

PUBLIC DISCLOSURE

February 7, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Elmira Savings Bank, FSB
333 E Water Street
Elmira, NY 14901-3414
Docket #: 07788**

**Office of Thrift Supervision
Northeast Region
Harborside Financial Center Plaza Five, Suite 1600
Jersey City, NJ 07311**

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



Office of Thrift Supervision
Department of the Treasury

Northeast Region

Jersey City Regional Office • Phone Number: (201) 413-1000 • Fax: (201) 413-7543
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June 22, 2011

Board of Directors
The Elmira Savings Bank, FSB
333 E Water Street
Elmira, NY 14901-3414

Member of the Board:

Enclosed is your institution's written Community Reinvestment Act (CRA) Performance Evaluation. The Office of Thrift Supervision (OTS) prepared the evaluation as of February 7, 2011.

In accordance with 12 C.F.R. 563e, your institution must make this written CRA Performance Evaluation available to the public within 30 business days of receiving it. You must place the evaluation in your CRA public file at your home office and at each branch within this time frame. You may not alter or abridge the evaluation in any manner. At your discretion, you may retain previous written CRA Performance Evaluation(s) with the most recent evaluation in your CRA public file.

Your institution may prepare a response to the evaluation. You may place the response in each CRA public file along with the evaluation. In the event your institution elects to prepare such a response, please forward a copy of it to this office.

All appropriate personnel, particularly customer contact personnel, need to be aware of the responsibilities that the institution has to make this evaluation available to the public. Consequently, we suggest that your institution review internal procedures for handling CRA inquiries, including those pertaining to the evaluation and other contents of the CRA public file.

We strongly encourage the Board of Directors, senior management, and other appropriate personnel to review this document and to take an active interest and role in the CRA activities of your institution.

Sincerely,

Patricia A. Cecconi
Assistant Director - Compliance

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of The Elmira Savings Bank, FSB. The Office of Thrift Supervision (OTS) prepared the evaluation as of February 7, 2011. OTS evaluates performance in assessment area(s) delineated by the institution rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. OTS rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 563e.

Institution

Overall Rating

INSTITUTION'S CRA RATING: **Satisfactory**
The Lending Test is rated: **Outstanding**
The Community Development Test is rated: **Satisfactory**

The Elmira Savings Bank, FSB (“Elmira” or the “Bank”) performance granting residential mortgage, consumer and small business loans had a very positive effect on the assessment area’s economic vitality. In a majority of the assessed performance criterion, Elmira surpassed market competitors in lending activities. A substantial majority of loans originated in the combined assessment area and the bank’s loan-to-deposit ratio were reasonable. The distribution of loans to borrowers and census tracts (geographies) of different income levels surpassed aggregate lender levels and reflected strong penetration amongst low- and moderate-income families and communities.

Elmira’s community development performance demonstrated a reasonable response to community development needs, primarily through activities concentrated in the Elmira, NY assessment area.

Scope of Examination

OTS evaluated Elmira under the Intermediate Small Savings Association examination procedures. We analyzed Home Mortgage Disclosure Act (HMDA) - reportable, consumer, and small business loans (SBL) originated for the 39-month review period from July 1, 2007 through September 30, 2010. HMDA-reportable loans include home purchase, home refinance, and home improvement loans reported pursuant to the HMDA reporting requirements. HMDA-reportable loans for the second half of 2007 was included as part of 2008 lending activity when making aggregate data comparisons for 2008, as the difference in lending volume when excluding 2007 data was negligible.

Elmira elected to have its consumer and SBL portfolio included in the evaluation of its CRA lending performance. The data provided for these categories did not include loan originations that were repaid during the review period, consistent with the bank -provided data at the prior CRA evaluation. We also reviewed the bank’s response to community credit needs through provision of community development loans, qualified investments, and/or community development services.

Description of Institution

Elmira is a \$502.7 million federally chartered stock savings bank headquartered in Elmira, Chemung County, New York. The Bank conducts its business through ten full service offices located in Chemung, Tompkins, Cayuga and Steuben Counties, New York, and two loan production offices

Institution (continued)

(LPO), one in Cortland County and another in Schuyler County, New York. During the review period, the Bank closed the Mansfield, Pennsylvania branch and opened four branches; three in Ithaca, NY and one in Moravia, NY. Two of the Ithaca offices are located in moderate- income geographies, while the third is in an upper-income geography. The Moravia office is in a middle-income geography.

Elmira offers a variety of loan products including: residential and multi- family mortgage loans; commercial mortgages, small business and home improvement loans; as well as automobile, boat, secured and unsecured consumer loans. The bank offers an array of retail deposit products and services including automated teller machines (ATMs), telephone banking, Visa check cards, on-line cash management for business customers, and internet banking. These services, as well as convenient banking hours, are reasonably accessible to all portions of the combined assessment area.

As of September 30, 2010, the total loan portfolio equaled \$304.6 million. Table 1 indicates the dollar amount, percentage to total loans, and percentage to total assets of each loan category.

Table 1 - Elmira Savings Bank's Investment in Loans (9/30/2010 Thrift Financial Report)			
Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Residential Mortgage	\$199,047	65.4%	39.6%
Nonresidential Mortgage	50,969	16.7%	10.1%
Commercial Nonmortgage	32,054	10.5%	6.4%
Consumer	22,536	7.4%	4.5%
Total	\$304,606	100.0%	60.6%

Since the previous evaluation, assets have grown \$110 million or 28 percent. The growth was almost equally distributed in residential mortgage loans, which increased by \$50 million, and mortgage backed securities which increased by \$40 million. Other investments increased by \$8 million. Asset growth was primarily through a \$70 million increase in deposit funds. Deposits totaled \$356 million as of September 30, 2010, a 25 percent increase since the prior evaluation.

There are no apparent financial, legal, or regulatory impediments that would prevent the bank from meeting community credit needs. Elmira received a rating of Outstanding at its prior CRA evaluation dated January 11, 2008.

Institution (continued)

Description of Combined Assessment Area

Elmira delineates three separate assessment areas (AAs). These AAs include: the Elmira, NY MSA #21300; the Ithaca, NY MSA #27060; and, several NY counties that are not in an MSA (Non-MSA). The three contiguous AAs, herein referred to as the Combined AA, contain 64 geographies.

Table 2 illustrates demographic data on population, families, and housing units within the Combined AA.

Demographic Data	2000 Census
Population	258,471
Total Families	61,519
1-4 Family Units	83,757
Multi-family Units	12,171
% Owner-Occupied Units	60%
% Rental-Occupied Units	31%
% Vacant Housing Units	9%
Weighted Average Median Housing	\$83,880

Table 3 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies.

Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
<i>2000 Census:</i>	#	%	#	%	#	%
Low	2	3.1%	438	0.7%	573	0.7%
Moderate	9	14.1%	4,950	8.0%	8,559	10.2%
Middle	43	67.2%	44,396	72.2%	58,636	70.0%
Upper	9	14.1%	11,735	19.1%	15,986	19.1%
Income NA	1	1.5%	0	0.0%	3	0.0%
Total	64	100.0%	61,519	100.0%	83,757	100.0%

The table indicates that the vast majority of AA families and 1-4 family dwellings are located in middle- and upper-income geographies.

Institution (continued)

Table 4 shows the distribution of families in each income range of the AA.

Table 4 - Distribution of Families Combined Assessment Area		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	10,903	17.7%
Moderate (50% - 79%)	11,148	18.1%
Middle (80% - 119%)	14,295	23.2%
Upper (>= 120%)	25,173	41.0%
Total	61,519	100.0%

According to 2000 census data, 35.8 percent of the families in the Combined AA are low- to moderate-income and 7.7 percent of these families report income below the poverty level.

We met with a Chemung County- based community development group, which administers local economic development services, to help us develop an understanding of community credit needs and how local financial institutions are meeting those needs. The contact indicated that state funding for restoration of blighted areas was eliminated but programs, such as the NY Main Street program and those provided by the Office of Community Renewal, still provide grants to restore mixed use and residential buildings in the downtown area. The contact indicated that funding for community restoration projects remains scarce but noted a positive view of local community banks, including Elmira, in providing credit to surrounding areas.

Conclusions With Respect To Performance Tests

Loan to Deposit Ratio (LTD)

Elmira’s LTD ratio shows effective re-deployment of acquired deposit funds into loans. The LTD ratio met the standard for satisfactory performance in this criterion.

Elmira’s LTD ratio averaged 91.6 percent for the eight-quarter period ending June 30, 2010. This is a marginal increase over the 87 percent noted in the prior CRA evaluation and indicative of consistent lending performance. The ratio trended downward from 104.1 percent at December 31, 2008 to 86.3 percent at June 30, 2010.

Elmira’s LTD ratio slightly exceeded those of the six OTS Northeast Region institutions having total assets between \$400 million and \$500 million. Those institutions’ eight quarter LTD ratio averaged 89.2 percent with a high and low range of 93.9 percent and 84.8 percent, respectively. According to combined AA aggregate market share reports for 2009, the bank ranked fifth by dollar amount of

Institution (continued)

deposit funds and third by number of HMDA reportable loans originated for that year. Compared to area competitors, Elmira performed very effectively in redeploying deposit funds into loans within its community.

Lending in the Combined Assessment Area

On a combined basis, 73 percent by number and 76.8 percent by dollar amount of all HMDA-reportable, consumer, and small business loans originated within Elmira’s AAs. With a significant majority of lending within the combined AA, as well as a significant volume of loans, Elmira has a strong record of meeting community credit needs and exceeds the standard for satisfactory performance in this criterion.

Table 5 illustrates the total number and dollar amount of HMDA-reportable loans originated inside and outside the Combined AA during the 39-month review period ending September 30, 2010. For comparison purposes, the table reflects lending activity by each appropriate year during the review period.

Table 5- Concentration of HMDA-reportable Loans *					
7/1/2007 – 9/30/2010					
(Dollars in thousands)					
Period By Year	In Combined Assessment Area		Outside Combined Assessment Area		Total HMDA Loans
By Number:	#	%	#	%	#
7/1/07 – 12/31/07	219	79.6%	56	20.4%	275
2008	550	78.2%	153	21.8%	703
2009	784	78.2%	219	21.8%	1,003
1/1/10 - 9/30/10	549	81.5%	125	18.5%	674
Total	2,102	79.2%	553	20.8%	2,655
By \$ Amount:	\$ Amt	%	\$ Amt	%	\$ Amt
7/1/07 – 12/31/07	\$19,506	77.9%	\$5,526	22.1%	\$25,032
2008	51,953	76.3%	16,122	23.7%	68,075
2009	83,702	76.1%	26,280	23.9%	109,982
1/1/10 - 9/30/10	56,822	80.2%	14,039	19.8%	70,861
Total	\$211,983	77.4%	\$61,967	22.6%	\$273,950

* Percents are based on total loans originated during applicable year

Elmira originated a substantial majority of its total HMDA- reportable loans within the combined assessment area. Elmira originated an average of 817 HMDA reportable loans per year during the review period, which is 66 percent higher than the level noted at the prior evaluation. The increase in total HMDA-reportable lending levels since the prior examination occurred primarily because of the addition of three branches in the Ithaca, NY AA and to a lesser extent addition of one branch and two LPOs in the Non-MSA NY AA.

Institution (continued)

Table 6 provides a more detailed picture of the distribution of HMDA-reportable loans within the three assessment areas.

Table 6 - Distribution of HMDA-Reportable Loans By Individual Assessment Area (Dollars in thousands)						
Assessment Area	7/1/2007 - 12/31/2007	2008	2009	1/1/2010 - 9/30/2010	Review Period	% Of Comb AA
By Number:						
Elmira, NY MSA	164	364	502	335	1,365	65.0%
Ithaca, NY MSA	22	118	162	119	421	20.0%
NY Non-MSA Area	33	68	120	95	316	15.0%
Total	219	550	784	549	2,102	100.0%
By Dollar Amount:						
Elmira, NY MSA	\$13,353	\$24,782	\$44,254	\$27,712	\$110,101	51.9%
Ithaca, NY MSA	2,775	21,144	24,244	18,514	66,677	31.5%
NY Non-MSA Area	3,378	6,027	15,204	10,596	35,205	16.6%
Total	\$19,506	\$51,953	\$83,702	\$56,822	\$211,983	100.0%

Lending levels have increased in areas with newly established offices, however as noted in prior evaluations, the distribution of loan originations continues to be heavily weighted towards the Elmira, NY AA. Five of the ten branches are located within this one MSA and this is where the bank has its historical roots. As such, we attributed the greatest weight in determining overall CRA performance to the Elmira NY AA.

During 2009, 150 HMDA reporters originated 6,251 loans, totaling \$708 million, in the combined assessment area. With 784 loans originated, Elmira was the most active OTS regulated institution and the third most active HMDA reporter overall, claiming 12.5 percent of the total market share. The top two lenders are not-for-profit credit unions, generally able to offer lower loan rates and higher deposit returns. The credit unions are predominantly based in Ithaca and Corning, areas where Elmira has only recently opened branches. The leading lender is comparable to Elmira in asset size and has six of its eight branches in Ithaca, NY and two branches in Corning, NY. The number two lender is twice the size of Elmira and has a strong history of serving the Corning area, where Elmira has one branch office.

Table 7 illustrates the bank’s consumer lending activity (home equity, motor vehicles, secured and unsecured loans and lines of credit) inside and outside the Combined AA during the 39- month review period ended September 30, 2010.

Institution (continued)

Table 7- Concentration of Consumer Loans *					
7/1/2007 – 9/30/2010					
(Dollars in thousands)					
Period By Year	In Combined Assessment Area		Outside Combined Assessment Area		Total Cons Loans
	#	%	#	%	#
By Number:					
7/1/07 – 12/31/07	141	68.1%	66	31.9%	207
2008	665	65.2%	355	34.8%	1,020
2009	415	68.0%	195	32.0%	610
1/1/10 - 9/30/10	392	62.6%	234	37.4%	626
Total	1,613	65.5%	850	34.5%	2,463
By \$ Amount:	\$ Amt	%	\$ Amt	%	\$ Amt
7/1/07 – 12/31/07	\$2,331	76.5%	\$717	23.5%	\$3,048
2008	11,337	72.6%	4,272	27.4%	15,609
2009	6,737	77.3%	1,975	22.7%	8,712
1/1/10 - 9/30/10	5,229	66.4%	2,651	33.6%	7,880
Total	\$25,634	72.7%	\$9,615	27.3%	\$35,249

* Percents are based on total loans originated during applicable year

Elmira originated 2,463 consumer loans during the review period, or an average of 758 loans per year. The average number of total consumer loan originations per year is below the level noted in the prior evaluation, attributed primarily to a downturn in area economic conditions which affected consumer loan demand, particularly in 2009. Further, the percentage of loans originated within the assessment area declined from the 79 percent level noted at the prior evaluation. Nonetheless, Elmira continues to originate a substantial majority of its consumer loans (65.5 percent) within its combined assessment area.

Institution (continued)

Table 8 provides an analysis of the distribution of consumer loans within each AA.

Table 8 - Distribution of Consumer Loans By Individual Assessment Area (Dollars in thousands)						
Assessment Area	7/1/2007 - 12/31/2007	2008	2009	1/1/2010 - 9/30/2010	Review Period	% Of Comb AA
By Number:						
Elmira, NY MSA	76	471	310	289	1,146	71.1%
Ithaca, NY MSA	29	94	55	47	225	13.9%
NY Non-MSA Area	36	100	50	56	242	15.0%
Total	141	665	415	392	1,613	100.0%
By Dollar Amount:						
Elmira, NY MSA	\$1,259	\$7,817	\$4,927	\$3,817	\$17,820	69.6%
Ithaca, NY MSA	603	2,072	1,116	605	4,396	17.1%
NY Non-MSA Area	469	1,448	694	807	3,418	13.3%
Total	\$2,331	\$11,337	\$6,737	\$5,229	\$25,634	100.0%

As with HMDA reportable loans, Elmira originated a substantial majority of its consumer loans within the Elmira MSA.

Table 9 illustrates the bank's small business loan activity in and outside Elmira's Combined AA during the review period.

Table 9- Concentration of Small Business Loans *					
7/1/2007 – 9/30/2010 (Dollars in thousands)					
Period By Year	In Combined Assessment Area		Outside Combined Assessment Area		Total Small Bus. Loans
By Number:	#	%	#	%	#
7/1/07 – 12/31/07	35	79.5%	9	20.5%	44
2008	40	85.1%	7	14.9%	47
2009	33	97.1%	1	2.9%	34
1/1/10 - 9/30/10	34	89.5%	4	10.5%	38
Total	142	87.1%	21	12.9%	163
By \$ Amount:	\$ Amt	%	\$ Amt	%	\$ Amt
7/1/07 – 12/31/07	\$3,125	52.6%	\$2,812	47.4%	\$5,937
2008	5,904	74.5%	2,022	25.5%	7,926
2009	4,664	98.4%	75	1.6%	4,739
1/1/10 - 9/30/10	2,655	89.4%	314	10.6%	2,969
Total	\$16,348	75.8%	\$5,223	24.2%	\$21,571

* Percents are based on total loans originated during applicable year

Since the prior evaluation period, Elmira has increased both its annual small business lending levels as well as the percentage of small business loans granted within its assessment area. Elmira's small business lending activity increased on an annual basis from 44 per year at the prior evaluation to 50

Institution (continued)

per year at the current evaluation, representing a thirteen percent increase. The bank also continues to grant a substantial majority of its small business loans within its assessment area. At the prior evaluation, Elmira granted 81 percent of its small business loans within its assessment area. At the current evaluation, the bank granted 87.1 percent within its assessment area, a seven percent increase in the percentage of loans granted within the assessment area.

Table 10 provides an analysis of the distribution of small business loans within each AA.

Table 10 - Distribution of Small Business Loans By Individual Assessment Area (Dollars in thousands)						
Assessment Area	7/1/2007 - 12/31/2007	2008	2009	1/1/2010 - 9/30/2010	Review Period	% Of Comb AA
By Number:						
Elmira, NY MSA	11	24	20	17	72	50.7%
Ithaca, NY MSA	14	8	11	14	47	33.1%
NY Non-MSA Area	10	8	2	3	23	16.2%
Total	35	40	33	34	142	100.0%
By Dollar Amount:						
Elmira, NY MSA	\$799	\$2,806	\$2,423	\$1,851	\$7,879	48.2%
Ithaca, NY MSA	1,724	1,903	2,146	564	6,337	38.8%
NY Non-MSA Area	602	1,195	95	240	2,132	13.0%
Total	\$3,125	\$5,904	\$4,664	\$2,655	\$16,348	100.0%

Small business lending activity is primarily concentrated in the Elmira AA with a reasonable level of activity within the Ithaca and NY Non-MSA AAs.

Lending to Borrowers of Different Incomes

Based on Elmira’s asset size, market share and a comparison of Elmira’s lending to aggregate’s lending levels, the distribution of HMDA loans among borrowers of different incomes is considered strong. Elmira’s performance regarding the distribution of consumer loans is considered excellent, and the distribution of lending to small businesses with revenues under \$1 million and loans under \$100 thousand was reasonable. On a combined basis, the bank exceeded the standard for satisfactory performance in this criterion.

As part of our lending analysis, we reviewed the bank’s distribution of loans among borrowers of different income levels within the Combined AA. Table 11 illustrates loan originations, categorized by borrower income level, that were reported by Elmira during the review period, and compares this activity to the 2008 and 2009 aggregate lenders.

Institution (continued)

Table 11 - Distribution of Elmira Savings Bank's HMDA-Reportable Loans By Borrower Income Level in Combined Assessment Area (Dollars in thousands)										
Borrower Inc. Level	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:	#	%	#	%	#	%	#	%	% by #	% by #
Low	66	8.6%	69	8.8%	43	7.8%	178	8.5%	8.3%	7.3%
Moderate	170	22.1%	149	19.0%	126	23.0%	445	21.2%	21.4%	19.6%
Middle	202	26.3%	205	26.1%	151	27.5%	558	26.5%	26.1%	24.9%
Upper	319	41.5%	351	44.8%	221	40.3%	891	42.4%	41.8%	44.9%
Income NA	12	1.5%	10	1.3%	8	1.4%	30	1.4%	2.4%	3.3%
Total	769	100.0%	784	100.0%	549	100.0%	2,102	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$2,639	3.7%	\$3,534	4.2%	\$1,807	3.2%	\$7,980	3.8%	3.6%	3.3%
Moderate	9,722	13.6%	11,088	13.2%	9,838	17.3%	30,648	14.5%	13.8%	12.2%
Middle	13,976	19.6%	19,208	22.9%	13,573	23.9%	46,757	22.1%	20.8%	20.2%
Upper	42,042	58.8%	47,954	57.4%	30,876	54.3%	120,872	57.0%	53.2%	58.7%
Income NA	3,080	4.3%	1,918	2.3%	728	1.3%	5,726	2.6%	8.6%	5.6%
Total	\$71,459	100.0%	\$83,702	100.0%	\$56,822	100.0%	\$211,983	100.0%	100.0%	100.0%

Elmira granted 623 residential mortgage loans to LMI borrowers in the combined AA and, at 29.7 percent, the level of penetration was less than one percent under the level noted at the prior evaluation. Lending to LMI borrowers exceeded aggregate performance in 2008 and 2009.

During 2009, 84 HMDA reporters granted 1,688 loans to LMI borrowers in the combined AA. With 218 loans originated, Elmira ranked first and captured 12.9 percent of the market share, greater than its overall market share. Elmira's market share is strong, especially considering the bank exceeded LMI lending levels of comparable and substantially larger sized credit unions and banks primarily rooted in the two assessment areas in which Elmira only recently began lending.

Elmira continues to offer a series of loan programs that facilitate LMI borrower lending, including: the bank's first time homebuyer program that allows up to 100 percent financing for qualified applicants; the New York State SONYMA mortgage program that targets income limited first time homebuyers; as well as loans guaranteed by the Federal Housing Administration (FHA) and the Veterans Administration (VA).

Institution (continued)

Table 12 reflects Elmira’s borrower distribution of consumer loans within the Combined AA. Aggregate data is not available on consumer loans.

Table 12 - Distribution of Elmira Savings Bank’s Consumer Loans By Borrower Income Level in Combined Assessment Area (Dollars in thousands)										
Borrower Inc. Level	7/1/07 – 12/31/07		2008		2009		1/1/10 – 9/30/10		Review Period	
	#	%	#	%	#	%	#	%	#	%
Low	25	17.7%	170	25.6%	98	23.6%	112	28.6%	405	25.1%
Moderate	44	31.2%	159	23.9%	114	27.5%	107	27.3%	424	26.3%
Middle	37	26.3%	179	26.9%	120	28.9%	103	26.3%	439	27.2%
Upper	35	24.8%	121	18.2%	74	17.8%	47	12.0%	277	17.2%
Income NA	0	0.0%	36	5.4%	9	2.2%	23	5.8%	68	4.2%
Total	141	100.0%	665	100.0%	415	100.0%	392	100.0%	1,613	100.0%
	\$	%	\$	%	\$	%	\$	%	\$	%
Low	\$243	10.4%	\$1,664	14.7%	\$1,062	15.8%	\$1,149	22.0%	\$4,118	16.1%
Moderate	710	30.5%	2,349	20.7%	1,461	21.7%	1,039	19.9%	5,559	21.7%
Middle	610	26.2%	3,186	28.1%	2,011	29.9%	1,563	29.9%	7,370	28.8%
Upper	768	32.9%	3,555	31.4%	2,122	31.5%	818	15.6%	7,263	28.3%
Income NA	0	0.0%	583	5.1%	81	1.1%	660	12.6%	1,324	5.1%
Total	\$2,331	100.0%	\$11,337	100.0%	\$6,737	100.0%	\$5,229	100.0%	\$25,634	100.0%

Since there is no aggregate data for consumer loans, we compared Elmira’s lending activity to the percentage of LMI families in the combined AA.

Based on 2000 census data, 17.1 percent and 18.1 percent of the combined AA families are low- or moderate- income, respectively. As shown in the table above, the distribution of consumer loans to LMI borrowers exceeded that of the demographics. Further, with 51.4 percent of the loans granted to LMI borrowers, Elmira continued to achieve the level noted at the prior evaluation.

Table 13 provides an analysis of Elmira’s small business activity, based on loan origination amount, for the review period and compares this activity to the 2008 and 2009 aggregate lenders’ performance.

Institution (continued)

**Table 13 - Distribution of Elmira Savings Bank's Small Business Loans
By Loan Origination Amount in Combined Assessment Area
(Dollars in thousands)**

Loan Amount At Origination	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:									% by #	% by #
≤ \$100,000	54	72.0%	21	63.6%	30	88.2%	105	73.9%	96.3%	93.1%
\$100,001-\$250,000	13	17.3%	6	18.2%	2	5.9%	21	14.8%	2.1%	3.9%
\$250,001-\$1 mill.	8	10.7%	6	18.2%	2	5.9%	16	11.3%	1.6%	3.0%
Total	75	100.0%	33	100.0%	34	100.0%	142	100.0%	100.0%	100.0%
By \$ Amount:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
≤ \$100,000	\$2,261	25.0%	\$1,000	21.4%	\$1,132	42.6%	\$4,393	26.9%	45.2%	35.8%
\$100,001-\$250,000	2,272	25.2%	862	18.5%	315	11.9%	3,449	21.1%	16.7%	19.3%
\$250,001-\$1 mill.	4,495	49.8%	2,802	60.1%	1,208	45.5%	8,505	52.0%	38.1%	44.9%
Total	\$9,028	100.0%	\$4,664	100.0%	\$2,655	100.0%	\$16,347	100.0%	100.0%	100.0%

A substantial majority of Elmira's small business loans originated for amounts less than \$100 thousand. Aggregate lenders' performance is less meaningful because many of the leading lenders offer small balance credit card loans, not a product offered by Elmira.

Table 14 illustrates small business loan originations, based on company's annual revenue, for the review period, and compares this activity to the 2008 and 2009 aggregate lenders' ratios.

**Table 14 - Distribution of Elmira Savings Bank's Small Business Loans
By Company's Revenue Category in Combined Assessment Area
(Dollars in thousands)**

Company's Rev. Category	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:									% by #	% by #
Rev. < \$1 million	21	28.0%	7	21.2%	16	47.0%	44	31.0%	33.2%	32.4%
Rev. > \$1 million	10	13.3%	10	30.3%	7	20.6%	27	19.0%	NA	NA
Revenue Unknown	44	58.7%	16	48.5%	11	32.4%	71	50.0%	66.8%	67.6%
Total	75	100.0%	33	100.0%	34	100.0%	142	100.0%	100.0%	100.0%
By \$ Amount:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Rev. < \$1 million	\$1,479	16.4%	\$630	13.5%	\$700	26.4%	\$2,809	17.2%	41.1%	34.9%
Rev. > \$1 million	2,300	25.5%	2,348	50.4%	1,211	45.6%	5,859	35.8%	NA	NA
Revenue NA	5,250	58.1%	1,686	36.1%	744	28.0%	7,680	47.0%	58.9%	65.1%
Total	\$9,029	100.0%	\$4,664	100.0%	\$2,655	100.0%	\$16,348	100.0%	100.0%	100.0%

* Aggregate data for loans to companies with revenue greater than \$1 million is not available. As a result, all loans originated to companies that are not less than \$1 million in annual revenue are placed in the "Revenue Unknown" category.

Elmira's 28 percent and 21.2 percent of loans granted to businesses with annual revenues less than \$1 million in 2008 and 2009, respectively, were below the levels reported by the aggregate lenders. The distribution of lending to businesses with revenues of less than \$1 million for the current review period is substantially less than the 72.5 percent level noted at the prior evaluation. Elmira's lending

Institution (continued)

in the Revenue Unknown category increased significantly since the prior evaluation as the bank changed methodologies for reporting business revenue data.

Elmira participates in the New York State Linked Deposit Program designed to provide loans for business expansion at reduced interest rates. As a concession, the state deposits a like amount in a certificate of deposit with the participating institution at a correspondingly reduced interest rate. During the review period, Elmira originated two loans totaling \$870 thousand under this program. Elmira also originated eight loans totaling \$698 thousand under Small Business Administration loan programs.

Geographic Distribution of Loans

Based on the bank’s size, market share, relatively recent presence in new AAs, and limited availability of houses for purchase in LMI geographies, the distribution of loans within LMI geographies exceeded the standard of satisfactory performance in this criterion.

As part of our lending analysis, we reviewed the bank’s distribution of loans among geographic areas of different income levels within the Combined AA. Table 15 illustrates loan originations, categorized by geography income level, that were reported by Elmira during the review period, and compares this activity to 2008 and 2009 aggregate lender’s performance.

Table 15 - Distribution of Elmira Savings Bank’s HMDA-Reportable Loans By Geography Income Level in Combined Assessment Area (Dollars in thousands)										
Geography Inc. Level	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	3	0.4%	1	0.1%	0	0.0%	4	0.2%	0.1%	0.1%
Moderate	61	7.9%	50	6.4%	44	8.0%	155	7.4%	5.5%	4.3%
Middle	528	68.7%	522	66.6%	378	68.9%	1,428	67.9%	73.5%	71.2%
Upper	177	23.0%	211	26.9%	127	23.1%	515	24.5%	20.9%	24.4%
Total	769	100.0%	784	100.0%	549	100.0%	2,102	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$57	0.1%	\$40	0.1%	\$0	0.0%	\$97	0.0%	0.0%	0.1%
Moderate	5,053	7.1%	3,762	4.5%	3,071	5.4%	11,886	5.6%	8.6%	4.3%
Middle	44,527	62.3%	53,001	63.3%	38,674	68.1%	136,202	64.3%	64.5%	66.6%
Upper	21,822	30.5%	26,899	32.1%	15,077	26.5%	63,798	30.1%	26.9%	29.0%
Total	\$71,459	100.0%	\$83,702	100.0%	\$56,822	100.0%	\$211,983	100.0%	100.0%	100.0%

Elmira granted 159 loans, or 7.6 percent of HMDA reportable loans in LMI geographies during the review period. Demographic data above indicates that 90 percent of 1-4 family dwellings are located

Institution (continued)

in moderate- and upper-income geographies, thereby limiting lending opportunities in LMI geographies compared to other geographies.

Elmira surpassed the aggregate’s performance for LMI geography lending in 2008 and 2009 by healthy margins, and increased lending in moderate- income geographies from 6.9 percent at the prior evaluation to 7.4 percent at the current evaluation. Elmira’s addition of the Ithaca MSA AA added five moderate- income geographies to the bank’s combined AA. The increased lending in moderate-income geographies was partially due to the addition of two new Ithaca MSA branches in moderate-income geographies, during the review period.

Combined AA market share reports reviewed for lending in LMI geographies included data only for the Elmira and Ithaca MSA AAs as the Non-MSA AA does not have any LMI geographies. Of the 150 HMDA lenders that granted loans in the Elmira and Ithaca AAs in 2009, only 36 lenders granted loans in LMI geographies. These 36 lenders granted 288 loans totaling \$31.5 million. Elmira was the number one lender with a 17.7 percent market share, well in excess of its overall market share.

Table 16 reflects Elmira’s geographic distribution of consumer loans within the Combined AA.

Geography Inc. Level	7/1/07 – 12/31/07		2008		2009		1/1/10 – 9/30/10		Review Period	
	#	%	#	%	#	%	#	%	#	%
Low	1	0.7%	4	0.6%	1	0.2%	2	0.5%	8	0.5%
Moderate	6	4.3%	54	8.1%	26	6.3%	31	7.9%	117	7.3%
Middle	110	78.0%	487	73.3%	302	72.8%	297	75.8%	1,196	74.1%
Upper	24	17.0%	120	18.0%	86	20.7%	62	15.8%	292	18.1%
Total	141	100.0%	665	100.0%	415	100.0%	392	100.0%	1,613	100.0%
	\$	%	\$	%	\$	%	\$	%	\$	%
Low	\$1	0.0%	\$14	0.1%	\$9	0.1%	\$14	0.3%	\$38	0.1%
Moderate	59	2.5%	606	5.3%	384	5.7%	359	6.9%	1,408	5.5%
Middle	1,807	77.6%	7,806	68.9%	4,605	68.4%	3,880	74.1%	18,098	70.6%
Upper	464	19.9%	2,911	25.7%	1,739	25.8%	976	18.7%	6,090	23.8%
Total	\$2,331	100.0%	\$11,337	100.0%	\$6,737	100.0%	\$5,229	100.0%	\$25,634	100.0%

There is no aggregate data available for consumer lending. In order to assess performance, we compared the distribution of Elmira’s lending to the demographics of the AA, considered Elmira’s branch locations, the poverty level, and percentage of families and 1-4 family dwellings located in combined AA LMI geographies. Only 8.7 percent of AA families live in these geographies and 35.8 percent of those families are below the poverty level. As such, lending opportunities are relatively limited.

Institution (continued)

Based on the 2000 census, there are two low-income and nine moderate- income geographies, which represent 17.2 percent of the geographies in the bank’s combined AA. Three of Elmira’s ten branches, or 30 percent of its branches, are located in LMI geographies. With 7.8 percent of the consumer loans granted to borrowers in LMI geographies, Elmira exceeded the 6.7 percent level noted at the prior evaluation, but was below the percentage of LMI geographies and below the percentage of its branch locations in LMI geographies. However, consumer loan volume in LMI geographies was considered adequate.

Table 17 reflects Elmira’s geographic distribution of small business loans within the Combined AA, and compares this activity to the 2008 and 2009 aggregate lender’s performance.

Table 17 - Distribution of Elmira Savings Bank’s Small Business Loans By Geography Income Level in Combined Assessment Area (Dollars in thousands)										
Geography Inc. Level	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	7	9.3%	0	0.0%	2	5.9%	9	6.3%	2.1%	2.2%
Moderate	15	20.0%	7	21.2%	7	20.6%	29	20.4%	15.1%	17.3%
Middle	38	50.7%	16	48.5%	17	50.0%	71	50.1%	62.9%	63.9%
Upper	15	20.0%	10	30.3%	8	23.5%	33	23.2%	19.9%	16.6%
Total	75	100.0%	33	100.0%	34	100.0%	142	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$1,266	14.0%	\$0	0.0%	\$916	34.5%	\$2,182	13.3%	3.2%	2.4%
Moderate	876	9.7%	891	19.1%	150	5.6%	1,917	11.7%	18.7%	20.8%
Middle	4,438	49.2%	2,674	57.3%	1,158	43.7%	8,270	50.7%	61.9%	62.6%
Upper	2,448	27.1%	1,099	23.6%	431	16.2%	3,978	24.3%	16.2%	14.2%
Total	\$9,028	100.0%	\$4,664	100.0%	\$2,655	100.0%	\$16,347	100.0%	100.0%	100.0%

With 29.3 percent of lending to businesses in LMI geographies in 2008 and 21.2 percent in 2009, Elmira’s distribution of small business loans in LMI geographies substantially exceeded the levels achieved by the aggregate reporters in 2008 and slightly exceeded the level achieved by aggregate reporters in 2009. The distribution of small business loans in LMI geographies was considered strong.

Response to Complaints

During the review period, the institution received no known written complaints pertaining to its performance in helping to meet the credit needs within the assessment area.

Institution (continued)

Community Development

The bank had a reasonable response to community credit needs through community development loans, investments, and services, and met the standard for satisfactory performance in this criterion.

This is the first evaluation in which Elmira was evaluated under the community development test for the entire review period. Additional details on these activities are highlighted in the separate AA sections within this evaluation.

Elmira provided investments in community development organizations that serve a broader statewide or regional area, including the assessment area, as follows:

- A \$600 thousand commitment to Community Preservation Corporation (CPC), a private non-profit community development corporation was renewed during the review period. CPC is a primary lender for housing rehabilitation and construction in the State of New York. Elmira committed to purchase \$600 thousand in Collateral Trust Notes. The outstanding balance is \$482 thousand.
- A bond commitment of \$236 thousand in New York Business Development Corporation programs, the purpose of which is to promote economic development throughout the state. The institution funded \$24 thousand under that commitment.

Fair Lending or Other Illegal Credit Practices Review

We performed an evaluation of compliance with consumer laws and regulations during the concurrent comprehensive examination. We did not identify any violations of the substantive provisions of the laws and regulations prohibiting discrimination or other illegal credit practices during that examination.

State Metropolitan Area & State Reviewed

(for metropolitan areas with some or all assessment areas reviewed using full-scope review)

Description of Institution's Operations in Elmira, NY MSA

Elmira operates five offices in the Elmira MSA. The headquarters office and branch is located in a low- income geography in downtown Elmira. Two branches are located in middle- income geographies and two branches are located in upper-income geographies. There are full service ATMs at each office. The majority of Elmira's lending and deposit activity occurred in the Elmira AA. Sixty-seven percent by number and 53 percent by dollar amount, of the HMDA- reportable, consumer, and small business loans were originated in this AA. Likewise, the majority (72 percent) of total deposits as of September 30, 2010, were in this AA.

Description of Elmira, NY MSA Assessment Area

This AA consists all of Chemung County, NY. The AA, which comprises the entire Elmira, NY MSA #21300, contains 23 geographies. Table 18 illustrates demographic data on population, families, and housing units within the AA.

Table 18 - Demographic Data (Based on 2000 U.S. Census Data)	
Demographic Data	2000 Census
Population	91,070
Total Families	23,461
1-4 Family Units	32,140
Multi-family Units	3,323
% Owner-Occupied Units	64%
% Rental-Occupied Units	29%
% Vacant Housing Units	7%
Weighted Average Median Housing	\$65,411

Table 19 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies. The Department of Housing and Urban Development (HUD) annually adjusts the 2000 census data to update the income levels.

Table 19 - Distribution of Geographies, Families and Housing Units Elmira, NY MSA Assessment Area						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	2	8.7%	438	1.9%	573	1.8%
Moderate	4	17.4%	3,155	13.4%	5,279	16.4%
Middle	13	56.6%	14,210	60.6%	18,966	59.0%
Upper	3	13.0%	5,658	24.1%	7,319	22.8%
Income NA	1	4.3%	0	0.0%	3	0.0%
Total	23	100.0%	23,461	100.0%	32,140	100.0%

Low- or moderate- income geographies represent 26.1 percent of the geographies in the Elmira AA. A majority of the families in the AA (84.7 percent) live in middle- and upper- income geographies.

Table 20 (a) indicates the median family income ranges of each income category based on the 2010 HUD adjustment; table 20 (b) reflects the updated HUD median family income for each year during the review period; and table 20 (c) shows the distribution of families in each income range of the AA.

Table 20(a) - Median Family Income Ranges (*)		
Income Category (As % of MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$28,599
Moderate (50% - 79%)	\$28,600	\$45,759
Middle (80% - 119%)	\$45,760	\$68,639
Upper (>= 120%)	\$68,640	+

Table 20(b) - Annual HUD Median Family Income	
Year	Amount
2007	\$51,700
2008	\$52,700
2009	\$55,500
2010	\$57,200

* Based on HUD 2010 Median Family Income of the MSA

Table 20(c)- Distribution of Families Elmira, NY MSA Assessment Area		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	4,334	18.5%
Moderate (50% - 79%)	4,391	18.7%
Middle (80% - 119%)	5,499	23.4%
Upper (>= 120%)	9,237	39.4%
Total	23,461	100.0%

According to 2000 census data, 37.2 percent of the families in the Elmira MSA AA are classified as low- to moderate-income, with 9.1 percent of the families reporting income below the poverty level.

Conclusions with Respect to Performance Tests in Elmira, NY MSA Assessment Area

Lending in the Elmira, NY MSA Assessment Area

Table 21 illustrates the institution’s lending activity in the Elmira MSA AA during the 39-month review period.

Table 21 - Loan Originations within the Elmira, NY MSA Assessment Area						
7/1/2007 – 9/30/2010						
(Dollars in thousands)						
Loan Type	Combined AA	Elmira, NY MSA AA		Combined AA	Elmira, NY MSA AA	
	By Number	Number	Percent	By \$ Amt	\$ Amount	Percent
HMDA-Related	2,102	1,365	64.9%	\$211,983	\$110,101	51.9%
Consumer	1,613	1,146	71.0%	25,634	17,820	69.5%
Small Business	142	72	50.7%	16,348	7,879	48.2%
Total	3,857	2,583	67.0%	\$253,965	\$135,800	53.5%

The majority of the lending took place in the Elmira AA. According to 2008 aggregate HMDA data, 95 lenders originated 1,859 HMDA reportable loans in this AA. With 364 loans, Elmira was the top lender having captured 19.6 percent of the market share. In 2009, 89 lenders originated 2,064 HMDA reportable loans, and with 502 loans Elmira continued to rank first, accounting for 24.3 percent of the lending. Aggregate data for consumer loans is not available and data for small business loans was not reviewed.

Lending to Borrowers of Different Incomes

As part of our lending analysis, we reviewed the bank’s distribution of loans among borrowers of different income levels within the Elmira MSA AA. Table 22 illustrates loan originations, categorized by borrower income level, reported by Elmira during the review period, and compares this activity to the 2008 and 2009 aggregate lenders.

Table 22 - Distribution of Elmira Savings Bank's HMDA-Reportable Loans By Borrower Income Level in the Elmira, NY MSA Assessment Area (Dollars in thousands)										
Borrower Inc. Level	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate 2008 2009	
By Number:	#	%	#	%	#	%	#	%	% by #	% by #
Low	52	9.8%	44	8.8%	30	9.0%	126	9.2%	7.5%	6.7%
Moderate	119	22.5%	98	19.5%	72	21.5%	289	21.2%	19.5%	20.4%
Middle	139	26.3%	132	26.3%	103	30.7%	374	27.4%	27.5%	26.6%
Upper	211	40.1%	223	44.4%	124	37.0%	558	40.9%	43.5%	42.4%
Income NA	7	1.3%	5	1.0%	6	1.8%	18	1.3%	2.0%	3.9%
Total	528	100.0%	502	100.0%	335	100.0%	1,365	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$1,726	4.5%	\$1,588	3.6%	\$1,052	3.8%	\$4,366	4.0%	3.4%	3.5%
Moderate	4,872	12.8%	5,749	13.0%	4,688	16.9%	15,309	13.9%	13.1%	12.6%
Middle	7,086	18.6%	9,532	21.5%	7,472	27.0%	24,090	21.9%	22.0%	20.7%
Upper	24,315	63.8%	26,450	59.8%	14,152	51.1%	64,917	59.0%	57.8%	55.7%
Income NA	136	0.3%	935	2.1%	348	1.2%	1,419	1.2%	3.7%	7.5%
Total	\$38,135	100.0%	\$44,254	100.0%	\$27,712	100.0%	\$110,101	100.0%	100.0%	100.0%

During the review period, Elmira granted 30.4 percent of its HMDA- reportable loans in the Elmira MSA AA to LMI borrowers. This level is consistent with the level of LMI borrower lending noted at the prior evaluation but slightly lower than the 37.2 percentage of LMI families living in the AA.

While Elmira's percentage of lending to LMI borrowers was consistent with its level noted at the prior evaluation, lending to LMI borrowers as compared to the aggregate improved since the prior evaluation; an indication that Elmira has continued to lend consistently despite economic conditions. Elmira now ranks first and more than marginally surpassed the LMI lending levels of all aggregate area lenders for both 2008 and 2009. In 2009, 564 loans to LMI borrowers were granted by 45 lenders in the Elmira MSA AA. With 142 of these loans, Elmira captured 25.2 percent of the market share, accounting for 25 percent more in market share than that of the number two ranked lender.

Table 23 reflects Elmira’s borrower distribution of consumer loans within the Elmira MSA AA.

Table 23 - Distribution of Elmira Savings Bank’s Consumer Loans By Borrower Income Level in the Elmira, NY MSA Assessment Area (Dollars in thousands)										
Borrower Inc. Level	7/1/07 – 12/31/07		2008		2009		1/1/10 – 9/30/10		Review Period	
	#	%	#	%	#	%	#	%	#	%
Low	17	22.4%	116	24.6%	67	21.6%	79	27.3%	279	24.3%
Moderate	24	31.6%	112	23.8%	89	28.7%	77	26.6%	302	26.4%
Middle	20	26.3%	133	28.3%	89	28.7%	83	28.8%	325	28.4%
Upper	15	19.7%	90	19.1%	59	19.1%	33	11.4%	197	17.2%
Income NA	0	0.0%	20	4.2%	6	1.9%	17	5.9%	43	3.7%
Total	76	100.0%	471	100.0%	310	100.0%	289	100.0%	1,146	100.0%
	\$	%	\$	%	\$	%	\$	%	\$	%
Low	\$133	10.6%	\$1,134	14.5%	\$741	15.0%	\$854	22.4%	\$2,862	16.1%
Moderate	296	23.5%	1,738	22.2%	1,166	23.7%	722	18.9%	3,922	22.0%
Middle	373	29.6%	2,002	25.6%	1,375	27.9%	1,146	30.0%	4,896	27.5%
Upper	457	36.3%	2,629	33.7%	1,583	32.1%	564	14.8%	5,233	29.4%
Income NA	0	0.0%	314	4.0%	62	1.3%	531	13.9%	907	5.0%
Total	\$1,259	100.0%	\$7,817	100.0%	\$4,927	100.0%	\$3,817	100.0%	\$17,820	100.0%

We compared Elmira’s distribution of consumer loans to LMI borrowers noted at the current evaluation to levels noted at the prior evaluation as well as to the percentage of families reported as low- and moderate-income within the Elmira AA.

Elmira granted 50.7 percent of its total consumer loans within the Elmira MSA AA to low- or moderate- income borrowers. This percentage distribution remained consistent with the percentage noted at the prior evaluation. Further, Elmira’s percentage distribution widely surpassed the 30.7 percent of LMI families in the AA.

Table 24 provides an analysis of Elmira’s small business activity, based on loan origination amount, for the review period, and compares this activity to the 2008 and 2009 aggregate lenders’ ratios.

Loan Amount At Origination	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:									% by #	% by #
≤ \$100,000	26	74.3%	13	65.0%	14	82.3%	53	73.6%	97.1%	93.4%
\$100,001-\$250,000	6	17.1%	4	20.0%	1	5.9%	11	15.3%	1.7%	3.8%
\$250,001-\$1 mill.	3	8.6%	3	15.0%	2	11.8%	8	11.1%	1.2%	2.8%
Total	35	100.0%	20	100.0%	17	100.0%	72	100.0%	100.0%	100.0%
By \$ Amount:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
≤ \$100,000	\$1,113	30.9%	\$692	28.6%	\$523	28.3%	\$2,328	29.6%	48.0%	39.0%
\$100,001-\$250,000	1,111	30.8%	577	23.8%	120	6.5%	1,808	22.9%	16.7%	20.6%
\$250,001-\$1 mill.	1,380	38.3%	1,154	47.6%	1,208	65.2%	3,742	47.5%	35.3%	40.4%
Total	\$3,604	100.0%	\$2,423	100.0%	\$1,851	100.0%	\$7,878	100.0%	100.0%	100.0%

A majority (73.6 percent) of the bank’s small business loans originated during the review period in the Elmira MSA AA were for amounts less than \$100 thousand. The percentage of originations in this loan amount category increased since the prior evaluation. As noted previously, aggregate comparisons are less meaningful because Elmira’s small business loan products do not include credit card lending.

Table 25 illustrates small business loan originations, based on company’s annual revenue, for the review period, and compares this activity to the 2008 and 2009 aggregate lenders’ ratios.

Company’s Rev. Category	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:									% by #	% by #
Rev. < \$1 million	14	40.0%	3	15.0%	6	35.3%	23	31.9%	31.3%	32.5%
Rev. > \$1 million	5	14.3%	8	40.0%	5	29.4%	18	25.0%	NA	NA
Revenue NA	16	45.7%	9	45.0%	6	35.3%	31	43.1%	68.7%	67.5%
Total	35	100.0%	20	100.0%	17	100.0%	72	100.0%	100.0%	100.0%
By \$ Amount:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Rev. < \$1 million	\$1,047	29.1%	\$355	14.7%	\$186	10.0%	\$1,588	20.2%	42.0%	39.1%
Rev. > \$1 million	716	19.9%	1,027	42.3%	1,111	60.0%	2,854	36.2%	NA	NA
Revenue Unknown	1,841	51.0%	1,041	43.0%	554	30.0%	3,436	43.6%	58.0%	60.9%
Total	\$3,604	100.0%	\$2,423	100.0%	\$1,851	100.0%	\$7,878	100.0%	100.0%	100.0%

* Aggregate data for loans to companies with revenue greater than \$1 million is not available. As a result, all loans originated to companies that are not less than \$1 million in annual revenue are placed in the “Revenue Unknown” category, unless otherwise indicated.

Elmira granted a marginally greater percentage of loans within the AA to businesses with revenues less than \$100 million than did the aggregate for 2008, but had a sharp drop in number of loans in 2009.

Geographic Distribution of Loans

As part of our lending analysis, we reviewed the bank’s distribution of loans among geographic areas of different income levels within the Elmira AA. Table 26 illustrates loan originations, categorized by geography income level, reported by Elmira during the review period, and compares this activity to the 2008 and 2009 aggregate lenders.

Table 26 - Distribution of Elmira Savings Bank’s HMDA-Reportable Loans By Geography Income Level in the Elmira, NY MSA Assessment Area (Dollars in thousands)										
Geography Inc. Level	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	3	0.6%	1	0.2%	0	0.0%	4	0.3%	0.3%	0.2%
Moderate	45	8.5%	33	6.6%	30	9.0%	108	7.9%	8.2%	6.1%
Middle	338	64.0%	297	59.1%	206	61.4%	841	61.6%	61.0%	55.8%
Upper	142	26.9%	171	34.1%	99	29.6%	412	30.2%	30.5%	37.9%
Total	528	100.0%	502	100.0%	335	100.0%	1,365	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$57	0.1%	\$40	0.1%	\$0	0.0%	\$97	0.1%	0.2%	0.4%
Moderate	1,851	4.9%	1,328	3.0%	1,317	4.8%	4,496	4.1%	6.4%	3.2%
Middle	19,433	51.0%	22,390	50.6%	15,467	55.8%	57,290	52.0%	50.7%	47.4%
Upper	16,794	44.0%	20,496	46.3%	10,928	39.4%	48,218	43.8%	42.7%	49.0%
Total	\$38,135	100.0%	\$44,254	100.0%	\$27,712	100.0%	\$110,101	100.0%	100.0%	100.0%

Demographic data for the two low-income geographies show that only 1.5 percent of the total area families, and only 1.4 percent of the 1-4 family dwellings, are located in these geographies, thus limiting lending opportunities. Nonetheless, Elmira surpassed aggregate lender’s activity in low-income geographies in 2008 and meet aggregate levels for 2009.

Elmira slightly surpassed aggregate lenders’ penetration in moderate- income geographies for both years.

Market share reports indicate that during 2009, 26 lenders originated a total of 132 loans in LMI geographies. With 34 loans originated, the bank captured a 25.8 percent market share and ranked as the top lender to borrower’s in LMI geographies. Elmira captured 64.7 percent more market share than the number two lender for this criterion.

Table 27 reflects Elmira’s geographic distribution of consumer loans within the Elmira MSA AA.

Geography Inc. Level	7/1/07 – 12/31/07		2008		2009		1/1/10 – 9/30/10		Review Period	
	#	%	#	%	#	%	#	%	#	%
Low	1	1.3%	4	0.8%	1	0.3%	2	0.7%	8	0.7%
Moderate	5	6.6%	47	10.0%	23	7.4%	28	9.7%	103	9.0%
Middle	48	63.2%	311	66.1%	208	67.1%	202	69.9%	769	67.1%
Upper	22	28.9%	109	23.1%	78	25.2%	57	19.7%	266	23.2%
Total	76	100.0%	471	100.0%	310	100.0%	289	100.0%	1,146	100.0%
	\$	%	\$	%	\$	%	\$	%	\$	%
Low	\$1	0.1%	\$14	0.2%	\$9	0.2%	\$14	0.4%	\$38	0.2%
Moderate	47	3.7%	568	7.3%	317	6.4%	331	8.7%	1,263	7.1%
Middle	769	61.1%	4,535	58.0%	3,240	65.8%	2,552	66.8%	11,096	62.3%
Upper	442	35.1%	2,700	34.5%	1,361	27.6%	920	24.1%	5,423	30.4%
Total	\$1,259	100.0%	\$7,817	100.0%	\$4,927	100.0%	\$3,817	100.0%	\$17,820	100.0%

We compared Elmira's activity to performance at the prior evaluation as well as the demographics of the AA. Based on the 2000 census data, 20 percent of the Elmira MSA AA consists of LMI geographies. With 9.7 percent of the consumer loans granted to LMI geographies, Elmira exceeded the levels noted at the previous evaluation, but the level was below the percentage of geographies classified as LMI, particularly due to the much lower lending levels within the low-income geographies. Considering that only 11 percent of the area families live in LMI geographies and that almost 9 percent of the families within the AA report income below the poverty level, lending opportunities are relatively limited.

Table 28 reflects Elmira's geographic distribution of small business loans within the Elmira MSA AA, and compares this activity to the 2008 and 2009 aggregate lenders' ratios.

Geography Inc. Level	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate 2008 2009	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	7	20.0%	0	0.0%	2	11.8%	9	12.5%	7.2%	8.3%
Moderate	7	20.0%	4	20.0%	4	23.5%	15	20.8%	15.0%	17.7%
Middle	12	34.3%	6	30.0%	4	23.5%	22	30.6%	47.5%	48.8%
Upper	9	25.7%	10	50.0%	7	41.2%	26	36.1%	30.3%	25.2%
Total	35	100.0%	20	100.0%	17	100.0%	72	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$1,266	35.1%	\$0	0.0%	\$916	49.5%	\$2,182	27.7%	13.1%	10.1%
Moderate	399	11.1%	535	22.1%	81	4.4%	1,015	12.9%	14.1%	21.0%
Middle	1,056	29.3%	789	32.6%	468	25.2%	2,313	29.4%	41.8%	44.7%
Upper	883	24.5%	1,099	45.3%	386	20.9%	2,368	30.0%	31.0%	24.2%
Total	\$3,604	100.0%	\$2,423	100.0%	\$1,851	100.0%	\$7,878	100.0%	100.0%	100.0%

With 40 percent penetration in 2008, and 20 percent penetration in 2009, by number of loans, Elmira widely surpassed aggregate performance for lending in LMI geographies for 2008 and lagged aggregate performance in 2009. Based on the small population of loans, that comparison is considered less meaningful.

Community Development in Elmira, NY MSA Assessment Area

Elmira demonstrated a reasonable performance in response to community credit needs through community development loans, investments and services within the AA.

Community Development Lending

Elmira renewed three lines of credit totaling \$66 thousand which helped rehabilitate housing for low- and moderate- income individuals, provide food services, and revitalize neighborhoods.

Community Development Investments

The bank did not grant any new qualified investments during the review period. Elmira maintained a \$2.8 million balance in a Chemung County Industrial Development Agency Revenue Bond. The agency's primary purpose is to assist private sector industrial development and create job opportunities in Chemung County. Funds were used to renovate the Woodbrook Adult Home and provide for the construction of a 13 thousand square foot addition that will add 16 new affordable apartments

Elmira provided \$23.6 thousand in contributions to local organizations that directly benefit LMI individuals and families, and support economic development, within this AA. Activities provided by these organizations include support of food banks and job creation and training.

Community Development Services

Institution directors, officers, and employees are involved in organizations that provide community development services in the AA. Table 29 lists the bank’s community development services through participation in community development organizations:

Table 29 - Community Development Services		
<i>Name of Organization</i>	<i>Institution's Employee Involvement</i>	<i>Organization's Purpose</i>
Elmira Downtown Development Inc.	Board Member	Non-profit organization that provides technical/financial assistance for the renewal of the downtown Elmira business district.
City of Elmira Zone Administration Board	Board Member	Involved in stimulating economic growth and improving the quality of life in highly distressed area that are designated as New York State Empire Zones.
Southern Tier Economic Growth (STEG)	Vice Chairman	Public/private economic development agency that administers the Empire Zone and commercial loan programs.
Regional Economic Development & Energy Corporation	Board Member	Non-profit that provides a low cost loan program for businesses requiring additional capital financing.
Meals on Wheels of Chemung County	Board Member	Non-profit organization that delivers meals to home bound individuals.
Tri County Housing Council	Board Member	Non-profit organization that assists individuals and families secure affordable housing in Chemung, Schuyler and Steuben Counties.
Catholic Charities of the Southern Tier	Volunteer	Teaching homeownership preparedness classes.
Woodbrook Foundation	Board Member and Treasurer (two individuals)	Adult care facility for individuals with intellectual and other developmental disabilities.
Sisters in Success Advisory Board / Elmira City School District	Board Member	Non-profit program to assist young girls through financial education mentoring initiatives.

State Metropolitan Area & State Reviewed

(for metropolitan areas with some or all assessment areas reviewed using full-scope review)

Description of Institution's Operations in Ithaca, NY MSA

Elmira operates three branches in the Ithaca, NY MSA that were acquired during the review period. Two of the offices are located in moderate- income geographies; the third in an upper-income geography. Eighteen percent by number and 30.5 percent by dollar amount of the total HMDA, consumer, and small business loans originated in this AA.

Description of Ithaca, NY MSA Assessment Area

This AA consists of Tompkins County, NY. The AA, which comprises the entire Ithaca, NY MSA #27060, contains 23 geographies. Table 30 illustrates demographic data on population, families, and housing units within the AA.

Demographic Data	2000 Census
Population	96,501
Total Families	19,259
1-4 Family Units	27,114
Multi-family Units	7,829
% Owner-Occupied Units	51%
% Rental-Occupied Units	43%
% Vacant Housing Units	6%
Weighted Average Median Housing	\$110,937

Table 31 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies.

Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
	#	%	#	%	#	%
2000 Census:						
Moderate	5	21.7%	1,795	9.3%	3,280	12.1%
Middle	15	65.3%	15,327	79.6%	20,118	74.2%
Upper	3	13.0%	2,137	11.1%	3,716	13.7%
Total	23	100.0%	19,259	100.0%	27,114	100.0%

There are no low-income geographies in the Ithaca AA. A significant majority of the families in the AA (90.7 percent) live in middle- and upper- income geographies.

Table 31 (a) indicates the median family income ranges of each income category based on the 2010 HUD adjustment; table 31 (b) reflects the updated HUD median family income for each year during the review period; and table 31 (c) shows the distribution of families in each income range of the AA.

Table 31(a) - Median Family Income Ranges (*)			Table 31(b) - Annual HUD Median Family Income	
Income Category (As % of MSA Median)	Income Ranges		Year	Amount
	From	To		
Low (< 50%)	\$1	\$35,549	2007	\$65,400
Moderate (50% - 79%)	\$35,550	\$56,879	2008	\$71,800
Middle (80% - 119%)	\$56,880	\$85,319	2009	\$71,300
Upper (>= 120%)	\$85,320	+	2010	\$71,100

* Based on HUD 2010 Median Family Income of the MSA

Table 31(c)- Distribution of Families Ithaca, NY MSA Assessment Area		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	3,762	19.5%
Moderate (50% - 79%)	3,459	18.0%
Middle (80% - 119%)	4,502	23.4%
Upper (>= 120%)	7,536	39.1%
Total	19,259	100.0%

According to 2000 census data, 37.5 percent of the families in the Ithaca, NY MSA AA are classified as low- to moderate-income, with 6.9 percent of the families reporting income below the poverty level. This will be particularly relevant in the Lending to Borrowers of Different Income Levels section of this evaluation for the Ithaca MSA.

Conclusions with Respect to Performance Tests in Ithaca, NY MSA Assessment Area

Lending in the Ithaca, NY MSA Assessment Area

Table 32 illustrates the institution’s lending activity in the Ithaca MSA AA during the review period.

Table 32 - Loan Originations within the Ithaca, NY MSA Assessment Area 7/1/2007 – 9/30/2010 (Dollars in thousands)						
Loan Type	Combined AA	Ithaca, NY MSA AA		Combined AA	Ithaca, NY MSA AA	
	By Number	Number	Percent	By \$ Amt	\$ Amount	Percent
HMDA-Related	2,102	421	20.0%	\$211,983	\$66,677	31.5%
Consumer	1,613	225	13.9%	25,634	4,396	17.1%
Small Business	142	47	33.1%	16,348	6,337	38.8%
Total	3,857	693	18.0%	\$253,965	\$77,410	30.5%

Although Elmira recently entered the Ithaca, NY AA, the bank originated a reasonable total of 693 (18 percent) of combined AA loans within this AA.

Branch and deposit aggregate market share reports indicate that in 2008 and 2009, Elmira ranked 3rd and 8th by number of branches and dollar amount of deposit funds within the AA, respectively. In 2008, according to aggregate HMDA lending reports, 88 lenders originated a total of 1,780 loans within this AA. With 118 HMDA loans originated, Elmira ranked third with a 6.63 percent market share.

In 2009, Elmira’s loan production increased to 162 HMDA reportable loans . The bank continued to rank third and captured 6.80 percent market share. The increase in lending activity and increased market share indicates a positive trend in Elmira’s progress towards meeting the credit needs of the new AA.

Lending to Borrowers of Different Incomes

As part of our lending analysis, we reviewed the bank’s distribution of loans among borrowers of different income levels within the Ithaca MSA AA. Table 33 illustrates loan originations, categorized by borrower income level, reported by Elmira during the review period, and compares the activity to the 2008 and 2009 aggregate lenders.

Table 33 - Distribution of Elmira Savings Bank’s HMDA-Reportable Loans By Borrower Income Level in the Ithaca, NY MSA Assessment Area (Dollars in thousands)										
Borrower Inc. Level	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	13	9.3%	21	13.0%	5	4.2%	39	9.3%	10.1%	8.9%
Moderate	31	22.1%	31	19.1%	37	31.1%	99	23.5%	23.7%	21.1%
Middle	37	26.4%	46	28.4%	28	23.5%	111	26.4%	25.9%	24.9%
Upper	54	38.6%	62	38.3%	48	40.4%	164	39.0%	37.4%	42.3%
Income NA	5	3.6%	2	1.2%	1	0.8%	8	1.8%	2.9%	2.8%
Total	140	100.0%	162	100.0%	119	100.0%	421	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$846	3.5%	\$1,785	7.4%	\$329	1.8%	\$2,960	4.4%	3.9%	3.9%
Moderate	3,483	14.6%	3,740	15.4%	3,975	21.5%	11,198	16.8%	14.5%	14.2%
Middle	5,266	22.0%	6,877	28.4%	4,153	22.4%	16,296	24.4%	20.1%	21.7%
Upper	11,380	47.6%	11,168	46.1%	9,777	52.8%	32,325	48.6%	47.2%	54.8%
Income NA	2,944	12.3%	674	2.7%	280	1.5%	3,898	5.8%	14.3%	5.4%
Total	\$23,919	100.0%	\$24,244	100.0%	\$18,514	100.0%	\$66,677	100.0%	100.0%	100.0%

With 31.4 percent of loans granted to LMI borrowers during the 2008 period and 32.1 percent of loans to LMI borrowers in 2009, Elmira’s percentages were slightly below the aggregates’ in 2008, and slightly above the aggregates’ for 2009.

During 2008, 56 HMDA reporters granted a total of 596 loans to LMI borrowers in this AA. Elmira originated 34 loans and ranked fourth with a 5.70 percent market share. The top two lenders, long established in the Ithaca AA, accounted for 40 percent of the market share. During 2009, 49 HMDA reporters granted a total of 718 loans to LMI borrowers. Elmira’s lending activity and market share increased in 2009, with 52 loans originated and a ranking of 4th with a 7.24 percent market share. The most active lenders were the same institutions referenced above that accounted for almost 30 percent of the market share. Considering Elmira’s relatively recent presence in this area, the bank’s ranking, and market share of loans to LMI borrowers, is reasonable.

Table 34 reflects Elmira’s borrower distribution of consumer loans within the Ithaca MSA AA.

Table 34 - Distribution of Elmira Savings Bank’s Consumer Loans By Borrower Income Level in the Ithaca, NY MSA Assessment Area (Dollars in thousands)										
Borrower Inc. Level	7/1/07 – 12/31/07		2008		2009		1/1/10 – 9/30/10		Review Period	
	#	%	#	%	#	%	#	%	#	%
Low	3	10.3%	31	33.0%	21	38.2%	18	38.3%	73	32.4%
Moderate	8	27.6%	18	19.1%	8	14.5%	13	27.7%	47	20.9%
Middle	8	27.6%	27	28.8%	17	31.0%	7	14.9%	59	26.3%
Upper	10	34.5%	10	10.6%	8	14.5%	8	17.0%	36	16.0%
Income NA	0	0.0%	8	8.5%	1	1.8%	1	2.1%	10	4.4%
Total	29	100.0%	94	100.0%	55	100.0%	47	100.0%	225	100.0%
	\$	%	\$	%	\$	%	\$	%	\$	%
Low	\$11	1.8%	\$334	16.1%	\$232	20.8%	\$159	26.3%	\$736	16.7%
Moderate	215	35.7%	272	13.1%	69	6.2%	179	29.6%	735	16.7%
Middle	185	30.7%	895	43.2%	415	37.2%	99	16.4%	1,594	36.3%
Upper	192	31.8%	345	16.7%	399	35.8%	167	27.6%	1,103	25.1%
Income NA	0	0.0%	226	10.9%	1	0.0%	1	0.1%	228	5.2%
Total	\$603	100.0%	\$2,072	100.0%	\$1,116	100.0%	\$605	100.0%	\$4,396	100.0%

The bank’s lending activity was compared to the percentage of families that are classified low- and moderate- income. Demographic data indicates that low- or moderate-income families comprise 37.5 percent of the Ithaca, NY MSA AA income categories. With 52.1 percent and 52.7 percent of total consumer loans granted in the Ithaca AA to LMI borrowers in 2008 and 2009, respectively, the bank demonstrated a strong record of consumer loan penetration to LMI borrowers.

Table 35 provides an analysis of Elmira’s small business activity, based on loan origination amount, for the review period, and compares this activity to the 2008 and 2009 aggregate lenders’ ratios.

**Table 35 - Distribution of Elmira Savings Bank's Small Business Loans
By Loan Origination Amount in the Ithaca, NY MSA Assessment Area
(Dollars in thousands)**

Loan Amount At Origination	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:									% by #	% by #
≤ \$100,000	13	59.1%	6	54.5%	14	100.0%	33	70.2%	95.4%	91.5%
\$100,001-\$250,000	5	22.7%	2	18.2%	0	0.0%	7	14.9%	2.5%	4.7%
\$250,001-\$1 mill.	4	18.2%	3	27.3%	0	0.0%	7	14.9%	2.1%	3.8%
Total	22	100.0%	11	100.0%	14	100.0%	47	100.0%	100.0%	100.0%
By \$ Amount:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
≤ \$100,000	\$583	16.1%	\$213	9.9%	\$564	100.0%	\$1,360	21.5%	39.5%	31.0%
\$100,001-\$250,000	884	24.4%	285	13.3%	0	0.0%	1,169	18.4%	17.1%	19.3%
\$250,001-\$1 mill.	2,160	59.5%	1,648	76.8%	0	0.0%	3,808	60.1%	43.4%	49.7%
Total	\$3,627	100.0%	\$2,146	100.0%	\$564	100.0%	\$6,337	100.0%	100.0%	100.0%

A majority of Elmira's small business loans were originated for amounts less than \$100 thousand. Elmira's distribution was lower than the aggregate's performance. However, as noted previously the bank does not offer small business credit card lending which is reflected in aggregate loan data.

Table 36 illustrates small business loan originations, based on company's annual revenue, for the review period, and compares this activity to the 2008 and 2009 aggregate lenders' ratios.

**Table 36 - Distribution of Elmira Savings Bank's Small Business Loans
By Company's Revenue Category in the Ithaca, NY MSA Assessment Area
(Dollars in thousands)**

Company's Rev. Category	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:									% by #	% by #
Rev. < \$1 million	3	13.6%	3	27.3%	8	57.1%	14	29.8%	33.2%	34.2%
Rev. > \$1 million	5	22.7%	2	18.2%	2	14.3%	9	19.1%	NA	NA
Revenue NA	14	63.7%	6	54.5%	4	28.6%	24	51.1%	66.8%	65.8%
Total	22	100.0%	11	100.0%	14	100.0%	47	100.0%	100.0%	100.0%
By \$ Amount:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Rev. < \$1 million	\$145	4.0%	\$255	11.9%	\$304	53.9%	\$704	11.1%	38.6%	35.1%
Rev. > \$1 million	1,584	43.7%	1,321	61.5%	100	17.7%	3,005	47.4%	NA	NA
Revenue NA	1,899	52.3%	570	26.6%	160	28.4%	2,629	41.5%	61.4%	64.9%
Total	\$3,628	100.0%	\$2,146	100.0%	\$564	100.0%	\$6,338	100.0%	100.0%	100.0%

* Aggregate data for loans to companies with revenue greater than \$1 million is not available. As a result, all loans originated to companies that are not less than \$1 million in annual revenue are placed in the "Revenue Unknown" category.

Elmira's 13.6 percent and 27.3 percent of loans granted to businesses with annual revenues less than \$1 million for 2008 and 2009, respectively, were below the levels reported by the aggregate for 2008 and 2009. However, the volume and percentage of loans granted to small businesses shows a positive trend.

Geographic Distribution of Loans

As part of our lending analysis, we reviewed the bank’s distribution of loans among geographic areas of different income levels within the Ithaca MSA AA. Table 37 illustrates loan originations, categorized by geography income level, reported by Elmira during the review period, and compares this activity to the 2008 and 2009 aggregate lenders.

Table 37 - Distribution of Elmira Savings Bank’s HMDA-Reportable Loans By Geography Income Level in the Ithaca, NY MSA Assessment Area (Dollars in thousands)										
Geography Inc. Level	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
By Number:	#	%	#	%	#	%	#	%	% by #	% by #
Moderate	16	11.4%	17	10.5%	14	11.8%	47	11.2%	7.6%	6.3%
Middle	112	80.0%	130	80.2%	98	82.3%	340	80.7%	81.0%	80.9%
Upper	12	8.6%	15	9.3%	7	5.9%	34	8.1%	11.4%	12.8%
Total	140	100.0%	162	100.0%	119	100.0%	421	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Moderate	\$3,202	13.4%	\$2,434	10.0%	\$1,754	9.5%	\$7,390	11.1%	14.0%	7.4%
Middle	18,729	78.3%	18,958	78.2%	15,328	82.8%	53,015	79.5%	66.1%	75.1%
Upper	1,988	8.3%	2,852	11.8%	1,432	7.7%	6,272	9.4%	19.9%	17.5%
Total	\$23,919	100.0%	\$24,244	100.0%	\$18,514	100.0%	\$66,677	100.0%	100.0%	100.0%

Elmira’s percentage of lending in moderate- income geographies substantially surpassed the aggregate’s percentage of lending in both 2008 and 2009.

During 2008, 31 lenders granted a total of 143 HMDA reportable loans. Elmira was the third most productive lender with 16 loans originated, accounting for 11.2 percent of market share. The top two lenders, predominantly based in the Ithaca AA, accounted for 49 percent of the market share. During 2009, 22 lenders granted a total of 156 HMDA reportable loans. Elmira continued to rank third with 17 loans originated accounting for 10.2 percent of market share. The performance of the top two lenders accounted for 56.4 percent of the market share. Elmira managed to consistently maintain a reasonable market share during those two years.

Table 38 reflects Elmira’s geographic distribution of consumer loans within the Ithaca MSA AA.

Table 38 - Distribution of Elmira Savings Bank’s Consumer Loans By Geography Income Level in the Ithaca, NY MSA Assessment Area (Dollars in thousands)										
Geography Inc. Level	7/1/07 – 12/31/07		2008		2009		1/1/10 – 9/30/10		Review Period	
	#	%	#	%	#	%	#	%	#	%
Moderate	1	3.4%	7	7.4%	3	5.5%	3	6.4%	14	6.2%
Middle	27	93.2%	83	88.3%	50	90.9%	43	91.5%	203	90.2%
Upper	1	3.4%	4	4.3%	2	3.6%	1	2.1%	8	3.6%
Total	29	100.0%	94	100.0%	55	100.0%	47	100.0%	225	100.0%
	\$	%	\$	%	\$	%	\$	%	\$	%
Moderate	\$12	2.0%	\$38	1.8%	\$67	6.0%	\$28	4.6%	\$145	3.3%
Middle	589	97.7%	1,973	95.3%	748	67.0%	576	95.2%	3,886	88.4%
Upper	2	0.3%	61	2.9%	301	27.0%	1	0.2%	365	8.3%
Total	\$603	100.0%	\$2,072	100.0%	\$1,116	100.0%	\$605	100.0%	\$4,396	100.0%

We compared Elmira’s consumer lending distribution to the demographics of the Ithaca AA. Moderate geographies comprise 21.7 percent of the AA. Elmira’s distribution of consumer loans within moderate- geographies was limited to 6.2 percent, below the percentage of geographies classified as moderate- income. However, only 9.3 percent of families live in these geographies and 6.9 percent of families report incomes below the poverty level, resulting in limited lending opportunities.

Table 39 reflects Elmira’s geographic distribution of small business loans within the Ithaca MSA AA, and compares this activity to the 2008 and 2009 aggregate lenders’ ratios.

Table 39 - Distribution of Elmira Savings Bank’s Small Business Loans By Geography Income Level in the Ithaca, NY MSA Assessment Area (Dollars in thousands)										
Geography Inc. Level	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Moderate	8	36.4%	3	27.3%	3	21.4%	14	29.8%	22.8%	26.4%
Middle	11	50.0%	8	72.7%	10	71.5%	29	61.7%	65.0%	65.9%
Upper	3	13.6%	0	0.0%	1	7.1%	4	8.5%	12.2%	7.7%
Total	22	100.0%	11	100.0%	14	100.0%	47	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Moderate	\$477	13.2%	\$356	16.6%	\$69	12.2%	\$902	14.2%	27.0%	27.4%
Middle	2,615	72.0%	1,790	83.4%	450	79.8%	4,855	76.6%	65.8%	67.3%
Upper	535	14.8%	0	0.0%	45	8.0%	580	9.2%	7.2%	5.3%
Total	\$3,627	100.0%	\$2,146	100.0%	\$564	100.0%	\$6,337	100.0%	100.0%	100.0%

The percentage of small business loans granted in moderate- income geographies surpassed that of the aggregate reporters’ level in 2008 by a significant margin. The performance for 2009 at 27.3 percent was slightly lower but surpassed the aggregate performance in 2009.

Community Development in Ithaca, NY MSA Assessment Area

The bank granted one community development loan for \$115 thousand to an affordable housing organization, which helped provide needed housing, services and programs such as home purchase assistance and homebuyer education within the local community.

State Nonmetropolitan Area & State Reviewed^a

Description of Institution's Operations in Non-MSA, NY Assessment Area

Elmira operates two branches located in the Non- MSA portion of the state of New York. One branch is located in an upper- income geography in Corning, NY and the other, which was opened during the review period, is located in a middle- income geography in Moravia, NY. Elmira conducted a relatively limited amount of activity in this area, compared to activity in the Elmira and Ithaca AAs. Fifteen percent by number, and 16 percent by dollar amount, of the HMDA, consumer, and small business loans were originated in this AA.

Description of Non-MSA, NY Assessment Area

This AA consists of all of Schuyler County, NY, and several towns in the counties of Cayuga, Seneca and Steuben. The AA contains 18 geographies. Table 40 illustrates demographic data on population, families, and housing units within the AA.

Demographic Data	2000 Census
Population	70,900
Total Families	18,799
1-4 Family Units	24,503
Multi-family Units	1,019
% Owner-Occupied Units	67%
% Rental-Occupied Units	17%
% Vacant Housing Units	16%
Weighted Average Median Housing	\$72,790

^a The discussion of an institution's CRA performance within a nonmetropolitan statewide area is only required for institutions with branches in two or more states. A separate discussion of CRA performance within a nonmetropolitan statewide area for intrastate banks that have branches in metropolitan and nonmetropolitan areas is optional. However, for intrastate institutions with branches in both metropolitan and nonmetropolitan areas, or for intrastate banks with branches in only nonmetropolitan areas, the examiner may wish to discuss in greater detail the assessment areas within nonmetropolitan areas that were reviewed using a full-scope review.

Table 41 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies.

Table 41 - Distribution of Geographies, Families and Housing Units						
Non-MSA, NY Assessment Area						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Middle	15	83.3%	14,859	79.0%	19,552	79.8%
Upper	3	16.7%	3,940	21.0%	4,951	20.2%
Total	18	100.0%	18,799	100.0%	24,503	100.0%

There are no low- or moderate- income geographies in this AA.

Table 42 (a) indicates the median family income ranges of each income category based on the 2010 HUD adjustment; table 42 (b) reflects the updated HUD median family income for each year during the review period; and table 43 (c) shows the distribution of families in each income range of the AA.

Table 42(a) - Median Family Income Ranges (*)		
Income Category (% of Non-MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$27,649
Moderate (50% - 79%)	\$27,650	\$44,239
Middle (80% - 119%)	\$44,240	\$66,359
Upper (>= 120%)	\$66,360	+

Table 42(b) - Annual HUD Median Family Income	
Year	Amount
2007	\$50,900
2008	\$52,700
2009	\$54,900
2010	\$55,300

* Based on HUD 2010 Median Family Income of the Non-MSA

Table 42(c)- Distribution of Families		
Non-MSA, NY Assessment Area		
Family Income Category (% of Non-MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	2,807	14.9%
Moderate (50% - 79%)	3,298	17.5%
Middle (80% - 119%)	4,294	22.8%
Upper (>= 120%)	8,400	44.8%
Total	18,799	100.0%

According to 2000 census data, 32.5 percent of the families in the NY Non-MSA AA are low- to moderate-income, with 6.9 percent of the families reporting income below the poverty level.

Conclusions with Respect to Performance Tests in Non-MSA, NY Assessment Area

Based on the bank’s relatively limited lending activity in this AA we performed a limited scope review of the bank’s performance. The bank performed slightly below the aggregate in HMDA-reportable lending to LMI borrowers in 2008 and 2009, which includes institutions that have a home

or branch office outside the non- MSA AA and therefore report HMDA data. Fifty-three percent of consumer loans within the Non-MSA AA were granted to LMI borrowers, significantly higher than the 32.4 percent of LMI families in the area. A majority of small business loans granted were for amounts less than \$100 thousand and to businesses with revenues less that \$1 million.

Elmira did not provide any community development loans, investments, and/or services in this AA.

Lending in the NY Non-MSA Assessment Area

Table 43 illustrates the institution’s lending activity in the NY Non-MSA AA during the review period.

Loan Type	Combined AA		Non-MSA, NY AA		Combined AA		Non-MSA, NY AA	
	By Number	Number	Percent	By \$ Amt	\$ Amount	Percent		
HMDA-Related	2,102	316	15.0%	\$211,983	\$35,205	16.6%		
Consumer	1,613	242	15.0%	25,634	3,418	13.3%		
Small Business	142	23	16.2%	16,348	2,132	13.0%		
Total	3,857	581	15.1%	\$253,965	\$40,755	16.0%		

Lending to Borrowers of Different Incomes

HMDA-Reportable Loans:

Borrower Inc. Level	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	1	1.0%	4	3.3%	8	8.4%	13	4.1%	7.0%	5.8%
Moderate	20	19.8%	20	16.7%	17	17.9%	57	18.0%	20.6%	16.9%
Middle	26	25.7%	27	22.5%	20	21.1%	73	23.1%	24.8%	23.4%
Upper	54	53.5%	66	55.0%	49	51.6%	169	53.5%	45.5%	50.7%
Income NA	0	0.0%	3	2.5%	1	1.0%	4	1.3%	2.1%	3.2%
Total	101	100.0%	120	100.0%	95	100.0%	316	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$67	0.7%	\$161	1.1%	\$426	4.0%	\$654	1.9%	3.1%	2.0%
Moderate	1,367	14.5%	1,599	10.5%	1,175	11.1%	4,141	11.8%	12.9%	8.7%
Middle	1,624	17.3%	2,799	18.4%	1,948	18.4%	6,371	18.1%	20.9%	17.4%
Upper	6,347	67.5%	10,336	68.0%	6,947	65.6%	23,630	67.1%	61.0%	67.5%
Income NA	0	0.0%	309	2.0%	100	0.9%	409	1.1%	2.1%	4.4%
Total	\$9,405	100.0%	\$15,204	100.0%	\$10,596	100.0%	\$35,205	100.0%	100.0%	100.0%

Consumer Loans

Table 45 - Distribution of Elmira Savings Bank's Consumer Loans By Borrower Income Level in the Non-MSA, NY Assessment Area (Dollars in thousands)										
Borrower Inc. Level	7/1/07 – 12/31/07		2008		2009		1/1/10 – 9/30/10		Review Period	
	#	%	#	%	#	%	#	%	#	%
Low	5	13.9%	23	23.0%	10	20.0%	15	26.8%	53	21.9%
Moderate	12	33.3%	29	29.0%	17	34.0%	17	30.4%	75	31.0%
Middle	9	25.0%	19	19.0%	14	28.0%	13	23.2%	55	22.7%
Upper	10	27.8%	21	21.0%	7	14.0%	6	10.7%	44	18.2%
Income NA	0	0.0%	8	8.0%	2	4.0%	5	8.9%	15	6.2%
Total	36	100.0%	100	100.0%	50	100.0%	56	100.0%	242	100.0%
	\$	%	\$	%	\$	%	\$	%	\$	%
Low	\$99	21.1%	\$196	13.5%	\$89	12.8%	\$136	16.9%	\$520	15.2%
Moderate	199	42.4%	339	23.4%	226	32.6%	138	17.1%	902	26.4%
Middle	52	11.1%	289	20.0%	221	31.8%	318	39.4%	880	25.7%
Upper	119	25.4%	581	40.1%	140	20.2%	87	10.8%	927	27.2%
Income NA	0	0.0%	43	3.0%	18	2.6%	128	15.8%	189	5.5%
Total	\$469	100.0%	\$1,448	100.0%	\$694	100.0%	\$807	100.0%	\$3,418	100.0%

Small Business Loans:

Table 46 - Distribution of Elmira Savings Bank's Small Business Loans By Loan Origination Amount in the Non-MSA, NY Assessment Area (Dollars in thousands)										
Loan Amount At Origination	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate 2008 2009	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
≤ \$100,000	15	83.3%	2	100.0%	2	66.7%	19	82.7%	97.1%	95.7%
\$100,001-\$250,000	2	11.1%	0	0.0%	1	33.3%	3	13.0%	1.8%	2.4%
\$250,001-\$1 mill.	1	5.6%	0	0.0%	0	0.0%	1	4.3%	1.1%	1.9%
Total	18	100.0%	2	100.0%	3	100.0%	23	100.0%	100.0%	100.0%
By \$ Amount:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
≤ \$100,000	\$565	31.4%	\$95	100.0%	\$45	18.8%	\$705	33.1%	59.1%	47.1%
\$100,001-\$250,000	277	15.4%	0	0.0%	195	81.2%	472	22.1%	15.4%	17.6%
\$250,001-\$1 mill.	955	53.2%	0	0.0%	0	0.0%	955	44.8%	25.5%	35.3%
Total	\$1,797	100.0%	\$95	100.0%	\$240	100.0%	\$2,132	100.0%	100.0%	100.0%

**Table 47 - Distribution of Elmira Savings Bank's Small Business Loans
By Company's Revenue Category in the Non-MSA, NY Assessment Area
(Dollars in thousands)**

Company's Rev. Category	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:									% by #	% by #
Rev. < \$1 million	4	22.2%	1	50.0%	2	66.7%	7	30.4%	35.5%	29.2%
Rev. > \$1 million	0	0.0%	0	0.0%	0	0.0%	0	0.0%	NA	NA
Revenue NA	14	77.8%	1	50.0%	1	33.3%	16	69.6%	64.5%	70.8%
Total	18	100.0%	2	100.0%	3	100.0%	23	100.0%	100.0%	100.0%
By \$ Amount:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Rev. < \$1 million	\$287	16.0%	\$20	21.1%	\$210	87.5%	\$517	24.2%	47.3%	28.9%
Rev. > \$1 million	0	0.0%	0	0.0%	0	0.0%	0	0.0%	NA	NA
Revenue NA	1,510	84.0%	75	78.9%	30	12.5%	1,615	75.8%	52.7%	71.1%
Total	\$1,797	100.0%	\$95	100.0%	\$240	100.0%	\$2,132	100.0%	100.0%	100.0%

* Aggregate data for loans to companies with revenue greater than \$1 million is not available. As a result, all loans originated to companies that are not less than \$1 million in annual revenue are placed in the "Revenue Unknown" category.

Geographic Distribution of Loans

HMDA-Reportable Loans:

**Table 48 - Distribution of Elmira Savings Bank's HMDA-Reportable Loans
By Geography Income Level in the Non-MSA, NY Assessment Area
(Dollars in thousands)**

Geography Inc. Level	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:									% by #	% by #
Middle	78	77.2%	95	79.2%	74	77.9%	247	78.2%	78.0%	72.8%
Upper	23	22.8%	25	20.8%	21	22.1%	69	21.8%	22.0%	27.2%
Total	101	100.0%	120	100.0%	95	100.0%	316	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Middle	\$6,365	67.7%	\$11,653	76.6%	\$7,879	74.4%	\$25,897	73.6%	73.7%	66.8%
Upper	3,040	32.3%	3,551	23.4%	2,717	25.6%	9,308	26.4%	26.3%	33.2%
Total	\$9,405	100.0%	\$15,204	100.0%	\$10,596	100.0%	\$35,205	100.0%	100.0%	100.0%

Consumer Loans

Table 49 - Distribution of Elmira Savings Bank's Consumer Loans By Geography Income Level in the Non-MSA, NY Assessment Area (Dollars in thousands)										
Geography Inc. Level	7/1/07 – 12/31/07		2008		2009		1/1/10 – 9/30/10		Review Period	
	#	%	#	%	#	%	#	%	#	%
Middle	35	97.2%	93	93.0%	44	88.0%	52	92.9%	224	92.6%
Upper	1	2.8%	7	7.0%	6	12.0%	4	7.1%	18	7.4%
Total	36	100.0%	100	100.0%	50	100.0%	56	100.0%	242	100.0%
	\$	%	\$	%	\$	%	\$	%	\$	%
Middle	\$449	95.7%	\$1,298	89.6%	\$617	88.9%	\$752	93.2%	\$3,116	91.2%
Upper	20	4.3%	150	10.4%	77	11.1%	55	6.8%	302	8.8%
Total	\$469	100.0%	\$1,448	100.0%	\$694	100.0%	\$807	100.0%	\$3,418	100.0%

Small Business Loans:

Table 50 - Distribution of Elmira Savings Bank's Small Business Loans By Geography Income Level in the Non-MSA, NY Assessment Area (Dollars in thousands)										
Geography Inc. Level	7/1/07 – 12/31/08		2009		1/1/10 – 9/30/10		Review Period 7/1/07 – 9/30/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Middle	15	83.3%	2	100.0%	3	100.0%	20	87.0%	77.0%	75.4%
Upper	3	16.7%	0	0.0%	0	0.0%	3	13.0%	23.0%	24.6%
Total	18	100.0%	2	100.0%	3	100.0%	23	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Middle	\$767	42.7%	\$95	100.0%	\$240	100.0%	\$1,102	51.7%	76.2%	70.4%
Upper	1030	57.3%	0	0.0%	0	0.0%	1,030	48.3%	23.8%	29.6%
Total	\$1,797	100.0%	\$95	100.0%	\$240	100.0%	\$2,132	100.0%	100.0%	100.0%

CRA Rating Definitions

There are five separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; the intermediate small institution test for intermediate small savings associations; the streamlined examination method for small institutions; the community development test for wholesale and limited purpose institutions; and the strategic plan option for all institutions. OTS will assign an institution one of the four assigned ratings required by Section 807 of the CRA:

1. "Outstanding record of meeting community credit needs."
2. "Satisfactory record of meeting community credit needs."
3. "Needs to improve record of meeting community credit needs."
4. "Substantial noncompliance in meeting community credit needs."

OTS judges an institution's performance under the test and standards in the rule in the context of information about the institution, its community, its competitors, and its peers. Among the factors to evaluate in an examination are the economic and demographic characteristics of the assessment area(s); the lending, investment, service, and community development opportunities in the assessment area(s); the institution's product offerings and business strategy; the institution's capacity and constraints; the prior performance of the institution; in appropriate circumstances, the performance of a similarly situated institution; and other relevant information. An institution's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The institution's overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile. In addition, OTS adjusts the evaluation of an institution's performance under the applicable assessment method in accordance with §563e.21 and §563e.28, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.