



## **PUBLIC SUMMARY**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF CHEMUNG CANAL TRUST COMPANY**

**AS OF MARCH 31, 2023**

New York State Department of Financial Services  
Consumer Protection and Financial Enforcement Division  
One State Street, New York NY 10004

**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 Department of Financial Services concerning the safety and soundness of this financial institution.

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**I. GENERAL INFORMATION**

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Chemung Canal Trust Company (“CCTC” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This Evaluation represents the Department’s current assessment and rating of the Bank’s CRA performance based on an evaluation conducted as of March 31, 2023.

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

Part 76 of the General Regulations of the Superintendent (“GRS”) implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate institutions’ performance. Section 76.5 further provides that the 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 in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating, and the Evaluation be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the end of this Evaluation.

**II. - OVERVIEW OF INSTITUTION’S PERFORMANCE**

The Department evaluated Chemung Canal Trust Company (“CCTC” or the “Bank”) according to the large banking institutions performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The evaluation period included calendar years 2019, 2020, 2021 and 2022 for lending activities and the period from July 1, 2019, to March 31, 2023, for community development activities. The Department assigned CCTC a rating of “2,” indicating a “Satisfactory” record of meeting community credit needs.

This rating is based on the following factors:

**A. Lending Test: High Satisfactory**

CCTC’s small business and HMDA-reportable lending activities were good considering CCTC’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

**1. Lending Activity: High Satisfactory**

CCTC’s lending levels were good considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

During the evaluation period, CCTC’s average LTD ratio of 75.9% was slightly lower than the peer group’s average ratio of 79.9%.

**2. Assessment Area Concentration: High Satisfactory**

During the evaluation period, CCTC originated 86.7% by number and 84.4% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a good concentration of lending.

**3. Geographic Distribution of Loans: High Satisfactory**

CCTC’s origination of loans in census tracts of varying income levels demonstrated a good distribution of lending.

CCTC’s small business average lending rates in LMI census tracts for the evaluation period exceeded the aggregate’s average lending rates, while the Bank’s HMDA-reportable average lending rates in LMI census tracts were comparable to the aggregate’s rates.

**4. Distribution by Borrower Characteristics: Low Satisfactory**

CCTC’s HMDA-reportable and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

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CCTC's average lending rates for small businesses with revenue of \$1 million or less were 40.5% by number and 25.8% by dollar value, just below the aggregate's average lending rates of 45.8% and 28.6% respectively. The Bank's HMDA-reportable average lending rates to LMI borrowers for the evaluation period were 21% by number of loans and 14% by dollar value, which were well below the aggregate's average lending rates of 32% and 23.5%, respectively.

### 5. Community Development Lending: High Satisfactory

During the evaluation period, CCTC originated \$65.7 million in new community development loans and had \$845,328 outstanding from prior evaluation periods. This demonstrated a good level of community development lending over the course of the evaluation period.

## **B. Investment Test: Low Satisfactory**

### 1. Qualified Investments

During the evaluation period, CCTC made \$25 million in new qualified investments and had no investments outstanding from prior evaluation periods. In addition, CCTC made \$604,125 in qualified grants. This demonstrated an adequate level of qualified investments and grants over the course of the evaluation period.

### 2. Innovativeness of Qualified Investments:

CCTC made limited use of innovative investments to support community development.

### 3. Responsiveness of Qualified Investments to Credit and Community Development Needs:

CCTC's qualified investments exhibited adequate responsiveness to the assessment area's credit and community development needs.

## **C. Service Test: Outstanding**

### 1. Retail Banking Services: High Satisfactory

CCTC has a good branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

### 2. Community Development Services: Outstanding

CCTC was a leader in providing community development services and provided 263 instances of qualified community development services 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 Banking Law and GRS Part 76.*

**III. - PERFORMANCE CONTEXT**

**A. Institution Profile**

Established in 1833, CCTC is a New York State chartered commercial bank headquartered in Elmira, Chemung County, New York, and operating in the Capital, Finger Lakes, Western and Southern Tier regions of New York State.

CCTC is a wholly-owned subsidiary of Chemung Financial Corporation (“CFC”), a publicly traded, financial services holding company. CFC has two other subsidiaries, namely: CFS Group, Inc., which offers mutual funds, annuities, brokerage services, tax preparation services and insurance; and Chemung Risk Management, Inc., a captive insurance subsidiary.

The Bank operates 28 banking offices and one loan production office in New York State and two banking offices in the Commonwealth of Pennsylvania. Of the banking offices located in New York State, 22 are in the Finger Lakes, Southern and Western Tier regions of New York State, while the other seven banking offices are in the Capital region and are operated under the name of “Capital Bank, a division of CCTC.” Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of one deposit-taking ATM at each branch location offering 24-hour a day access, except for the ATM at the loan production office which is accessible only during business hours. The Bank also has three off-site, non-deposit taking ATMs within its New York assessment area, of which two are in census tracts with unknown income and one in a middle-income census tract.

CCTC offers various retail consumer and commercial banking products and services. Deposit products include checking and savings accounts, certificates of deposits, individual retirement accounts, and money market accounts for individual and commercial customers. Consumer loan products include residential mortgage, home improvement, home equity, personal, automobile, and credit builder loans, and commercial loan products include commercial mortgages, term loans, lines of credit and SBA loans. Services include online, mobile, and telephone banking, money orders, safe deposit boxes, direct deposit and remote deposit capture. The Bank, through its affiliates offers mutual funds, securities and insurance brokerage services.

In its Consolidated Report of Condition (the “Call Report”) as of March 31, 2023, filed with the Federal Deposit Insurance Corporation (“FDIC”), CCTC reported total assets of \$2.6 billion, of which \$1.9 billion were net loans and lease financing receivables. It also reported total deposits of \$2.3 billion, resulting in an LTD ratio of 79.3%. According to the latest available comparative deposit data as of June 30, 2022, CCTC obtained a market share of 2%, or \$2.1 billion in a market of \$106.6 billion, ranking it 7<sup>th</sup> among 45 deposit-taking institutions in the assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2019, 2020, 2021 and 2022, Call Reports:

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<b>TOTAL GROSS LOANS OUTSTANDING</b>								
Loan Type	12/31/2019		12/31/2020		12/31/2021		12/31/2022	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Fam. Resid. Mortgage Loans	301,138.0	23.0	345,567.0	22.5	356,116.0	23.4	397,729.0	21.7
Commercial & Industrial Loans	216,244.0	16.5	342,333.0	22.3	235,978.0	15.5	237,448.0	13.0
Commercial Mortgage Loans	406,470.0	31.0	420,400.0	27.4	462,538.0	30.5	543,820.0	29.7
Multifamily Mortgages	176,822.0	13.5	203,821.0	13.3	225,786.0	14.9	305,105.0	16.7
Consumer Loans	146,665.0	11.2	129,687.0	8.4	125,213.0	8.2	207,535.0	11.3
Agricultural Loans	273.0	0.0	283.0	0.0	394.0	0.0	250.0	0.0
Construction Loans	45,376.0	3.5	64,743.0	4.2	88,086.0	5.8	117,372.0	6.4
Farmland loans	1,740.0	0.1	1,869.0	0.1	1,837.0	0.1	1,010.0	0.1
Other Loans	15,675.0	1.2	27,931.0	1.8	22,697.0	1.5	19,179.0	1.0
<b>Total Gross Loans</b>	<b>1,310,403</b>	<b>100.0</b>	<b>1,536,634</b>	<b>100.0</b>	<b>1,518,645</b>	<b>100.0</b>	<b>1,829,448</b>	<b>100.0</b>

As illustrated in the above table, as of December 31, 2022, the Bank’s commercial lending, consisting of commercial and industrial loans (13%) and commercial mortgage loans (29.7%), accounted for 42.7% of the Bank’s total gross loans, while residential lending totaled 38.4% of gross loans (21.7% in 1-4 family and 16.7% in multifamily mortgage loans).

*Examiners did not find evidence of financial or legal impediments that had an adverse impact on CCTC’s ability to meet the credit needs of its community.*

### **B. Assessment Area**

CCTC’s assessment area consists of Broome, Cayuga, Chemung, Cortland, Erie, Schuyler, Seneca, Steuben (partial), Tioga, Tompkins, Albany, Saratoga, and Schenectady counties.

The Bank expanded its assessment area during the evaluation period. In May 2021, the Bank added Erie County in its entirety to its assessment area, as CCTC opened a loan production office with a deposit-taking ATM in the town of Clarence, a suburb of Buffalo, New York. In 2022, the Bank expanded its assessment area in Broome County to include the full county in its assessment area instead of only the partial county.

As a result of the expansion, CCTC’s assessment area encompassed 648 census tracts (an increase from the 326 census tracts at the prior evaluation), of which 67 are low-income, 107 are moderate-income, 292 are middle-income, 158 are upper-income, and 24 census tracts with unknown income indicated. Of the 292 middle-income tracts, four census tracts in Schuyler County are designated as “Distressed or Underserved Nonmetropolitan Middle-Income Census Tracts.”<sup>1</sup>

<sup>1</sup> Source information for Distressed or Underserved Nonmetropolitan Middle-Income Tracts is available at <https://www.ffiec.gov/cra/distressed.htm>.

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Assessment Area Census Tracts by Income Level									
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	Distressed or Underserved	% of LMI & Distressed
Albany	3	10	14	31	27	85	28.2		28.2%
Broome	1	5	13	25	13	57	31.6		31.6%
Cayuga	1	1	4	12	7	25	20.0		20.0%
Chemung	1	4	4	12	4	25	32.0		32.0%
Cortland	0	0	3	6	4	13	23.1		23.1%
Erie	10	40	46	102	63	261	33.0		33.0%
Saratoga	1	0	9	34	21	65	13.8		13.8%
Schenectady	2	7	8	23	5	45	33.3		33.3%
Schuyler	0	0	1	4	0	5	20.0	4	100.0%
Seneca	1	0	0	10	0	11	0.0		0.0%
Steuben*	0	0	1	13	5	19	5.3		5.3%
Tioga	0	0	1	6	4	11	9.1		9.1%
Tompkins	4	0	3	14	5	26	11.5		11.5%
<b>Total</b>	<b>24</b>	<b>67</b>	<b>107</b>	<b>292</b>	<b>158</b>	<b>648</b>	<b>26.9</b>	<b>4</b>	<b>27.5%</b>

\* Partial county

### **C. Demographic & Economic Data**

The assessment area had a population of 2,331,842 during the evaluation period. Approximately 17.4% of the population was over the age of 65 and 19.5% was under the age of 16.

Of the 557,417 families in the assessment area, 21.3% were low-income, 16.8% were moderate-income, 20.9% were middle-income and 41% were upper-income. There were 944,788 households, of which 12.9% had income below the poverty level and 2.9% were on public assistance. The weighted average median family income in the assessment area was \$86,144.

There were 1,059,450 housing units within the assessment area, of which 82.5% were one- to four-family units and 13.5% were multifamily units. A majority (57.9%) of the housing units were owner-occupied, 31.3% were rental-occupied units and 10.8% were vacant units.

Of the 613,057 owner-occupied housing units, 15.3% were in LMI census tracts while 84.4% were in middle- and upper-income census tracts. The median age of the housing stock was 61 years, and the median home value in the assessment area was \$175,565.

There were 195,253 non-farm businesses in the assessment area. Of these, 85% were businesses with reported revenue of less than or equal to \$1 million, 4.3% reported revenue of more than \$1 million and 10.6% did not report their revenue. Of all the businesses in the assessment area, 96.8% were businesses with less than fifty employees while 89.6% operated from a single location. The largest industries in the area were services (37.5%), retail trade (12.2%) and finance, insurance and real estate (8.9%); 21% of businesses in the assessment area were not classified.

An analysis of the New York State Department of Labor’s unemployment data showed the average annual unemployment rate in New York State for the four-year evaluation period was 6.25%,



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which was higher than the average unemployment rates for each of the 13 counties in CCTC’s assessment area. From 2019 to 2020, unemployment rates increased significantly for New York State and all of the counties in the Bank’s assessment area due to the onset of the COVID-19 pandemic in early 2020. By 2021, unemployment rates slightly improved but were still above pre-pandemic levels; however, by 2022 unemployment rates for all counties in the assessment area declined below pre-pandemic levels, while the 2022 unemployment rate for New York State remained above the pre-pandemic level. During the four-year evaluation period Erie County had the highest average annual unemployment rates, while Tompkins County had the lowest average annual unemployment rates of the 13 counties in the Bank’s assessment area.

Assessment Area Unemployment Rate														
	Statewide	Albany	Broome	Cayuga	Chemung	Cortland	Erie	Saratoga	Schuyler	Seneca	Steuben	Tioga	Tompkins	Schenectady
2019	3.90	3.50	4.50	4.10	4.00	4.70	4.10	3.20	4.40	3.70	4.40	4.00	3.50	3.70
2020	9.80	6.90	8.30	7.60	8.40	7.70	9.10	6.40	8.30	7.80	7.90	7.50	5.80	7.70
2021	7.00	4.40	5.30	4.70	5.30	5.10	5.40	3.80	4.90	4.70	5.00	4.50	3.80	4.90
2022	4.30	3.00	3.80	3.40	3.70	3.80	3.60	2.70	3.70	3.20	3.60	3.20	2.80	3.30
Average	6.25	4.45	5.48	4.95	5.35	5.33	5.55	4.03	5.33	4.85	5.23	4.80	3.98	4.90

### **D. Community Information**

As part of the evaluation, examiners conducted community contact interviews with representatives from two nonprofit organizations headquartered within the Bank’s assessment area.

The first interview was held with a representative of a local public housing authority that develops and provides affordable housing in Saratoga County. The representative mentioned that while Saratoga County has affluent communities, there is a high demand for affordable housing for LMI individuals and families. The housing authority’s waiting list for affordable housing units exceeds one year. The representative recommended that local banks make a greater effort to market their banking services to LMI communities, as well as provide credit counseling and financial literacy education, especially in underserved and unbanked communities in Saratoga County.

The second interview was held with a representative of an organization that aims to revitalize Albany County by acquiring tax-foreclosed, vacant, or abandoned properties. The organization has properties in need of responsible buyers and/or investors that will rehabilitate and/or renovate these properties. The representative suggested that local banks consider donating bank-owned zombie properties and extend loans to help prospective buyers and/or contractors to renovate these properties. The representative also noted that small business owners, especially minority business owners lack access to financial resources. The representative observed that local credit unions reach out to these businesses, but regional banks rarely do. The representative also encouraged banks to participate more in community development activities within the community.

**IV. - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

The Department evaluated CCTC under the large banking institutions performance criteria in accordance with Sections 76.7, 76.8, 76.9 and 76.10 of the GRS, which consist of the lending, investment, and service tests. DFS also considered the following factors in assessing the Bank's record of performance:

1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;
2. Any practices intended to discourage credit applications;
3. Evidence of prohibited discriminatory or other illegal credit practices;
4. Record of opening and closing offices and providing services at offices; and
5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.

Finally, the Evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which CCTC helps to meet the credit needs of its entire community.

DFS derived statistics employed in this Evaluation from various sources. CCTC submitted bank-specific information both as part of the Evaluation process and in its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

DFS derived the demographic data referred to in this report from the 2020 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and DFS used this information even where the institution's assessment area includes partial counties.

The evaluation period included calendar years 2019, 2020, 2021 and 2022 for lending activities and the period from July 1, 2019, to March 31, 2023, for community development activities.

Examiners considered CCTC's small business and HMDA-reportable loans, in evaluating factors (2), (3) and (4) of the lending test noted below. As CCTC made very few small farm loans, these loans were not considered for evaluation.

HMDA-reportable and small business data evaluated in this Evaluation represented actual originations.

In its prior Community Reinvestment Act Performance Evaluation as of June 30, 2019, DFS assigned CCTC a rating of "2" or "Satisfactory" compliance with regulatory standards.

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**Current CRA Rating: Satisfactory**

**A. Lending Test: High Satisfactory**

*The Bank’s lending performance was evaluated pursuant to the following criteria:*

- (1) Lending Activity;*
- (2) Assessment Area Concentration;*
- (3) Geographic Distribution of Loans;*
- (4) Borrower Characteristics;*
- (5) Community Development Lending; and*
- (6) Flexible and/or Innovative Lending Practices.*

CCTC’s small business and HMDA-reportable lending activities were good considering CCTC’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area. CCTC’s level of community development lending was excellent for community development services and revitalization and stabilization purposes, which demonstrates the Bank’s commitment to meet its community credit needs.

**1. Lending Activity: High Satisfactory**

CCTC’s lending levels were good considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

During the evaluation period, CCTC’s average LTD ratio of 75.9% was comparable to the peer group’s average ratio of 80.2%. This represented a decline for both, CCTC’s and the peer’s average LTD ratios from the prior evaluation period’s ratios of 82.7% and 84.7% respectively.

CCTC’s quarterly average ratios during the evaluation period fluctuated from a high of 82.1% to a low of 68.7%, while its peer’s ratio fluctuated from a high of 87% to a low of 71.4%. However, the Bank’s quarterly average LTD ratios experienced the largest decline from the third quarter in 2020 to the third quarter of 2021 due to the COVID-19 pandemic, which impacted the economy on a national and global basis.

The table below shows CCTC’s LTD ratios in comparison with the peer group’s ratios for the 16 quarters of this evaluation period.

<b>Loan-to-Deposit Ratios</b>																	
	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	Avg.
Bank	81.5	82.1	81.2	81.6	80.3	81.4	78.7	74.3	70.5	71.8	68.7	69.4	68.7	73.2	73.8	77.6	75.9
Peer	85.9	87.0	86.7	86.6	86.1	85.4	84.6	80.4	77.5	75.2	72.7	72.1	71.4	74.6	76.8	79.3	80.2

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### 2. Assessment Area Concentration: High Satisfactory

During the evaluation period, CCTC originated 86.7% by number and 84.4% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a good concentration of lending.

#### *a. HMDA-Reportable Loans:*

During the evaluation period, CCTC originated 83.5% by number and 81.6% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of its assessment area reflects a good concentration of lending.

#### *b. Small Business Loans:*

CCTC originated 89% by number and 88.5% by dollar value of its small business loans within the assessment area during the evaluation period. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

The following table shows the percentages of CCTC’s HMDA-reportable and small business loans originated inside and outside of the 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
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable</b>										
2019	337	89.4%	40	10.6%	377	104,392	88.4%	13,718	11.6%	118,110
2020	659	83.0%	135	17.0%	794	160,023	77.6%	46,280	22.4%	206,303
2021	490	82.1%	107	17.9%	597	144,022	83.7%	28,124	16.3%	172,146
2022	386	81.6%	87	18.4%	473	208,329	80.4%	50,671	19.6%	259,000
Subtotal	1,872	83.5%	369	16.5%	2,241	616,766	81.6%	138,793	18.4%	755,559
<b>Small Business</b>										
2019	313	88.7%	40	11.3%	353	71,948	89.3%	8,631	10.7%	80,579
2020	1,204	89.5%	142	10.5%	1,346	155,017	89.4%	18,417	10.6%	173,434
2021	974	88.9%	122	11.1%	1,096	132,552	89.1%	16,172	10.9%	148,724
2022	304	87.9%	42	12.1%	346	83,707	85.4%	14,298	14.6%	98,005
Subtotal	2,795	89.0%	346	11.0%	3,141	443,224	88.5%	57,518	11.5%	500,742
Grand Total	4,667	86.7%	715	13.3%	5,382	1,059,990	84.4%	196,311	15.6%	1,256,301

### 3. Geographic Distribution of Loans: High Satisfactory

CCTC’s origination of loans in census tracts of varying income levels demonstrated a good distribution of lending.

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### a. HMDA-Reportable Loans:

The distribution of 's HMDA-reportable loans by the income level of the geography was good.

CCTC's HMDA-reportable average lending rates in LMI census tracts for the evaluation period were 11.4% by number and 10% by dollar value of loans and were comparable to the aggregate's rates of 12.3% and 10.8%, respectively. While the Bank's annual lending rates in LMI census tracts by number of loans trailed the aggregate's rates in 2019 and 2020, the Bank's rates in 2021 and 2022 exceeded the aggregate's rates.

Both the Bank's and the aggregate's average lending rates in LMI census tracts trailed the average percentage (14.5%) of owner-occupied housing located in LMI census tracts.

The following table provides a summary of the distribution of CCTC's HMDA-reportable loans by the income level of the geography where the property was located.

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<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2019</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	13	3.9%	1,003	1.0%	601	2.2%	69,605	1.3%	2.5%
Moderate	16	4.7%	7,942	7.6%	2,907	10.5%	416,755	7.7%	11.0%
LMI	29	8.6%	8,945	8.6%	3,508	12.7%	486,360	9.0%	13.5%
Middle	215	63.8%	51,169	49.0%	15,190	55.1%	2,780,130	51.3%	57.2%
Upper	91	27.0%	39,919	38.2%	8,830	32.0%	2,033,090	37.5%	29.3%
Unknown	2	0.6%	4,360	4.2%	27	0.1%	116,915	2.2%	0.0%
<b>Total</b>	<b>337</b>		<b>104,393</b>		<b>27,555</b>		<b>5,416,495</b>		
<b>2020</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	15	2.3%	6,051	3.8%	609	1.7%	130,305	1.8%	2.5%
Moderate	45	6.8%	8,568	5.4%	3,210	9.1%	497,240	7.0%	11.0%
LMI	60	9.1%	14,619	9.1%	3,819	10.8%	627,545	8.8%	13.5%
Middle	374	56.8%	70,568	44.1%	19,376	54.8%	3,719,120	52.0%	57.2%
Upper	224	34.0%	72,735	45.5%	12,158	34.4%	2,742,190	38.4%	29.3%
Unknown	1	0.2%	2,101	1.3%	35	0.1%	58,605	0.8%	0.0%
<b>Total</b>	<b>659</b>		<b>160,023</b>		<b>35,388</b>		<b>7,147,460</b>		
<b>2021</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	18	3.7%	1,618	1.1%	2,133	3.2%	368,425	2.6%	4.6%
Moderate	46	9.4%	12,735	8.8%	6,666	9.9%	1,078,250	7.7%	11.1%
LMI	64	13.1%	14,353	10.0%	8,799	13.1%	1,446,675	10.3%	15.6%
Middle	303	61.8%	78,105	54.2%	33,095	49.2%	6,403,875	45.5%	50.6%
Upper	121	24.7%	46,459	32.3%	25,318	37.6%	6,085,870	43.3%	33.7%
Unknown	2	0.4%	5,105	3.5%	66	0.1%	123,240	0.9%	0.0%
<b>Total</b>	<b>490</b>		<b>144,022</b>		<b>67,278</b>		<b>14,059,660</b>		
<b>2022</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	10	2.6%	8,219	3.9%	1,865	3.7%	303,145	2.8%	3.8%
Moderate	51	13.2%	15,682	7.5%	5,834	11.6%	1,163,140	10.7%	11.5%
LMI	61	15.8%	23,901	11.5%	7,699	15.3%	1,466,285	13.5%	15.3%
Middle	215	55.7%	74,864	35.9%	24,771	49.3%	4,930,415	45.5%	51.4%
Upper	105	27.2%	85,286	40.9%	17,633	35.1%	4,320,125	39.9%	33.0%
Unknown	5	1.3%	24,277	11.7%	188	0.4%	107,850	1.0%	0.0%
<b>Total</b>	<b>386</b>		<b>208,328</b>		<b>50,291</b>		<b>10,824,675</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	56	3.0%	16,891	2.7%	3,343	1.9%	871,480	2.3%	
Moderate	158	8.4%	44,927	7.3%	18,617	10.4%	3,155,385	8.4%	
LMI	214	11.4%	61,818	10.0%	21,960	12.3%	4,026,865	10.8%	14.5%
Middle	1,107	59.1%	274,706	44.5%	92,432	51.7%	17,833,540	47.6%	
Upper	541	28.9%	244,399	39.6%	63,939	35.8%	15,181,275	40.5%	
Unknown	10	0.5%	35,843	5.8%	316	0.2%	406,610	1.1%	
<b>Total</b>	<b>1,872</b>		<b>616,766</b>		<b>178,647</b>		<b>37,448,290</b>		

**b. Small Business Loans:**

The distribution of CCTC’s small business loans among census tracts of varying income levels was excellent.

CCTC’s small business average lending rates in LMI census tracts of 22.1% by number and 26.2% by dollar value of loans exceeded the aggregate’s rates of 19.5% and 21.4%, respectively. Furthermore, the Bank’s small business annual lending rates in LMI census tracts by dollar value of loans exceeded the aggregate’s rates for each year of the evaluation period and the Bank’s small business annual lending rates in LMI census tracts by number of loans exceeded the aggregate’s rates in three (2019, 2020 and 2022) out of the four years in the evaluation period.

CCTC’s small business average lending rates in LMI census tracts by number and dollar value of loans also exceeded the percentage (21.3%) of small businesses located in LMI census tracts within the Bank’s assessment area.

The following table provides a summary of the distribution of CCTC’s small business loans by the income level of the geography where the business was located.

**CHEMUNG CANAL TRUST COMPANY – CRA PERFORMANCE EVALUATION**

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2019</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	51	16.3%	12,076	16.8%	1,596	7.8%	68,327	8.7%	10.0%
Moderate	39	12.5%	9,067	12.6%	2,263	11.1%	92,282	11.8%	11.4%
LMI	90	28.8%	21,143	29.4%	3,859	18.9%	160,609	20.5%	21.4%
Middle	119	38.0%	26,691	37.1%	10,176	50.0%	374,974	47.9%	49.9%
Upper	104	33.2%	24,114	33.5%	6,249	30.7%	238,455	30.5%	28.2%
Unknown	0	0.0%	0	0.0%	84	0.4%	8,218	1.1%	0.5%
<b>Total</b>	<b>313</b>		<b>71,948</b>		<b>20,368</b>		<b>782,256</b>		
<b>2020</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	130	10.8%	22,839	14.7%	1,865	8.2%	139,650	9.9%	10.3%
Moderate	124	10.3%	20,392	13.2%	2,615	11.6%	183,017	13.0%	11.3%
LMI	254	21.1%	43,231	27.9%	4,480	19.8%	322,667	22.9%	21.6%
Middle	538	44.7%	54,378	35.1%	11,085	49.0%	645,738	45.9%	49.0%
Upper	407	33.8%	56,996	36.8%	6,936	30.7%	430,314	30.6%	28.8%
Unknown	5	0.4%	412	0.3%	119	0.5%	8,648	0.6%	0.5%
<b>Total</b>	<b>1,204</b>		<b>155,017</b>		<b>22,620</b>		<b>1,407,367</b>		
<b>2021</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	87	8.9%	15,417	11.6%	4,367	9.4%	204,284	9.5%	11.2%
Moderate	106	10.9%	16,394	12.4%	5,115	11.0%	271,254	12.6%	11.4%
LMI	193	19.8%	31,811	24.0%	9,482	20.5%	475,538	22.1%	22.6%
Middle	490	50.3%	50,459	38.1%	19,471	42.0%	870,504	40.5%	41.8%
Upper	289	29.7%	49,944	37.7%	16,588	35.8%	732,417	34.1%	33.4%
Unknown	2	0.2%	338	0.3%	766	1.7%	70,738	3.3%	2.3%
<b>Total</b>	<b>974</b>		<b>132,552</b>		<b>46,307</b>		<b>2,149,197</b>		
<b>2022</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	26	8.6%	7,108	8.5%	2,807	6.6%	97,544	7.1%	7.3%
Moderate	56	18.4%	12,873	15.4%	5,122	12.0%	165,803	12.0%	12.3%
LMI	82	27.0%	19,981	23.9%	7,929	18.5%	263,347	19.0%	19.6%
Middle	134	44.1%	37,332	44.6%	19,378	45.3%	620,992	44.9%	44.2%
Upper	84	27.6%	25,054	29.9%	13,648	31.9%	441,484	31.9%	30.4%
Unknown	4	1.3%	1,340	1.6%	1,861	4.3%	57,555	4.2%	5.8%
<b>Total</b>	<b>304</b>		<b>83,707</b>		<b>42,816</b>		<b>1,383,378</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	294	10.5%	57,440	13.0%		8.1%		8.9%	
Moderate	325	11.6%	58,726	13.2%		11.4%		12.4%	
LMI	619	22.1%	116,166	26.2%	25,750	19.5%	1,222,161	21.4%	21.3%
Middle	1,281	45.8%	168,860	38.1%		45.5%		43.9%	
Upper	884	31.6%	156,108	35.2%		32.9%		32.2%	
Unknown	11	0.4%	2,090	0.5%		2.1%		2.5%	
<b>Total</b>	<b>2,795</b>		<b>443,224</b>		<b>132,111</b>		<b>5,722,198</b>		



**4. Distribution by Borrower Characteristics: Low Satisfactory**

CCTC's one-to-four HMDA-reportable and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

**a. One-to-four Family HMDA-Reportable Loans:**

CCTC's one-to-four family HMDA-reportable lending demonstrated a poor distribution of loans among individuals of different income levels.

The Bank's one-to-four family HMDA-reportable average rates of lending to LMI borrowers for the evaluation period were 21.1% by number and 14% by dollar value of loans, which were well below the aggregate's rates of 32% and 23.5%, respectively. The Bank's annual lending rates to LMI borrowers trailed the aggregate's rates for each year by number and dollar value of loans.

The Bank's and the aggregate's average lending rates to LMI borrowers trailed the average percentage (37.3%) of LMI families living in the assessment area.

The following table provides a summary of the distribution of CCTC's one-to-four family loans by borrower income.

**CHEMUNG CANAL TRUST COMPANY – CRA PERFORMANCE EVALUATION**

<b>Distribution of One-to-Four Family Loans by Borrower Income</b>									
<b>2019</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	24	7.4%	1,450	3.2%	2,445	8.9%	215,905	5.0%	20.1%
Moderate	65	20.1%	5,610	12.3%	6,283	23.0%	782,565	18.1%	17.0%
LMI	89	27.6%	7,060	15.4%	8,728	31.9%	998,470	23.1%	37.1%
Middle	92	28.5%	10,077	22.0%	7,273	26.6%	1,077,865	24.9%	21.7%
Upper	123	38.1%	24,373	53.3%	10,228	37.4%	2,067,060	47.8%	41.3%
Unknown	19	5.9%	4,255	9.3%	1,091	4.0%	181,235	4.2%	
<b>Total</b>	<b>323</b>		<b>45,765</b>		<b>27,320</b>		<b>4,324,630</b>		
<b>2020</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	37	5.8%	3,039	2.6%	3,103	8.8%	344,455	5.3%	20.1%
Moderate	88	13.7%	9,781	8.4%	8,042	22.9%	1,187,770	18.3%	17.0%
LMI	125	19.5%	12,820	11.0%	11,145	31.7%	1,532,225	23.5%	37.1%
Middle	151	23.6%	19,906	17.1%	9,062	25.8%	1,596,000	24.5%	21.7%
Upper	324	50.5%	74,195	63.7%	13,170	37.5%	3,043,210	46.8%	41.3%
Unknown	41	6.4%	9,601	8.2%	1,778	5.1%	335,470	5.2%	
<b>Total</b>	<b>641</b>		<b>116,522</b>		<b>35,155</b>		<b>6,506,905</b>		
<b>2021</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	18	3.8%	2,623	3.2%	5,506	8.2%	617,750	5.0%	20.1%
Moderate	41	8.6%	9,539	11.6%	14,802	22.2%	2,146,940	17.3%	17.0%
LMI	59	12.4%	12,162	14.8%	20,308	30.4%	2,764,690	22.3%	37.1%
Middle	298	62.9%	15,087	18.3%	17,164	25.7%	2,945,700	23.7%	21.7%
Upper	116	24.5%	49,184	59.7%	25,549	38.3%	5,983,965	48.2%	41.3%
Unknown	1	0.2%	6,011	7.3%	3,771	5.6%	721,135	5.8%	
<b>Total</b>	<b>474</b>		<b>82,444</b>		<b>66,792</b>		<b>12,415,490</b>		
<b>2022</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	37	10.4%	2,418	4.5%	5,006	10.1%	547,580	6.1%	21.3%
Moderate	68	19.0%	7,307	13.5%	12,184	24.5%	1,753,420	19.4%	16.8%
LMI	105	29.4%	9,725	18.0%	17,190	34.5%	2,301,000	25.5%	38.1%
Middle	81	22.7%	10,470	19.4%	12,975	26.1%	2,228,845	24.7%	20.9%
Upper	154	43.1%	30,696	56.7%	17,454	35.1%	4,132,920	45.7%	41.0%
Unknown	17	4.8%	3,202	5.9%	2,174	4.4%	376,060	4.2%	
<b>Total</b>	<b>357</b>		<b>54,093</b>		<b>49,793</b>		<b>9,038,825</b>		
<b>GRAND TOTAL</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	116	6.5%	9,530	3.2%		9.0%		5.3%	
Moderate	262	14.6%	32,237	10.8%		23.1%		18.2%	
LMI	378	21.1%	41,767	14.0%	57,371	32.0%	7,596,385	23.5%	37.3%
Middle	622	34.7%	55,540	18.6%		26.0%		24.3%	
Upper	717	39.9%	178,448	59.7%		37.1%		47.2%	
Unknown	78	4.3%	23,069	7.7%		4.9%		5.0%	
<b>Total</b>	<b>1,795</b>		<b>298,824</b>		<b>179,060</b>		<b>32,285,850</b>		

### b. Small Business Loans:

CCTC's small business lending demonstrated an adequate distribution of loans among businesses of different revenue sizes.

PPP loans did not require the collection and reporting of borrower revenue; therefore, to not negatively skew the analysis of this criterion, PPP lending data was excluded from the analysis. PPP loans were only available in 2020 and 2021 and CCTC originated a total of 1,600 PPP loans (937 in 2020, and 663 in 2021) totaling \$136.8 million. A majority or 72% of the PPP loans were made in the amount of \$100,000 or less.

The Bank's small business average rates of lending to businesses with annual revenue of \$1 million or less was 40.5% by number and 25.8% by dollar value of loans, just below the aggregate's rates of 45.8% and 28.6%, respectively. The Bank's annual lending rates by number of loans and dollar value exceeded the aggregate's rates in 2020 but trailed the aggregate's rates in 2019 and 2022. In 2021 the Bank's rates exceeded the aggregate's rate by dollar value of loans but trailed the aggregate's rate by number of loans.

The Bank's and the aggregate's average lending rates to small businesses with revenue of \$1 million or less were well below the average percentage (83.1%) of such businesses located within the Bank's assessment area.

The following table provides a summary of the distribution of CCTC's small business loans by the revenue size of the business.

**CHEMUNG CANAL TRUST COMPANY – CRA PERFORMANCE EVALUATION**

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2019</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	125	39.9%	14,692	20.4%	9,320	45.8%	251,468	32.1%	80.0%
Rev. > \$1MM	178	56.9%	56,552	78.6%					6.1%
Rev. Unknown	10	3.2%	704	1.0%					13.9%
<b>Total</b>	<b>313</b>		<b>71,948</b>		<b>20,368</b>		<b>782,256</b>		
<b>2020</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	104	39.0%	15,545	23.1%	8,133	36.0%	296,940	21.1%	82.9%
Rev. > \$1MM	159	59.6%	50,966	75.8%					5.1%
Rev. Unknown	4	1.5%	753	1.1%					12.1%
<b>Total</b>	<b>267</b>		<b>67,264</b>		<b>22,620</b>		<b>1,407,367</b>		
<b>2021</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	139	44.7%	27,491	32.9%	21,326	46.1%	589,502	27.4%	84.5%
Rev. > \$1MM	158	50.8%	53,007	63.5%					4.7%
Rev. Unknown	14	4.5%	3,009	3.6%					10.8%
<b>Total</b>	<b>311</b>		<b>83,507</b>		<b>46,307</b>		<b>2,149,197</b>		
<b>2022</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	116	38.2%	21,324	25.5%	21,774	50.9%	501,026	36.2%	85.0%
Rev. > \$1MM	180	59.2%	60,037	71.7%					4.3%
Rev. Unknown	8	2.6%	2,346	2.8%					10.6%
<b>Total</b>	<b>304</b>		<b>83,707</b>		<b>42,816</b>		<b>1,383,378</b>		
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	484	40.5%	79,052	25.8%	60,553	45.8%	1,638,936	28.6%	83.1%
Rev. > \$1MM	675	56.5%	220,562	72.0%					
Rev. Unknown	36	3.0%	6,812	2.2%					
<b>Total</b>	<b>1,195</b>		<b>306,426</b>		<b>132,111</b>		<b>5,722,198</b>		

5. Community Development Lending: High Satisfactory

During the evaluation period, CCTC originated \$65.7 million in new community development loans and had \$845,328 outstanding from prior evaluation periods. This demonstrated a good level of community development lending over the course of the evaluation period.<sup>2</sup>

The majority of CCRC's community development loans supported the community development purpose of community services.

<sup>2</sup> For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the Evaluation.

## CHEMUNG CANAL TRUST COMPANY – CRA PERFORMANCE EVALUATION

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	4	11,024		
Economic Development	3	350		
Community Services	96	46,303	4	845
Revitalize/Stabilize	16	8,027		
<b>Total</b>	<b>119</b>	<b>65,704</b>	<b>4</b>	<b>845</b>

Below are highlights of CCTC’s community development lending.

- CCTC originated a total of \$10.4 million in construction loans for the conversion of an old historic school building into an affordable housing complex in Cayuga County. The project is supported by a Low-Income Housing Tax Credit (“LIHTC”) and funding from various state agencies and nonprofit organizations. All units are subject to income eligibility and are targeted for LMI individuals and families.
- The Bank originated and renewed a total of \$5.7 million in term loans and lines of credit (“LOC”) to a nonprofit organization headquartered in CCTC’s assessment area that offers programs including an independent living program for individuals with disabilities and a housing program for senior citizens, veterans and young adults who are facing homelessness.
- CCTC renewed a \$1.6 million commercial LOC three times for a total of \$4.8 million to an organization that provides support and advocates for people with developmental disabilities. The organization offers programs that include education and training, as well as providing a community-like setting to aid in the socialization process of developmentally disabled individuals. The organization receives its funding primarily from various government agencies.
- The Bank extended a total of \$2.5 million in LOCs to a nonprofit organization, located in Albany County, that provides various services to homeless youth that are victims of domestic violence, have chemical dependency and/or are living with mental illness.
- CCTC extended \$3.8 million in a LOC to an organization located in low-income census tract in Chemung County that provides various community services including free or discounted medical services to the uninsured.
- The Bank originated and extended a total of \$4.5 million in loans and commercial LOCs to a local medical facility in a moderate-income tract and adjacent to three distressed and underserved, middle-income census tracts in Schuyler County. The facility provides valuable and critical access to medical and healthcare services primarily in these census tracts.

a. Flexible and/or Innovative Lending Practices:

CCTC made adequate use of flexible or innovative lending practices.

- CCTC participates in the State of New York Mortgage Agency (“SONYMA”) program. SONYMA’s low interest rate mortgage program offers low down payment requirements and competitive interest rates to qualified buyers for the purchase of one-to-four family homes, condominiums, cooperatives, and manufactured homes.
- The Bank participates in the Federal Home Loan Mortgage Corporation (“Freddie Mac”) “Home Possible Mortgage Program.” This program allows for a 3% downpayment and downpayment and closing costs can come from various sources including a gift. The program also allows for non-occupying borrowers on one-unit properties.
- During the pandemic, CCTC helped provide much-needed funding to small businesses in the assessment area through its participation in PPP loans. As noted earlier in the report, the Bank made a total of 1,600 PPP loans totaling \$136.8 million.

**B. Investment Test: Low Satisfactory**

*The Department evaluated CCTC’s investment performance pursuant to the following criteria:*

- (1) The dollar amount of qualified investments;*
- (2) The innovativeness or complexity of qualified investments; and*
- (3) The responsiveness of qualified investments to the credit and community development needs of the assessment area.*

1. Qualified Investments

During the evaluation period, CCTC made \$25 million in new qualified investments and had no investments outstanding from prior evaluation periods. In addition, CCTC made \$604,125 in qualified grants. This demonstrated an adequate level of qualified investments and grants over the course of the evaluation period.

CCTC’s community development investment activities primarily supported the community development purpose of affordable housing in its assessment area benefiting LMI individuals and families.

## CHEMUNG CANAL TRUST COMPANY – CRA PERFORMANCE EVALUATION

Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	10	24,733		
Economic Development				
Community Services				
Revitalization/Stabilization	1	242		
<b>Total</b>	<b>11</b>	<b>24,975</b>	<b>0</b>	<b>0</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	6	10		
Economic Development	2	5		
Community Services	164	512		
Revitalization/Stabilization	23	77		
<b>Total</b>	<b>195</b>	<b>604</b>		

Below are highlights of CCTC’s qualified investments:

- CCTC invested \$24.7 million in mortgage-back securities (“MBS”) issued by Freddie Mac and the Federal National Mortgage Association (“Fannie Mae”). The underlying residential mortgages were made to LMI borrowers within the Bank’s assessment area.

Below are highlights of CCTC’s qualified grants:

- The Bank made donations totaling \$209,117 to an organization operating in the Southern Tier region of New York and whose mission it is to provide the poor with shelter, food, clothing, and medical services.
- CCTC made grants totaling \$21,000 to a charity operating in Chemung and Schuyler counties. This charity provides homeless services and operates food pantries, thus providing valuable community services.
- The Bank donated \$20,000 to a medical center that operates three walk-in clinics located in LMI areas in the Bank’s assessment area. These walk-in clinics provide a range of much needed healthcare services to the community.
- CCTC donated \$25,000 to a nonprofit organization that helps to create and retain jobs to revitalize and stabilize the community by fostering economic development and growth throughout the region. The organization is headquartered in Chemung County, in a low-income census tract and adjacent to LMI census tracts.

### 2. Innovativeness of Qualified Investments:

CCTC made limited use of innovative investments to support community development.

3. Responsiveness of Qualified Investments to Credit and Community Development Needs:

CCTC's qualified investments exhibited adequate responsiveness to the assessment area's credit and community development needs. CCTC's qualified investments primarily supported affordable housing in its assessment area.

**C. Service Test: Outstanding**

The Department evaluated CCTC's retail service performance pursuant to the following criteria:

- (1) The current distribution of the banking institution's branches;
- (2) The institution's record of opening and closing branches;
- (3) The availability and effectiveness of alternative systems for delivering retail services; and
- (4) The range of services provided.

The Department evaluated CCTC's community development service performance pursuant to the following criteria:

- (1) The extent to which the banking institution provides community development services; and
- (2) The innovativeness and responsiveness of community development services.

1. Retail Banking Services: High Satisfactory

CCTC has a good branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

a. Current distribution of The Banking institution's branches:

CCTC has a good distribution of branches within its assessment area.

CCTC operates 28 full-service banking offices and one loan production office in 13 counties in New York State. There were eight branches in LMI census tracts, one branch in an underserved distressed middle-income census tract, and one branch in an unknown income tract which is adjacent to two low-income census tracts.



## CHEMUNG CANAL TRUST COMPANY – CRA PERFORMANCE EVALUATION

Distribution of Branches within the Assessment Area									
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %	Distressed or Underserved	LMI and Distressed or Underserved
Albany	1			2	1	4	0%		0%
Broome		1			1	2	50%		50%
Cayuga				2		2	0%		0%
Chemung		1	1	3	1	6	33%		33%
Cortland					1	1	0%		0%
Erie (Loan Production Office)				1		1	0%		0%
Saratoga				2		2	0%		0%
Schenectady		1				1	100%		100%
Schuyler			1	1		2	50%	1	100%
Seneca				1		1	0%		0%
Steuben *				2		2	0%		0%
Tioga			1	1		2	50%		50%
Tompkins			2	1		3	67%		67%
<b>Total</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>16</b>	<b>4</b>	<b>29</b>	<b>28%</b>	<b>1</b>	<b>31%</b>

\*Partial County

*b. Record of opening and closing branches:*

CCTC’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, including LMI geographies and/or LMI individuals.

During the evaluation period, the Bank made the following changes to its branch network:

**Branch Closures**

- In 2020, the Bank closed the Big Flats branch in an upper-income census tract in Chemung County and the Oswego branch in upper-income census tract in Tioga County.

**New Branch Opening**

- In 2021, CCTC opened a loan production office in Clarence in Erie County, in an upper-income census tract.

**Branch Relocation**

- In 2021, the Bath office in Steuben County relocated from 410 W. Morris Street to 201 Bath Plaza in the same middle-income census tract.

*c. Availability and effectiveness of alternative systems for delivering retail services:*

CCTC’s delivery systems were readily accessible to significant portions of its assessment area, including LMI geographies and individuals.

## CHEMUNG CANAL TRUST COMPANY – CRA PERFORMANCE EVALUATION

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The Bank’s branch hours are typically from 9:00AM to 4:30 PM Monday through Friday with most branches offering drive-up service during the same hours. Of CCTC’s branches, 34.5% offer Saturday lobby hours and drive-up hours and 44.4% of the Bank’s branches located in LMI census tracts and in underserved or distressed middle-income census tracts offer Saturday lobby hours and drive-up hours.

Every CCTC branch has a deposit-taking ATM accessible 24 hours a day; however, the ATM located at the loan production office in Erie County is accessible only during business hours.

During the evaluation period the Bank closed seven of its ten off-site ATMs, of which three ATMs were in middle-income census tracts, two in unknown census tracts and two in low-income census tracts.

The Bank offered alternative banking products and services such as telephone banking, online banking, mobile banking, 24-hour debit and business card support, overdraft protection, safe deposit boxes and wire services.

*d. Range of services provided:*

CCTC’s services meet the convenience and accessibility needs of its assessment area, including LMI geographies and individuals.

The Bank offers Saturday hours in many of its branches and all branches have deposit-taking ATMs accessible 24 hours a day. CCTC also offers a Free Checking account requiring only \$25 to open, no minimum balance and no maintenance or per check fee. The Bank also offers a wide variety of online services such as bill pay, mobile banking, mobile pay and mobile deposit, as well as a variety of consumer and business deposit accounts and loan products.

2. Community Development Services: Outstanding

CCTC was a leader in providing a relatively high number of community development services. Bank directors, management and employees participated in 263 instances of qualified community service during the evaluation period, including board and committee membership in nonprofit organizations, providing technical assistance and participating in financial seminars.

<b>Community Development Services</b>	
<b>Activity Type</b>	<b>Number of Activities</b>
On-Going Board & Committee Memberships	200
Technical Assistance	37
Seminars	26
Credit Counseling	0
Other Services	0
<b>Total Community Development Services</b>	<b>263</b>

## CHEMUNG CANAL TRUST COMPANY – CRA PERFORMANCE EVALUATION

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Below are highlights of CCTC’s community development services.

- An assistant vice president of CCTC delivered a financial literacy presentation that was held in a low-income tract in Binghamton, Broome County.
- A CCTC executive vice president and a regional president served on the board of an organization that provides loans and counseling to small businesses.
- A manager at CCTC served on the board and on the finance committee of an organization that provides a variety of services primarily for the benefit of foster children.
- Four CCTC employees worked with students doing mock interviews at schools where most of the students received free or reduced lunch.
- Three CCTC officers served on the board of an organization that teaches finance at a school that is predominately composed of economically-disadvantaged students in Elmira, Chemung County.
- A vice president of CCTC served on the board of directors of a non-profit organization that is supporting small businesses and revitalizing an area that is composed primarily of low- and moderate-income areas.

### **D. Additional Factors**

The following factors were also considered in assessing CCTC’s record of performance.

1. The extent of participation by the Banking institution’s board of directors or board of trustees in formulating The Banking institution’s policies and reviewing its performance with respect to the purposes of the CRA.

The board is kept abreast of CRA activities and performance via the board’s Enterprise Risk Committee (“ERC”). The Bank’s CRA policy is reviewed and approved annually by the ERC and the CRA officer reports at least annually to the ERC and the full board on the Bank’s CRA-related activities and CRA performance via the CRA self-assessment, which is prepared annually by the CRA officer.

CCTC’s CRA committee provides oversight and support to the Bank’s CRA officer. The committee reviews, discusses and evaluates the Bank’s CRA performance, activities and goals, the Bank’s compliance with CRA laws, rules, and regulations and CRA related community activities and special initiatives.

2. Discrimination and other illegal practices

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

## CHEMUNG CANAL TRUST COMPANY – CRA PERFORMANCE EVALUATION

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DFS examiners did not note practices by Chemung Canal Trust Company intended to discourage applications for the types of credit offered by CCTC.

- *Evidence of prohibited discriminatory or other illegal credit practices.*

DFS examiners did not note evidence of prohibited discriminatory or other illegal practices.

### 3. 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.*

By serving on boards and committees of nonprofit community organizations that support qualified community development activities and operate within the Bank's assessment area, directors, officers and employees of the Bank can ascertain the credit needs of CCTC's community. Furthermore, the Bank sponsors and participates in homebuyer and financial literacy workshops seminars throughout the year, which also allows bank personnel to ascertain the credit needs of its community.

- *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*

The Bank markets its products via direct mailings, customer statements, website, newspapers, advertising, and social media. Furthermore, during the evaluation period the Bank's marketing department provided brochures for the "Credit-Builder" and "First Time Homebuyers No Closing Cost" mortgage loan programs, and coupons for a closing-cost discount. These were made available throughout the assessment area in addition to standard mortgage product brochures.

CCTC employees hosted and/or participated in multiple homebuyer seminars providing information on lending products and borrower qualifications. Attendees of the seminars were all provided with a closing cost discount coupon.

- *Action Taken in Response to Written Complaints with Respect to CRA*

Neither CCTC nor DFS received any written complaints regarding CCTC's CRA performance during the evaluation period.

### 4. Other factors that in the judgment of the Superintendent bear upon the extent to which CCTC is helping to meet the credit needs of its entire community.

DFS examiners noted no other factors.

**V - GLOSSARY**

**Aggregate Lending**

“Aggregate lending” means the number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

**Banking Development District (“BDD”) Program**

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

**Community Development**

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- 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;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

**Community Development Loan**

“Community development loan” means a loan that has 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 LMI persons (DFS multifamily industry letter <https://www.dfs.ny.gov/system/files/documents/2020/03/il141204.pdf>) ;
- Nonprofit organizations serving primarily LMI or other community development needs;

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- 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.

### **Community Development Service**

“Community development service” means a service that has community development as its *primary purpose*, 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.

**Community Development Financial Institution (“CDFI”)**

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

**Fair Market Rents (“FMRs”)**

Fair Market Rents are published and developed annually by the US Department of Housing and Urban Development (“HUD”) and used to determine rent payments for affordable housing projects such as Section 8 contracts in defined metropolitan statistical areas (“MSAs”) nationwide. For easy reference of annual FMRs in New York State MSAs or counties, go to [www.huduser.gov/portal/datasets/fmr.html](http://www.huduser.gov/portal/datasets/fmr.html)

**Geography**

“Geography” means a census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**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.

**Income Level**

The income level for borrowers is based on household or family income. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

### **LMI Geographies**

“LMI geographies” means those census tracts or block numbering areas where, according to the most current U.S. 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 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 Block Numbering Areas (“BNAs”) and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

### **LMI Borrowers**

“LMI borrowers” means 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 cases 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 non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the Federal Financial Institutions Examination Council (“FFIEC”).

### **LMI Individuals/Persons**

“LMI individuals” or “LMI persons” means individuals or persons 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 non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by the FFIEC.

### **LMI Penetration Rate**

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

### **Low-Income Housing Tax Credit (“LIHTC”)**

LIHTC were created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low-income Americans. The tax credits provide a dollar-for-dollar reduction in a taxpayer’s federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.



### **Minority Depository Institutions (“MDIs”)**

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

### **New Markets Tax Credit (“NMTC”)**

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (“CDEs”). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer’s investments to make qualified investments in low-income communities. The Fund is administered by the CDFI Fund, an agency of the United States Department of the Treasury.

### **Paycheck Protection Program (“PPP”) Loans**

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%. The program officially ended May 31, 2021.

### **Qualified Investment**

“Qualified investment” means a lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. 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;

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- 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.

### **Small Business Loan**

A small business loan is a loan less than or equal to \$1 million.