



2024

ANNUAL REPORT

Chemung Financial Corporation

As New York State's oldest independent community bank, it's an honor to celebrate the vibrant history and roots of our institution and the communities around it. This year, we celebrate the Erie Canal's bicentennial. The Canal runs throughout our bank's footprint, from Albany (Peebles Island, Waterford pictured right on the cover) through Syracuse and in Seneca Falls' backyard (Seneca Canal, connecting the Erie Canal & Seneca Lake, pictured center on the cover) to Buffalo, where our newest division opened in Williamsville, NY (the left photo on the cover, where Lake Erie & the Erie Canal meet).

Financial Highlights

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

Operating Results - Year Ended December 31:

	<u>2024</u>	<u>2023</u>	<u>% of Change</u>
Net interest income	\$74,059	\$74,457	0.5%
Provision (credit) for credit losses (1)	(46)	3,262	N/M
Other operating income:			
Wealth Management Group fee income	11,573	10,460	10.6%
Other income	11,657	14,089	(17.3)%
Other operating expenses	67,250	64,243	4.7%
Income tax expense	<u>6,414</u>	<u>6,501</u>	(1.3)%
Net income	\$23,671	\$25,000	(5.3)%

At Year End:

Assets	\$2,776,147	\$2,710,529	2.4%
Loans, net of deferred loan fees	2,071,419	1,972,664	5.0%
Allowance for credit losses	21,388	22,517	(5.0)%
Deposits	2,396,883	2,429,427	(1.3)%
Shareholders' equity	215,309	195,241	10.3%
Employees (full-time equivalent)	343	339	1.2%

Share and Per Share Data:

Net income	4.96	5.28	(6.1)%
Book value, at year end	45.13	41.07	9.9%
Tangible book value, at year end	40.55	36.48	11.2%
Dividends declared	1.24	1.24	-- %
Shares outstanding (average)	4,770	4,732	0.8%

Ratios:

Allowance for credit losses to total loans	1.03%	1.14%
Return on average assets	0.86%	0.94%
Return on average equity	11.53%	14.11%
Return on average tangible equity	12.90%	16.09%
Efficiency ratio (adjusted)	68.89%	66.20%

Trust Assets Under Administration (market value):

as Fiduciary	\$1,814,885	\$1,775,452	2.2%
as Custodian	<u>397,079</u>	<u>466,913</u>	(15.0)%
	\$2,211,964	\$2,242,365	(1.4)%

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

December 31, 2024

	<u>High</u>	<u>Low</u>	<u>Dividends</u>
4th Quarter	\$55.10	\$46.30	\$0.31
3rd Quarter	50.48	43.90	0.31
2nd Quarter	48.00	39.41	0.31
1st Quarter	49.94	41.21	0.31

December 31, 2023

	<u>High</u>	<u>Low</u>	<u>Dividends</u>
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

2024 Annual Letter to Shareholders

Dear Shareholders,

We are pleased to report that 2024 was a meaningful year for Chemung Financial Corporation. Continued loan growth, strong asset quality, and a record year from the Wealth Management Group all contributed to our success. Strategic initiatives played a crucial role in our accomplishments. We significantly expanded our presence in Western New York by opening a new regional banking center in Williamsville and launching the Canal Bank brand. We continued to improve customer experience, both digitally and in-person, and focused on making our operations more efficient.

Most importantly, we attained these results while staying true to the client-first, purpose-driven focus that defines our community banking model.

Financial Performance

In 2024, Chemung Financial Corporation achieved net income of \$23.7 million, or earnings of \$4.96 per share. Effective management of our net interest margin was critical to driving sustainable growth, and maintaining robust liquidity ensured strength amid evolving market conditions. Our focus on this balance enabled us to deliver strong results to our shareholders.

Year-over-year loan growth was strong, particularly in the commercial banking sector, where commercial and industrial loans grew by more than 13 percent. Our Capital Bank division continued its pattern of significant growth, with commercial loans exceeding \$1.1 billion. This number is meaningful, with Capital Bank becoming the first division in the Corporation to reach \$1 billion in this portfolio. Through the end of the third quarter in 2024, Capital Bank ranked fifth out of 21 banks in the region based on year-over-year growth in commercial and industrial loans, according to the Albany Business Review.

Net interest income for the year totaled \$74.1 million, compared to \$74.5 million in 2023, a decrease of \$0.4 million, or 0.5 percent. This decrease was primarily due to a 68-basis-point increase in interest paid on deposits, or \$14.1 million, which included brokered deposits and deposit campaigns relating to certificates of deposit. This rise in interest expense was somewhat offset by the average yield on commercial loans increasing 37 basis points, and average yields on consumer loans and residential mortgages increasing 69 and 30 basis points respectively.

Asset quality continues to be strong as the ratio of non-performing loans to total loans remained at historically low levels. Non-performing loans were \$9.0 million at year end, or 0.43 percent of total loans, compared to \$10.4 million, or 0.53 percent, at the end of 2023. With higher interest rates and a challenging economy, these numbers speak to the durability of communities and our credit standards.

The Corporation's primary generator of non-interest income is the Wealth Management Group (WMG). 2024 was a record year for revenue and new business, with WMG's fee income increasing \$1.1 million year-over-year. The increase in fee income was largely due to improvements in equity markets during 2024. Additionally, CFS Group, Inc., the Corporation's brokerage arm, surpassed \$1 million in revenue, and new business revenues for the division far exceeded expectations.

Strategic Initiatives

Growth in the Western New York region is a significant strategy of the Corporation. In 2024, we made meaningful progress on this approach when we opened a new regional banking center in Williamsville and launched the new Canal Bank brand. We recruited a Regional President for the division, as well as a strong team of seasoned commercial and retail bankers. Loan and deposit growth in the region validated our strategy as balance sheet growth exceeded expectations. We are strongly encouraged by the positive reaction the market has shown to our brand and our style of relationship-based community banking.

Also in 2024, we evaluated our fee schedules across the lines of business. Our fees were compared closely against the market and important peer institutions. The research revealed a significant opportunity to bring our fees in-line with our competition, and we instituted new fee structures in most lines of business during the third quarter while maintaining value for our clients. We expect these changes will account for significant additional annual revenue for the bank going forward.

The Corporation continued to focus on customer experience in 2024. Although our names and brands differ significantly, we operate seamlessly as one cohesive banking family to provide the best experience for our customers. From a digital experience perspective, our goal was to provide our customers with a more unified and frictionless experience by rebranding our platform to GoBanking – The Digital Experience at Chemung, Capital, and Canal Banks. In 2025, we look forward to continuing the improvement of our digital platform by completing a significant upgrade to our GoBanking suite of online and mobile banking services for consumers and businesses, as well as a complete redesign of the Chemung Canal and Capital Bank websites. We believe these upgrades will be a significant step forward in remaining competitive with elevated market standards and customer-experience expectations.

Operational Efficiency

As always, the Corporation focused on expense containment and efficiencies throughout the year. We maintained a steady headcount despite regional growth in Western New York and continued to evaluate our branch distribution network to optimize costs. In 2024, we consolidated our Station Branch in Ithaca, realizing significant cost savings with minimal client disruption and displacement. We remain judicious with our staffing levels in the branch network as the industry trend of declining in-person transactions continues.

In addition to staffing levels and distribution channels, the Corporation assessed its primary vendor relationships and outsourcing opportunities. After much research and thoughtful discussion, we began to outsource certain administrative functions to enhance our risk environment and reduce cost. Further, we negotiated a renewal to our contract with our core processor. These modifications will result in a meaningful reduction to non-interest expense for years to come. Finally, we continue to utilize Robotic Process Automations (RPAs) to reduce repetitive tasks and improve productivity. In 2024, our utilization of RPAs saved an estimated 7,200 hours in employee time. These initiatives, along with many others, will positively impact our efficiency ratio, but not at the expense of maintaining our commitment to a high level of customer experience.

Colleagues & Community

Commitment to our colleagues and our communities is a key priority. As discussed earlier, we managed our staffing levels throughout the year to maximize client experience and improve efficiency. We continued to invest in our teams by providing opportunities such as a mentoring program, educational programs, support for professional development, and Career Circles, which facilitate peer-to-peer mentoring.

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 well over 13,000 hours, and we were pleased to invest nearly \$600,000 into our communities through sponsorships and charitable contributions.

Looking Ahead

We approach 2025 with confidence. The potential for favorable tax reform and more sensible regulatory oversight is encouraging. Although the economic landscape continues to change quickly, we are secure in the resilience of our franchise and the strength of our community banking model.

We will maintain our focus on key strategies to ensure consistent and sustainable performance: revenue growth, operational efficiencies, enhancing customer experience, and supporting our colleagues and communities. The Corporation is fortunate to have a dedicated and talented staff, as well as a seasoned Board of Directors to provide guidance and leadership.

We appreciate the ongoing support of our shareholders, clients, employees, and the communities we serve, and we look forward to delivering meaningful results in the coming year.



Anders Tomson

Anders M. Tomson
President & CEO



David J. Dalrymple

David J. Dalrymple
Chairman of the Board

Board of Directors

The Annual Meeting of Shareholders will be held virtually on Tuesday, June 3, 2025, 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
Cross 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

This discussion 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,

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



Vincent M. Cutrona

President
Canal Bank Division



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

Senior Vice President
Corporate Secretary



Dale M. McKim III

Executive Vice President
Chief Financial Officer
& Treasurer



Mary E. Meisner

Executive Vice President
Chief Risk Officer



Monica L. Ridosh

Senior Vice President
Director of Human
Resources



Thomas W. Wirth

Executive Vice President
Wealth Management Group

inflation, tariffs, cybersecurity risks, changes in FDIC assessments, bank failures, difficulties in managing the Corporation's growth, competition, 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 2024 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 23, 2025, upon written request to the Corporation's secretary. A copy is also available on our Transfer Agent, Equiniti Trust Company's website at 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

Senior Vice
President, Operations
Cass Hill Development

Robert L. Kind

Managing Shareholder
Teal, Becker & Chiaramonte
CPAs

Raymond Kinley, Jr.

Retired President & CEO
Clough Harbour & Associates

John Maloy

Managing Partner
James H. Maloy, Inc.

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 Coletta

Commercial Lending

Catherine Crandall

WMG Estate Administration

Christopher Kelly

WMG Retirement Services

Elizabeth Kraus

Commercial Lending

Mark Lasch

WMG Investment Services

James Morton, IV

WMG Investment Services

Eric Spriegel

Commercial Lending

Joseph Tascone

WMG Investment Services

Thomas Whitaker

Finance

Vice Presidents

Michael Blatt

WMG Investment Services

Gregory Bruno

Business Banking

Peter Capozzola

WMG Investment Services

Christopher Conklin

Information Security

Alison Conklin-Devita

Regulatory Risk

Joshua Cukerstein

Commercial Lending

Bryce Cutler

Business Banking

Justin Faulkner

CFS Group

Shelby Fay

WMG Investment Services

Mark Fife

Business Banking

Yvette Francisco

Loan Review

Nathan Gage

WMG Retirement Services

Kari Guagenti

Commercial Lending

Kevin Harrigan

Commercial Lending

Darick Harriger

Information Technology

Michael Hart

WMG Estate Administration

James Hartle

Branch Administration

Kristen Henderson

Operations & Technology Division

Gregory Horton

Finance

Mary Keefe

Business Services

James Kresge

Commercial Credit

Danielle Krisko

Commercial Lending

Evan Maloney

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 Jr.

Commercial Lending

Kristina Vaselewski

WMG Prestige Banking

Patrick Ward

WMG Prestige Banking

Renée Wheeler

Business Banking

Cortni Wickham

Commercial Credit

Tyler Wilson

Compliance

Assistant Vice Presidents

Christina Allen

Ithaca - Elmira Road

Bruce Boughton

Montour Falls & Watkins Glen

Kevin Brimmer

WMG Investment Services

Dena Carrigan

Horseheads

Pamela Colomaio

Bath & Corning

Kathleen Cook

Assistant Corporate
Secretary

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

Michelle Goca

Latham

Tara Humphrey

Loan Operations

Tonya Johnson

Regulatory Risk

Carol Kane

Southport

Barbara Keller

Indirect Lending

Cassandra Kerr

Williamsville

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

Sarah Pitcher

Seneca Falls & Grant Avenue

Kyle Reyell

Schenectady & Wolf Rd

Jody Scott

Elmira Heights

Veronica Seymour

Canton & Troy

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

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

Tonya DeLige

Account Services

Amy Fassett

Real Estate Lending

Erica Gaylord

Branch Administration

Jolie Guiles

Contact Center

Delores Hudson

Regulatory Risk

Jessica Khan

Community Corners

Alice Kiser

Regulatory Risk

Ashley Skiff

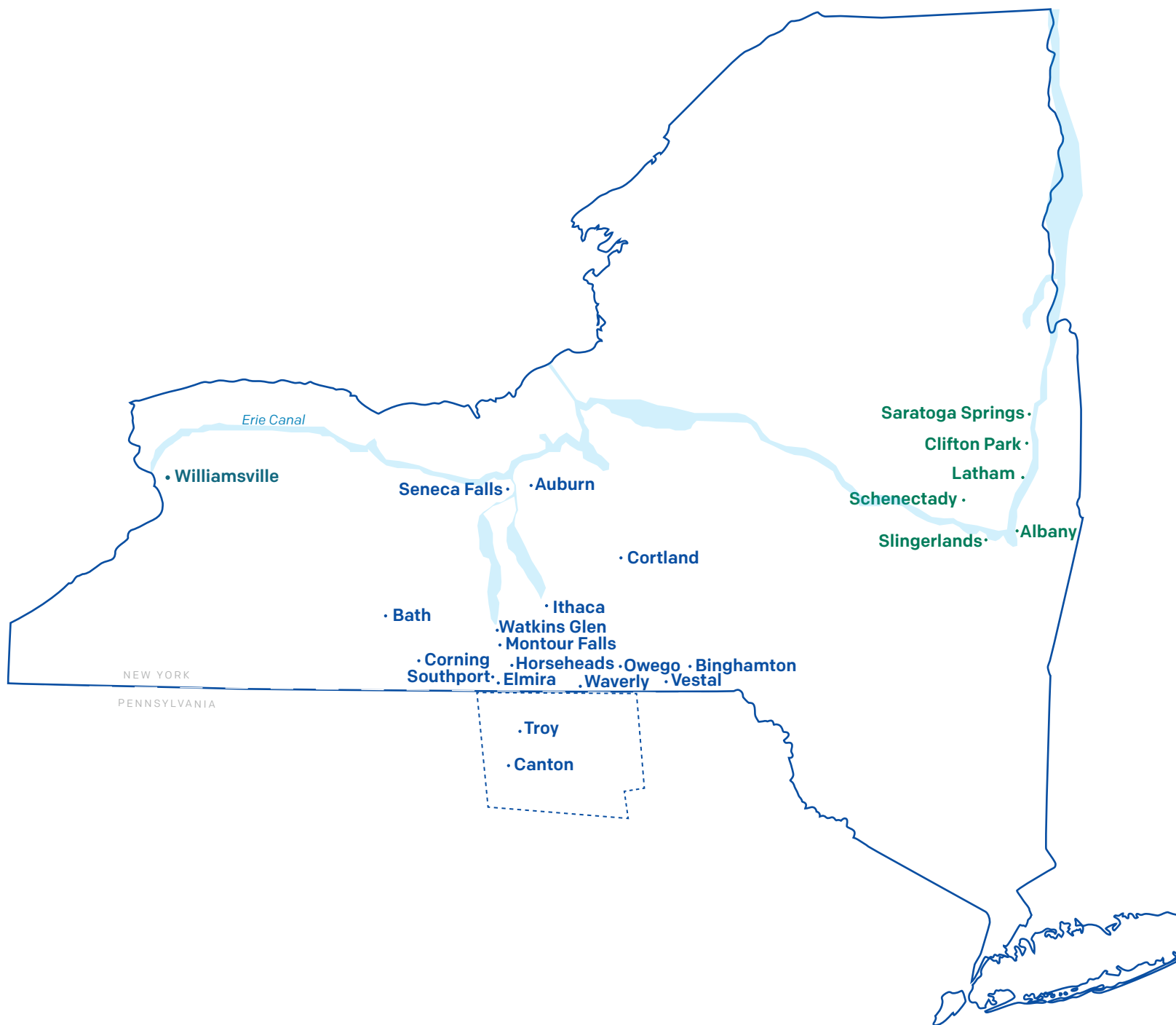
Account Services

Dana Stewart

Business Services

Andrew Stockwell

Cortland



Chemung Financial C o r p o r a t i o n

2024 Annual Report