



**NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
CONSUMER PROTECTION AND FINANCIAL ENFORCEMENT
DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: June 30, 2019

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 Department of Financial Services 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” 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 institution’s CRA performance based on an evaluation conducted as of June 30, 2019.

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 written summary (“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 back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated CCTC according to the large banking institution performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. DFS evaluated the Bank's performance under the lending test in calendar years 2016, 2017 and 2018 and its community development activities from the period April 1, 2016 through June 30, 2019. CCTC is rated "**Satisfactory**" or "2", meaning the Bank had a satisfactory record of helping to meet community credit needs.

This rating is based on the following factors:

LENDING TEST: High Satisfactory

CCTC's lending activities were more than reasonable in light of 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.

Lending Activity: Low Satisfactory

CCTC's lending levels were adequate considering its size, business strategy and financial condition, as well as the activity of similarly situated institutions and the demographic characteristics of its assessment area. CCTC's average LTD ratio for the three-year period was 82.7%, below its peer group's average of 84.7%

CCTC's total HMDA-reportable lending activities decreased from 573 loans in 2017 to 365 loans in 2018, primarily due to the new HMDA-reportable reporting rules that became effective on January 1, 2018, which no longer require reporting of unsecured home improvement lending data.

Assessment Area Concentration: High Satisfactory

During the evaluation period, CCTC originated 88.7% by number and 82.7% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This majority of lending inside of its assessment area reflects a more than reasonable concentration of lending.

Geographic Distribution of Loans: High Satisfactory

CCTC's origination of loans in census tracts of varying income levels demonstrated a more than reasonable distribution of lending. CCTC's HMDA-reportable and small business rates of lending in LMI census tracts compared favorably to those of the aggregate. During the evaluation period, CCTC made 11.5% by number of loans and 20.1% by dollar volume of its HMDA-reportable loans in LMI census tracts, as compared to the aggregate's respective levels of 10.9% and 9.2%. CCTC's levels of small business lending in LMI census tracts of 29.6% by number of loans and 31.9% by dollar volume considerably exceeded the aggregate's respective levels of 16.2% and 21.7%

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.

Community Development Lending: Outstanding

CCTC originated \$44.3 million in new community development loans and had \$7.9 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

INVESTMENT TEST: Low Satisfactory

CCTC's community development investments were adequate in light of the assessment area's credit needs.

Qualified Investments: Low Satisfactory

During the evaluation period, CCTC made \$3.1 million in new community development investments and had \$3.7 million outstanding from prior evaluation periods. In addition, CCTC made \$313,210 in community development grants. This demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

Innovativeness of Community Development Investments:

CCTC did not make use of innovative investments to support community development.

Responsiveness of Community Development Investments to Credit and Community Development Needs:

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

SERVICE TEST: Outstanding

Retail Banking Services: High Satisfactory

CCTC has a more than reasonable branch network. Its delivery systems, branch hours and services, and alternative delivery systems were adequate to meet the needs of LMI individuals.

Community Development Services: Outstanding

CCTC was a leader in providing excellent community development services. CCTC's directors, management and staff personnel provided leadership roles, financial expertise and technical assistance as advisors, and board and committee members to many nonprofit organizations and community development financial institutions ("CDFIs").

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.

PERFORMANCE CONTEXT

Institution Profile

Founded in 1833, CCTC is a New York State-chartered, commercial bank headquartered in Elmira, NY. CCTC operates in the Capital, Finger Lakes and Southern Tier Regions of New York State and the Northern Tier of Pennsylvania. CCTC is wholly owned by Chemung Financial Corporation, a publicly traded financial holding company.

CCTC provides retail banking products and services including residential mortgage, home improvement and home equity financing, personal and automobile loans, consumer lines of credits, and credit builder loans. Deposit products include checking and savings accounts, CDs, IRAs, and Money Market accounts for consumer and business customers. The Bank also provides online, mobile, and telephone banking, as well as money orders, safe deposit boxes, remote deposit capture, and direct deposit of employee payroll for business customers. In addition, CCTC offers trust and wealth management services through a nonbanking affiliate, mutual funds, securities and insurance brokerage services.

In its Consolidated Report of Condition (the “Call Report”) as of June 30, 2019, filed with the Federal Deposit Insurance Corporation (“FDIC”), CCTC reported total assets of \$1.7 billion, of which \$1.3 billion were net loans and lease financing receivables. The Bank also reported total deposits of \$1.5 billion, resulting in a loan-to-deposit ratio of 82.1%. According to the latest available comparative deposit data as of June 30, 2019 CCTC had a market share of 3.9%, or \$1.5 billion in a market of \$37.8 billion, ranking it seventh among 38 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, 2016, 2017, 2018 and June 30, 2019 Call Reports:

| TOTAL GROSS LOANS OUTSTANDING | | | | | | | | |
|--|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|
| Loan Type | 12/31/2016 | | 12/31/2017 | | 12/31/2018 | | 6/30/2019 | |
| | \$000's | % | \$000's | % | \$000's | % | \$000's | % |
| 1-4 Family Residential Mortgage Loans | 317,814 | 26.5 | 315,527 | 24.0 | 300,744 | 22.9 | 299,192 | 23.2 |
| Commercial & Industrial Loans | 162,793 | 13.6 | 179,284 | 13.7 | 184,783 | 14.1 | 192,650 | 14.9 |
| Commercial Mortgage Loans | 350,649 | 29.2 | 410,312 | 31.3 | 413,650 | 31.5 | 420,278 | 32.6 |
| Multifamily Mortgages | 147,759 | 12.3 | 165,088 | 12.6 | 170,121 | 13.0 | 165,658 | 12.9 |
| Consumer Loans | 158,130 | 13.2 | 171,992 | 13.1 | 164,715 | 12.6 | 151,845 | 11.8 |
| Agricultural Loans | 3,291 | 0.3 | 3,135 | 0.2 | 2,560 | 0.2 | 2,097 | 0.2 |
| Construction Loans | 47,806 | 4.0 | 47,229 | 3.6 | 56,685 | 4.3 | 41,282 | 3.2 |
| Obligations of States & Municipalities | 820 | 0.1 | 60 | 0.0 | | 0.0 | | 0.0 |
| Other Loans | 11,640 | 1.0 | 19,739 | 1.5 | 19,149 | 1.5 | 15,993 | 1.2 |
| Total Gross Loans | 1,200,702 | 100.0 | 1,312,366 | 100.0 | 1,312,407 | 100.0 | 1,288,995 | 100.0 |

As illustrated in the above table, CCTC is primarily a commercial lender. As of June

30, 2019, commercial mortgage and commercial and industrial loans accounted for 47.5% of total gross loans. One-to-four family residential mortgages and multifamily lending made up 23.2% and 12.9%, respectively.

Examiners did not find evidence of financial or legal impediments that adversely impacted the Bank's ability to meet the credit needs of its community.

Assessment Area

CCTC's assessment area is comprised of the counties of Albany, Broome, Cayuga, Chemung, Cortland, Saratoga, Schenectady, Schuyler, Seneca, Steuben, Tioga and Tompkins, in their entirety, as well as parts of Broome and Steuben counties. During the examination period, CCTC added Schenectady County to its assessment area as it opened a branch there in January 2018.

There are 326 census tracts in the Bank's assessment area, of which 29 are low-income, 51 are moderate-income, 166 are middle-income, 74 are upper-income and six are tracts have with no income level indicated. Additionally, five middle income census tracts in Schuyler County designated as "Distressed or Underserved Nonmetropolitan Middle-Income Census Tracts".¹ Since the prior evaluation, the number of LMI census tracts including Distressed or Underserved Nonmetropolitan Middle-Income Census Tracts in the Bank's assessment area increased to 85 (26.1%) from 64 (22.6%), including 17 additional LMI tracts in Schenectady County.

| Assessment Area Census Tracts by Income Level | | | | | | | | | |
|--|----------|-----------|-----------|------------|-----------|------------|--------------|--------------------------|--------------------|
| County | N/A | Low | Mod | Middle | Upper | Total | LMI % | Distressed & Underserved | LMI & Distressed % |
| Albany | 1 | 10 | 13 | 30 | 21 | 75 | 30.7% | | 30.7% |
| Broome* | 0 | 7 | 10 | 12 | 9 | 38 | 44.7% | | 44.7% |
| Cayuga | 1 | 1 | 2 | 12 | 4 | 20 | 15.0% | | 15.0% |
| Chemung | 1 | 4 | 3 | 11 | 3 | 22 | 31.8% | | 31.8% |
| Cortland | 0 | 0 | 1 | 8 | 3 | 12 | 8.3% | | 8.3% |
| Saratoga | 1 | 0 | 7 | 28 | 14 | 50 | 14.0% | | 14.0% |
| Schenectady | 1 | 7 | 10 | 19 | 6 | 43 | 39.5% | | 39.5% |
| Schuyler | 0 | 0 | 0 | 5 | 0 | 5 | 0.0% | 5 | 100.0% |
| Seneca | 0 | 0 | 0 | 8 | 2 | 10 | 0.0% | | 0.0% |
| Steuben* | 0 | 0 | 1 | 14 | 3 | 18 | 5.6% | | 5.6% |
| Tioga | 0 | 0 | 0 | 7 | 3 | 10 | 0.0% | | 0.0% |
| Tompkins | 1 | 0 | 4 | 12 | 6 | 23 | 17.4% | | 17.4% |
| Total | 6 | 29 | 51 | 166 | 74 | 326 | 24.5% | 5 | 26.1% |

*Partial County

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

Demographic & Economic Data

The assessment area had a population of 1.3 million during the evaluation period. About 15.5% of the population was over the age of 65 and 17.8% was under the age of 16.

Of the 305,929 families in the assessment area, 20.1% were low-income, 17.0% were moderate-income, 21.7% were middle-income and 41.3% were upper-income families. There were 512,057 households in the assessment area, of which 12.8% had income below the poverty level and 3% were on public assistance. The weighted average of median family income in the assessment area was \$76,361.

There were 581,976 housing units within the assessment area, of which 80.5% were one-to-four family units, and 13.7% were multifamily units. A majority (57.2%) of the area's housing units were owner-occupied, while 30.8% were renter-occupied. Of the 332,791 owner-occupied housing units, 13.5% were in low- and moderate-income census tracts while 86.5% were in middle- and upper-income census tracts. The median age of the housing stock was 58 years, and the median home value in the assessment area was \$164,962.

There were 71,705 non-farm businesses in the assessment area. Of these, 78.5% were businesses with reported revenues of less than or equal to \$1 million, 6.7% reported revenues of more than \$1 million, and 14.8% did not report their revenues. Of all the businesses in the assessment area, 95.7% were businesses with fewer than fifty employees, while 84.4% operated from a single location. The largest industries in the area were Services (44.3%), followed by Retail Trade (14.9%) and Finance, Insurance and Real Estate (7.2%); 8.9% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the unemployment rates for New York State and the twelve counties in the Bank's assessment area improved during the evaluation period.

The state's unemployment rate of 4.1% in 2018 was lower than the counties of Broome, Cayuga, Chemung, Cortland, Schuyler, Steuben and Tioga but higher than the counties of Albany, Saratoga, Schenectady, Seneca and Tompkins. The counties of Saratoga, Albany and Tompkins consistently had the lowest unemployment rates during the three-year period. As of 2018, the highest rate was 5.1%, in both Schuyler and Cortland counties.

| Assessment Area Unemployment Rate | | | | | | | |
|--|-----------|--------|--------|--------|---------|----------|----------|
| Year | Statewide | Albany | Broome | Cayuga | Chemung | Cortland | Saratoga |
| 2016 | 4.9 | 4.1 | 5.4 | 5.1 | 5.7 | 5.7 | 3.8 |
| 2017 | 4.7 | 4.2 | 5.6 | 5.0 | 5.5 | 5.8 | 4.0 |
| 2018 | 4.1 | 3.7 | 4.9 | 4.5 | 4.7 | 5.1 | 3.5 |
| Average | 4.6 | 4.0 | 5.3 | 4.9 | 5.3 | 5.5 | 3.8 |

| Year | Schenecta | Schuyler | Seneca | Steuben | Tioga | Tompkins |
|---------|-----------|----------|--------|---------|-------|----------|
| 2016 | 4.3 | 6.0 | 4.8 | 5.8 | 5.1 | 4.2 |
| 2017 | 4.5 | 5.8 | 4.5 | 5.7 | 5.1 | 4.3 |
| 2018 | 4.0 | 5.1 | 3.9 | 4.9 | 4.4 | 3.6 |
| Average | 4.3 | 5.6 | 4.4 | 5.5 | 4.9 | 4.0 |

Community Information

Examiners contacted two community organizations within the Bank’s assessment area to further understand the economic conditions of the area and the potential credit and banking needs of the residents and small businesses located therein.

The first contact was with a nonprofit organization that provided counseling on financial guidance aimed at foreclosure prevention and first-time homebuying in Chemung County. The organization’s representative stated that renters in Chemung County continued to face issues of affordability and substandard living. The representative expressed concern about “absentee landlords” who rent out units that they reportedly fail to properly maintain.

The second contact was with a local economic development organization that partners with other agencies, nonprofits and private partners to assist small businesses in Schuyler County. The organization’s representative mentioned that half of Schuyler County consists of LMI census tracts and stated that banks in the area needed to do more to address community credit needs. Local businesses reportedly needed assistance in the areas of small business counseling, low interest rate lending and micro-lending, including startup business financing.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated CCTC under the large bank performance standards 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 examination process and on 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 sourced the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually, and 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 2016, 2017 and 2018 for lending activities and April 1, 2016 through June 30, 2019 for community development activities.

Examiners considered CCTC's HMDA-reportable and small business loans in evaluating factors (2), (3) and (4) of the lending test noted below.

HMDA-reportable and small business loan data evaluated in this performance evaluation represented originations and were equally weighted since the dollar volumes for both product lines inside the assessment area were similar.

At its prior Performance Evaluation as of March 31, 2016, DFS assigned CCTC a rating of "2," reflecting a "Satisfactory" record of helping to meet its community credit needs.

Current CRA Rating: Satisfactory

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 HMDA-reportable and small business lending activities were more than reasonable in light of the Bank's size, business strategy, and financial condition, as well as the activity levels of the aggregate and of similarly situated institutions, and the demographic characteristics and credit needs of its assessment area.

Lending Activity: Low Satisfactory

CCTC's lending levels were adequate considering its size, business strategy and financial condition, as well as the activity of similarly situated institutions and the demographic characteristics of its assessment area.

CCTC's average LTD ratio for the three calendar year period was 82.7%, slightly lower than its peer group average of 84.7%. CCTC's average LTD ratio remained consistent with the level of 82.3% noted at the prior evaluation.

| Loan-to-Deposit Ratios | | | | | | | | | | | | | |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------|
| | 2016 Q1 | 2016 Q2 | 2016 Q3 | 2016 Q4 | 2017 Q1 | 2017 Q2 | 2017 Q3 | 2017 Q4 | 2018 Q1 | 2018 Q2 | 2018 Q3 | 2018 Q4 | Avg. |
| Bank | 81.6 | 80.7 | 79.4 | 81.3 | 78.8 | 81.0 | 82.7 | 87.8 | 85.3 | 88.7 | 82.3 | 82.2 | 82.7 |
| Peer | 81.4 | 83.7 | 83.8 | 83.9 | 83.1 | 84.7 | 85.3 | 85.0 | 85.0 | 86.7 | 86.8 | 86.9 | 84.7 |

Assessment Area Concentration: High Satisfactory

During the evaluation period, CCTC originated 88.7% by number and 82.7% by dollar value of its total HMDA-reportable and small business loans within its assessment area. This majority of lending inside of its assessment area reflects a more than reasonable concentration of lending within the Bank's assessment area.

HMDA-Reportable Loans

CCTC originated 88.2% by number and 76.2% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of its assessment area

reflects a more than reasonable concentration of lending within CCTC’s assessment area.

In 2018, CCTC’s HMDA-reportable lending activities by number of loans decreased from 573 loans in 2017 to 365 loans in 2018, primarily due to changes to HMDA reporting rules that became effective on January 1, 2018.

Small Business Loans

CCTC originated 89.7% by number and 91.4% by dollar value of its small business loans within the assessment area. This substantial majority of lending inside of its assessment area reflects excellent concentration of lending.

The following table shows the levels 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 |
| | # | % | # | % | | \$ | % | \$ | % | |
| HMDA-Reportable | | | | | | | | | | |
| 2016 | 546 | 89.4% | 65 | 10.6% | 611 | 57,323 | 73.1% | 21,057 | 26.9% | 78,380 |
| 2017 | 505 | 88.1% | 68 | 11.9% | 573 | 77,522 | 82.4% | 16,561 | 17.6% | 94,083 |
| 2018 | 315 | 86.3% | 50 | 13.7% | 365 | 75,494 | 72.8% | 28,254 | 27.2% | 103,748 |
| Subtotal | 1,366 | 88.2% | 183 | 11.8% | 1,549 | 210,339 | 76.2% | 65,872 | 23.8% | 276,211 |
| Small Business | | | | | | | | | | |
| 2016 | 250 | 90.6% | 26 | 9.4% | 276 | 65,197 | 91.7% | 5,910 | 8.3% | 71,107 |
| 2017 | 206 | 89.6% | 24 | 10.4% | 230 | 60,674 | 93.6% | 4,178 | 6.4% | 64,852 |
| 2018 | 264 | 88.9% | 33 | 11.1% | 297 | 63,370 | 89.1% | 7,756 | 10.9% | 71,126 |
| Subtotal | 720 | 89.7% | 83 | 10.3% | 803 | 189,241 | 91.4% | 17,844 | 8.6% | 207,085 |
| Grand Total | 2,086 | 88.7% | 266 | 11.3% | 2,352 | 399,580 | 82.7% | 83,716 | 17.3% | 483,296 |

Geographic Distribution of Loans: High Satisfactory

CCTC’s lending activities in census tracts of varying income levels demonstrated a more than reasonable distribution of lending.

HMDA-Reportable Loans

The distribution of CCTC’s HMDA-reportable loans by the income level of the geography was more than reasonable.

CCTC’s average rates of lending in LMI census tracts of 11.5% by number and 20.1% by dollar value compared favorably to the aggregate’s rates of 10.9% and 9.2%, respectively. The assessment area LMI owner-occupied housing demographic was 13.5% during most of the evaluation period.

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.

| Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract | | | | | | | | | |
|--|--------------|-------|----------------|-------|---------------|-------|------------------|-------|--------|
| 2016 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO HUs |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 11 | 2.0% | 701 | 1.2% | 501 | 2.1% | 57,933 | 1.4% | 3.1% |
| Moderate | 64 | 11.7% | 4,077 | 7.1% | 1,739 | 7.1% | 196,674 | 4.9% | 8.7% |
| LMI | 75 | 13.7% | 4,778 | 8.3% | 2,240 | 9.2% | 254,607 | 6.3% | 11.8% |
| Middle | 320 | 58.6% | 25,259 | 44.1% | 14,038 | 57.6% | 2,163,480 | 53.6% | 57.5% |
| Upper | 151 | 27.7% | 27,286 | 47.6% | 8,089 | 33.2% | 1,618,441 | 40.1% | 30.7% |
| Unknown | | 0.0% | | 0.0% | 5 | 0.0% | 407 | 0.0% | 0.0% |
| Total | 546 | | 57,323 | | 24,372 | | 4,036,935 | | |
| 2017 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO HUs |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 14 | 2.8% | 813 | 1.0% | 466 | 2.1% | 112,832 | 2.8% | 2.5% |
| Moderate | 38 | 7.5% | 3,213 | 4.1% | 2,442 | 10.9% | 327,376 | 8.1% | 11.0% |
| LMI | 52 | 10.3% | 4,026 | 5.2% | 2,908 | 13.0% | 440,208 | 10.9% | 13.5% |
| Middle | 334 | 66.1% | 61,510 | 79.3% | 12,858 | 57.3% | 2,137,744 | 52.7% | 57.2% |
| Upper | 119 | 23.6% | 11,986 | 15.5% | 6,623 | 29.5% | 1,423,737 | 35.1% | 29.3% |
| Unknown | | 0.0% | | 0.0% | 39 | 0.2% | 52,768 | 1.3% | 0.0% |
| Total | 505 | | 77,522 | | 22,428 | | 4,054,457 | | |
| 2018 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO HUs |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 11 | 3.5% | 767 | 1.0% | 567 | 2.2% | 78,185 | 1.8% | 2.5% |
| Moderate | 19 | 6.0% | 32,732 | 43.4% | 2,754 | 10.6% | 374,670 | 8.6% | 11.0% |
| LMI | 30 | 9.5% | 33,499 | 44.4% | 3,321 | 12.7% | 452,855 | 10.5% | 13.5% |
| Middle | 201 | 63.8% | 27,330 | 36.2% | 14,407 | 55.3% | 2,277,425 | 52.6% | 57.2% |
| Upper | 83 | 26.3% | 13,618 | 18.0% | 8,306 | 31.9% | 1,585,480 | 36.6% | 29.3% |
| Unknown | 1 | 0.3% | 1,047 | 1.4% | 22 | 0.1% | 17,660 | 0.4% | 0.0% |
| Total | 315 | | 75,494 | | 26,056 | | 4,333,420 | | |
| GRAND TOTAL | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO HUs |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 36 | 2.6% | 2,281 | 1.1% | 967 | 1.3% | 248,950 | 2.0% | |
| Moderate | 121 | 8.9% | 40,022 | 19.0% | 6,935 | 9.6% | 898,720 | 7.2% | |
| LMI | 157 | 11.5% | 42,303 | 20.1% | 7,902 | 10.9% | 1,147,670 | 9.2% | |
| Middle | 855 | 62.6% | 114,099 | 54.2% | 41,303 | 57.1% | 6,578,649 | 52.9% | |
| Upper | 353 | 25.8% | 52,890 | 25.1% | 23,018 | 31.8% | 4,627,658 | 37.2% | |
| Unknown | 1 | 0.1% | 1,047 | 0.5% | 66 | 0.1% | 70,835 | 0.6% | |
| Total | 1,366 | | 210,339 | | | | | | |

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 29.6% by number and 31.9% by dollar value surpassed its aggregate's rates of 16.2% and 21.7%, respectively. In addition, the Bank's small business lending activities in LMI census tracts exceeded the small business demographic level throughout the evaluation period.

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.

| Distribution of Small Business Lending by Geographic Income of the Census Tract | | | | | | | | | |
|--|-------------|----------|----------------|----------|------------------|----------|------------------|----------|-----------------|
| 2016 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 29 | 11.6% | 6,321 | 9.7% | 1,129 | 6.6% | 68,736 | 8.9% | 7.5% |
| Moderate | 45 | 18.0% | 13,324 | 20.4% | 1,957 | 11.5% | 104,014 | 13.4% | 13.6% |
| LMI | 74 | 29.6% | 19,645 | 30.1% | 3,086 | 18.1% | 172,750 | 22.3% | 21.1% |
| Middle | 89 | 35.6% | 22,166 | 34.0% | 8,697 | 50.9% | 371,503 | 47.9% | 50.3% |
| Upper | 87 | 34.8% | 23,386 | 35.9% | 5,297 | 31.0% | 231,405 | 29.8% | 28.7% |
| Unknown | | 0.0% | | 0.0% | 2 | 0.0% | 30 | 0.0% | 0.0% |
| Total | 250 | | 65,197 | | 17,082 | | 775,688 | | |
| 2017 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 29 | 14.1% | 10,179 | 16.8% | 1,220 | 7.0% | 67,112 | 9.0% | 9.8% |
| Moderate | 31 | 15.0% | 9,286 | 15.3% | 2,040 | 11.6% | 85,966 | 11.5% | 11.6% |
| LMI | 60 | 29.1% | 19,465 | 32.1% | 3,260 | 18.6% | 153,078 | 20.6% | 21.4% |
| Middle | 86 | 41.7% | 20,761 | 34.2% | 8,781 | 50.1% | 347,827 | 46.7% | 50.5% |
| Upper | 60 | 29.1% | 20,448 | 33.7% | 5,396 | 30.8% | 237,956 | 31.9% | 27.7% |
| Unknown | | 0.0% | | 0.0% | 92 | 0.5% | 5,974 | 0.8% | 0.5% |
| Total | 206 | | 60,674 | | 17,529 | | 744,835 | | |
| 2018 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 45 | 17.0% | 11,075 | 17.5% | 1,404 | 7.5% | 76,990 | 10.1% | 9.8% |
| Moderate | 34 | 12.9% | 10,195 | 16.1% | 2,045 | 11.0% | 91,170 | 12.0% | 11.5% |
| LMI | 79 | 29.9% | 21,270 | 33.6% | 3,449 | 18.5% | 168,160 | 22.1% | 21.3% |
| Middle | 104 | 39.4% | 20,651 | 32.6% | 9,224 | 49.5% | 352,981 | 46.4% | 50.2% |
| Upper | 81 | 30.7% | 21,449 | 33.8% | 5,844 | 31.4% | 232,054 | 30.5% | 27.9% |
| Unknown | | 0.0% | | 0.0% | 107 | 0.6% | 7,265 | 1.0% | 0.5% |
| Total | 264 | | 63,370 | | 18,624 | | 760,460 | | |
| GRAND TOTAL | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 103 | 14.3% | 27,575 | 14.6% | 2,384 | 4.6% | 212,838 | 9.3% | |
| Moderate | 110 | 15.3% | 32,805 | 17.3% | 6,042 | 11.6% | 281,150 | 12.3% | |
| LMI | 213 | 29.6% | 60,380 | 31.9% | 8,426 | 16.2% | 493,988 | 21.7% | |
| Middle | 279 | 38.8% | 63,578 | 33.6% | 26,702 | 51.5% | 1,072,311 | 47.0% | |
| Upper | 228 | 31.7% | 65,283 | 34.5% | 16,537 | 31.9% | 701,415 | 30.8% | |
| Unknown | - | 0.0% | - | 0.0% | 201 | 0.4% | 13,269 | 0.6% | |
| Total | 720 | | 189,241 | | 51,866 | | 2,280,983 | | |

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.

HMDA-Reportable 1-4 Family and Manufactured Housing Loans

CCTC's HMDA-reportable lending demonstrated an adequate distribution of loans among individuals of different income levels.

CCTC's level of one-to-four family and manufactured housing lending to LMI borrowers was 33.8% by number of loans. This was slightly above the aggregate's performance of 31.1%. However, by average total dollar value, CCTC's average rate of 15.7% compared unfavorably to the aggregate's 21.3%. Both the Bank's and the aggregate's lending rates to LMI borrowers were below the 37.1% family demographics(in 2018) in the assessment area. The volume of CCTC's HMDA-reportable loans to borrowers with known income levels decreased from 496 in 2017 to 322 in 2018, primarily due to the new HMDA-reporting rules that became effective on January 1, 2018.

The following table provides a summary of the distribution of CCTC's HMDA-reportable lending by borrower income.

| Distribution of 1-4 Family and Manufactured Housing Loans by Borrower Income | | | | | | | | | |
|--|--------------|-------|----------------|-------|---------------|-------|-------------------|-------|----------|
| 2016 | | | | | | | | | |
| Borrower | Bank | | | | Aggregate | | | | Fam.Dem. |
| Income | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 55 | 10.2% | 855 | 1.9% | 1,847 | 7.6% | 141,950 | 3.7% | 19.7% |
| Moderate | 123 | 22.8% | 5,224 | 11.4% | 5,188 | 21.4% | 592,662 | 15.6% | 17.6% |
| LMI | 178 | 33.0% | 6,079 | 13.3% | 7,035 | 29.0% | 734,612 | 19.4% | 37.3% |
| Middle | 123 | 22.8% | 7,972 | 17.4% | 6,429 | 26.5% | 908,806 | 24.0% | 21.8% |
| Upper | 207 | 38.4% | 28,045 | 61.2% | 9,677 | 39.9% | 1,937,325 | 51.1% | 40.9% |
| Unknown | 31 | 5.8% | 3,700 | 8.1% | 1,098 | 4.5% | 207,291 | 5.5% | |
| Total | 539 | | 45,796 | | 24,239 | | 3,788,034 | | |
| 2017 | | | | | | | | | |
| Borrower | Bank | | | | Aggregate | | | | Fam.Dem. |
| Income | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 80 | 16.1% | 2,154 | 5.0% | 1,974 | 8.9% | 149,531 | 4.3% | 20.1% |
| Moderate | 113 | 22.8% | 4,979 | 11.5% | 5,033 | 22.6% | 575,286 | 16.5% | 17.0% |
| LMI | 193 | 38.9% | 7,133 | 16.4% | 7,007 | 31.5% | 724,817 | 20.8% | 37.1% |
| Middle | 109 | 22.0% | 5,146 | 11.9% | 5,858 | 26.3% | 832,433 | 23.9% | 21.7% |
| Upper | 172 | 34.7% | 22,468 | 51.8% | 8,572 | 38.5% | 1,723,180 | 49.4% | 41.3% |
| Unknown | 22 | 4.4% | 8,629 | 19.9% | 816 | 3.7% | 206,460 | 5.9% | |
| Total | 496 | | 43,376 | | 22,253 | | 3,486,890 | | |
| 2018 | | | | | | | | | |
| Borrower | Bank | | | | Aggregate | | | | Fam.Dem. |
| Income | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 28 | 8.7% | 1,705 | 4.7% | 2,470 | 9.3% | 203,250 | 5.3% | 20.1% |
| Moderate | 59 | 18.3% | 4,757 | 13.2% | 6,157 | 23.2% | 708,235 | 18.4% | 17.0% |
| LMI | 87 | 27.0% | 6,462 | 18.0% | 8,627 | 32.6% | 911,485 | 23.6% | 37.1% |
| Middle | 78 | 24.2% | 7,451 | 20.7% | 6,946 | 26.2% | 963,600 | 25.0% | 21.7% |
| Upper | 129 | 40.1% | 18,646 | 51.8% | 10,122 | 38.2% | 1,863,490 | 48.3% | 41.3% |
| Unknown | 28 | 8.7% | 3,414 | 9.5% | 789 | 3.0% | 119,875 | 3.1% | |
| Total | 322 | | 35,973 | | 26,484 | | 3,858,450 | | |
| GRAND TOTAL | | | | | | | | | |
| Borrower | Bank | | | | Aggregate | | | | Fam.Dem. |
| Income | # | % | \$000's | % | # | % | \$000's | % | % |
| Low | 163 | 12.0% | 4,714 | 3.8% | 6,291 | 8.6% | 494,731 | 4.4% | |
| Moderate | 295 | 21.7% | 14,960 | 12.0% | 16,378 | 22.4% | 1,876,183 | 16.9% | |
| LMI | 458 | 33.8% | 19,674 | 15.7% | 22,669 | 31.1% | 2,370,914 | 21.3% | |
| Middle | 310 | 22.8% | 20,569 | 16.4% | 19,233 | 26.4% | 2,704,839 | 24.3% | |
| Upper | 508 | 37.4% | 69,159 | 55.3% | 28,371 | 38.9% | 5,523,995 | 49.6% | |
| Unknown | 81 | 6.0% | 15,743 | 12.6% | 2,703 | 3.7% | 533,626 | 4.8% | |
| Total | 1,357 | | 125,145 | | 72,976 | | 11,133,374 | | |

Small Business Loans

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

During the evaluation period, CCTC originated 39% by number and 21.6% by dollar value of its small business loans to businesses with annual gross revenues of \$1 million or less which was below the aggregate's performance of 49.4% and 35.9%, respectively. Both CCTC's and aggregate's rates of lending to businesses with annual gross revenues of \$1 million or less were significantly below the business demographics of approximately 78% in the assessment area in all years of the evaluation period.

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

| Distribution of Small Business Lending by Revenue Size of Business | | | | | | | | | |
|---|-------------|----------|----------------|----------|------------------|----------|------------------|----------|-----------------|
| 2016 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Rev. < = \$1MM | 96 | 38.4% | 14,764 | 22.6% | 8,476 | 49.6% | 279,932 | 36.1% | 78.4% |
| Rev. > \$1MM | 153 | 61.2% | 49,683 | 76.2% | | | | | 6.7% |
| Rev. Unknown | 1 | 0.4% | 750 | 1.2% | | | | | 14.9% |
| Total | 250 | | 65,197 | | 17,082 | | 775,688 | | |
| 2017 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Rev. < = \$1MM | 74 | 35.9% | 13,038 | 21.5% | 9,196 | 52.5% | 289,763 | 38.9% | 78.2% |
| Rev. > \$1MM | 130 | 63.1% | 45,711 | 75.3% | | | | | 6.8% |
| Rev. Unknown | 2 | 1.0% | 1,925 | 3.2% | | | | | 15.1% |
| Total | 206 | | 60,674 | | 17,529 | | 744,835 | | |
| 2018 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Rev. < = \$1MM | 111 | 42.0% | 13,042 | 20.6% | 8,639 | 46.4% | 248,950 | 32.7% | 78.5% |
| Rev. > \$1MM | 144 | 54.5% | 49,041 | 77.4% | | | | | 6.7% |
| Rev. Unknown | 9 | 3.4% | 1,287 | 2.0% | | | | | 14.8% |
| Total | 264 | | 63,370 | | 18,624 | | 760,460 | | |
| GRAND TOTAL | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Rev. < = \$1MM | 281 | 39.0% | 40,844 | 21.6% | 26,311 | 49.4% | 818,645 | 35.9% | |
| Rev. > \$1MM | 427 | 59.3% | 144,435 | 76.3% | - | | - | | |
| Rev. Unknown | 12 | 1.7% | 3,962 | 2.1% | 0 | | 0 | | |
| Total | 720 | | 189,241 | | 53,235 | | 2,280,983 | | |

Community Development Lending: Outstanding

During the evaluation period, CCTC originated \$44.3 million in new community development loans and had \$7.9 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.¹

¹ 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 exam.

| Community Development Loans | | | | |
|------------------------------------|------------------------|---------------|--|--------------|
| Purpose | This Evaluation Period | | Outstandings from Prior Evaluation Periods | |
| | # of Loans | \$000 | # of Loans | \$000 |
| Affordable Housing | 3 | 5,565 | 2 | 1,269 |
| Economic Development | 3 | 1,180 | 1 | 1,349 |
| Community Services | 98 | 37,294 | 27 | 5,283 |
| Revitalize and Stabilize | 1 | 250 | - | - |
| Total | 105 | 44,289 | 30 | 7,902 |

Below are highlights of CCTC's community development lending.

Affordable Housing

- The Bank took a \$4.9 million participation in a \$13 million commercial mortgage loan to finance a 96 affordable-unit senior residence facility located in Colonie, NY. The borrower is a not-for-profit, community-based organization that serves seniors and their families with adult day care, home maintenance, health and wellness programs, transportation, and financial resources throughout New York's Capital District.
- CCTC renewed a \$600,000 unsecured line of credit to assist with three government grant projects totaling \$1.7 million to replace 12 manufactured homes for qualified LMI applicants. The borrower is a non-profit housing agency focused on rehabilitation assistance to income-eligible homeowners. This agency also provides technical housing assistance to municipalities in the New York Southern Tier region.

Community Services

- In 2016 through 2019, the Bank annually renewed a \$1.6 million secured line of credit that provides working capital to a not-for-profit organization providing community services for elderly and developmentally disabled individuals in Chemung County.
- In 2016, the Bank renewed a \$1 million line of credit for the construction, purchase, and renovation of new group homes. The project will receive reimbursement from the New York State Office of People with Developmental Disabilities ("OPWDD"). The organization serves people with developmental disabilities and their families in the Chemung County area, and is primarily funded by Medicaid, OPWDD, and other governmental agencies.

-
- CCTC made a \$1.2 million construction loan to finance the expansion and renovation of a medical office building located in Corning, NY. The building will contain medical offices and office space for an organization which provides family planning, counseling, education and rape crisis services to predominantly low-income individuals.

Revitalize and Stabilize

- CCTC took a \$250,000 participation in an unsecured line of credit for real estate acquisition and development by a nonprofit organization formed to acquire vacant and/or foreclosed tax delinquent properties from the City of Schenectady for redevelopment and revitalization of the community.
- The Bank made a \$1 million loan to finance upgrades to a wastewater treatment facility in Tioga County; the project is also funded partly by a grant from the New York State Upstate Revitalization Initiative (“URI”). The URI focuses on the economic development of Upstate New York through projects and initiatives that attract private investment and create jobs.

Flexible and/or Innovative Lending Practices:

- CCTC participates in the State of New York Mortgage Agency (“SONYMA”) first-time homebuyer program. The program features competitive interest rates, low down payment requirements, flexible underwriting guidelines, and down payment assistance. During the evaluation period, the Bank originated 23 SONYMA loans totaling \$1.9 million.
- CCTC also participates in the Federal Home Loan Bank’s (“FHLB”) Home Buyer Dream Program” and various local community homebuyers’ programs that provide loans, grants and education for LMI borrowers.

INVESTMENT TEST: Low Satisfactory

DFS 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.*

CCTC’s community development investments were adequate in light of the assessment area’s credit needs.

Qualified Investments: “Low Satisfactory”

During the evaluation period, CCTC made \$3.1 million in new community development investments and had \$3.7 million outstanding from prior evaluation periods. In addition, CCTC made \$313,210 in community development grants. This demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

CCTC’s community development investment activities mostly supported essential infrastructure and public education projects benefiting LMI communities and geographies in its assessment areas.

| Community Development Investments and Grants | | | | |
|---|-------------------------------|--------------|---|--------------|
| | This Evaluation Period | | Outstandings from Prior Evaluation Periods | |
| | # of Inv. | \$000 | # of Inv. | \$000 |
| CD Investments | | | | |
| Affordable Housing | | | | |
| Economic Development | | | | |
| Community Services | 5 | 1,363 | 2 | 75 |
| Revitalize and Stabilize | 9 | 1,710 | 17 | 3,636 |
| Total | 14 | 3,073 | 19 | 3,712 |
| | | | | |
| CD Grants | # of Grants | \$000 | <i>Not Applicable</i> | |
| Affordable Housing | 7 | 5 | | |
| Economic Development | 3 | 7 | | |
| Community Services | 112 | 301 | | |
| Revitalize and Stabilize | | | | |
| Total | 122 | 313 | | |

Below are highlights of CCTC’s community development investments and grants.

Investments

Community Services

- CCTC purchased \$1 million of school district municipal bonds to finance the reconstruction of school buildings and facilities. The school district offers public education from grades Pre-K through 12 where 56% of students receive free or reduced cost lunch.

Revitalize and Stabilize

- CCTC purchased a \$250,000 municipal bond issued by a town in Chemung County. The bond supported a sidewalk construction project to help attract or retain businesses or residents in LMI geographies.
- CCTC purchased \$495,000 in municipal bonds to finance various infrastructure projects, and other facility restorations including a mental health building, public safety building and a public works facility. These facilities are essential community-wide infrastructure for LMI geographies which help attract or retain businesses or residents in LMI geographies.

Grants

Community Services

- CCTC contributed \$98,000 to a local organization focused on assisting the poor with social services, shelter, clothing and medical services in the Southern Tier region of New York. Additional services provided included free tax preparation service, a crisis hotline, safe haven and protection for victims of human trafficking and slavery.
- CCTC contributed \$16,000 to an organization that provided meals to seniors in need, and especially those at risk of or experiencing hunger.

Affordable Housing

- CCTC contributed \$2,000 to an organization dedicated to eliminating substandard housing and homelessness, by helping LMI individuals and families obtain quality housing on a long-term basis.

Innovativeness of Community Development Investments:

CCTC did not make use of innovative investments to support community development.

Responsiveness of Community Development Investments to Credit and Community Development Needs:

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

SERVICE TEST: Outstanding

DFS examiners 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.*

Examiners 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.*

Retail Banking Services: "High Satisfactory"

CCTC has a more than reasonable branch network. Its delivery systems, branch hours and services, and alternative delivery systems were adequate to meet the needs of LMI individuals.

Current distribution of the banking institution's branches

CCTC operates 30 full-services banking offices located in 12 counties. Nearly 60% of the branches were concentrated in four counties: Chemung, Tioga, Tompkins and Albany. The Bank had eight branches located in LMI or *Distressed or Underserved Nonmetropolitan Middle-Income* census tracts. This was lower than the 10 such branches noted at the previous evaluation. This change was attributable to both the Bank's branch opening, closing and relocation activities during the evaluation period and to reassessments of the income level of census tracts where the branches were located.

| 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 | | 1 | 2 | 4 | 25.0% | | 25.0% |
| Broome * | | | | 2 | | 2 | 0.0% | | 0.0% |
| Cayuga | | | 1 | 1 | | 2 | 50.0% | | 50.0% |
| Chemung | | 1 | | 4 | 2 | 7 | 14.3% | | 14.3% |
| Cortland | | | | | 1 | 1 | 0.0% | | 0.0% |
| Saratoga | | | | 1 | 1 | 2 | 0.0% | | 0.0% |
| Schenectady | | | 1 | | | 1 | 100.0% | | 100.0% |
| Schuyler | | | | 2 | | 2 | 0.0% | 2 | 100.0% |
| Seneca | | | | 1 | | 1 | 0.0% | | 0.0% |
| Steuben * | | | | 2 | | 2 | 0.0% | | 0.0% |
| Tioga | | | | 2 | 1 | 3 | 0.0% | | 0.0% |
| Tompkins | | | 2 | 1 | | 3 | 66.7% | | 66.7% |
| Total | - | 2 | 4 | 17 | 7 | 30 | 20.0% | 2 | 26.7% |

*Partial County

Record of opening and closing branches:

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

During the evaluation period, the Bank made the following changes to its branch network, resulting a net loss of one branch.

Branch Relocations

- The Clifton Park branch in Saratoga County relocated in 2016 to an office less than a mile away. Both the original and new locations were in upper-income census tracts.
- The Genesee Street branch in the town of Auburn in Cayuga County moved in 2017 to a location nearby and remained in the same middle-income census tract.

Branch Closures

- The Ithaca Commons branch in Tompkins County, located in a moderate-income census tract, closed in 2016. All branch accounts were transferred to the other three branches in the Ithaca area.
- The Oakdale branch in Broome County, located in a middle-income census tract, closed in 2019. All branch accounts were transferred to the Vestal Branch, about a ten-minute drive away in a middle-income tract.
- The Painted Post branch in Steuben County, located in an upper-income census tract, closed in 2019. All branch accounts were transferred to the Corning and Bath branches.

New Branch Openings

- The Schenectady branch in Schenectady County opened in January 2018, in a moderate-income census tract.
- The Wilton branch in Saratoga County opened in April 2018 in a middle-income census tract.

Availability and effectiveness of alternative systems for delivering retail services:

CCTC's delivery systems were readily accessible to significant portions of the Bank's assessment area including LMI geographies and individuals.

Branches typically offered lobby hours from Monday through Friday 9:00AM to 4:30PM with most locations offering drive-up service during the same hours. ATM access was also available at each branch 24 hours a day via both walk-up or drive-up. In addition, CCTC had 10 off-site ATMs offering withdrawals at hospitals, colleges and retailers, including three ATMs located in low-income census tracts. The Bank also offered alternative banking services, such as telephone banking, online banking, and mobile banking for all accounts.

Range of services provided:

CCTC's services met the convenience and accessibility needs of its assessment area, including LMI geographies and individuals and small businesses. The Bank offered products such as a Free Checking, NOW Account, Simple Business, and Global 2.0 Checking.

Community Development Services: Outstanding

CCTC provided an excellent level of community development services in its assessment area.

CCTC's directors, management and staff personnel provided financial expertise and technical assistance as advisors, and board and committee members for many nonprofit organizations and community development financial institutions ("CDFIs"). These organizations serve the needs of LMI individuals and small businesses by providing credit and financial education, community services, and economic development in their communities.

Below are highlights of CCTC's community development services.

Affordable Housing

- CCTC's president served on the board of a nonprofit affordable housing and community revitalization finance company that provided various construction, permanent lending and equity investment products in New York State and

Northeast region.

- A CCTC vice president served on the board of a local nonprofit organization dedicated to eliminating substandard housing locally and worldwide through constructing, rehabilitating and preserving homes, advocating for fair and just housing polices and providing information and access to resources that help families improve their living conditions. More than 25 families have found affordable housing through this organization since its inception.

Community Services

- A CCTC vice president served on the board of an organization offering comprehensive services and support to people with developmental disabilities. The organization has served over 1,800 individuals through residential opportunities, habilitation services, respite, clinical services, environmental modifications and self-determined supports in Chemung County and the surrounding region.
- CCTC hosted fraud and cyber security seminars in Elmira and Horseheads. The seminars were free and accessible to LMI individuals at a local library and community room. In addition, another free seminar, “Protecting Yourself and Your Future,” was offered to a target audience which included senior citizens.
- Many CCTC senior officers and employees serve as board members at a local affiliate of one of the largest, faith-based charity organizations in the United States committed to fighting the effects of poverty and its root causes by providing food, clothing, shelter, medical services.
- Several CCTC senior officers served on the board of a nonprofit organization, formed in 2019, whose mission is to help girls and women in Chemung, Schuyler, Steuben, and Yates counties achieve economic self-sufficiency and realize life goals.

Economic Development

- A CCTC assistant vice president served on the board of a nonprofit organization administering downtown Elmira’s Business Improvement District and charged with the revitalization of the central business area.
- CCTC’s president served on the board of a CDFI whose goal is to assist, promote and advance the business prosperity and economic welfare of the State of New York by providing loans to small businesses including start-ups, early state and mature businesses with a particular emphasis on minority and women-owned businesses.

Additional Factors

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

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.

CCTC's board provided oversight through a CRA committee comprised of senior officers and managers from the lending, investment, retail and marketing areas. The committee reviewed the Bank's CRA performance in order to ensure ongoing compliance.

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.*

DFS examiners did not note evidence of practices by CCTC intended to discourage applications for the types of credit offered by CCTC.

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

On June 24, 2021, DFS and CCTC entered into a Consent Order to resolve an investigation conducted by the Department into CCTC's underwriting and pricing of automobile loans arranged by automobile dealers during the time period of January 1, 2016 through August 31, 2020.

The Department's investigation identified statistically significant disparities in interest rates charged to certain Hispanic borrowers when compared to the average rates charged to non-Hispanic white borrowers. The Department found that these statistically significant disparities were a result of the Bank's policy of permitting its contracted automobile dealers to mark-up consumers' interest rates above the Bank's minimum applicable risk-based interest rate, known as the "buy rate".

The Department further found that CCTC's policy permitting its contracted automobile dealers to mark up the affected consumers' interest rates without regard to objective, credit-related factors resulted in a disparate impact on the basis of ethnicity, in violation of New York Executive Law Section 296-a. The Department did not find evidence of intentional discrimination.

Pursuant to the terms of the Consent Order, CCTC has agreed to provide restitution to Eligible Impacted Borrowers, to change its dealer compensation practices, and to pay to the Department a civil monetary penalty of \$350,000.

For additional information, refer to the Consent Order, which may be found on the Department's web site at https://www.dfs.ny.gov/system/files/documents/2021/06/ea20210624_chemung_canal.pdf

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's board and management maintained open dialogue with community groups and organizations by providing various leadership roles in community groups and organizations.

- 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 hosted and/or participated in multiple homebuyer seminars providing expertise in all areas of the home buying process including a free "Community Conversation" series, that featured a variety of topics of interest to the general public conducted by a mix of bank staff and community professionals. Topics included: Protecting Yourself from Fraud and ID Theft, Financial Aid and College Savings, Estate Planning, Planning for Social Security, Investing 101, Understanding Your Credit Score, Making Your 401(k) Last, and an Electronic Banking Tutorial.

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

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 noted no other factors.

GLOSSARY

Aggregate Lending

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”:

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.

Community Development Loan

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 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.

Community Development Service

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.

Geography

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

Home Mortgage Disclosure Act (“HMDA”)

The 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.

| Income level of individual or geography | % of the area median income |
|--|------------------------------------|
| 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 |

Small Business Loan

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

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas where, according to the 2010 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

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 U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

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 HUD.

LMI Penetration Rate

A number that represents the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Low-Income Housing Tax Credit (“LIHTC”)

A dollar for dollar tax credit for affordable housing, 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. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they 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 New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate 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 US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Qualified Investment

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;
- 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.