

PUBLIC DISCLOSURE

January 11, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Elmira Savings Bank, FSB
333 E Water St
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

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February 20, 2008

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

Enclosed is your institution's written Community Reinvestment Act (CRA) Performance Evaluation. The Office of Thrift Supervision (OTS) prepared the evaluation as of January 11, 2008. Pursuant to the provisions of the CRA and OTS regulations (12 C.F.R. 563e), your institution must make this evaluation and your institution's CRA rating available to the public.

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 encourage the 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.

Very truly yours,

Thomas S. Angstadt
Assistant Director

Table of Contents

GENERAL INFORMATION 1

INSTITUTION 2

 OVERALL RATING 2

 SCOPE OF EXAMINATION 2

 DESCRIPTION OF INSTITUTION 3

 DESCRIPTION OF COMBINED ASSESSMENT AREA 4

 CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN COMBINED ASSESSMENT AREA 5

 COMMUNITY DEVELOPMENT 15

 FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW 16

STATE 17

 SUMMARY 17

 CRA RATING FOR NEW YORK 17

 STATE METROPOLITAN AREA & STATE REVIEWED (USING EXAMINATION PROCEDURES) 17

 DESCRIPTION OF INSTITUTION’S OPERATIONS IN ELMIRA, NY MSA 17

 STATE METROPOLITAN AREA CONCLUSIONS 20

 CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ELMIRA, NY MSA ASSESSMENT AREA 20

 COMMUNITY DEVELOPMENT IN ELMIRA, NY MSA ASSESSMENT AREA 26

STATE 30

 SUMMARY 30

 CRA RATING FOR PENNSYLVANIA 30

 STATE NONMETROPOLITAN AREA & STATE REVIEWED (USING EXAMINATION PROCEDURES) 31

 DESCRIPTION OF INSTITUTION’S OPERATIONS IN NON-MSA, PA 31

 STATE NONMETROPOLITAN AREA CONCLUSIONS 33

 CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA, PA ASSESSMENT AREA 33

 COMMUNITY DEVELOPMENT IN NON-MSA, PA ASSESSMENT AREA 35

APPENDIX 37

 A. SCOPE OF EXAMINATION 37

 B. SUMMARY OF STATE AND MULTISTATE METROPOLITAN AREA RATINGS 38

CRA RATING DEFINITIONS 39

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 (LMI) 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 January 11, 2008. 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: **Outstanding**
The Lending Test is rated: **Outstanding**
The Community Development Test is rated: **Outstanding**

The Elmira Savings Bank, FSB demonstrated a sound record of meeting the credit needs of the assessment area. When assigning the overall rating, the most weight was given to the Elmira, NY metropolitan statistical area. The vast majority of the institution's lending and community development activities were concentrated in this assessment area.

While overall lending volume declined in the years following a period of historically low mortgage interest rates and inordinately high levels of loan refinances, the institution continued to be one of the top lenders in the combined assessment area. A substantial majority of the loans were originated in the assessment area and the institution's loan-to-deposit ratio was reasonable. The distribution of loans by borrower income improved significantly and the geographic distribution reflects an excellent penetration among low- and moderate-income geographies, surpassing the aggregate lenders by a wide margin.

The institution's community development performance demonstrated an excellent response to community development needs through its community development loan and investment activities and community development services, particularly in the Elmira, NY assessment area.

Scope of Examination

OTS evaluated The Elmira Savings Bank, FSB (Elmira or the institution) under the intermediate small bank CRA evaluation procedures which became effective on July 1, 2007. The review period for the Home Mortgage Disclosure Act (HMDA) data used in this evaluation is the 42-month review period extending from January 1, 2004 through June 30, 2007. The review analyzed Elmira's residential, consumer and small business loan (SBL) portfolios. For purposes of this evaluation, residential loans are home purchase, home refinance, and home improvement loans reported pursuant to the HMDA. The institution elected to have its consumer and SBL portfolios included in the evaluation of its CRA lending performance. However, due to an oversight, the data provided to the OTS for these categories did not include loan originations that were repaid during the review period. This resulted in an under reporting of loans, particularly in the consumer loan category.

Institution (continued)

Description of Institution

Elmira is a \$390 million federally chartered stock savings bank headquartered in Elmira, Chemung County, New York. The institution was chartered in 1869. In addition to the main office, Elmira operates six full service branch offices, five in the Elmira area and one in the neighboring state of Pennsylvania. In September 2006, an office was opened in Corning, Steuben County, New York. No offices were closed during the review period. The main office is located in a low-income geography and the remaining offices are located in middle- and upper-income geographies.

Elmira offers a variety of loan products, including mortgage loans to purchase, refinance, and construct one-to-four family dwellings. Multifamily mortgages, commercial mortgages and business, and home improvement loans are available. Secured and unsecured consumer loans are also offered. Deposit products include statement savings, personal and business checking, club accounts, educational savings, money market, certificates of deposit and individual retirement accounts. The institution offers a number of different account access alternatives, including automated teller machines (ATMs), telephone banking, Visa check cards, on-line cash management for business customers, and internet banking with bill pay programs.

As of June 30, 2007, the total loan portfolio equaled \$258.9 million. Table 1 indicates the dollar amount, percentage to total loans, and percentage to total assets of each loan category.

Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Residential Mortgage	\$149,478	57.7%	38.3%
Nonresidential Mortgage	41,418	16.0%	10.6%
Commercial Nonmortgage	41,883	16.2%	10.7%
Consumer	26,123	10.1%	6.7%
Total	\$258,902	100.0%	66.3%

Since the previous evaluation, assets have grown \$105 million or 37 percent. The growth was primarily centered in residential mortgage loans which increased \$50 million. Investments in federal, state, and municipal obligations increased \$36 million. The growth was funded through increased deposits and borrowed money. Deposits totaled \$285 million as of June 30, 2007, a 20 percent increased since the previous evaluation.

Institution (continued)

Based on the institution’s size, financial condition, and the lack of any apparent legal impediments, the institution was financially capable of meeting community credit needs. Elmira received a rating of Outstanding in its prior CRA evaluation dated August 30, 2004.

Description of Combined Assessment Area

Elmira delineated two assessment areas (AAs) in NY and PA as its primary lending community. One AA includes all of Chemung County in Elmira, NY Metropolitan Statistical Area (MSA) and two adjacent towns in Steuben County (non-MSA). The other AA includes all of Bradford and Tioga Counties, PA, located in a Non-MSA. The combined AA contains 54 geographies. Table 2 illustrates demographic data on population, families, and housing units within the combined AA.

Demographic Data	2000 Census
Population	219,699
Total Families	58,566
1-4 Family Units	78,877
Multi-family Units	6,693
Mobile Homes	11,818
% Owner-Occupied Units	63%
% Rental-Occupied Units	25%
% Vacant Housing Units	12%
Weighted Average Median Housing	\$70,759

The population in the AA, declined 1.2 percent from the 1990 to the 2000 census. According to 2006 estimates, the trend has continued and the total population is estimated at 210,318.

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.

Note: All demographic information throughout this report reflect updated U.S. census data resulting from the 2004 MSA boundary changes implemented by the Office of Management and Budget (OMB).

Geography Income Level	Geographies		Total Area Families		1-4 Family Dwellings	
	#	%	#	%	#	%
Low	2	3.7%	438	0.7%	573	0.7%
Moderate	4	7.4%	3,155	5.4%	5,279	6.7%
Middle	40	74.1%	45,192	77.2%	59,989	76.1%
Upper	7	13.0%	9,781	16.7%	13,033	16.5%

Institution (continued)

NA	1	1.8%	0	0.0%	3	0.0%
Total	54	100.0%	58,566	100.0%	78,877	100.0%

According to 2000 census data, 37.8 percent of the families in the combined AA are classified as low- to moderate-income, with 8.9 percent of the families reporting income below the poverty level. Table 4 shows the distribution of families in each income range of the combined AA.

Table 4 - Distribution of Families In the Combined Assessment Area		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	10,858	18.5%
Moderate (50% - 79%)	11,302	19.3%
Middle (80% - 119%)	13,491	23.0%
Upper (>= 120%)	22,915	39.2%
Total	58,566	100.0%

A more detailed description of each AA is provided under each state’s analysis.

Conclusions With Respect To Performance Tests in Combined Assessment Area

Loan to Deposit Ratio

This is Elmira’s first CRA evaluation that includes an evaluation of the loan-to-deposit ratio. Prior evaluations were performed under the large bank procedures.

Elmira’s loan-to-deposit ratio, which averaged 83 percent, fluctuated during the eight quarter period ended June 30, 2007, from 78 percent in September 2006, to 89 percent in June 2006. The institution’s average ratio is slightly below the 91 percent average ratio reported for twelve other OTS regulated institutions headquartered in New York with total assets ranging from \$300 million to \$1 billion. At 87 percent, the loan-to-deposit in June 2007 was also less than the 98 percent average ratio reported for similar sized OTS regulated institutions nationwide.

Based on the institution’s size and competitive factors, the loan-to-deposit ratio met the standard for satisfactory performance.

Lending in the Combined Assessment Area

Elmira specializes in residential mortgage and consumer loans, and to a lesser degree, small business loans. Table 5 illustrates the total number and dollar amount of HMDA-reportable loans (home purchase, refinance and home improvement loans) originated in and outside the two AAs during the

Institution (continued)

42-month review period ended June 30, 2007. For comparison purposes, the table reflects lending activity by each appropriate year during the review period.

Table 5 - Concentration of HMDA-Reportable Loans *									
1/1/2004 – 6/30/2007									
(Dollars in thousands)									
Period By Year.	AA #1 Elmira, NY MSA		AA #2 PA Non-MSA		Combined Assessment Area		Outside Assessment Area		Total HMDA Loans
By Number:	#	%	#	%	#	%	#	%	#
2004	322	61%	45	9%	367	70%	157	30%	524
2005	306	69%	29	7%	335	76%	108	24%	443
2006	369	72%	29	6%	398	78%	110	22%	508
1/1/07 – 6/30/07	162	67%	23	9%	185	76%	57	24%	242
Total	1,159	68%	126	7%	1,285	75%	432	25%	1,717
By \$ Amt.:	\$	%	\$	%	\$	%	\$	%	\$
2004	\$22,640	57%	\$2,028	5%	\$24,668	62%	\$15,370	38%	\$40,038
2005	18,268	60%	1,236	4%	19,504	64%	10,746	36%	30,250
2006	22,094	61%	1,988	6%	24,082	67%	11,872	33%	35,954
1/1/07 – 6/30/07	11,935	61%	1,308	7%	13,243	68%	6,324	32%	19,567
Total	\$74,937	60%	\$6,560	5%	\$81,497	65%	\$44,312	35%	\$125,809

* Percents are based on total HMDA-reportable loans originated during applicable year.

Elmira originated 1,717 HMDA loans during the 42-month review period, or an average of 491 loans per year. The average number of loans per year is below the level noted in the prior evaluation, which was during a period of historically low mortgage interest rates and inordinately high levels of loan refinances. As shown in Table 5, 75 percent or a substantial majority of the loans were secured by property located within the combined AA. As in previous review period, the distribution of loans is heavily skewed in the Elmira, NY AA. This is understandable since six of the seven offices are located in the NY AA and this is where the institution has been headquartered since 1869.

During 2006, 234 HMDA reporters originated 5,812 loans in this AA, totaling \$433 million. With 398 loans, Elmira was the most active OTS regulated institution that granted loans in this AA. Furthermore, Elmira was the third most active HMDA reporter with a 6.9 percent market share. The number one lender is located in Tioga County PA, where Elmira has one branch office. This institution has assets exceeding \$1 billion and has 13 branch offices. The number two lender is an Elmira based commercial bank with assets exceeding two times that of Elmira, and eight branch offices in the combined AA.

Table 6 illustrates the bank’s consumer lending activity (home equity, motor vehicles, secured and unsecured loans) originated in and outside the two AAs during the 42-month review period ended June 30, 2007. For comparison purposes, the table reflects lending activity by each appropriate year during the review period.

Institution (continued)

Table 6 - Concentration of Consumer Loans *									
1/1/2004 – 6/30/2007									
(Dollars in thousands)									
Period By Year.	AA #1 Elmira, NY MSA		AA #2 PA Non-MSA		Combined Assessment Area		Outside Assessment Area		Total Cons. Loans
By Number:	#	%	#	%	#	%	#	%	#
2004	175	55%	72	23%	247	77%	72	23%	319
2005	425	58%	161	22%	586	80%	147	20%	733
2006	617	55%	247	22%	864	77%	258	23%	1,122
1/1/07 – 6/30/07	472	60%	162	20%	634	80%	158	20%	792
Total	1,689	57%	642	22%	2,331	79%	635	21%	2,966
By \$ Amt.:	\$	%	\$	%	\$	%	\$	%	\$
2004	\$4,124	62%	\$1,328	20%	\$5,452	83%	\$1,155	17%	\$6,607
2005	6,872	62%	2,289	21%	9,161	83%	1,861	17%	11,022
2006	10,992	61%	2,828	16%	13,820	76%	4,327	24%	18,147
1/1/07 – 6/30/07	6,825	64%	1,840	17%	8,665	82%	1,921	18%	10,586
Total	\$28,813	62%	\$8,285	18%	\$37,098	80%	\$9,264	20%	\$46,362

* Percents are based on total consumer loans originated during applicable year.

Elmira originated 2,966 consumer loans during the review period, or an average of 856 loans per year. The average number of loan originations per year is significantly below the 1,289 loans per year noted in the prior evaluation. Management attributed the decline in consumer loan volume primarily to the fact that the data submitted to the OTS did not include approximately 950 loans originated and paid off during the review period. Steps have been taken to ensure that all loan originations are included in future submissions.

As shown in Table 6, 79 percent of the consumer loans were originated within the combined AA, exceeding the 71 percent level noted in the prior evaluation. Unlike the HMDA loans, a higher percentage of consumer loan were originated in the Non MSA AA in PA.

Table 7 illustrates the bank’s small business loans originated in and outside the two AAs during the 42-month review period ended June 30, 2007. For comparison purposes, the table reflects lending activity by each appropriate year during the review period.

Institution (continued)

Table 7 - Concentration of Small Business Loans *									
1/1/2004 – 6/30/2007									
(Dollars in thousands)									
Period By Year.	AA #1 Elmira, NY MSA		AA #2 PA Non-MSA		Combined Assessment Area		Outside Assessment Area		Total SBL Loans
By Number:	#	%	#	%	#	%	#	%	#
2004	25	93%	1	4%	26	96%	1	4%	27
2005	34	77%	0	0%	34	77%	10	23%	44
2006	34	83%	0	0%	34	83%	7	17%	41
1/1/07 – 6/30/07	33	77%	0	0%	33	77%	10	23%	43
Total	126	81%	1	1%	127	82%	28	18%	155
By \$ Amt.:	\$	%	\$	%	\$	%	\$	%	\$
2004	\$3,543	97%	\$58	2%	\$3,601	98%	\$58	2%	\$3,659
2005	3,503	73%	0	0%	3,503	73%	1,279	27%	4,782
2006	4,461	78%	0	0%	4,461	78%	1,284	22%	5,745
1/1/07 – 6/30/07	4,408	71%	0	0%	4,408	71%	1,760	29%	6,168
Total	\$15,915	78%	\$58	0%	\$15,973	78%	\$4,381	22%	\$20,354

* Percents are based on total small business loans originated during applicable year.

As with the HMDA and consumer loans, the volume of small business loans also declined from the levels noted in the prior evaluation. The decline is partially attributed to the previously noted under reporting of loan originations. However, as shown in Table 7, 82 percent of the small business loans were originated in the combined AA, with the distribution highly skewed in the Elmira AA.

During 2006, 44 lenders originated SBL in the combined AA totaling \$110 million. The top ten lenders originated 86 percent of the loans. Eight of the top ten reporters are nationwide credit card lenders whose average loan amount in 2006 was \$6 thousand. The two remaining entities are commercial banks headquartered in Tioga County with extensive branch networks.

As a small intermediate bank, Elmira is not required to report SBL activity. However, in 2006, Elmira granted 34 loans and would have ranked 16th, with a 2.7 percent market share. Given that the institution’s primary lending products are loans secured by residential properties and other consumer goods, its relative position to other small business lenders is understandable.

On a combined basis, 77 percent by number and 70 percent by dollar amount of the HMDA-reportable, consumer, and small business loans were originated within Elmira’s two AA. With a substantial majority of the lending within the combined AA, Elmira has a strong record of meeting the areas credit needs.

Lending to Borrowers of Different Incomes

Institution (continued)

As part of our lending analysis, we reviewed the bank’s lending activity with respect to the distribution of loans among borrowers of different income levels within the combined AA. Table 8 illustrates loan originations, categorized by borrower income level, that were reported by Elmira during the review period, and compares this activity to the 2005 and 2006 aggregate lenders.

Table 8 - Distribution of Elmira Savings Bank's HMDA-Reportable Loans By Borrower Income Level in the Combined Assessment Area (Dollars in thousands)										
Borrower Inc. Level	2004		2005		1/1/06 – 6/30/07*		Review Period 1/1/04 – 6/30/07		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	46	12.5%	46	13.7%	57	9.8%	149	11.6%	9.5%	9.8%
Moderate	69	18.8%	54	16.1%	124	21.3%	247	19.2%	21.8%	20.9%
Middle	96	26.2%	86	25.7%	155	26.6%	337	26.2%	27.2%	26.8%
Upper	149	40.6%	141	42.1%	239	41.0%	529	41.2%	37.7%	39.9%
Income NA	7	1.9%	8	2.4%	8	1.3%	23	1.8%	3.9%	2.6%
Total	367	100.0%	335	100.0%	583	100.0%	1,285	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$1,419	5.8%	\$1,452	7.4%	\$1,602	4.3%	\$4,473	5.5%	5.1%	5.2%
Moderate	3,136	12.7%	2,362	12.1%	4,875	13.1%	10,373	12.7%	15.7%	15.3%
Middle	5,843	23.7%	3,933	20.2%	7,983	21.4%	17,759	21.8%	23.9%	22.4%
Upper	14,042	56.9%	11,625	59.6%	22,525	60.3%	48,192	59.1%	49.9%	50.1%
Income NA	228	0.9%	132	0.7%	340	0.9%	700	0.9%	5.4%	7.0%
Total	\$24,668	100.0%	\$19,504	100.0%	\$37,325	100.0%	\$81,497	100.0%	100.0%	100.0%

Elmira granted 396 residential mortgage loans to LMI borrowers in the combined AA and at 30.8 percent the level of penetration exceeds the 23.4 percent performance noted in the previous evaluation. Lending to low-income borrowers exceeded the aggregate’s performance in 2005 and at 9.6 percent, was comparable to the level achieved in 2006. Lending to moderate-income borrowers was below the aggregate in 2005, but at 22.9 percent exceeded the aggregate’s 2006 performance.

During 2006, 140 HMDA reporters granted 1,783 loans to LMI borrowers in the combined AA. With 129 loans, Elmira ranked third and captured 7.2 percent of the market. The lead lender was the billion dollar bank located in Tioga County, PA, while the number two lender was the locally based bank with assets exceeding \$700 million.

Elmira continues to offer a first time homebuyer program that allows up to 100 percent financing for qualified applicants, and an unsecured loan may be used for down payment and closing costs. In addition, the interest rate is reduced and the regular application fee is waived. During the review period, 307 loans totaling \$28.9 million were granted to first time homebuyers.

Loans guaranteed by the Federal Housing Administration (FHA) and the Veterans Administration (VA) are also offered by the institution. Through these government loan programs, the institution is

Institution (continued)

able to assist individuals that might not qualify for traditional financing. During the review period, 16 loans totaling \$1.5 million were closed under these programs, all of which were located in the Elmira AA.

Two other special loan programs were implemented in 2007. Seven loans totaling \$441 thousand were granted under the New York State SONYMA mortgage program that targets first time homebuyers. This program has income limitations, allows for 97 percent financing, and includes reduced interest rates. Closing cost assistance loans are also available. The second new program, know as Home Possible, is a Freddie Mac program with income limits, but it is not limited to first time homebuyers. Up to 100 percent financing is available for single-family residences and 95 percent financing is available for two-unit, owner-occupied dwellings. One loan for \$88 thousand was granted under this program.

The data for the loans granted in conjunction with the first time homebuyer program, the government guaranteed loan programs, SONYMA, and the Freddie Mac program is included in Tables 5, 8, and 12.

Based on the institution’s size and market share, the distribution of HMDA loans among borrowers of different income improved significantly and is considered strong.

Table 9 reflects Elmira’s borrower distribution of consumer loans within the combined AA. (Aggregate data is not available on consumer loans.)

Borrower Inc. Level	2004		2005		1/1/06 – 6/30/07		Review Period	
	#	%	#	%	#	%	#	%
Low	65	26.3%	147	25.1%	361	24.1%	573	24.6%
Moderate	64	25.9%	157	26.8%	429	28.7%	650	27.9%
Middle	60	24.3%	142	24.2%	382	25.5%	584	25.1%
Upper	43	17.4%	104	17.7%	249	16.6%	396	17.0%
Income NA	15	6.1%	36	6.2%	77	5.1%	128	5.4%
Total	247	100.0%	586	100.0%	1,498	100.0%	2,331	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$970	17.8%	\$1,375	15.0%	\$3,404	15.1%	\$5,749	15.5%
Moderate	1,327	24.3%	2,389	26.1%	5,214	23.2%	8,930	24.1%
Middle	1,401	25.7%	2,782	30.4%	6,170	27.5%	10,353	27.9%
Upper	1,477	27.1%	2,245	24.5%	6,343	28.2%	10,065	27.1%
Income NA	277	5.1%	370	4.0%	1,350	6.0%	1,997	5.4%
Total	\$5,452	100.0%	\$9,161	100.0%	\$22,481	100.0%	\$37,094	100.0%

Institution (continued)

Since there is no similar peer data for consumer loans, we compared the institution’s lending activity against the percentage of families in the AA that are classified as low-, moderate-, middle-, or upper-income.

Based on the 2000 census data, 18.5 percent of the families are low-income and 19.3 percent are classified as middle-income. As shown in Table 9, the distribution of consumer loans to LMI borrowers exceeded that of the demographics. In addition, with 52.5 percent of the loans granted to LMI borrowers, the institution exceeded the 49.4 percent level achieved in the previous evaluation. As a result, the distribution of consumer loans was considered excellent.

Table 10 provides an analysis of Elmira’s small business activity, based on loan origination amount, for the review period, and compares this activity to the 2005 and 2006 aggregate lenders’ ratios.

Loan Amount At Origination	2004		2005		1/1/06 – 6/30/07		Review Period 1/1/04 – 6/30/07		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
≤ \$100,000	14	53.8%	22	64.7%	42	62.7%	78	61.4%	92.2%	95.5%
\$100,001 - \$250,000	8	30.8%	10	29.4%	14	20.9%	32	25.2%	4.5%	2.9%
\$250,001 - \$1 million	4	15.4%	2	5.9%	11	16.4%	17	13.4%	3.3%	1.6%
Total	26	100.0%	34	100.0%	67	100.0%	127	100.0%	100.0%	100.0%
By \$ Amount:										
≤ \$100,000	\$621	17.2%	\$1,020	29.1%	\$2,114	23.8%	\$3,755	23.5%	34.7%	45.7%
\$100,001 - \$250,000	1,403	39.0%	1,733	49.5%	2,147	24.2%	5,283	33.1%	20.3%	20.7%
\$250,001 - \$1 million	1,577	43.8%	750	21.4%	4,608	52.0%	6,935	43.4%	45.0%	33.6%
Total	\$3,601	100.0%	\$3,503	100.0%	\$8,869	100.0%	\$15,973	100.0%	100.0%	100.0%

A majority of the small business loans were in amounts less than \$100,000. However, the aggregate data in Table 10 shows that the institution’s distribution is below that of the aggregate. As previously noted, eight of the top ten small business lenders had an average loan size of \$6 thousand, indicating some sort of credit card lending, not a product offered by Elmira.

Table 11 illustrates small business loan originations, based on company’s annual revenue, for the review period, and compares this activity to the 2005 and 2006 aggregate lenders’ ratios.

Institution (continued)

**Table 11 - Distribution of Elmira Savings Bank's Small Business Loans
By Company's Revenue Category in the Combined Area
(Dollars in thousands)**

Company's Rev. Category	2004		2005		1/1/06 – 6/30/07		Review Period 1/1/04 – 6/30/07		Aggregate (*)	
	#	%	#	%	#	%	#	%	2005 % by #	2006 % by #
By Number:										
Less than \$1 million	16	61.5%	26	76.5%	50	74.6%	92	72.5%	48.1%	42.8%
Greater than \$1 mill.	8	30.8%	7	20.6%	15	22.4%	30	23.6%	NA	NA
Revenue Unknown	2	7.7%	1	2.9%	2	3.0%	5	3.9%	51.9%	57.2%
Total	26	100.0%	34	100.0%	67	100.0%	127	100.0%	100.0%	100.0%
By \$ Amount:										
Less than \$1 million	\$2,197	61.0%	\$2,886	82.4%	\$5,731	64.6%	\$10,814	67.7%	41.8%	59.7%
Greater than \$1 mill.	1,184	32.9%	582	16.6%	3,083	34.8%	4,849	30.4%	NA	NA
Revenue Unknown	220	6.1%	35	1.0%	56	0.6%	311	1.9%	58.2%	40.3%
Total	\$3,601	100.0%	\$3,503	100.0%	\$8,870	100.0%	\$15,974	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 are placed in the "Revenue Unknown" category.

With 72.5 percent of the small business loans granted to businesses with annual revenues less than \$1 million, Elmira's ability to reach small businesses exceeded the aggregate's level by a wide margin in both 2005 and 2006.

The institution participates in the New York State Linked Deposit Program. This program is 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 five loans totaling \$1.6 million under this program, which are included in Tables 7, 10 and 11. Three of the loans totaling \$1.2 million were to businesses operating in a New York State Empire Zone. New York State's Empire Zone program was created to stimulate economic growth through a variety of State tax incentives designed to attract new businesses to New York State and to enable existing businesses to expand and create more jobs.

Also included in Tables 7, 10, and 11 are nine loans totaling \$5.1 million that were originated under Small Business Administration loan programs.

Based on these findings, Elmira's lending record among small businesses was strong.

Geographic Distribution of Loans

As part of our lending analysis, we reviewed the bank's lending activity with respect to the distribution of loans among geographic areas of different income levels within the combined AA.

Institution (continued)

Table 12 illustrates loan originations, categorized by geography income level, that were reported by Elmira during the review period, and compares this activity to the 2005 and 2006 aggregate lenders.

Table 12 - Distribution of Elmira Savings Bank's HMDA-Reportable Loans By Geography Income Level in the Combined Assessment Area (Dollars in thousands)										
Geography Inc. Level	2004		2005		1/1/06 – 6/30/07		Review Period 1/1/04 – 6/30/07		Aggregate	
	#	%	#	%	#	%	#	%	2005 % by #	2006 % by #
By Number:										
Low	1	0.3%	0	0.0%	1	0.2%	2	0.2%	0.3%	0.2%
Moderate	25	6.8%	27	8.1%	37	6.3%	89	6.9%	4.4%	4.2%
Middle	223	60.8%	204	60.9%	340	58.3%	767	59.7%	75.2%	75.5%
Upper	118	32.1%	104	31.0%	205	35.2%	427	33.2%	20.1%	20.1%
Total	367	100.0%	335	100.0%	583	100.0%	1,285	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$15	0.1%	\$0	0.0%	\$105	0.3%	\$120	0.1%	0.2%	0.8%
Moderate	729	2.9%	834	4.3%	1,344	3.6%	2,907	3.6%	2.7%	2.3%
Middle	11,791	47.8%	9,648	49.5%	17,117	45.9%	38,556	47.3%	70.3%	68.5%
Upper	12,133	49.2%	9,022	46.2%	18,759	50.2%	39,914	49.0%	26.8%	28.4%
Total	\$24,668	100.0%	\$19,504	100.0%	\$37,325	100.0%	\$81,497	100.0%	100.0%	100.0%

Elmira granted 91 loans in LMI geographies and, with a 7.1 percent penetration in the LMI geographies, exceeds the aggregate lender's performance in both 2005 and 2006.

Of the 234 HMDA lenders that granted loans in the combined AA in calendar year 2006, only 62 lenders (27 percent) granted loans in LMI geographies. These lenders granted 257 loans totaling \$14 million. Elmira was the second most active lender with a 10.1 percent market share. The number one lender was the billion dollar commercial bank based in Tioga County, PA.

Based on the institution's size, branch network and market share, the distribution of loans among LMI geographies exceeds the level for satisfactory performance.

Institution (continued)

Table 13 reflects Elmira’s geographic distribution of consumer loans within the combined AA. (Aggregate data is not available on consumer loans.)

Table 13 - Distribution of Elmira Savings Bank’s Consumer Loans By Geography Income Level in the Combined Assessment Area (Dollars in thousands)								
Geography Inc. Level	2004		2005		1/1/06 – 3/30/07		Review Period	
	#	%	#	%	#	%	#	%
Low	3	1.2%	0	0.0%	12	0.8%	15	0.7%
Moderate	13	5.3%	45	7.7%	83	5.6%	141	6.0%
Middle	183	74.1%	443	75.6%	1,070	71.4%	1,696	72.8%
Upper	48	19.4%	98	16.7%	333	22.2%	479	20.5%
Total	247	100.0%	586	100.0%	1,498	100.0%	2,331	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$45	0.8%	\$0	0.0%	\$108	0.5%	\$153	0.4%
Moderate	259	4.8%	524	5.7%	997	4.4%	1,780	4.8%
Middle	3,670	67.3%	6,787	74.1%	14,701	65.4%	25,158	67.8%
Upper	1,478	27.1%	1,850	20.2%	6,675	29.7%	10,003	27.0%
Total	\$5,452	100.0%	\$9,161	100.0%	\$22,481	100.0%	\$37,094	100.0%

As previously noted, there is no similar peer data available for consumer lending. As a result we compared the distribution of the institution’s lending to the demographics of the AA. Based on the 2000 census, there are two low-income and four moderate-income geographies, which represent 11 percent of the total geographies.

With 6.7 percent of the consumer loans granted to borrowers in LMI geographies, the institution exceeded the level noted in the previous evaluation, but the level was below the percentage of geographies classified as either low- or moderate-income. Considering that only six percent of the AA families live in these LMI geographies and that 23 percent of the families are below poverty level, lending opportunities are extremely limited. Based on the limited lending opportunities, the distribution of consumer loans is satisfactory.

Institution (continued)

Table 14 reflects Elmira’s geographic distribution of small business loans within the combined AA.

Table 14 - Distribution of Elmira Savings Bank’s Small Business Loans By Geography Income Level in the Combined Assessment Area (Dollars in thousands)										
Geography Inc. Level	2004		2005		1/1/06 – 6/30/07		Review Period 1/1/04 – 6/30/07		Aggregate	
	#	%	#	%	#	%	#	%	2005 % by #	2006 % by #
By Number:										
Low	11	42.3%	1	2.9%	4	6.0%	16	12.6%	3.9%	2.7%
Moderate	4	15.4%	7	20.6%	20	29.9%	31	24.4%	8.6%	5.4%
Middle	7	26.9%	19	55.9%	23	34.3%	49	38.6%	68.3%	72.3%
Upper	4	15.4%	7	20.6%	20	29.8%	31	24.4%	19.2%	19.6%
Total	26	100.0%	34	100.0%	67	100.0%	127	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$1,759	48.9%	\$160	4.6%	\$2,077	23.4%	\$3,996	25.0%	7.4%	2.9%
Moderate	365	10.1%	303	8.6%	2,091	23.6%	2,759	17.3%	12.9%	5.6%
Middle	994	27.6%	2,164	61.8%	2,318	26.1%	5,476	34.3%	66.4%	79.2%
Upper	483	13.4%	876	25.0%	2,384	26.9%	3,743	23.4%	13.3%	12.3%
Total	\$3,601	100.0%	\$3,503	100.0%	\$8,870	100.0%	\$15,974	100.0%	100.0%	100.0%

As shown in Table 14, the distribution of small business loans in LMI geographies exceeded the levels achieved by the aggregate reporters by a wide margin. Based on the institution’s lending in LMI geographies, the distribution of small business loans is considered excellent.

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 AA.

Community Development

CRA regulations have undergone major changes since Elmira’s prior CRA evaluation was performed on August 30, 2004. As such, a review of the institution’s community development activities must be included for all evaluations that commenced in the third quarter of 2007. During the entire review period (January 1, 2004 through June 30, 2007), Elmira was subject to the small institution test, which did not include community development activities.

Elmira is a leader in the community in providing community development activities in its AA. Six community development loans totaling \$3.0 million were granted and a commitment for another loan totaling \$1.9 million was issued during the review period. Investments and contributions totaling

Institution (continued)

\$3.8 million were continued, renewed or provided in the AA. Institution personnel are actively involved in numerous organizations and activities in the AA that promote economic development and provide housing and services that directly benefit LMI individuals. The loans, investments and services were concentrated in the Elmira AA. In several instances the organizations and/or activities were provided in neighboring communities.

A more detailed description of the various community development activities is provided under each AA analysis.

Fair Lending or Other Illegal Credit Practices Review

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified during the concurrent examination where we evaluated compliance with consumer laws and regulations. Should the next independent examination find violations of the substantive provisions of the antidiscrimination laws and regulations, we will conduct a new evaluation taking into consideration the evidence of discriminatory or other illegal practices and assign a new rating accordingly.

State

Summary

CRA Rating for New York

CRA RATING¹:

The Lending Test is rated:

The Community Development Test is rated:

Outstanding

Outstanding

Outstanding

The vast majority of the institution's HMDA-reportable, consumer and small business lending took place in the Elmira, NY assessment area. The distribution of loans based on borrower income and the geographic distribution were both excellent.

The institution was a leader in providing community development lending, investments, and services in the assessment area.

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 from six offices located in the Elmira MSA in the state of New York. The institution's headquarters is located in a low-income geography in downtown Elmira. Two offices are located in middle-income geographies and three offices are in upper-income geographies. There are full-service ATMs at each office. The majority of the institution's lending and deposit activity occurred in the Elmira AA. Seventy-nine percent by number and 89 percent by dollar amount of the HMDA, consumer and small business loans were originated in this AA. Likewise, the majority of the institution's deposit gathering activity occurred in this AA, which accounted for 94 percent of total deposits as of June 30, 2007.

Description of Elmira, NY MSA Assessment Area

One of Elmira's AAs consists of Chemung County, NY and the two adjacent towns of Corning and Erwin in Steuben County, NY. Chemung County comprises all of the Elmira, NY MSA (#21300), and Steuben County is located in a Non-MSA (#99999). Given the fact that only a small portion of Steuben County has been considered as part of the institution's AA, we have included it with the Elmira MSA for convenience purposes. The AA (or "Elmira MSA") contains 30 geographies. Table

¹ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

15 illustrates demographic data on population, families, and housing units within the Elmira MSA AA.

Demographic Data	2000 Census
Population	115,565
Total Families	29,978
1-4 Family Units	41,467
Multi-family Units	4,813
Mobile Homes	2,767
% Owner-Occupied Units	63%
% Rental-Occupied Units	30%
% Vacant Housing Units	7%
Weighted Average Median Housing	\$67,977

The area’s population declined 3.9 percent from the 1990 to the 2000 census and the 2006 estimates indicated a further decline to 106,710.

Table 16 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:						
Low	2	6.7%	438	1.5%	573	1.4%
Moderate	4	13.3%	3,155	10.5%	5,279	12.7%
Middle	16	53.3%	16,604	55.4%	22,579	54.5%
Upper	7	23.3%	9,781	32.6%	13,033	31.4%
NA	1	3.4%	0	0.0%	3	0.0%
Total	30	100.0%	29,978	100.0%	41,467	100.0%

According to 2000 census data, 35.8 percent of the families in the AA are classified as low- to moderate-income, with 8.7 percent of the families reporting income below the poverty level. The Department of Housing and Urban Development (HUD) annually adjusts the 2000 census data to update the income levels. The adjusted figures are used in the Lending to Borrowers of Different Incomes section of this Performance Evaluation. Table 16(a) indicates the median family income ranges of each income category based on the 2007 HUD adjustment; table 16(b) reflects the updated HUD median family income for each year during the review period; and table 16(c) shows the distribution of families in each income range of the Elmira MSA AA.

Income Category	Income Ranges
-----------------	---------------

(As % of MSA Median)	From	To
Low (< 50%)	\$1	\$25,849
Moderate (50% - 79%)	25,850	\$41,359
Middle (80% - 119%)	\$41,360	\$62,039
Upper (>= 120%)	\$52,040	+

Year	Amount
2004	\$50,300
2005	\$51,500
2006	\$52,400
2007	\$51,700

* Based on HUD 2007 Median Family Income of the MSA

Table 16(c)- Distribution of Families In Elmira, NY MSA Assessment Area		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	5,278	17.6%
Moderate (50% - 79%)	5,464	18.2%
Middle (80% - 119%)	6,667	22.2%
Upper (>= 120%)	12,569	41.8%
Total	29,978	100.0%

The economy has remained stagnate during the review period. The unemployment rate for the Chemung County declined from 7.5 percent in January 2004 to 4.2 percent in October 2006, and was 4.8 percent in June 2007. The statewide rate as of June 2007 was 4.7 percent. Although retail locations expanded in the Big Flats shopping mall area, it was not the kind of growth that fuels the economy. The major employers in the county are found in the retail trade sector, followed by the health care and social services sector. The largest employers in the county are the Elmira City School District and the Arnot Ogden Medical Center.

The portion of Steuben County included in the AA includes the City of Corning and the village of Painted Post. The major employers are found in the retail trade sector, followed by the health care and social services sector. The largest employer in the area is Corning, Inc. The unemployment rate for Steuben County ranged from 8.5 percent in February 2004, to 4.0 percent in October 2006 and stood at 4.6 percent in June 2007.

The median housing value of \$68 thousand in 2007 is relatively affordable as it is only two times the mid-point income for a moderate-income family.

There are 16 financial institutions operating in this AA with 78 branch offices. As of June 30, 2007, these institutions held deposits totaling \$1.4 billion. The vast majority of the branch offices are in Chemung County. Elmira's six offices held 19.3 percent of the total deposit dollars.

A community contact was conducted with the housing development coordinator at a community development organization in conjunction with this evaluation. The individual stated that the economy in the area is declining and there are no major industries willing to invest in the area, as a result the job climate is difficult. The contact indicated that general banking needs are being met and that four local financial institutions are actively involved in the organization's first time homebuyers program.

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

Lending in the Elmira, NY MSA Assessment Area

Elmira offers various residential, consumer, and small business loans. Table 17 illustrates the institution’s lending activity in the Elmira AA during the 42-month review period ending June 30, 2007.

Table 17 - Loan Originations within the Elmira, NY MSA Assessment Area						
1/1/2004 – 6/30/2007						
(Dollars in thousands)						
Loan Type	Combined AA	Elmira MSA		Combined AA	Elmira AA	
	By Number	Number	Percent	By \$ Amt	\$ Amount	Percent
HMDA-Related	1,285	1,159	90%	\$81,497	\$74,937	92%
Consumer	2,331	1,689	72%	37,098	28,813	78%
Small Business	127	126	99%	15,973	15,915	99%
Total	3,743	2,974	79%	\$134,568	\$119,665	89%

The vast majority of the lending took place in the Elmira AA. According to 2006 aggregate HMDA data, the institution was the second highest lender and with 369 loans, captured 11.6 percent of the market. Based on 2006 aggregate small business data, the institution ranked 5th, with a six percent market share. Aggregate data for consumer loans is not available.

Based on the lending activity during the current review period, the institution’s responsiveness to community credit needs was exemplary.

Lending to Borrowers of Different Incomes

As part of our lending analysis, we reviewed the bank’s lending activity with respect to the distribution of loans among borrowers of different income levels within the Elmira MSA AA. Table 18 illustrates loan originations, categorized by borrower income level, that were reported by Elmira during the review period, and compares this activity to the 2005 and 2006 aggregate lenders.

Table 18 - Distribution of Elmira Savings Bank's HMDA-Reportable Loans By Borrower Income Level in Elmira, NY MSA Assessment Area (Dollars in thousands)										
Borrower Inc. Level	2004		2005		1/1/06 – 6/30/07		Review Period 1/1/04 – 6/30/07		Aggregate	
	#	%	#	%	#	%	#	%	2005 % by #	2006 % by #
By Number:										
Low	40	12.4%	42	13.7%	53	10.0%	135	11.6%	9.4%	9.6%
Moderate	59	18.3%	46	15.1%	111	20.9%	216	18.6%	22.5%	20.2%
Middle	84	26.1%	79	25.8%	139	26.2%	302	26.1%	27.0%	26.4%
Upper	132	41.0%	131	42.8%	220	41.4%	483	41.7%	36.8%	41.3%
Income NA	7	2.2%	8	2.6%	8	1.5%	23	2.0%	4.3%	2.5%
Total	322	100.0%	306	100.0%	531	100.0%	1,159	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$1,351	6.0%	\$1,361	7.5%	\$1,358	4.0%	\$4,070	5.4%	4.9%	4.4%
Moderate	2,782	12.3%	1,998	10.9%	4,378	12.9%	9,158	12.2%	15.1%	13.4%
Middle	5,329	23.5%	3,660	20.0%	7,080	20.8%	16,069	21.5%	22.8%	20.2%
Upper	12,950	57.2%	11,117	60.9%	20,873	61.3%	44,940	60.0%	50.3%	52.3%
Income NA	228	1.0%	132	0.7%	340	1.0%	700	0.9%	6.9%	9.7%
Total	\$22,640	100.0%	\$18,268	100.0%	\$34,029	100.0%	\$74,937	100.0%	100.0%	100.0%

Elmira consistently granted a higher percentage of loans to low-income borrowers than the aggregate HMDA reporters. Lending to moderate-income borrowers was slightly below the aggregate's level in 2005, but with a 22.2 percent penetration in 2006, the institution exceeded the 20.2 percent level achieved by the aggregate reporters.

During 2006, 85 lenders granted loans to LMI borrowers. Elmira ranked second with 119 loans and a 13 percent market share. The number one lender was a locally based commercial bank, twice as large as Elmira.

Based on the institution's strong market share and the distribution among LMI borrowers, the institution exceeds the standard for satisfactory performance in this factor.

Table 19 reflects Elmira’s borrower distribution of consumer loans within the Elmira MSA AA.

Table 19 - Distribution of Elmira Savings Bank's Consumer Loans By Borrower Income Level in Elmira, NY MSA Assessment Area (Dollars in thousands)								
Borrower Inc. Level	2004		2005		1/1/06 – 6/30/07		Review Period	
	#	%	#	%	#	%	#	%
Low	43	24.6%	97	22.8%	249	22.9%	389	23.0%
Moderate	51	29.2%	118	27.8%	303	27.8%	472	27.9%
Middle	38	21.7%	96	22.6%	270	24.8%	404	23.9%
Upper	30	17.1%	86	20.2%	199	18.3%	315	18.7%
Income NA	13	7.4%	28	6.6%	68	6.2%	109	6.5%
Total	175	100.0%	425	100.0%	1,089	100.0%	1,689	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$744	18.0%	\$940	13.7%	\$2,573	14.4%	\$4,257	14.8%
Moderate	1,108	26.9%	1,906	27.7%	3,918	22.0%	6,932	24.1%
Middle	1,013	24.6%	1,697	24.7%	4,540	25.5%	7,250	25.1%
Upper	1,032	25.0%	2,066	30.1%	5,556	31.2%	8,654	30.0%
Income NA	227	5.5%	263	3.8%	1,227	6.9%	1,717	6.0%
Total	\$4,124	100.0%	\$6,872	100.0%	\$17,814	100.0%	\$28,810	100.0%

Since there is no similar peer data for consumer loans, a comparison of the institution’s lending activity was made to the percentage of families that are classified low-, moderate-, middle- or upper-income.

Based on 2000 census data for the Elmira AA, 17.6 percent of the families are low-income and 18.2 percent are moderate-income. As shown in Table 19, over 50 percent of the consumer loans were granted to LMI borrowers, exceeding the demographic levels. As a result, the borrower distribution of consumer loans is considered excellent.

Table 20 provides an analysis of Elmira’s small business activity, based on loan origination amount, for the review period, and compares this activity to the 2005 and 2006 aggregate lenders’ ratios.

Table20 - Distribution of Elmira Savings Bank’s Small Business Loans By Loan Origination Amount in Elmira, NY MSA Assessment Area (Dollars in thousands)										
Loan Amount At Origination	2004		2005		1/1/06 – 6/30/07		Review Period 1/1/04 – 6/30/07		Aggregate	
	#	%	#	%	#	%	#	%	2005	2006
By Number:									% by #	% by #
≤ \$100,000	13	52.0%	22	64.7%	42	62.7%	77	61.1%	92.9%	97.7%
\$100,001 - \$250,000	8	32.0%	10	29.4%	14	20.9%	32	25.4%	3.4%	1.4%
\$250,001 - \$1 million	4	16.0%	2	5.9%	11	16.4%	17	13.5%	3.7%	0.9%
Total	25	100.0%	34	100.0%	67	100.0%	126	100.0%	100.0%	100.0%
By \$ Amount:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
≤ \$100,000	\$563	15.9%	\$1,020	29.1%	\$2,114	23.8%	\$3,697	23.2%	30.7%	57.2%
\$100,001 - \$250,000	1,403	39.6%	1,733	49.5%	2,147	24.2%	5,283	33.2%	16.9%	14.1%
\$250,001 - \$1 million	1,577	44.5%	750	21.4%	4,608	52.0%	6,935	43.6%	52.4%	28.7%
Total	\$3,543	100.0%	\$3,503	100.0%	\$8,869	100.0%	\$15,915	100.0%	100.0%	100.0%

Table 20 illustrates that Elmira’s level of loans in amounts less than \$100 thousand was below the level achieved by the aggregate reporters. Among the 30 aggregate reporters in 2006, the top 10 lenders originated 91 percent of the loans in amounts less than \$100 thousand. The average loan amount, for eight of the top ten aggregate lenders, was less than \$6 thousand, indicating they are some sort of credit card lender, a product not offered by Elmira.

Table 21 illustrates small business loan originations, based on company’s annual revenue, for the review period, and compares this activity to the 2005 and 2006 aggregate lenders’ ratios.

Table 21 - Distribution of Elmira Savings Bank’s Small Business Loans By Company’s Revenue Category in Elmira, NY MSA Area (Dollars in thousands)										
Company’s Rev. Category	2004		2005		1/1/06 – 6/30/07		Review Period 1/1/04 – 6/30/07		Aggregate (*)	
	#	%	#	%	#	%	#	%	2005	2006
By Number:									% by #	% by #
Less than \$1 million	15	60.0%	26	76.5%	50	74.6%	91	72.2%	41.0%	35.2%
Greater than \$1 mill.	8	32.0%	7	20.6%	15	22.4%	30	23.8%	NA	NA
Revenue Unknown	2	8.0%	1	2.9%	2	3.0%	5	4.0%	59.0%	64.8%
Total	25	100.0%	34	100.0%	67	100.0%	126	100.0%	100.0%	100.0%
By \$ Amount:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Less than \$1 million	\$2,139	60.4%	\$2,886	82.4%	\$5,731	64.6%	\$10,756	67.6%	28.4%	55.1%
Greater than \$1 mill.	1,184	33.4%	582	16.6%	3,083	34.8%	4,849	30.4%	NA	NA
Revenue Unknown	220	6.2%	35	1.0%	56	0.6%	310	2.0%	71.6%	44.9%
Total	\$3,543	100.0%	\$3,503	100.0%	\$8,870	100.0%	\$15,915	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 are placed in the “Revenue Unknown” category.

Providing a more accurate picture of the institution’s willingness to meet the needs of small businesses is the data shown in Table 21. During the review period 72.2 percent of the institution’s loans were to businesses with annual revenues less than \$1 million, compared to the 41.0 and 35.2 percent levels achieved by the aggregate reporters in 2005 and 2006, respectively.

Given these findings, the institution’s lending to small businesses within the Elmira AA exceeds the standard for satisfactory performance.

Geographic Distribution of Loans

As part of our lending analysis, we reviewed the bank’s lending activity with respect to the distribution of loans among geographic areas of different income levels within the Elmira MSA AA. Table 22 illustrates loan originations, categorized by geography income level, that were reported by Elmira during the review period, and compares this activity to the 2005 and 2006 aggregate lenders.

Table 22 - Distribution of Elmira Savings Bank’s HMDA-Reportable Loans										
By Geography Income Level in Elmira, NY MSA Assessment Area (Dollars in thousands)										
Geography Inc. Level	2004		2005		1/1/06 – 6/30/07		Review Period 1/1/04 – 6/30/07		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	1	0.3%	0	0.0%	1	0.2%	2	0.2%	0.6%	0.4%
Moderate	25	7.8%	27	8.8%	37	7.0%	89	7.7%	7.9%	7.6%
Middle	178	55.3%	175	57.2%	288	54.2%	641	55.3%	55.7%	55.3%
Upper	118	36.6%	104	34.0%	205	38.6%	427	36.8%	35.8%	36.7%
Total	322	100.0%	306	100.0%	531	100.0%	1,159	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$15	0.1%	\$0	0.0%	\$105	0.3%	\$120	0.1%	0.4%	1.4%
Moderate	729	3.2%	834	4.6%	1,344	4.0%	2,907	3.9%	4.7%	4.1%
Middle	9,763	43.1%	8,412	46.0%	13,821	40.6%	31,996	42.7%	47.4%	44.2%
Upper	12,133	53.6%	9,022	49.4%	18,759	55.1%	39,914	53.3%	47.5%	50.3%
Total	\$22,640	100.0%	\$18,268	100.0%	\$34,029	100.0%	\$74,937	100.0%	100.0%	100.0%

The demographics of the two low-income geographies in the AA show that only 7.7 percent, of the 1,393 housing units are owner-occupied, thus lending opportunities are limited. Elmira granted one loan in a low-income geography in 2004 and one in 2006. During 2006 13 HMDA lenders granted 14 loans in the low-income geographies, with only one lender originating more that one loan.

The institution was more successful in reaching moderate-income geographies. With a 6.8 percent penetration in 2006, Elmira was below the aggregate’s level. However, with 8.8 percent in 2005, the institution surpassed the level achieved by the aggregate reporters.

During 2006, 62 out of 154 HMDA lenders, or 40 percent, granted loans in the LMI geographies in this AA. Elmira was the second most productive lender, with 10 percent of the market. Based on the

institution's size, competition and strong market share, the geographic distribution of loans is considered strong.

Table 23 reflects Elmira's geographic distribution of consumer loans within the Elmira MSA AA.

Table 23 - Distribution of Elmira Savings Bank's Consumer Loans								
By Geography Income Level in Elmira, NY MSA Assessment Area (Dollars in thousands)								
Geography	2004		2005		1/1/06 – 3/30/07		Review Period	
Inc. Level	#	%	#	%	#	%	#	%
Low	3	1.7%	0	0.0%	12	1.1%	15	0.9%
Moderate	13	7.5%	45	10.6%	83	7.6%	141	8.3%
Middle	111	63.4%	282	66.4%	661	60.7%	1,054	62.4%
Upper	48	27.4%	98	23.0%	333	30.6%	479	28.4%
Total	175	100.0%	425	100.0%	1,089	100.0%	1,689	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$45	1.1%	\$0	0.0%	\$108	0.6%	\$153	0.5%
Moderate	259	6.3%	524	7.6%	997	5.6%	1,780	6.2%
Middle	2,342	56.8%	4,498	65.5%	10,034	56.3%	16,874	58.6%
Upper	1,478	35.8%	1,850	26.9%	6,675	37.5%	10,003	34.7%
Total	\$4,124	100.0%	\$6,872	100.0%	\$17,814	100.0%	\$28,810	100.0%

Without similar peer data for consumer loans, the institution's lending activity was compared against the demographics of the AA. Based on the 2000 census, there are two low-income and four moderate-income geographies, which represent 20 percent of the total geographies.

With 9.2 percent of the consumer loans granted to borrowers in LMI geographies, the institution exceeded the level noted in the previous evaluation, but the level was below the percentage of geographies classified as LMI. Considering that only 12 percent of the AA families live in these LMI geographies and that 23 percent of the families have incomes below poverty level, lending opportunities are extremely limited. Based on the limited lending opportunities, the distribution of consumer loans is good.

Table 24 reflects Elmira’s geographic distribution of small business loans within the Elmira MSA AA.

Table 24 - Distribution of Elmira Savings Bank’s Small Business Loans By Geography Income Level in the Elmira, NY MSA Assessment Area (Dollars in thousands)										
Geography Inc. Level	2004		2005		1/1/06 – 6/30/07		Review Period 1/1/04 – 6/30/07		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	11	44.0%	1	2.9%	4	6.0%	16	12.7%	7.0%	5.4%
Moderate	4	16.0%	7	20.6%	20	29.9%	31	24.6%	15.5%	10.5%
Middle	6	24.0%	19	55.9%	23	34.2%	48	38.1%	43.4%	45.8%
Upper	4	16.0%	7	20.6%	20	29.9%	31	24.6%	34.1%	38.3%
Total	25	100.0%	34	100.0%	67	100.0%	126	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$1,759	49.7%	\$160	4.6%	\$2,077	23.4%	\$3,996	25.1%	14.1%	8.6%
Moderate	365	10.3%	303	8.6%	2,091	23.6%	2,759	17.4%	24.5%	16.9%
Middle	936	26.4%	2,164	61.8%	2,318	26.1%	5,418	34.0%	36.1%	37.5%
Upper	483	13.6%	876	25.0%	2,384	26.9%	3,742	23.5%	25.3%	37.0%
Total	\$3,543	100.0%	\$3,503	100.0%	\$8,870	100.0%	\$15,915	100.0%	100.0%	100.0%

Table 24 indicated that, at 37.3 percent, the percentage of small business loans granted in LMI geographies surpassed the aggregate reporters’ levels by a wide margin. Given this superior performance, the geographic distribution of small business loans in the Elmira AA is considered exemplary.

Community Development in Elmira, NY MSA Assessment Area

Elmira demonstrated a leadership role in providing community development loans, investments and services within the AA.

Community Development Lending

The institution provided community development loans totaling \$4.9 million, that helped to promote affordable housing, provide jobs, increase property values, and revitalize and stabilize neighborhoods. Table 25 presents a description of the institution’s community development lending which ranged in amounts from \$20 thousand to \$1.9 million during the review period.

Table 25 - Community Development Loans in the Elmira Assessment Area (Dollars in Thousands)	
Description	\$ Amount
A line of credit was granted to provide working capital to a non-profit organization that provides meals to residents of Chemung County who are unable to procure or prepare meals for themselves. The majority of the meals are for aged clients, with incomes below poverty level.	\$20
One loan was provided to a non-profit organization to fund capital improvements to a facility located in a moderate-income geography that provides health, exercise, child care and recreational programs for individuals and families.	\$200
Two loans were provided to a state funded non-profit organization serving individuals with intellectual and other developmental disabilities by providing residential services, day care, and educational programs. One loan provided working capital and the second loan refinanced an existing loan that was used to purchase and renovate residential properties serving the organization's clients.	\$1,096
A bridge loan was extended for the purchase of an historic building that was built in the 1890's. An additional line of credit was provided for working capital purposes in support of the renovation and development of the property. The former Henkel building is being converted into first floor retail space with the creation of apartments for LMI individuals and families on the upper floors. Take out financing for the project will be provided by a grant from the City of Corning/Three Rivers Development Foundation and a significant grant from Restore New York.	\$1,648
A loan commitment was issued in 2007 to provide working capital in support of renovations and the development of three buildings in the City of Corning. The property will be converted into first floor retail space, with apartments for LMI individuals and families on the upper floors. The takeout financing will be partially provided by the City of Corning/Three Rivers Development Foundation and a grant from Restore New York	\$1,900

Community Development Investments

During the prior review period, the institution purchased a \$3.5 million Civic Facility Revenue Bond through the Chemung County Industrial Development Agency, a public benefit corporation. The agency's primary purpose is to promote and assist private sector industrial development and advance job opportunities, and economic welfare of the people of Chemung County. Funds from this bond issue were used to renovate the Woodbrook Adult Home's existing structure and provide for the construction of a 13 thousand square foot addition that will add 16 new apartments, and the project was considered to create sustained jobs. The City of Elmira is located in one of New York's Empire Zones (Zone), which are geographic areas that offer special incentives to encourage economic development, business investment, and job creation. The facility provides a community of affordable housing and various retail stores, including a drugstore, hair salon, fitness center, ice cream shop, and dining facilities. The investment's current balance is \$3.2 million.

A \$600 thousand commitment with the Community Preservation Corporation (CPC), a private non-profit community development corporation was renewed. CPC is a primary lender for housing rehabilitation and construction in the State of New York. The institution is a member of the corporation and committed to purchase \$600 thousand in Collateral Trust Notes, secured by CPC originated permanent loans for single-family housing. The outstanding balance is \$333 thousand and to date, all CPC projects have been outside the institution's AA.

Elmira continues to be a member of the NY Business Development Corporation and participates in its loan programs, the purpose of which is to promote economic development throughout the state. The institution renewed its commitment of \$236 thousand and to date funds totaling \$11 thousand have been provided.

Elmira was a generous provider to local organizations that directly benefit LMI individual and families, and economic development. During review period donations totaling \$253 thousand were provided to 24 different organizations in this AA. A sample of the activities provided by these organizations include youth-based programs, affordable housing and home weatherization programs, food banks, rehabilitation and employment opportunities for disabled and mentally challenged clients, medical care, job creation and training, education, and business and economic development.

Community Development Services

Institution directors, officers, and employees are actively involved in more than 23 organizations that provide community development services in the AA, often serving as officers and directors of these organizations. Table 26 is representative of the institution's community development services and strong participation in community development organizations:

Table 26 - 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 Elmira Empire Zone , as well as the City of Elmira Commercial Loan Program
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.
Salvation Army	Board member of Advisory Council	Provides various social services including youth and family counseling, day-care centers for low-income families, youth activities, and disaster services.
United Way of the Southern Tier	Board Member, Member of Fund Raising Committee, Committee Chairman, and volunteer (five individuals)	Non-profit organization that provides funds and services for various organizations serving LMI individuals and families.
Woodbrook Foundation	Board Member and Treasurer (two individuals)	Adult care facility for individuals with intellectual and other developmental disabilities.
Compeer	Volunteer (four individuals)	Mentoring troubled youth, building moral and self confidence.
Steele Memorial Library and Elementary School Reading Program	Volunteers	Promotes and develops reading skills.

State

Summary

CRA Rating for Pennsylvania

CRA RATING²:

The Lending Test is rated:

The Community Development Test is rated:

Satisfactory

Outstanding

Satisfactory

Elmira granted HMDA-reportable consumer and small business loans in the Non-MSA PA assessment area. However, the bulk of Elmira's lending in this area was consumer loans. With only one small business loan originated during the review period, the lending analysis was based on the HMDA-reportable and consumer loan originations. Furthermore, since the AA does not contain any LMI geographies, this element was not rated.

The distribution of HMDA loans exceeded the level achieved by the aggregate HMDA reporters and with 56 percent of the consumer loans granted to LMI borrowers, the distribution based on borrower income was exemplary.

Elmira did not grant or participate in any community development loans in this assessment area. While community development investments and services were minimal, this factor is rated satisfactory based on the institution's strong lending record, especially as it relates to consumer loans.

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

State Nonmetropolitan Area & State Reviewed³

(if some or all of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)

Description of Institution's Operations in Non-MSA, PA

Elmira commenced operations in Pennsylvania with the October 1993 opening of the Mansfield, PA branch office in Tioga County. The office is served by a 24-hour accessible ATM and the products and services at this branch are identical to those offered in the Elmira AA. Twenty-one percent by number and 11 percent by dollar amount of the HMDA, consumer and small business loans were originated in this AA. This office accounted for six percent of total deposits as of June 30, 2007.

Description of Non-MSA, PA Assessment Area

Elmira's second AA consists of Bradford and Tioga Counties, PA. These contiguous counties, which are located in a Pennsylvania Non-MSA, contain 24 geographies. Table 27 illustrates demographic data on population, families, and housing units within the PA Non-MSA AA.

Table 27 - Demographic Data (Based on 2000 U.S. Census Data)	
Demographic Data	2000 Census
Population	104,134
Total Families	28,588
1-4 Family Units	37,410
Multi-family Units	1,880
Mobile Homes	9,051
% Owner-Occupied Units	63%
% Rental-Occupied Units	20%
% Vacant Housing Units	17%
Weighted Average Median Housing	\$73,571

The population in this AA increased two percent between the 1990 and 2000 census. However, the estimates for 2006 indicate a 0.5 percent decline.

Table 28 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.

³ 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 because the examiner has reviewed and discussed the performance in the nonmetropolitan areas in the overall evaluation of the institution. 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 28 - Distribution of Geographies, Families and Housing Units In PA Non-MSA Assessment Area						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%
Middle	24	100.0%	28,588	100.0%	37,410	100.0%
Upper	0	0.0%	0	0.0%	0	0.0%
Total	24	100.0%	28,588	100.0%	37,410	100.0%

According to 2000 census data, 39.9 percent of the families in the AA are classified as low- to moderate-income, and 9.1 percent of the families report income below the poverty level. Table 28(a) indicates the median family income ranges of each income category based on the 2007 HUD adjustment; table 28(b) reflects the updated HUD median family income for each year during the review period; and table 28(c) shows the distribution of families in each income range of the Elmira MSA AA.

Table 28(a) - Median Family Income Ranges (*)		
Income Category (% of Non-MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$25,299
Moderate (50% - 79%)	\$25,300	\$40,479
Middle (80% - 119%)	\$40,480	\$60,719
Upper (>= 120%)	\$60,720	+

Table 28(b) - Annual HUD Median Family Income	
Year	Amount
2004	\$48,200
2005	\$48,350
2006	\$50,600
2007	\$49,800

* Based on HUD 2007 Median Family Income of the Non-MSA

Table 28(c)- Distribution of Families In PA Non-MSA Assessment Area		
Family Income Category (% of Non-MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	5,580	19.5%
Moderate (50% - 79%)	5,838	20.4%
Middle (80% - 119%)	6,824	23.9%
Upper (>= 120%)	10,346	36.2%
Total	28,588	100.0%

Mansfield, where the institution’s branch office is located, is the largest borough in Tioga County and the county seat is Wellsboro. The major employment sector is retail trade, followed by the health and social services sector. The most employees are found in manufacturing and retail trade. Two of the county’s largest employers are Solutions Corning Glass Works and Ward Manufacturing. The unemployment rate in Tioga County ranged from 5.9 percent in 2004 to the current low of 4.7 percent in June 2007. The state wide rate as of June 2007 was 4.1 percent.

While the institution does not have a branch office in Bradford County, it was included in the AA because many of the residents commute to Mansfield in Tioga County for employment purposes.

The major employment sector is retail trade, followed by the health and social services sector. The most employees are found in manufacturing and health care. Two of the county’s largest employers are Robert Packer Hospital and Cargill Meat. The unemployment rate has improved from 5.4 percent in 2004, to 4.1 percent as of June 2007.

At \$74 thousand, the median housing value is more than three times the mid-point income for a moderate-family, limiting home ownership opportunities for most LMI borrowers.

There are ten financial institutions operating in this AA with 49 branch offices. As of June 30, 2007, these institutions held deposits totaling \$1.4 billion. The majority of the branch offices and deposits are in Bradford County. Elmira’s office held 1.4 percent of the total deposit dollars. Three of the institution’s, including Elmira, also have offices in the Elmira AA.

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

Lending in the Non-MSA, PA Assessment Area

Elmira offers various residential, consumer, and small business loans. Table 29 illustrates the institution’s lending activity in the Non-MSA AA during the 42-month review period ending June 30, 2007.

Table 29 - Loan Originations within the PA Non-MSA Assessment Area						
01/1/2004 – 6/30/2007						
(Dollars in thousands)						
Loan Type	Combined AA		PA Non-MSA AA		PA Non-MSA AA	
	By Number	Number	Percent	By \$ Amt	\$ Amount	Percent
HMDA-Related	1,285	126	10%	\$81,497	\$6,560	8%
Consumer	2,331	642	28%	37,098	8,285	22%
Small Business	127	1	1%	15,973	58	1%
Total	3,743	769	21%	\$134,568	\$14,903	11%

With an average of 36 HMDA originations per year, residential lending in this AA is below the levels attained in the prior review period. According to 2006 aggregate HMDA data, 176 lenders originated loans in this AA. The institution ranked 15th with 29 loans and a one percent market share. With only one small business loan granted in the Pennsylvania AA, further analysis in this AA is focused on the HMDA-reportable and consumer loans. Aggregate data for consumer loans is not available.

Based on the lending activity during the current review period and the institution’s limited presence in the area, Elmira’s responsiveness to community credit needs met the standard for satisfactory performance.

Lending to Borrowers of Different Incomes

As part of our lending analysis, we reviewed the bank’s lending activity with respect to the distribution of loans among borrowers of different income levels within the PA Non-MSA AA. Table 30 illustrates loan originations, categorized by borrower income level, that were reported by Elmira during the review period, and compares this activity to the 2005 and 2006 aggregate lenders.

Table 30 - Distribution of Elmira Savings Bank’s HMDA-Reportable Loans By Borrower Income Level in PA Non-MSA Assessment Area (Dollars in thousands)										
Borrower Inc. Level	2004		2005		1/1/06 0– 6/30/07		Review Period 1/1/04 – 6/30/07		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	6	13.3%	4	13.8%	4	7.7%	14	11.1%	9.7%	10.1%
Moderate	10	22.2%	8	27.6%	13	25.0%	31	24.6%	20.9%	21.6%
Middle	12	26.7%	7	24.1%	16	30.8%	35	27.8%	27.5%	27.3%
Upper	17	37.8%	10	34.5%	19	36.5%	46	36.5%	38.8%	38.2%
Income NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3.1%	2.8%
Total	45	100.0%	29	100.0%	52	100.0%	126	100.0%	100.0%	100.0%
By \$ Amt:										
Low	\$68	3.4%	\$91	7.4%	\$244	7.4%	\$403	6.1%	5.4%	6.2%
Moderate	354	17.5%	364	29.4%	497	15.1%	1,215	18.5%	16.4%	17.8%
Middle	514	25.3%	273	22.1%	903	27.4%	1,690	25.8%	25.3%	25.3%
Upper	1,092	53.8%	508	41.1%	1,652	50.1%	3,252	49.6%	49.4%	47.3%
Income NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3.5%	3.4%
Total	\$2,028	100.0%	\$1,236	100.0%	\$3,296	100.0%	\$6,560	100.0%	100.0%	100.0%

With 35.7 percent of the loans granted to LMI borrowers, Elmira exceeded the 14.1 percent level noted in the previous evaluation by a wide margin, as well as the levels achieved by the aggregate reporters.

During 2006, 108 HMRA reporters granted 831 loans to LMI borrowers in this AA. Elmira originated ten loans and ranked 15th, with a one percent market share. The most active lender was a billion dollar bank with seven branch offices in the AA, which captured over a third of the market.

Based on the increased penetration of the LMI borrowers and the institutions limited presence in the AA, the distribution of HMDA loans is considered excellent.

Table 31 reflects Elmira’s borrower distribution of consumer loans within the PA Non-MSA AA.

Table 31 - Distribution of Elmira Savings Bank's Consumer Loans By Borrower Income Level in PA Non-MSA Assessment Area (Dollars in thousands)								
Borrower Inc. Level	2004		2005		1/1/06 – 6/30/07		Review Period	
	#	%	#	%	#	%	#	%
Low	22	30.6%	50	31.1%	112	27.4%	184	28.7%
Moderate	13	18.1%	39	24.2%	126	30.8%	178	27.7%
Middle	22	30.6%	46	28.5%	112	27.4%	180	28.0%
Upper	13	18.1%	18	11.2%	50	12.2%	81	12.6%
Income NA	2	2.6%	8	5.0%	9	2.2%	19	3.0%
Total	72	100.0%	161	100.0%	409	100.0%	642	100.0%
	\$	%	\$	%	\$	%	\$	%
Low	\$226	17.0%	\$435	19.0%	\$831	17.8%	\$1,492	18.0%
Moderate	219	16.5%	483	21.1%	1,296	27.8%	1,998	24.1%
Middle	388	29.2%	1,085	47.4%	1,630	34.9%	3,103	37.5%
Upper	445	33.5%	179	7.8%	787	16.9%	1,411	17.0%
Income NA	50	3.8%	107	4.7%	123	2.6%	280	3.4%
Total	\$1,328	100.0%	\$2,289	100.0%	\$4,667	100.0%	\$8,284	100.0%

Since there is no similar peer data for consumer loans, a comparison of the institution’s lending activity was made to the percentage of families that are classified low-, moderate-, middle- or upper-income.

Based on 2000 census data for the PA AA, 19.5 percent of the families are low-income and 20.4 percent are moderate-income. As shown in Table 31, over 56 percent of the consumer loans were granted to LMI borrowers, exceeding the demographic levels. As a result, the borrower distribution of consumer loans is considered excellent.

Geographic Distribution of Loans

Since there are only middle-income geographies in this AA, a geographic analysis is not meaningful. Therefore greater emphasis will be placed on the borrower characteristics analysis.

Community Development in Non-MSA, PA Assessment Area

No community development loans were provided in this AA during the current review period. Two contributions totaling \$600 were provided to organizations providing economic development and social services in the AA and one employee served on the financial committee of an economic development organization. While the institution provided contributions to additional organizations

and the officers and employees were actively involved in other AA organizations, these organizations did not meet the CRA community development purpose definition.

Appendix A

Scope of Examination

SCOPE OF EXAMINATION		
Full Scope		
TIME PERIOD REVIEWED	1/1/2004 – 6/30/2007	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED
Elmira Savings Bank, FSB		Home Mortgage, Consumer, Small Business and Community Development Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
None	NA	NA

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED ⁱ	OTHER INFORMATION
Elmira, NY MSA	Offsite	None	None
Non-MSA Pennsylvania	Offsite	None	None

ⁱ There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

Appendix B

Summary of State and Multistate Metropolitan Area Ratings

State or Multistate Metropolitan Area Name	Lending Test Rating	Community Development Test Rating	Overall State Rating
New York	Outstanding	Outstanding	Outstanding
Pennsylvania	Outstanding	Satisfactory	Satisfactory

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.