by the U.S. Treasury as a provider of loans and services that assist specially funded institutions that revitalize LMI areas and assist LMI persons.

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

Family: A family is a group of two people or more related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act ("HMDA"): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary

reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

Household: A household consists of all persons who occupy a housing unit. Persons not living in households are classified as living in group quarters.

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

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% and less than 120% of the area median income, or a median family income that is at least 80% and less than 120%, in the case of a geography.

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

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

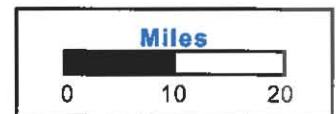
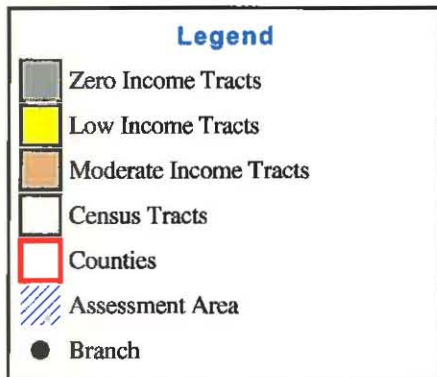
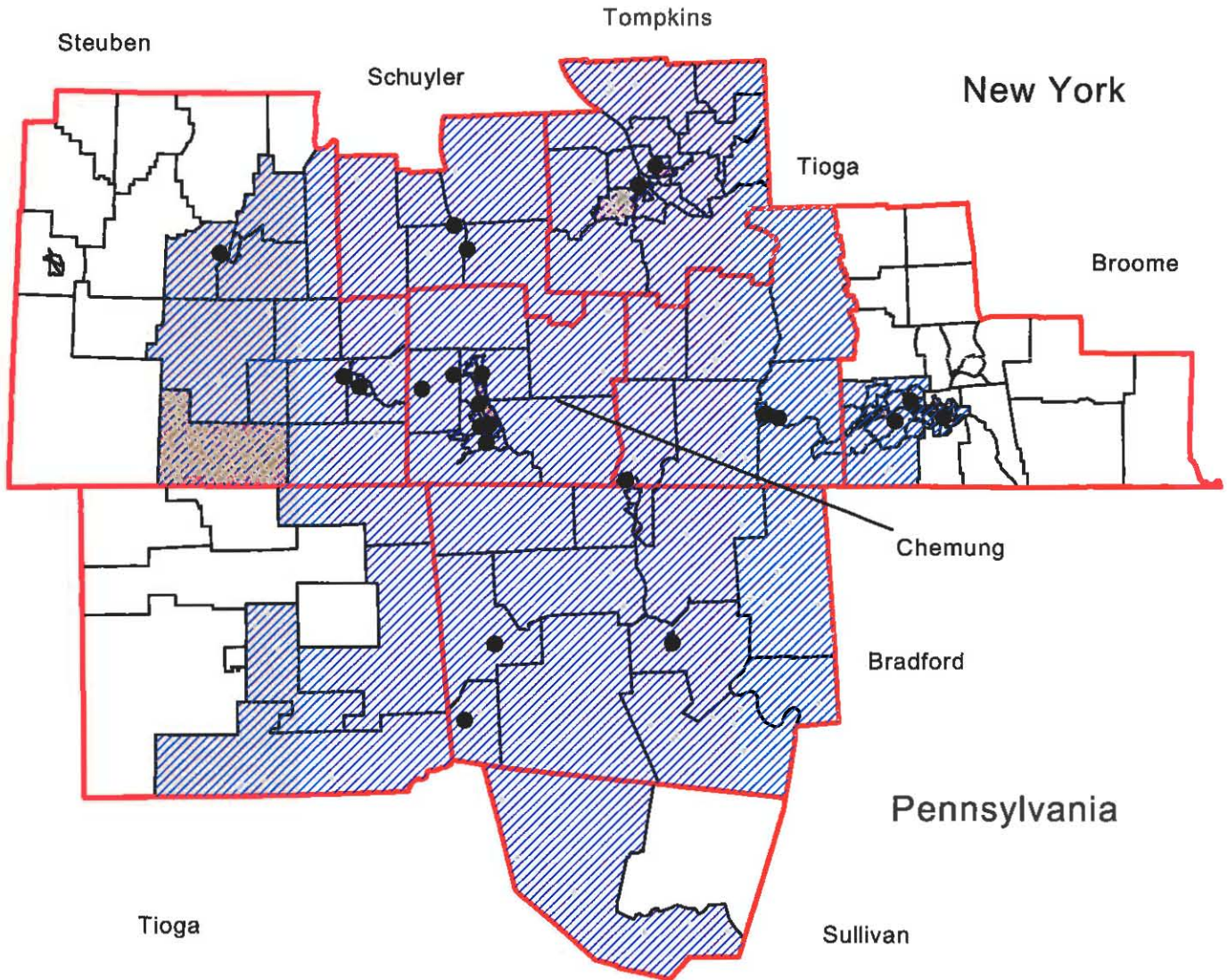
Small loan(s) to business (es): A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured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

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

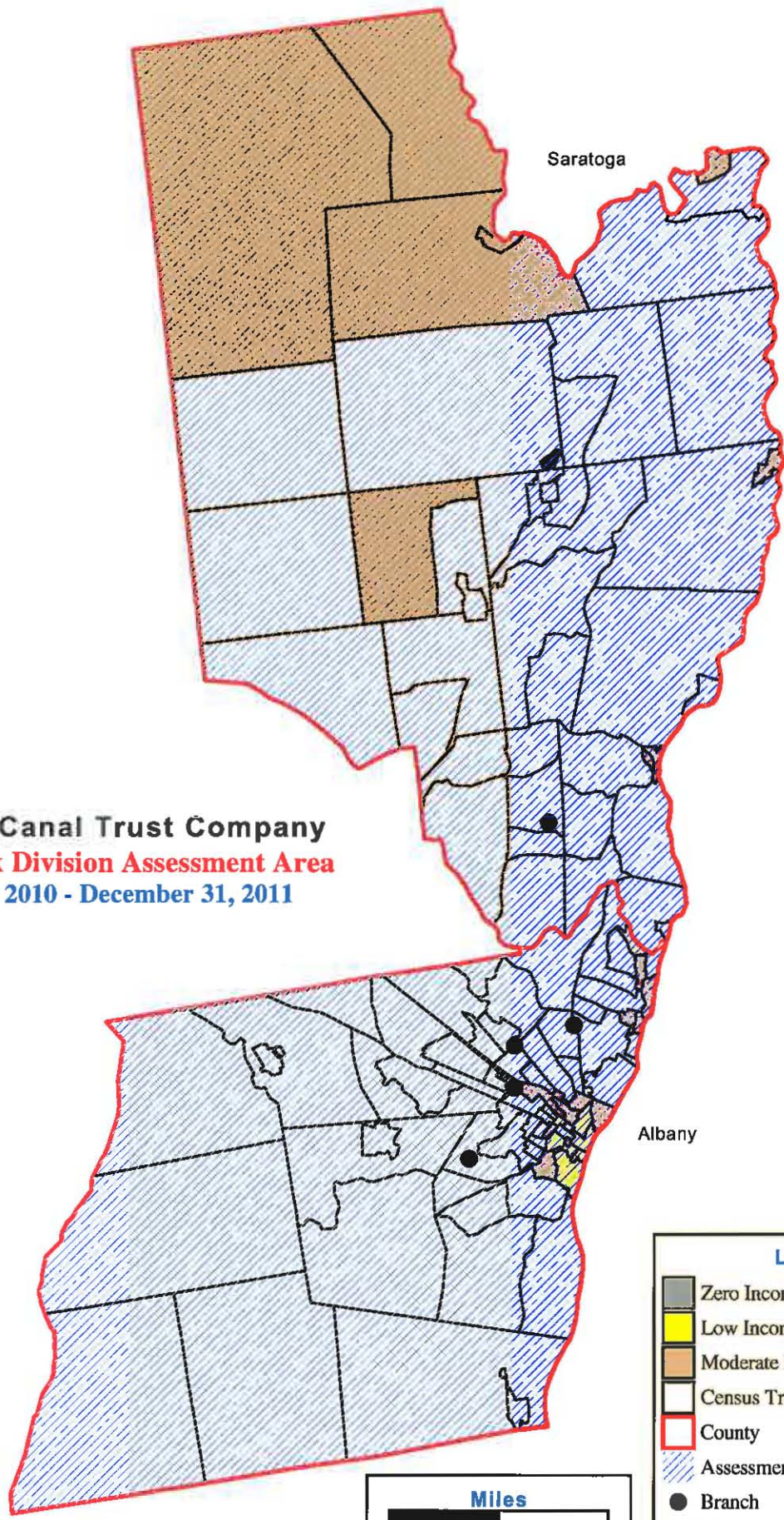
Chemung Canal Trust Company

Southern Tier Assessment Area

January 1, 2010 - December 31, 2011



Chemung Canal Trust Company
Capital Bank Division Assessment Area
January 1, 2010 - December 31, 2011



Legend

- Zero Income Tracts
- Low Income Tracts
- Moderate Income Tracts
- Census Tracts
- County
- Assessment Area
- Branch

