



# 2023

## ANNUAL REPORT

Chemung Financial Corporation



# Bank Anywhere, Anytime.

## **ALBANY**

132 State St., Albany  
65 Wolf Rd., Albany  
581 Loudon Rd., Latham  
1365 New Scotland Rd., Slingerlands

## **BRADFORD**

5 W. Main St., Canton  
159 Canton St., Troy

## **BROOME**

127 Court St., Binghamton  
100 Rano Blvd., Vestal

## **CAYUGA**

110 Genesee St., Auburn  
185 Grant Ave., Auburn

## **CHEMUNG**

One Chemung Canal Plaza, Elmira  
628 W. Church St., Elmira  
100 W. McCann's Blvd., Elmira Heights  
29 Arnot Rd., Horseheads  
602 S. Main St., Horseheads  
951 Pennsylvania Ave., Southport

## **CORTLAND**

1094 Highway 222, Cortland

## **ERIE**

9159 Main Street, Suite 1B, Clarence

## **SARATOGA**

25 Park Ave., Clifton Park  
3057 Route 50, Saratoga Springs

## **SCHENECTADY**

2 Rush St., Schenectady

## **SCHUYLER**

303 W. Main St., Montour Falls  
318 N. Franklin St., Watkins Glen

## **SENECA**

54 Fall St., Seneca Falls

## **STEBEN**

201 Bath Plaza, Bath  
149 W. Market St., Corning

## **TIOGA**

203 Main St., Owego  
405 Chemung St., Waverly

## **TOMPKINS**

909 Hanshaw Rd., Ithaca  
304 Elmira Rd., Ithaca  
806 W. Buffalo St., Ithaca

# Financial Highlights

(in thousands, except per share data and employee count)

<b>Operating Results - Year Ended December 31:</b>	<b>2023</b>	<b>2022</b>	<b>% of Change</b>
Net interest income	\$74,457	\$74,179	0.4%
Provision (credit) for credit losses (1)	3,262	(554)	668.8%
Other operating income:			
Wealth Management Group fee income	10,460	10,280	1.8%
Other income	14,089	11,156	26.3%
Other operating expenses	64,243	59,280	8.4%
Income tax expense	<u>6,501</u>	<u>8,106</u>	(19.8)%
Net income	\$25,000	\$28,783	(13.1)%

## At Year End:

Assets	\$2,710,529	\$2,645,553	2.5%
Loans, net of deferred loan fees	1,972,664	1,829,448	7.8%
Allowance for credit losses (1)	22,517	19,659	14.5%
Deposits	2,429,427	2,327,227	4.4%
Shareholders' equity	195,241	166,388	17.3%
Employees (full-time equivalent)	339	340	(0.3)%

## Share and Per Share Data:

Net income	5.28	6.13	(13.9)%
Book value, at year end	41.07	35.32	16.3%
Tangible book value, at year end	36.48	30.69	18.9%
Dividends declared	1.24	1.24	0%
Shares outstanding (average)	4,732	4,693	0.8%

## Ratios:

Allowance for credit losses to total loans (1)	1.14%	1.07%
Return on average assets	0.94%	1.15%
Return on average equity	14.11%	15.93%
Return on average tangible equity	16.09%	18.12%
Efficiency ratio (adjusted)	66.20%	61.71%

## Trust Assets Under Administration (market value):

as Fiduciary	\$1,492,676	\$1,639,794	(9.0)%
as Custodian	<u>465,173</u>	<u>413,156</u>	12.6%
	\$1,957,849	\$2,052,950	(4.6)%

## Common Stock Market Prices and Dividends Paid During Past Two Years:

<b>December 31, 2023</b>	<b>High</b>	<b>Low</b>	<b>Dividends</b>
4th Quarter	\$50.17	\$39.00	\$0.31
3rd Quarter	43.01	37.60	0.31
2nd Quarter	41.51	34.20	0.31
1st Quarter	52.65	41.50	0.31

<b>December 31, 2022</b>	<b>High</b>	<b>Low</b>	<b>Dividends</b>
4th Quarter	\$47.99	\$41.21	\$0.31
3rd Quarter	48.38	41.80	0.31
2nd Quarter	47.48	40.88	0.31
1st Quarter	47.14	45.25	0.31

(1) The Corporation adopted CECL, January 1, 2023.

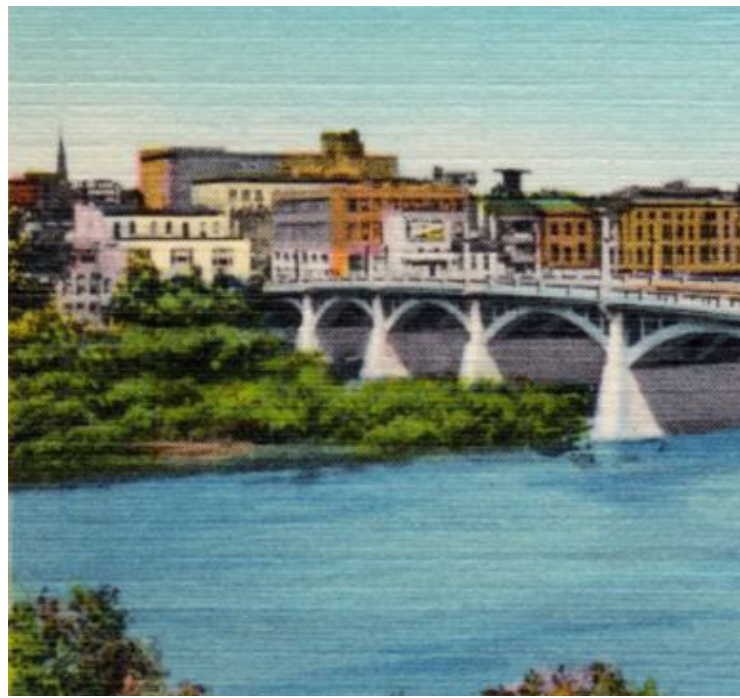
# 2023 Annual Letter to Shareholders

In 2023, our Company celebrated its 190th anniversary, and our story is a remarkable one. Chemung Canal was established by an Act of the New York State Legislature on April 9, 1833. When our doors first opened on October 22, 1833, Andrew Jackson was President of the United States, which consisted of only 24 states. In fact, some of our Company's first customers were veterans of the Revolutionary War.

Today, we stand as the oldest locally owned and managed bank in New York State and the 10th oldest bank in the United States. This milestone would not have been attainable without the steadfast commitment to our communities and clients that is fundamental to our past, present and future success.

Economic turmoil, political unrest and a challenging interest rate environment contributed to an uncertain landscape in the financial services industry in 2023. Earlier in the year, three significant bank failures highlighted the substantial impact of rapidly rising interest rates on bank balance sheets and liquidity. With bank failures having since been contained, a more significant crisis was averted. However, share prices across the broader banking sector were negatively impacted, and Chemung Financial Corporation was not immune. Despite the initial impact, our share price recovered over the course of the year, increasing 8.6 percent. This performance measured well against peers, whose median share price declined 7.8 percent year over year.

This year, Chemung Financial Corporation delivered consistent and meaningful results for our constituents while navigating challenging economic times. Net income totaled \$25.0 million, or \$5.28 per share. Average

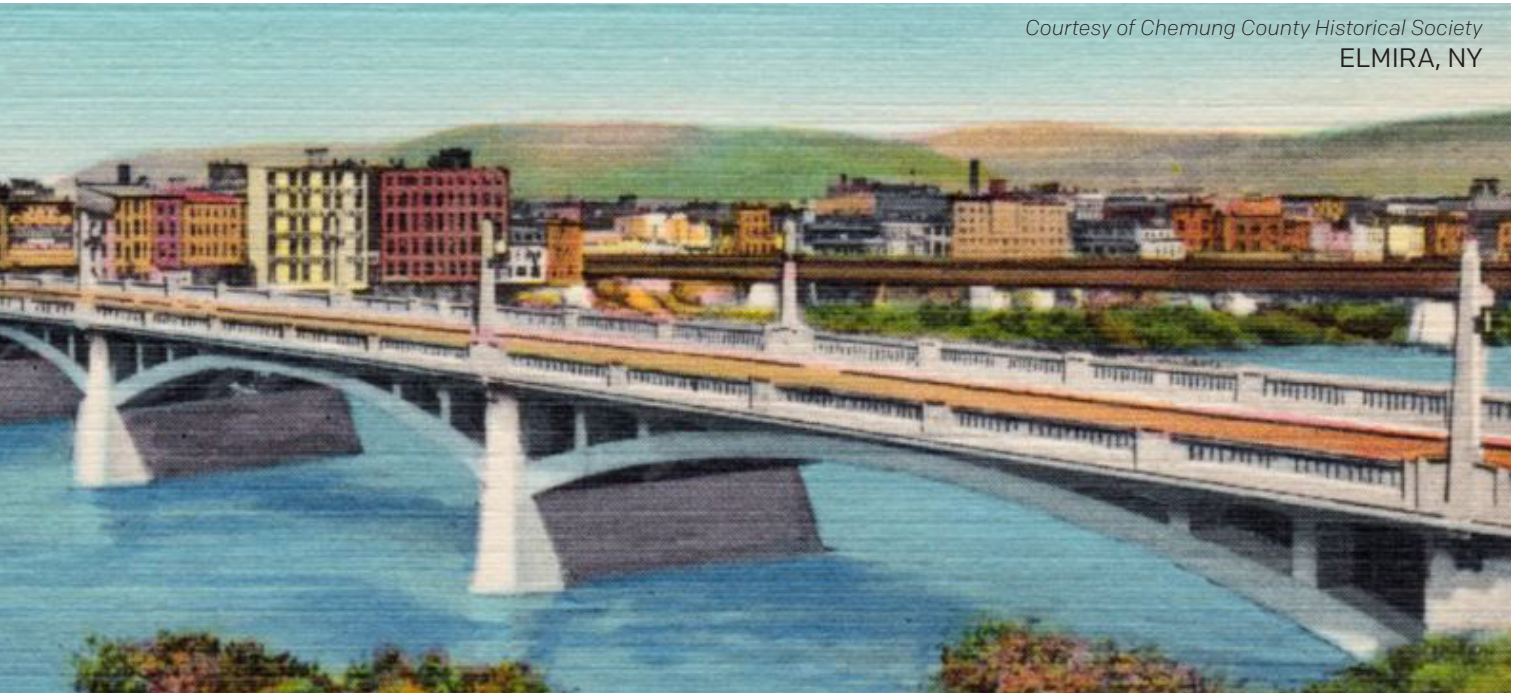


loan balances increased \$252.4 million, or 15.3 percent, concentrated mainly in the commercial loan portfolio. This increase helped drive total assets to \$2.7 billion at the end of the year, an increase of 2.5 percent. Commercial demand for financing continues to be strong across the Corporation's footprint, led by commercial real estate activity in the Capital Region.

Consumer loans increased \$12.8 million, or 4.3 percent, primarily driven by strong origination activity in the indirect auto segment. These increases were offset by a decrease in the residential mortgage portfolio of \$7.7 million, or 2.7 percent. This decrease was a byproduct of our strategy to sell new loans into the secondary market and preserve liquidity for the businesses, consumers and charitable organizations that rely on us for support.

Our expansion into Western New York continues. Operating from a single office in Clarence, we surpassed \$100 million in loans for the Western New York region during the year. To build on this success and expand our footprint, we have selected a prime location in the Village of Williamsville for our first full-service regional banking center. We expect to open the new facility this year and look forward to bringing our relationship-focused banking style to this dynamic community.

Throughout the year, inflation rose due to the easing of monetary policies during the pandemic,



and in response, the Federal Reserve continued to increase interest rates. In total, its benchmark rate increased 5.25 percent, since 2022. Like other institutions, the Bank experienced significant shifts in deposits from low-cost products to higher cost interest-bearing deposits. Deposit shifting impacted our funding throughout the year. However, the Bank's liability cost remained in-line with the market and our peers.

While the Corporation has the necessary liquidity to execute our business plan and meet the needs of our customers, we became more reliant on higher cost municipal funding and time deposits throughout the year. Wholesale funding more than doubled during 2023 to a yearly average of \$190 million. To combat these high-cost funding sources, the Bank launched several deposit campaigns throughout the year. Year over year, total deposits grew 4.4 percent, primarily due to an increase in time deposits of \$209.9 million. Customer time deposits increased \$140.5 million, making up nearly 67 percent of the growth. Although successful, these campaigns only partially offset the need for wholesale funding.

Even in this challenging economic environment, credit quality remained strong. Although steady for most of the year, delinquency rates in most consumer portfolios modestly increased in the fourth quarter, consistent with seasonal trends. Overall, delinquencies remain at, or below, historically normal levels, and management continues to diligently monitor the credit quality of relationships. These results are a testament to our strong and disciplined lending standards and protocols.

Throughout the year, we evaluated and implemented solutions designed to enhance the customer experience and protect our customers from fraud. Behind the scenes, we continue to invest significantly in risk-focused technology solutions to safeguard our customers and company from emerging cyber-security and fraud threats. We also invested in our technology platform to ensure the continuous and reliable delivery of digital services to our clients. This allows us to ensure that our digital customer experience is personal, state of the art, and in-line with the exceptional customer experience that is the hallmark of our institution.

Our commitment to our colleagues and communities remains a key priority. Staffing levels were managed throughout the year to maximize client experience and mitigate risks to the Corporation. We invested in our teams by providing opportunities such as Leadership Chemung, our in-house leadership program, and Career Circles, which facilitates peer mentoring. We provide educational programs and vigorously support the professional development of our colleagues.

Additionally, the Bank remains consistent with its commitment to community-based organizations. We focus on supporting not-for-profit organizations, schools, and groups that meet the basic needs of people, provide financial literacy, and support economic growth. Last year, our employees proudly volunteered over 10,400 hours, and we were pleased to invest nearly \$560,000 into our communities through

[Read More](#)

## 2023 Annual Letter to Shareholders - Continued

sponsorships and charitable contributions.

During the year, the Bank managed the significant transition of two key positions on its Executive Management Team. The Bank navigated these transitions without interruption to operations or results. Pam Burns, Director of Human Resources, retired December 31, 2022, and Karl Krebs, Chief Financial Officer, retired on June 30, 2023. Pam and Karl served our Executive Management Team admirably for a combined 45 years. We thank them for their service and significant contributions to the success of our Corporation.

In July, Dale M. McKim III joined the Bank's Executive Management Team as its Chief Financial Officer and Treasurer. Dale brings more than 25 years of finance and risk-management experience to the Company, most recently working as Chief Risk Officer for Evans Bank and previously as a Partner at KPMG LLP in Buffalo. A testament to our succession planning efforts, Monica L. Ridosh was promoted to Director of Human Resources and Chief Diversity Officer. Monica joins our Executive Management Team after working 18 years with the Bank, including nearly 15 years in the Human Resources Department. We congratulate Dale and Monica and look forward to their continued contributions to our Company.

Going forward, we will continue to focus on our key strategies to deliver consistent and sustainable performance: revenue growth, operating efficiencies, customer experience, and supporting our colleagues and communities. We have a committed and talented staff and dedicated and capable Board of Directors to provide guidance and leadership. While 190 years of continuous operation does not provide a guarantee for our future, we will remain relevant, competitive and focused on our core principles to ensure we will be a reliable resource for our stakeholders for many years to come.

We are grateful for the continued support of our shareholders, clients, employees and the communities we serve.



Anders M. Tomson  
President & CEO



David J. Dalrymple  
Chairman of the Board

# COMMUNITY SUPPORT

## OUR 2023 GIVING IN ACTION

# \$559,000

Given in support of our communities

Including  
**\$52,342**  
from employee  
contributions



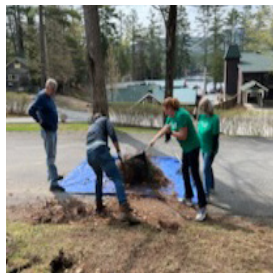
# 10,442

 Hours  
Volunteered

# 165

 Employee  
Volunteers

# Over 400

 organizations supported  
across our **14** county  
footprint

# Board of Directors

The Annual Meeting of Shareholders will be held on Tuesday, June 4, 2024, at 2:00 p.m.



**Anders M. Tomson**

President & CEO  
Chemung Financial Corporation,  
Chemung Canal Trust Company,  
& CFS Group, Inc.



**Raimundo C. Archibold, Jr.**

Managing Director,  
Schwartz Heslin Group, Inc.



**Ronald M. Bentley**

Retired President & CEO  
Chemung Financial Corporation,  
Chemung Canal Trust Company,  
& CFS Group, Inc.



**David M. Buicko**

President & CEO  
Galesi Group



**David J. Dalrymple**

Chairman of the Board  
Chemung Financial Corporation,  
Chemung Canal Trust Company,  
& CFS Group, Inc.; President  
Dalrymple Gravel & Contracting



**Robert H. Dalrymple**

Vice President & Secretary  
Dalrymple Holding Corporation  
President, Seneca Stone  
Corporation; Vice President,  
Chemung Contracting Corporation



**Richard E. Forrestel, Jr.**

Treasurer  
Cold Spring Construction Co.



**Denise V. Gonick**

Owner & Strategic Advisor  
Crossa Sound Concepts



**Stephen M. Lounsberry III**

President  
Applied Technology  
Manufacturing Corporation



**Joseph F. Meade IV**

President & CEO  
Mercury Corporation Inc.



**Jeffrey B. Streeter**

President  
Streeter Associates



**G. Thomas Tranter, Jr.**

Retired President  
Corning Enterprises



**Thomas R. Tyrrell**

Vice President  
NFP Corporation

Forward-looking Statements: This report contains forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act, and the Private Securities Litigation Reform Act of 1995. The Corporation intends its forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in these sections. All statements regarding the Corporation's expected financial position and operating results, the Corporation's business strategy, the Corporation's financial plans, forecasted demographic and economic trends relating to the Corporation's industry and similar matters are forward-looking statements. These statements can sometimes be identified by the Corporation's use of forward-looking words such as "may," "will," "anticipate," "estimate," "expect," or "intend." The Corporation cannot guarantee that its expectations in such forward-looking statements will turn out to be correct. The Corporation's actual results could be materially different from expectations because of various factors, including changes in economic conditions or interest rates, credit risk, difficulties in managing the Corporation's growth, competition, the impact of the COVID-19



# Executive Management Team



**Anders M. Tomson**

President & CEO  
Chemung Financial Corporation,  
Chemung Canal Trust Company,  
& CFS Group, Inc.



**L. Dale Cole**

Executive Vice President  
Chief Information Officer



**Peter K. Cosgrove**

Executive Vice President  
Chief Credit Officer &  
Chief Risk Officer



**Daniel D. Fariello**

President  
Capital Bank Division



**Kimberly A. Hazelton**

Executive Vice President  
Retail Client Services



**Scott T. Heffner**

Senior Vice President  
Director of Marketing



**Jeffrey P. Kenefick**

President  
Chemung Canal Division



**Kathleen S. McKillip**

Vice President  
Corporate Secretary



**Dale M. McKim III**

Executive Vice President  
Chief Financial Officer  
& Treasurer



**Mary E. Meisner**

Senior Vice President  
Senior Risk Officer



**Monica L. Ridosh**

Senior Vice President  
Director of Human Resources &  
Chief Diversity Officer



**Thomas W. Wirth**

Executive Vice President  
Wealth Management Group

Dividend Reinvestment and Stock Purchase Plan: Registered shareholders of Chemung Financial Corporation, through The Dividend Reinvestment and Stock Purchase Plan, may reinvest their dividends or make quarterly cash payments to purchase additional stock of the Corporation. Shareholders not enrolled in the plan may view and print a descriptive brochure and enrollment form at [www.astfinancial.com](http://www.astfinancial.com) or receive the plan documents upon written request to the Corporation's Secretary at the following address: Chemung Financial Corporation, Attn: Corporate Secretary, P.O. Box 1522, Elmira, NY 14902-1522.

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pandemic, changes in law or the regulatory environment, and changes in general business and economic trends. Information concerning these and other factors can be found in the Corporation's 2023 Annual Report on Form 10-K. These filings are available publicly on the SEC's website at <http://www.sec.gov>, on the Corporation's website at <http://www.chemungcanal.com> or by written request to: Kathleen S. McKillip, Corporate Secretary, Chemung Financial Corporation, One Chemung Canal Plaza, Elmira, NY 14901. Except as otherwise required by law, the Corporation undertakes no obligation to publicly update or revise its forward-looking statements, whether as a result of new information, future events or otherwise. Form 10-K Annual Report: A copy of the Corporation's Form 10-K Annual Report is available without charge to shareholders after April 24, 2024, upon written request to the Corporation's secretary. A copy is also available on our Transfer Agent, American Stock Transfer & Trust Company's website at [www.astproxyportal.com/ast/01079](http://www.astproxyportal.com/ast/01079).

# Capital Bank Advisory Board

## **Carl Becker**

Vice President & Counsel  
The Windsor Companies

## **Larry Becker**

Chief Operating Officer  
The Windsor Companies

## **Kenneth Brownell**

Managing Director  
Vanguard-Fine, LLC

## **Jonathan deForest**

President & Principal  
BBL Construction Services,  
LLC

## **Michael Elmendorf**

President & CEO  
Associated General  
Contractors of NYS

## **Paola Horvath**

Owner  
Orange Theory Fitness

## **Gerald Jennings**

Former Mayor  
City of Albany

## **Spencer Jones**

Vice President of Operations  
Cass Hill Development

## **Robert Kind**

Managing Shareholder  
Teal, Becker & Chiaramonte  
CPAs

## **Raymond Kinley, Jr.**

Retired President & CEO  
Clough Harbour & Associates

## **John Maloy**

Managing Partner  
James H. Maloy, Inc.

## **Dr. Lee McElroy**

Director of Athletics  
& Associate Vice President  
Rensselaer Polytechnic  
Institute

## **Mark Rosen**

President  
Dawn Homes Management

## **Jacqueline Rosetti-Falvey**

President  
Rosetti Properties

## **Dean Rueckert**

Past President  
Rueckert Advertising

## **Edward Trombly**

Partner  
Barclay Damon

## Senior Vice Presidents

### **Laura Bennett**

Retail Lending

### **Christopher Kelly**

WMG Retirement Services

### **Mark Lasch**

WMG Investment Services

### **Joseph Tascone**

WMG Investment Services

### **Catherine Crandall**

WMG Estate Administration

### **Elizabeth Kraus**

Commercial Lending

### **James Morton, IV**

WMG Investment Services

### **Thomas Whitaker**

Finance

## Vice Presidents

### **Michael Blatt**

WMG Investment Services

### **Gregory Bruno**

Business Banking

### **Peter Capozzola**

WMG Investment Services

### **Marci Cartwright**

CFS Group, Inc.

### **Christopher Coletta**

Commercial Lending

### **Christopher Conklin**

Information Security

### **Alison Conklin-Devita**

Regulatory Risk

### **Joshua Cukerstein**

Commercial Lending

### **Bryce Cutler**

Business Banking

### **Shelby Fay**

WMG Investment Services

### **Mark Fife**

Business Banking

### **Yvette Francisco**

Loan Review

### **Nathan Gage**

WMG Retirement Services

### **Kevin Harrigan**

Commercial Lending

### **Darick Harriger**

Information Technology

### **Michael Hart**

WMG Estate Administration

### **James Hartle**

Branch Administration

### **Mary Keefe**

Business Services

### **James Kresge**

Commercial Credit

### **Danielle Krisko**

Commercial Lending

### **Sarah Manasse**

Commercial Lending

### **Mary Anne Narosky**

Business Client Services

### **Michael Novotny**

Branch Administration

### **Nino Pellegrino**

Business Banking

### **Kathryn Rayne**

Finance

### **Jennifer Sczepanski**

Branch Administration

### **John Stempin**

Finance

### **Gregory Stewart**

WMG Investment Services

### **Billie Taft-Sitler**

Commercial Lending

### **Schuyler Tilly**

Commercial Lending

### **Kristina Vaselewski**

WMG Prestige Banking

### **Patrick Ward**

WMG Prestige Banking

### **Cortni Wickham**

Commercial Credit

### **Tyler Wilson**

Compliance

# Assistant Vice Presidents

**Christina Allen**

Ithaca Station & Elmira Road

**Kimberly Bailey**

Canton & Troy

**Bruce Boughton**

Montour Falls & Watkins Glen

**Kevin Brimmer**

WMG Investment Services

**Dena Carrigan**

Horseheads

**Pamela Colomaio**

Bath & Corning

**Joel Crimmins**

Commercial Lending

**Jennifer Cruise**

WMG Support Services

**Sarah Darling**

Human Resources

**Jebb Dennis**

Enterprise Project Management

**Austin Farrell**

WMG Estate Administration

**Deborah French**

Main Office

**Judith Frisk**

Arnot Road & Westside

**Kristen Henderson**

Digital Client Experience

**Tara Humphrey**

Loan Operations

**Tonya Johnson**

Regulatory Risk

**Barbara Keller**

Indirect Lending

**Zachary Knapp**

Municipal Banking

**Megan Kozdemba**

Real Estate Lending

**Heather Machmer**

Commercial Lending

**Andrea McClure**

WMG Tax Services

**Julianne Meeker**

Information Technology

**Lenora Phillips**

Real Estate Lending

**Kyle Reyell**

Municipal Banking

**Connie Sibrava**

WMG Administration

**Sara Soprano**

WMG Retirement Services

**Charolette Truxal**

Binghamton & Vestal

**Mary Beth Uebrick**

Real Estate Lending

**Heidi Wahl**

WMG Estate Administration

**Tracey Wardwell**

Clifton Park & Wilton

**Renée Wheeler**

Business Banking

**Jon Wilcox**

Auburn & Seneca Falls

**Sue Williams**

Owego & Waverly

**Sarah Williamson**

Business Services

**Lauren Zell**

WMG Retirement Services

# Assistant Treasurers

**Jacob Aquilio**

Finance

**Wendy Bixler**

Logistical Support

**Heidi Cleary**

Resource Recovery

**Kathleen Cook**

Assistant Corporate Secretary

**Tonya DeLige**

Account Services

**Erica Gaylord**

Branch Administration

**Jolie Guiles**

Contact Center

**Daniel Hoover**

Information Technology

**Carol Kane**

Southport

**Alice Kiser**

Regulatory Risk

**Lyanna Liu**

Regulatory Risk

**Jody Scott**

Elmira Heights

**Ashley Skiff**

Account Services

**Dana Stewart**

Business Services

**Andrew Stockwell**

Cortland



# Chemung Financial Corporation

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**2023** Annual  
Report



GROUP, INC.

