



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street Plaza
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2007

Institution: Chemung Canal Trust Company
One Chemung Canal Plaza
Elmira, NY 14901

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Chemung Canal Trust Company (“CCTC”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2007.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low and moderate income areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA ratings and the written summary be made available to the public (“Evaluation”). Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

CCTC is rated "1," indicating an outstanding record of helping to meet community credit needs. The rating is based on the following factors:

I. Lending Test - "Satisfactory"

- CCTC's average loan to deposit ("LTD") ratio of 82.7% for eight consecutive quarters is reasonable given its size, financial condition and assessment area credit needs.
- CCTC originated a substantial majority of its HMDA-related and small business loans within the assessment area, 92.8% by number and 91.4% by dollar volume.
- The geographic distribution of HMDA-related and small business loans reflects an excellent dispersion throughout the assessment area.
- The distribution of loans by borrower characteristics reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.

II. Community Development Test - "Outstanding"

CCTC community development performance demonstrates excellent responsiveness to the community development needs of its assessment area through community development loans and community development services, as appropriate, considering CCTC's capacity and the need and availability of such opportunities for community development in its assessment area.

- Neither CCTC nor the New York State Banking Department received any written complaints with respect to CCTC's CRA performance during the evaluation period.

This Evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution's Profile:

Established in 1833, CCTC is a commercial bank chartered in New York State. In 1902, it was reorganized as a trust company under the name of Elmira Trust Company. The name was changed to Chemung Canal Trust Company in 1903.

CCTC is a wholly owned subsidiary of Chemung Financial Corporation ("CFC"). CFC, incorporated in 1985 under the laws of the State of New York, was organized for the purpose of acquiring CCTC. CFC became a financial holding company in 2000, and it now operates with two subsidiaries; CCTC and CFS Group, Inc., a subsidiary offering non-traditional financial services, such as, mutual funds, annuities, brokerage services and insurance.

CCTC has 17 full service offices, including its main office in the town of Elmira in New York. In addition to its regular banking hours, CCTC provides extended hours of service including Saturdays. Supplementing the banking offices is an automated-teller-machine ("ATM") network in each of the 17 branches and 12 off-site ATMs that provide withdrawal and funds transfer services only. Of the total branches, CCTC opened three branches during the evaluation period and did not close any offices.

The table below illustrates the distribution of CCTC branches by county and geography income level:

Distribution of Banking Offices - 2007 - by census tract income level					
County	Low	Moderate	Middle	Upper	Total
Broome	1				1
Chemung	1		4	2	7
Schuyler			2		2
Steuben			1	2	3
Tioga			2		2
Tompkins		1	1		2
TOTAL	2	1	10	4	17

As depicted in the chart, the four branches in middle-income areas in Chemung and two of the off-site ATMs are adjacent to LMI geographies.

CCTC reported total assets of \$786 million as of December 31, 2007. Net loans and leases amounted to \$531.1 million and deposits were \$573.4 million, resulting in a loan-to-deposit ratio of 92.6%. According to the 2006 market share report of HMDA-related lending, CCTC ranked first among 255 institutions with a market share of 9.3% by number of loans and 7.6% by dollar volume with an average loan size of \$69 thousand.

According to the FDIC's Deposit Market Share Report dated June 30, 2007, CCTC had deposits totaling \$525.7 million, of which 63.8% was generated from Chemung County, 8.8% from Schuyler County, 14.1% from Steuben County, 10.1% from Tioga County, and

3.2% from Tompkins County. CCTC obtained a market share of 10.0% or \$597.7 million out of \$1.2 billion inside its market, ranking it fifth among 23 deposit-taking institutions in its assessment area.

The following chart is a summary of CCTC's lending portfolio, based on Schedule RC-C of its 2006 and 2007 year-end Call Reports:

TOTAL GROSS LOANS OUTSTANDING				
LOAN TYPE	12/31/2006		12/31/2007	
	\$(000s)	%	\$(000s)	%
Commercial Mortgage Loans	49,831	10.4	65,886	12.2
1-4 Residential Mortgage Loans	193,043	40.4	221,152	40.9
Commercial and Industrial Loans	132,672	27.8	125,809	23.3
Other Loans	1,483	0.3	981	0.2
Consumer Loans	90,968	19.0	114,845	21.2
Multifamily Mortgages	2,844	0.6	2,956	0.5
Construction and Land Dev.	3,564	0.7	5,193	1.0
Agricultural Loans	86	0.0	64	0.0
Obligations of states & municipalities	3,456	0.7	3,150	0.6
Lease financing	0	0.0	0	0.0
Total Gross Loans	477,947	100.0	540,036	100.0

CCTC is primarily a mortgage lender, with 1-4 family residential mortgage loans accounting for 40.9% of the loan portfolio.

CCTC participates in government insured, guaranteed or subsidized programs for both the residential mortgage lending and small business loans. Loan programs offered include those from the Federal Home Loan Bank of New York (FHLB), the Federal Housing Authority (FHA), the Veterans Administration (VA), and the Small Business Administration (SBA).

CCTC received a rating of "1" at its prior performance evaluation conducted by the New York State Banking Department as of December 31, 2005, reflecting an outstanding record of helping to meet community credit needs.

There are no known financial or legal impediments that adversely impacted CCTC's ability to meet the credit needs of its community.

Assessment Area:

CCTC's assessment area includes Chemung, Schuyler, Tioga, and Tompkins Counties in their entirety, parts of Steuben County that surround the three branches located there, and a smaller, yet densely populated area in Broome County in and around the City of Binghamton. It is noted that the branch in Broome County, where eleven of the twenty-three LMI census tracts are located, was opened in the last quarter of 2007.

There are 95 census tracts in the assessment area, 23 of which (or 24.2%) are low- and moderate-income. LMI tracts are mostly concentrated in the City of Binghamton within Broome County, the City of Elmira within Chemung County and the City of Ithaca within Tompkins County.

The following chart shows the distribution of the census tracts by counties:

Distribution of Census Tracts Within the Assessment Area								
County	Zero-Income	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total Census	LMI Tracts %	#
Broome	0	4	7	3	2	16	11	68.8
Chemung	1	2	4	13	3	23	6	26.1
Schuyler	0	0	0	5	0	5	0	-
Steuben	0	0	1	13	4	18	1	5.6
Tioga	0	0	0	8	2	10	0	-
Tompkins	0	0	5	15	3	23	5	21.7
Total	1	6	17	57	14	95	23	24.2

Details of the Assessment Area:

According to the 2000 census data, the assessment area has a total population of approximately 365.5 thousand people. There are 88.7 thousand families and 143.8 thousand households with 158.3 thousand housing units. The weighted average of median family income is \$46.8 thousand, and the weighted average of HUD updated MSA median family income is \$55.1 thousand. The median housing value is \$77.8 thousand.

In 2007, there were 23.5 thousand businesses in the assessment area, of which 35.3% were service providers, 16.1% were retail trades, 6.4% were construction businesses, 5.9% involved finance, insurance and real estate, 3.9% were manufacturing enterprises, 3.7% involved agriculture, forestry and fishing, 3.2% were transportation and communication enterprises, 2.8% were wholesale trades, and 2.5% involved public administration. Approximately 20.1% of the businesses were non-classifiable establishments.

The assessment area appears reasonable based upon the location of CCTC’s offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Demographic & Economic Data

The following charts show the demographic and economic data for each county of the CCTC’s assessment area.

The demographic data is obtained from the 2000 U.S. Census.

Chart #1: Shows population and income.

Chart #2: Shows housing demographics.

Chart #3: Shows business demographics

Unemployment Rates

According to the New York State Department of Labor, the annual average unemployment rates for Chemung, Schuyler and Steuben Counties were higher than New York State’s averages in 2006 and 2007 respectively. Tompkins County’s unemployment rate was lower than the state’s average. Broome County’s unemployment rate was higher than the state’s average in 2006, and lower in 2007. Tioga County’s unemployment rate was lower than the state’s average in 2006 and higher in 2007.

The following chart illustrates the unemployment rates in the counties of CCTC’s assessment area.

Unemployment Rates		
Area	2006	2007
	%	%
New York State	4.6	4.5
Broome	4.7	4.4
Chemung	4.9	4.6
Schuyler	5.1	5
Steuben	5.3	5.2
Tioga	4.4	4.6
Tompkins	3.4	3.4

CHART # 1

CHEMUNG CANAL TRUST COMPANY - 2007																					
ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY & MSA																					
COUNTY	Total Population	Age 65 and over		Age 16 and less		Median Family Income(MFI)	HUD MSA MFI	Total Households	Total HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
	#	#	%	#	%	\$	\$	#	#	%	#	#	%	#	%	#	%	#	%	#	%
BROOME (P*)	47,380	8,342	17.6	9,087	19.2	39,051	52,800	21,113	4,751	22.5	10,501	3,210	30.6	2,104	20.0	2,223	21.2	2,964	28.2	3,715	69.9
CHEMUNG	91,070	14,222	15.6	19,501	21.4	45,119	51,700	35,076	4,531	12.9	23,461	4,334	18.5	4,391	18.7	5,499	23.4	9,237	39.4	2,223	25.5
SCHUYLER	19,224	2,815	14.6	4,203	21.9	41,566	50,900	7,375	779	10.6	5,204	966	18.6	1,017	19.5	1,223	23.5	1,998	38.4	0	0.0
STEUBEN (P*)	59,496	9,217	15.5	13,088	22.0	45,362	50,900	23,978	2,683	11.2	15,944	2,812	17.6	2,875	18.0	3,467	21.7	6,790	42.6	399	7.0
TIOGA	51,784	6,785	13.1	12,488	24.1	46,937	52,800	19,779	1,581	8.0	14,369	2,291	15.9	2,756	19.2	3,660	25.5	5,662	39.4	0	0.0
TOMPKINS	96,501	9,257	9.6	16,041	16.6	55,580	65,400	36,464	6,221	17.1	19,259	3,762	19.5	3,459	18.0	4,502	23.4	7,536	39.1	1,149	15.9
TOTAL A/A	365,455	50,638	13.9	74,408	20.4	46,801	55,124	143,785	20,546	14.3	88,738	17,375	19.6	16,602	18.7	20,574	23.2	34,187	38.5	7,486	22.0

CHART # 2

CHEMUNG CANAL TRUST COMPANY - 2007 ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY																				
COUNTY	Total Housing Units	1-4 family Units		Multifamily Units		Owner-Occupied Units (O-O)		O-O Units in Low-income Tracts		O-O Units in Mod-income Tracts		O-O Units in Mid-income Tracts		O-O Units in Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units		Median House Value
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	\$
BROOME (P*)	23,971	18,639	77.8	5,332	22.2	9,067	37.8	657	7.3	3,396	37.5	2,758	30.4	2,255	24.9	13,856	57.8	2,882	12.0	64,515
CHEMUNG	37,745	34,422	91.2	3,323	8.8	24,159	64.0	1,855	7.7	8,922	36.9	16,696	69.1	19,719	81.6	12,346	32.7	2,696	7.1	65,411
SCHUYLER	9,181	8,976	97.8	205	2.2	5,691	62.0	0	0.0	0	0.0	3,528	62.0	0	0.0	1,870	20.4	1,807	19.7	67,216
STEBEN (P*)	27,413	25,285	92.2	2,128	7.8	17,232	62.9	0	0.0	12,143	70.5	10,977	63.7	10,219	59.3	7,578	27.6	3,469	12.7	68,862
TIOGA	21,410	20,697	96.7	713	3.3	15,347	71.7	0	0.0	0	0.0	10,487	68.3	13,002	84.7	4,973	23.2	1,685	7.9	71,055
TOMPKINS	38,625	30,796	79.7	7,829	20.3	19,583	50.7	0	0.0	3,744	19.1	11,695	59.7	8,562	43.7	17,717	45.9	2,205	5.7	110,937
TOTAL A/A	158,345	138,815	87.7	19,530	12.3	91,079	57.5	12,223	13.4	29,428	32.3	57,653	63.3	61,706	67.8	58,340	36.8	14,744	9.3	77,846

CHART # 3

CHEMUNG CANAL TRUST COMPANY - 2007 BUSINESS DEMOGRAPHICS BY COUNTY											
COUNTY	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Bussinesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
BROOME (P*)	3,191	2,113	66.2	221	6.9	857	26.9	2,571	80.6	2,674	83.8
CHEMUNG	5,308	3,194	60.2	271	5.1	1,843	34.7	3,982	75.0	4,391	82.7
SCHUYLER	1,307	792	60.6	49	3.7	466	35.7	923	70.6	1,172	89.7
STEUBEN (P*)	3,906	2,237	57.3	144	3.7	1,525	39.0	2,681	68.6	3,374	86.4
TIOGA	3,132	1,942	62.0	93	3.0	1,097	35.0	2,208	70.5	2,829	90.3
TOMPKINS	6,644	4,093	61.6	298	4.5	2,253	33.9	4,862	73.2	5,747	86.5
TOTAL A/A	23,488	14,371	61.2	1,076	4.6	8,041	34.2	17,227	73.3	20,187	85.9

PERFORMANCE TESTS AND ASSESSMENT FACTORS

The Banking Department assesses an Intermediate Small Bank’s CRA performance under the Lending and Community Development test. The Lending test is evaluated according to the following criteria: (1) Loan-to-Deposit Ratio; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Distribution by Borrower Characteristics; and (5) Action Taken in Response to Written CRA Complaints. The Community Development Test is evaluated according to the following criteria: (1) Community Development Loans, (2) Qualified Investments, and (3) Community Development Services. These two tests are used pursuant to Part 76.11 and 76.12 of the General Regulations of the Banking Board.

The evaluation period covers calendar years 2006 and 2007. Statistics used in this evaluation were derived from various sources. The demographic data was obtained from the 2000 U.S. Census data. The 2006 and 2007 updated median family income figures were obtained from U.S.Department of Housing and Urban Development (“HUD”) estimates. In addition to specific loan information provided by the bank, aggregate data for HMDA-reportable loans was obtained from the Federal Financial Institution Examination Council (“FFIEC”) and PCI Services, Inc.’s CRA WIZ, an external contractor. Aggregate data for 2007 was not available at the time of the examination.

Examiners considered statistical samples of HMDA-related and small business loans in evaluating factors (2), (3), and (4) of the Lending Test.

I. Lending Test: “Satisfactory”

CCTC’s HMDA-related and small business lending activities are reasonable in light of the assessment area’s credit needs.

Loan-to-Deposit (LTD) Ratio Analysis: “Satisfactory”

The LTD ratio is reasonable given CCTC’s size, financial condition, and the credit needs of its assessment area. The average LTD ratio for the eight consecutive quarters was 82.7%, which was slightly lower than the peer’s ratio of 87.4%¹. Nevertheless, CCTC’s LTD ratio trended upwards throughout the eight quarters, and exceeded the peer’s ratio during the third and fourth quarters of 2007.

Loan-to-Deposit Ratios									
	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2007 Q1	2007 Q2	2007 Q3	2007 Q4	Average LTD
Bank	73.95	79.03	78.78	80.17	81.02	87.23	88.72	92.62	82.69
Peer	85.54	87.00	87.60	86.83	86.56	87.86	88.56	89.46	87.43

Assessment Area Concentration: “Outstanding”

¹ These ratios were calculated from information shown in the bank’s Uniform Bank Performance Report (“UBPR”) as prepared by the FDIC. The bank’s peer group includes all insured commercial banks with assets between \$300 million and \$1 billion. The UBPR peer group is a national peer group and includes banks that may be operating in very different economic environments.

CCTC originated a substantial majority of its HMDA-related and small business loans in the assessment area. During the evaluation period, CCTC originated 92.8% by number and 91.4% by dollar volume of its loans inside its assessment area.

The following table illustrates the distribution of CCTC loans originated inside and outside of its assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA -2006	202	91.4	19	8.6	221	13,130	89.4	1557	10.6	14,687
HMDA -2007	179	91.3	17	8.7	196	12,656	90.8	1275	9.2	13,931
subtotal	381	91.4	36	8.6	417	25,786	90.1	2,832	9.9	28,618
SBL -2006	70	98.6	1	1.4	71	10,423	96.4	390	3.6	10,813
SBL -2007	66	95.7	3	4.3	69	9,614	89.9	1076	10.1	10,690
subtotal	136	97.1	4	2.9	140	20,037	93.2	1,466	6.8	21,503
Total	517	92.8	40	7.2	557	45,823	91.4	4,298	8.6	50,121

Geographic Distribution of Loans: “Outstanding”

CCTC’s geographic distribution of HMDA-related and small business loans reflects excellent penetration throughout the assessment area.

HMDA-Related Loans

In 2006, CCTC extended 12.4% by number and 10.1% by dollar volume of its HMDA-related loans in LMI geographies. These numbers are slightly higher than the aggregate LMI penetration rates, 11.1% and 9.6% respectively. In 2007, LMI penetration rates were lower than in 2006 and stood at 6.7% by number and 5.8% by dollar volume.

The following table illustrates the distribution of HMDA-related loans by geography income level for 2006 and 2007.

Distribution of HMDA-related Loans by Geographic Income Level*								
2006								
Geography	Bank				Aggregate			
Income Level	#	%	\$000's	%	#	%	\$000's	%
Low	0	0.0	0	0.0	106	1.1	8,023	1.0
Moderate	25	12.4	1,330	10.1	951	10.0	69,114	8.6
Middle	140	69.3	8,428	64.2	6,469	67.9	504,559	63.0
Upper	36	17.8	3,263	24.9	2,000	21.0	219,382	27.4
N/A**	1	0.5	109	0.8	3	0.0	362	0.0
Total	202	100.0	13,130	100.0	9,529	100.0	801,440	100.0
2007								
Geography	Bank				Aggregate			
Income Level	#	%	\$000's	%	Not Available			
Low	1	0.6	66	0.5				
Moderate	11	6.1	671	5.3				
Middle	126	70.4	9,164	72.4				
Upper	41	22.9	2,755	21.8				
N/A**	0	0.0	0	0.0				
Total	179	100.0	12,656	100.0				
LMI 2-year	37	9.7	2,067	8.0				
Total	381	100.0	25,786	100.0				

* Geography income level is based upon 2000 Census data on median family income figure for the MSA of the mortgaged property. Low income is defined as <50% of the MSA median, moderate income is 50% to <80%, middle income is 80% to <120%, and upper income

**Not Available

Small Business Loans

In 2006, CCTC's percentage of small business lending in LMI areas was 30%, which was significantly larger than the aggregate's lending within the assessment area of 23.3%.

In 2007, CCTC originated 22.8% by number and 30.4% by dollar volume of its small business loans inside LMI areas.

The following table illustrates CCTC's distribution of small business loans by geography income level for 2006 and 2007.

Distribution of Small Business Loans by Geographic Income Level*								
2006								
Geography Income Level	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	5	7.1	284	2.7	639	6.9	31,611	13.8
Moderate	16	22.9	1,632	15.7	1,517	16.4	50,694	22.1
Middle	33	47.1	6,256	60.0	5,457	59.0	118,060	51.4
Upper	16	22.9	2,251	21.6	1,638	17.7	29,282	12.8
N/A**								
Total	70	100.0	10,423	100.0	9,251	100.0	229,647	100.0
2007								
Geography Income Level	Bank				Aggregate			
	#	%	\$000's	%				
Low	4	6.1	270	2.8				
Moderate	11	16.7	2,651	27.6				
Middle	36	54.5	4,754	49.4				
Upper	15	22.7	1,939	20.2				
N/A**								
Total	66	100.0	9,614	100.0				
LMI 2-year	36	26.5	4,837	24.1				
Total	136	100.0	20,037	100.0				

* Geography income level is based upon 2000 Census data on median family income figure for the MSA of the business address. Low income is defined as <50% of the MSA median, moderate-income is 50% to <80%, middle-income is 80% to <120%, and upper-income is at least 120%.

**Not Available

Distribution by Borrower Characteristics: “Satisfactory”

CCTC’s distribution of loans by borrower characteristics reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.

HMDA-Related Loans

In 2006, the percentage of CCTC’s HMDA related lending to LMI borrowers was 37.2% by number and 21.2%, by dollar volume, while the aggregate’s percentage of lending for the same period was 31.6%, and 19.5% respectively.

Similar dispersion of HMDA-related loans across borrowers of different income levels was evident in 2007. CCTC extended 33.5% by number and 21.4% by dollar volume of its HMDA-related loans to LMI borrowers.

The following table illustrates the distribution of HMDA-related loans by borrowers’ income level for 2006 and 2007.

Distribution of HMDA-related Loans by Borrower Income Level *								
2006								
Borrower Income Level	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	27	13.4	740	5.6	885	9.3	36,463	4.5
Moderate	48	23.8	2,054	15.6	2,124	22.3	120,473	15.0
Middle	55	27.2	2,681	20.4	2,476	26.0	175,697	21.9
Upper	64	31.7	6,726	51.2	3,777	39.6	406,801	50.8
N/A**	8	4.0	929	7.1	267	2.8	62,006	7.7
Total	202	100.0	13,130	100.0	9,529	100.0	801,440	100.0
2007								
Borrower Income Level	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	20	11.2	726	5.7				
Moderate	40	22.3	1,991	15.7				
Middle	53	29.6	3,403	26.9				
Upper	63	35.2	6,414	50.7				
N/A**	3	1.7	122	1.0				
Total	179	100.0	12,656	100.0				
LMI 2-year	135	35.4%	5,511	21.4%				
Total	381	100.0%	25,786	100.0%				

* Borrower income level is based upon the Department of Housing and Urban Development's annual estimate of median family income ("MFI") figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA MFI, moderate-income is 50% to <80%, middle-income is 80% to <120%, and upper-income is at least 120%.

** Not Available

Small Business Loans

In 2006, CCTC made 40% of its small business loans to businesses with annual revenues of \$1 million or less, compared to the aggregate's 38.7%. CCTC made 16.1% of its small business loans by dollar volume to small businesses with revenues of \$1 million or less compared to the aggregate's 40.7%.

In 2007, CCTC increased small business loan originations to businesses with revenues of \$1 million or less, both in absolute numbers (48.5% vs. 40% by number of loans), and in value (22.6% vs. 16.1% by dollar volume), as compared to the prior year's originations.

The following table illustrates the distribution of small business loans by borrowers' revenue for 2006 and 2007.

Distribution of Small Business Loans by Business Revenue Size								
2006								
Business Revenue Level	Bank				Aggregate			
	#	%	\$(000's)	%	#	%	\$(000's)	%
\$1million or less	28	40.0	1,680	16.1	3,576	38.7	93,416	40.7
Over \$1 million	39	55.7	8,706	83.5	5,675	61.3	136,231	59.3
No Revenue Info	3	4.3	37	0.4				
Total	70	100.0	10,423	100.0	9,251	100.0	229,647	100.0
2007								
Business Revenue Level	Bank				Aggregate			
	#	%	\$(000's)	%				
\$1million or less	32	48.5	2,176	22.6				
Over \$1 million	32	48.5	7,322	76.2				
No Revenue Info	2	3.0	116	1.2				
Total	66	100.0	9,614	100.0				
2-Year Total	136	100.0	20,037	100.0				
Total <\$1 million	60	44.1	3,856	19.2				

Action Taken in Response to Written Complaints With Respect to CRA

Neither CCTC nor the New York State Banking Department has received any written complaints regarding CCTC's CRA performance since the last CRA evaluation conducted as of December 31, 2005.

II. Community Development Test: "Outstanding"

CCTC's community development performance demonstrates an excellent responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services.

Community Development Loans

As of the evaluation date, CCTC's community development loans totaled \$16.5 million, of which \$12.8 million constituted new money. While this total in community development commitments represented a decrease by 10.3% from the \$18.4 million total at the prior evaluation, CCTC's new money commitments increased by 64% from \$7.8 million.

Community development loans accounted for 2.1% of the total assets as of December 31, 2007.

A majority of CCTC's loans were extended to charitable and other non-profit organizations that catered to the needs of LMI people, communities, and geographies.

Qualified Investments

CCTC made commitments totaling \$9.8 million in qualified investments during the evaluation period. This represented an increase of 24% from the \$7.9 million in qualified investments made during the prior evaluation period. Of the total commitments made, 37.4% (\$3.7 million) represented new money.

Most of CCTC's qualified investments were municipal bonds purchased from local townships, which were used for economic development of distressed or underserved geographies. CCTC's grants and donations were given to approximately twenty (20) charitable institutions and supported affordable housing, small business development and economic development activities.

Community Development Services

CCTC is a leader in providing community development services within its assessment area. A number of CCTC's officers and employees participate in activities and services of organizations that support affordable housing, small business development and economic development. CCTC's officers also sit on the boards of approximately 25 non-profit or charitable organizations.

Examples of such organizations are listed below:

- Southern Tier Economic Growth – a local economic development corporation for Chemung County that plans, promotes, and implements programs to foster economic growth and development and retain businesses within distressed geographies;
- Glove House – a not-for-profit organization that empowers LMI families and their children to live successfully within their neighborhoods;
- United Way of the Southern Tier – a not-for-profit organization that provides variety of services to LMI individuals in the southern tier of New York State, and
- Meals on Wheels for Chemung County – an organization that provides meals to the elderly and low-income individuals who are unable to prepare their own meals.

CCTC sponsored many mortgage fairs, loan workshops, and provided homebuyer seminars and credit counseling services. In addition, CCTC in partnership with several local community groups, has hosted other events providing education and practical assistance to LMI populations in its assessment area. CCTC sponsored several workshops designed to help students from LMI families enroll in college and obtain financial aid. An example was the College Aid Awareness Forum Workshop at BOCES.

III. Discrimination or Other Illegal Practices

Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.

There were no practices noted that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices

No evidence of prohibited discrimination or other illegal credit practices was noted.

IV. Process Factors

Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

CCTC ascertains the credit needs of its community mainly through working closely with community-based organizations, local businesses, religious organizations and other civic and economic organizations. Over the past year, twenty four officers of the bank served in over twenty community development organizations as board members, treasurers, fiscal management reviewer, president, finance committee member and credit counselor.

The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution

CCTC actively promotes its credit and other banking products within the community it serves. Bank personnel participate in many events organized to educate the general public or particular population segments or geographies about the products and services the bank provides, with a special focus on senior citizens, students, and first-time home buyers. CCTC staffs not only promote the bank's products but also address topics of importance such as: access to credit, the value of credit, ways to finance a home acquisition or improvement, fraud prevention, the importance of saving, retirement planning, and the importance of education.

CCTC uses the following media for marketing its products and services:

- Website: www.chemungcanal.com – informative and transactional;
- Newspaper advertisements – regularly used, particularly in local newspapers such as Elmira Star Gazette, The Leader, The Morning Times, Press and Sun Bulletin, and the Ithaca Journal;
- Other print – such as fliers and brochures distributed at local orientation, educational, or charitable events;
- Radio – used for advertising within all six counties of the assessment area;
- TV – used for advertising within the six counties;
- Direct mail and customer statements; and
- Signage, etc.

The extent of participation by the banking institution's board of directors/trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act

The "Directors Audit Committee" receives a report from the CRA Officer twice a year. The CRA Statement is reviewed annually, amended as necessary, and submitted to the board for approval.

V. Other Factors

Other factors that, in the judgment of the Superintendent and Banking Board, bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community

None.

GLOSSARY

Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A "community development service" is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM "Training Machines" available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;

- ❖ Developing secondary market vehicles or programs;
- ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

Demand-Adjusted Penetration Rate

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area. Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

Demand-Adjusted Penetration Ratio

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas; mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide nonmetropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

Small Business Loans

Loans to businesses with original amounts of \$1 million or less