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Comptroller of the Currency  
Administrator of National Banks

**LARGE BANK**

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## **Public Disclosure**

September 20, 1999

### **Community Reinvestment Act Performance Evaluation**

**Community Bank, N.A.  
Charter Number: 8531  
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Canton, New York 13617**

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**NOTE:** 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.

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## GENERAL INFORMATION

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

This document is an evaluation of the CRA performance of **Community Bank, N.A. (CBNA)** prepared by the **Office of the Comptroller of the Currency**, the institutions supervisory agency, as of **September 20, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institutions branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate** - Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogeneous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

**Community development** - Affordable housing or community services targeted to low or moderate income individuals, activities that promote economic development by financing small businesses or farms, and activities that revitalize or stabilize low or moderate-income geographies.

**Community Reinvestment Act (CRA)** - The statute that requires the Office of the Comptroller of the Currency to evaluate a bank's record of meeting the credit needs of its community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Full Scope Review** - Performance under the Lending, Investment, and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g. geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA)** - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as race, gender, and the income of applicants, the amount of the loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

**Home Mortgage Loan** - Such loans include home purchase and home improvement loans, as defined by the HMDA regulation. This definition also includes multifamily (five or more

families) dwelling loans, loans for the purchase manufactured home and refinancing of home improvement and home purchase loans.

Limited Scope Review - Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

Low Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper Income - Income levels that are 120% or more of the MFI.

## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated “**Satisfactory.**”

The following chart indicates the performance level of CBNA with respect to the lending, investment, and service tests:

CBNA Performance Tests			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The primary factors supporting the rating include:

- Lending levels reflect good responsiveness to the credit needs of the assessment area;
- A substantial majority of mortgage-related, small business, small farm and consumer loans are originated within the assessment area;
- The distribution of loans among borrowers of different income levels and to businesses of different sizes is good;
- The distribution of loans indicates a good penetration within the assessment area, including low- and moderate-income geographies;
- An adequate level of community development loans was originated during the evaluation period;
- A good level of community development investments was originated;
- A good level of community development services was provided during the evaluation period; and,
- Service delivery systems are accessible to geographies and individuals of different income levels in the assessment area.

## **Description of Institution**

Community Bank, N.A. (CBNA) is the principal subsidiary of Community Bank Systems Inc. (CBSI), a one bank holding company headquartered in Dewitt, New York. CBNA is a full service intrastate bank with 62 full service banking offices in 18 counties in Upstate New York. The service area was expanded in June 1997 through the acquisition of 17 branch offices. In addition to providing a complete range of commercial and personal banking products, CBNA also offers trust, asset management, annuity, insurance and investment products. CBSI has total assets of \$1.7 billion and has a wholly owned subsidiary, Benefit Plans Administrative Services, Inc., that offers qualified retirement plan administration.

As of June 30, 1999, bank assets totaled \$1.7 billion. Loans and investments total \$929 million and \$633 million, respectively. Total deposits are \$1.4 billion. The loan portfolio is primarily retail-oriented with residential real estate and other consumer loans representing 37% and 32% of average gross loans, respectively. Commercial real estate loans, agriculture loans, and other commercial loans represent 10%, 4%, and 17% of the average gross loans, respectively.

CBNA has three wholly owned subsidiaries, Community Financial Services, Inc. (CFSI), Community Investment Services, Inc. (CISI), and CBNA Treasury Management Corporation (TMC). CFSI offers insurance investment products and CISI provides broker/dealer and investment advisory services. TMC operates the cash management, investment, and treasury functions of the Bank. The total assets of CFSI and CISI are nominal. The total assets of TMC as of June 30, 1999 are \$255 million or 13% of the bank's total assets. The operating subsidiaries are profitable and do not negatively impact the bank's CRA performance.

CBNA is the fifth largest commercial banking franchise headquartered in Upstate New York. The bank has a top three market position in six of the eighteen counties in which it operates, with deposit market shares ranging from 24% to 40%. On a local market level, CBNA ranks either first or second in 41 of the 50 towns where it does business, and is the "only bank in town" in 21 of these communities.

The level of competition varies in the seven AAs in which CBNA operates. In the five Metropolitan Statistical Area (MSA) assessment areas in which CBNA operates, there is very strong competition offered by mortgage companies, large regional banks, savings banks, community banks and finance companies. There is less competition in the bank's two largest AAs, the Northern and Southern Regions, both Non MSA areas. CBNA is not subject to any known financial, legal, or regulatory restrictions that impede its ability to help meet the credit needs of its assessment areas.

The economic condition in each of the AAs is generally stable. The communities encompass a wide cross section of employers including colleges, universities, hospitals, prisons, military bases, small manufacturing businesses, wholesale and retail businesses, and small farms. The leading industries are service, government, and retail.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This review covers calendar years 1997 and 1998. The market share and peer comparisons contained in the Lending Test are based on information contained in the aggregate Home Mortgage Disclosure Act (HMDA) and Small Business Reports for 1997. The 1998 information is based on the bank's HMDA Loan Application Register (LAR) and Small Business Register. The aggregate HMDA and Small Business Reports are available for public review. We also reviewed the following consumer loans for the same time period: motor vehicle, home equity, other secured, and other unsecured loans. Management opted to provide information regarding consumer loans, although not required under the CRA regulation. Qualified investments held by the bank affiliate, TMC, were included in the scope of the review.

The peer comparisons in this report include only lenders who were required to file HMDA and Small Business Reports for 1997. Small business reporting is required of bank and thrift institutions with assets of \$250 million or more as of December 31 of the prior two calendar years preceding the reporting year, or an affiliate of a holding company with \$1 billion or more in assets during the same time periods.

CBNA received a rating of Satisfactory at its previous CRA examination which was conducted as of March 31, 1997.

### **Data Integrity**

The accuracy of the data used in this evaluation of the bank's performance was verified through sampling techniques. The publicly reported information for CBNA is deemed accurate and was utilized during this evaluation.

### **Selection of Full-Scope Review**

The Northern and Southern Non MSA Regions and the Rochester MSA market were selected for full scope review. The AA located in the Syracuse, Utica-Rome, Jamestown, and Binghamton MSA were selected for limited-scope reviews. These assessment areas constitute a representative sample of significant and less significant markets in which the bank operates. The ratings are based primarily on results of those areas that received full-scope reviews. Refer to Appendix A for more information.

### **Ratings**

The bank's overall rating is based primarily on those areas that received full-scope reviews. Under the lending test, HMDA, small business and small farm loans were given equal consideration in determining lending performance.



**Other**

The primary credit needs as described by bank management are affordable housing for first time homebuyers and small business loans. Three community contacts were conducted during the examination. One contact was made in each of the AAs receiving full scope reviews. Contacts were made with representatives of local government and an affordable housing organization. Community contacts conducted during the examination as well as at other bank examinations, similarly identified small business and affordable housing as the primary credit needs in the AA.

## **Fair Lending Review**

Our Fair Lending examination did not find any evidence of discrimination. There were no substantive violations of the anti-discrimination laws or regulations. The product line reviewed during our evaluation was unsecured home improvement loans. We tested discrimination on a race basis using loan terms for the twelve month period June 30, 1999. Our sample consisted of 29 loans and included all unsecured home improvements that were originated in branches where a loan to a minority was originated.

## **Conclusions with Respect to Performance Tests**

### **Lending Test**

#### **Conclusions for Assessment Areas Receiving Full Scope Reviews**

The bank's performance under the Lending Test is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Northern Region Non-MSA AA, Southern Region Non-MSA AA, and Rochester MSA AA is good.

#### **Lending Activity**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity. Lending activities reflect a good level of performance overall. CBNA originated or purchased 5,837 HMDA reportable loans totaling \$177 million, 3,029 small business loans totaling \$162 million, and 1,282 small farm loans totaling \$42 million during the evaluation period. The bank also originated over 30,000 consumer loans totaling \$300 million during the evaluation period.

CBNA ranks first in deposits in both the Northern and Southern Non MSA AAs as of June 30, 1998 according to the Federal Deposit Insurance Company. CBNA ranks sixth in deposits in the Rochester MSA AA as of the same date.

#### **Distribution of Loans by Income Level of the Geography**

##### **Home Mortgage Loans**

Refer to tables 2, 3, and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

##### ***Northern Region Non MSA***

The geographic distribution of home purchase loans in this AA is excellent. CBNA ranked first in home purchase lending in both the overall AA and moderate-income geographies. Home purchase loans originated in low-income and moderate-income geographies represent 1% and 21%, respectively, of the total home purchase loans originated during the evaluation period. The lending levels approximate the percentage of owner occupied housing in low-income geographies (0.1%) and moderate-income geographies (22%), respectively. The bank's market shares of home purchase loans in LMI geographies both exceed the bank's overall market share of 20%. Of note, CBNA originated two of the five home purchase loans made by all lenders in

low-income geographies during 1997. Three of the four low-income geographies are primarily comprised of colleges and universities.

The geographic distribution of home improvement loans in low and moderate-income geographies is excellent. CBNA ranked first in home improvement loans in low-income and moderate-income geographies in 1997. Home improvement loans originated in low-income and moderate-income geographies represent 0.1% and 24%, respectively, of the total home improvement loans originated during the evaluation period. The lending levels exceed the percentage of owner occupied housing in both low-income and moderate-income geographies. The market shares of home improvement loans in low-income and moderate-income geographies meet or exceed the bank's overall market share of 53%. Of note, CBNA originated two of the three home improvement loans made by all lenders in low-income geographies during 1997.

The geographic distribution of home refinance loans in low and moderate-income geographies is good. CBNA ranked first in refinance loans in the moderate-income geographies as well as the overall AA in 1997. Home refinance loans originated in moderate-income geographies represent 18% of the total refinance loans originated during the evaluation period. Loan originations in moderate-income geographies as a percentage of total refinance loans is below the level of owner occupied housing (22%) in moderate income geographies. CBNA's market share (31%) of home refinance loans in moderate-income geographies is slightly below the bank's overall market share of home refinance loans of 35%. CBNA did not originate any loans made in low-income geographies where only 0.1% of owner occupied housing units are located. There were only eight refinance loans originated by all lenders in 1997 in low-income geographies.

### ***Southern Region Non MSA***

The geographic distribution of home purchase loans in moderate-income geographies of this AA is adequate. The bank's 7% market share of home purchase loans in moderate-income geographies approximates its overall market share. CBNA ranked third and fourth in home purchase loans, respectively, in the overall AA and in moderate-income geographies in 1997. Home purchase loans originated in moderate-income geographies represent 5% of the total home purchase loans originated during the evaluation period. Originations are adequate compared to the level of owner occupied housing in moderate-income geographies (9%). CBNA did not originate any loans in low-income geographies where only .05% of owner occupied housing units are located in the AA. Home purchase activity in low-income geographies in the AA was limited to one loan by all lenders in 1997.

The geographic distribution of home improvement loans in moderate-income geographies is excellent. In 1997, CBNA ranked first in home improvement loans in moderate-income geographies as well as the overall AA. Home improvement loans originated in moderate-income geographies represent 9% of the total home improvement loans during the evaluation period and equal the percentage of owner occupied housing in moderate-income geographies (9%). The bank's market share of home improvement loans in moderate-income geographies at 26% exceeds the bank's overall market share of 18%. The geographic distribution of home improvement loans in low-income geographies is adequate. CBNA did not originate any loans in low-income geographies where only .05% of owner occupied housing units are located in the

AA. There were no home improvement loans originated in low-income geographies in the AA in 1997 by any lender.

The geographic distribution of home refinance loans in moderate-income geographies is good. CBNA ranked first in 1997 with 27% market share in refinance loans in moderate-income geographies. Performance in moderate-income geographies was significantly higher than the bank's overall market share of 18%. Home refinance loans in moderate-income geographies represent 6% of the total home refinance loans originated by CBNA during the evaluation period. Originations are adequate in comparison to the level of owner occupied housing in moderate-income geographies of 9%. The geographic distribution of home refinance loans in low-income geographies is adequate. CBNA did not originate any loans in low-income geographies where only .05% of owner occupied housing units are located. There were no refinance loans made by any lender in the low-income geographies of the AA in 1997.

### ***Rochester MSA AA***

The geographic distribution of home purchase loans in moderate-income geographies is excellent. Home purchase loans originated in moderate-income geographies represent 19% of the total home purchase loans originated and slightly exceed the level of owner occupied housing of 18% in moderate-income geographies. The bank's market share of home purchase loans in moderate-income geographies of 2.1% exceeds the bank's overall market share of 1.4%. There are no low-income geographies in the Rochester MSA AA.

The geographic distribution of home improvement loans in moderate-income geographies is good. Home improvement loans originated in moderate-income geographies represent 24% of all home improvement loans made during the evaluation period and exceeds the percentage of owner occupied housing in moderate-income geographies of 18%. The bank's market share of home improvement loans in moderate-income geographies of .9% is slightly below the bank's overall market share of 1.9%.

The geographic distribution of refinance loans in moderate-income geographies is adequate. Refinance loans originated in moderate-income geographies represent 14% of all refinance loans during the evaluation period and is slightly below percentage of owner occupied housing in moderate-income geographies of 18%. The bank's market share of home refinance loans in moderate-income geographies of 1.3% is slightly below the bank's overall market share of 2.1%.

### **Small Loans to Businesses**

Refer to table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's small business loan originations.

### ***Northern Region Non MSA AA***

The geographic distribution of small business loans in the Northern Region Non MSA is good. In addition to being the number one small business lender in the AA for 1997, CBNA's market share ranked second and first in originating small business loans in low-income and moderate-

income geographies, respectively. CBNA originated 3% and 21% of its small business loans in low-income and moderate-income geographies, respectively, during the evaluation period. Originations are slightly below the businesses located in low-income and moderate-income geographies which represent 6% and 23% of all businesses in the AA, respectively. CBNA's market share of small business loans in low-income geographies of 28% is below the bank's overall market share of 39% in 1997. CBNA's market share of small business loans in moderate-income geographies of 40% slightly exceeds the bank's overall market share.

#### ***Southern Region Non MSA AA***

The geographic distribution of small business loans in the Southern Region Non MSA is good. In addition to being the number one small business lender in the AA for 1997, CBNA's market share ranked first in originating small business loans in moderate-income geographies. For the evaluation period, CBNA originated 10% of its small business loans in moderate-income geographies which approximates the percentage of businesses located in those geographies. CBNA's market share of small business loans in moderate-income geographies of 24% significantly exceeds the bank's overall market share of 18% in 1997. There were no business loans made by any lender in either of the two low-income geographies in the AA since there are no businesses located there.

#### ***Rochester MSA AA***

The geographic distribution of small business loans in the Rochester MSA is good. CBNA ranked tenth in small business lending in the AA, and eleventh in small business loans in moderate-income geographies in 1997. For the evaluation period, CBNA originated 21% of its small business loans in moderate-income geographies which approximates the percentage of businesses located in those geographies of 22%. CBNA market share of small business loans in moderate-income geographies of 4% exceeds the bank's overall market share of 3% in 1997. As previously mentioned, there are no low-income geographies in the Rochester AA.

#### **Small Loans to Farms**

Refer to table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's small farm loan originations.

#### ***Northern Region Non MSA AA***

The geographic distribution of small farm loans in the Northern Region Non MSA is adequate. CBNA ranked first and second in small farm loans in moderate-income geographies and overall AA, respectively. CBNA originated 14% of its small farm loans in moderate-income geographies compared to 34% of the farms being located in moderate-income geographies. The comparison is below the percentage of farms in the area which is attributed to the bank's limited presence in Franklin County. The bank has one office in the county as a result of an acquisition in June 1997. This branch is approximately 20 miles from the majority of farms located in moderate-income geographies. Other banks and other non-banking entities have historically served those farms. CBNA's market shares of small farm loans in low-income and moderate-income geographies are significantly below the bank's overall market share of 44%. No loans

were originated in low-income geographies. The lack of loans in low-income geographies is not an issue because of the small number of farms (1%) located in those geographies.

### ***Southern Region Non MSA AA***

The geographic distribution of small farm loans in the Southern Region Non MSA is excellent. CBNA's small farm loan originations ranked third in both the overall AA and moderate-income geographies in 1997. For the evaluation period, CBNA originated 12% of its small farm loans in moderate-income geographies which significantly exceeds the percentage of farms located in those geographies of 8%. CBNA's market share of small farm loans in moderate-income geographies of 29% significantly exceeds the bank's overall market share of 7%. There were only 21 small farm loans originated in moderate-income geographies in 1997 by all lenders.

### ***Rochester MSA AA***

The geographic distribution of small farm loans in the Rochester MSA is good. Small farm loan originations ranked fifth in the AA in 1997. CBNA's seven farm loans represent a 2% market share. CBNA did not originate any of the 42 small farm loans made in moderate-income geographies in 1997. CBNA showed improvement in 1998 and originated 50% of its ten small farm loans in moderate-income geographies which significantly exceeds the percentage of farms located in those geographies of 22%. As previously noted, there are no low-income geographies in the AA.

## **Consumer Loans**

Refer to table 14 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations.

### ***Northern Region Non MSA AA***

The geographic distribution of consumer loans in the Northern Region Non MSA is adequate. CBNA originated 0.2% and 25% of its consumer loans in low-income and moderate-income geographies, respectively. These results are adequate in comparison to the 2.3% and 26% of the population that live in low-income and moderate-income geographies, respectively.

Lending in low-income geographies was 0%, 0.3%, 0.1%, and 0%, respectively, for home equity, motor vehicle, other secured consumer loans, and other unsecured consumer loans. While the lending activity was below the comparison to the population of low-income geographies, the results for the consumer loan categories are adequate since only .01% of owner occupied units are in those geographies and 72% of the population consists of college students. Lending in moderate-income geographies was 21%, 28%, 21%, and 23%, respectively, for home equity, motor vehicle, other secured consumer loans, and other unsecured consumer loans. These results are adequate in comparison to the percentage of the population living in moderate-income geographies.

### ***Southern Region Non MSA AA***

The geographic distribution of consumer loans in the Southern Region Non MSA is adequate. CBNA originated 9% of its consumer loans in moderate-income geographies. These results are adequate in comparison to the 9.7% of the population that live in moderate-income geographies.

Although CBNA did not originate any loans in low-income geographies, this is considered reasonable because only 0.1% of the population lives in those geographies. Lending in moderate-income geographies was 5%, 10%, 8%, and 10%, respectively, for home equity, motor vehicle, other secured consumer loans, and other unsecured consumer loans. Except for the home equity category, the results are comparable to the percentage of the population living in moderate-income geographies.

### ***Rochester MSA AA***

The geographic distribution of consumer loans in the Rochester MSA AA is good. CBNA originated 22% of its consumer loans in moderate-income geographies compared to 19% of the population living in those geographies. There are no low-income geographies in this AA.

Lending in moderate-income geographies was 12%, 24%, 30%, and 15%, respectively, for home equity, motor vehicle, other secured consumer loans, and other unsecured consumer loans. Motor vehicle and other secured consumer lending are excellent in comparison to the percentage of the population living in moderate-income geographies. Home equity and unsecured consumer lending are adequate in comparison to the population living in moderate-income geographies.

### **Lending Gap Analysis**

We did not identify any conspicuous gaps in the geographic distribution of HMDA, small business, and consumer loan originations.

### **In/Out Ratio**

A high percentage of the bank's loans are made within the combined AA. The number and dollar volume of HMDA, small business, and small farm loans originated within the AA exceeded 90% of all loans made by CBNA during the evaluation period for these respective loan categories. The number and dollar volume of consumer loans originated within the AA represent 78% of all consumer loans made by CBNA during the evaluation period.

## **Distribution of Loans by Income Level of the Borrower**

### **Home Mortgage Loans**

Refer to tables 7, 8, and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

### ***Northern Region Non MSA AA***

The borrower distribution of home purchase loans in the Northern Region Non MSA is good. CBNA ranked first in home purchase loans to low-income and moderate-income borrowers in 1997, respectively. The bank's market share of home purchase loans to low-income borrowers of 40% significantly exceeds the bank's overall market share of 20%. There were only five



loans originated to low-income borrowers by all lenders in 1997. Originations to low-income borrowers represent 8% of all home purchase loan originations and are below the 23% of low-income families in the AA. Approximately 15% of the households in the AA live below the poverty level. In addition, low-income borrowers have more difficulty attaining home ownership because of the relatively high cost of owning a home. The average monthly housing expense on a \$50 thousand mortgage would represent 33% of a low-income borrower's gross income, which significantly exceeds standard underwriting guidelines. The bank's market share for moderate-income borrowers of 22.7% exceeds the bank's overall market share. Originations to moderate-income borrowers of 21% are excellent relative to the 20% of moderate-income families in the AA.

The distribution of home improvement loans to LMI borrowers is good. CBNA ranked first in market share for home improvement loans to both low-income and moderate-income borrowers in 1997. The bank's market shares to low-income and moderate-income borrowers were each 46% and slightly below the bank's overall market share of 53%. Originations to low and moderate-income borrowers represent 12% and 19%, respectively, of all home improvement originations made during the evaluation period. The lending levels were below the percentage of low-income families of 23% and moderate-income families of 20%.

The distribution of home refinance loans to LMI borrowers is good. CBNA ranked first in refinance loans to both low-income and moderate-income borrowers in 1997. The bank's market share to low-income and moderate-income borrowers were both 28% and below the bank's overall market share of 35%. Home refinance loans made to low-income and moderate-income borrowers represent 4% and 11%, respectively, of all refinance loans made by CBNA during the evaluation period. The borrower distribution performance is below the percentages of low- and moderate-income families noted above. The difficulty in attaining home ownership for low-income borrowers discussed above would have a subsequent effect on the bank's refinance performance as well.

### ***Southern Region Non MSA AA***

The borrower distribution of home purchase loans in the Southern Region Non MSA is adequate. CBNA's market share ranked sixth and fifth to low-income and moderate-income borrowers in 1997, respectively. CBNA's overall market share of 7.4% ranked third in the AA. The bank's market shares of low-income and moderate-income borrowers were 4% and 8%, respectively. The distribution of home purchase loans to low-income borrowers of 3% is below the percentage of low-income families of 20%. The results for low-income borrowers are similarly affected by the relatively high cost of purchasing a home noted above in the Northern Region. In addition, approximately 12% of the households in the AA live below the poverty level. The distribution of home purchase loans of 18% to moderate-income borrowers is good relative to moderate-income families of 20%.

The borrower distribution of home improvement loans is good. CBNA's market shares ranked second and first for low-income and moderate-income borrowers in 1997, respectively. The bank's market shares of home improvement loans to low-income and moderate-income borrowers were 18.5% and 19.5%, respectively, and slightly exceeded the bank's overall market

share of 18.2%. The distribution of home improvement loans made during the evaluation period to low-income borrowers of 14% is good relative to low-income families of 20%. The distribution of home improvement loans made during the evaluation period to moderate-income borrowers of 27% is excellent relative to moderate-income families of 20%.

The borrower distribution of home refinance loans is adequate. CBNA's market shares ranked third and first for low-income and moderate-income borrowers in 1997, respectively. The bank ranked first overall in this AA with a market share of 17.9%. Market shares of refinance loans to low-income and moderate-income families were 10.8% and 14.7%, respectively. The distribution of refinance loans to low-income borrowers of 3% is below the percentage of low-income families of 20%. The difficulty in attaining home ownership for low-income borrowers discussed above would have a subsequent effect on the bank's refinance performance as well. The distribution of refinance loans to moderate-income borrowers of 13% is adequate relative to moderate-income families of 20%.

### ***Rochester MSA AA***

The borrower distribution of home purchase loans in the Rochester MSA is good. The bank's market shares to low-income and moderate-income families are 1.1% and 1.2%, respectively and equal the bank's overall market share. The percentage of home purchase loans to low-income and moderate-income families during the evaluation period represent 13% and 20% of all home purchase loans originated during the evaluation period, respectively. The distribution of originations to low-income borrowers of 13% is adequate relative to low-income families of 19%. The distribution of originations to moderate-income borrowers of 20% is good relative to moderate-income families of 21%.

The borrower distribution of home improvement loans is excellent. The market share of home improvement loans to low-income and moderate-income families both exceed the bank's overall market share of 1.9%. The distribution of originations to low-income borrowers of 25% is excellent relative to low-income families of 19%. The distribution of originations to moderate-income borrowers of 25% is excellent relative to moderate-income families of 21%.

The borrower distribution of home refinance loans is adequate. CBNA's market shares ranked 19<sup>th</sup> and 13<sup>th</sup> for low-income and moderate-income borrowers in 1997, respectively. The bank's market shares to low-income and moderate-income borrowers were below the bank's overall market share of 2.1%. The distribution of loans to low-income borrowers of 6% is below the percentage of low-income families of 19%. The distribution of loans to moderate-income borrowers of 18% is adequate relative to moderate-income families of 21%.

### **Small Loans to Businesses**

Refer to table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations.

### ***Northern Region Non MSA AA***

The borrower distribution of small business loans in the Northern Region Non MSA is excellent. Loans to small businesses represent 86% of all small business loans originated during the evaluation period. This exceeds the 70% of the businesses classified as small businesses and the average attained by all lenders in the AA of 64%. CBNA's market share of loans to small businesses of 53% significantly exceeds its overall market share of 37% in the AA. CBNA ranked first in small business loans in 1997.

### ***Southern Region Non MSA AA***

The borrower distribution of small business loans in the Southern Region Non MSA is excellent. Loans to small businesses represent 74% of all small business loans originated during the evaluation period. This exceeds the 72% of the businesses classified as small businesses and the average attained by all lenders in the AA of 59%. CBNA's market share of loans to small businesses of 25% significantly exceeds its overall market share of 19% in the AA. CBNA ranked first in small business loans in 1997.

### ***Rochester MSA AA***

The borrower distribution of small business loans in the Rochester MSA is excellent. Loans to small businesses represent 83% of all small business loans originated during the evaluation period. The results exceed the 74% of the businesses classified as small businesses and the average attained by all lenders in the AA of 55%. CBNA's market share of loans to small businesses of 4.4% exceeds its overall market share of 3% in the AA. CBNA ranked 10<sup>th</sup> in small business loans in 1997.

### **Small Loans to Farms**

Refer to table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

### ***Northern Region Non MSA AA***

The borrower distribution of small farm loans in the Northern Region Non MSA is excellent. Loans to small farms represent 98% of all small farm loans originated during the evaluation period. The results exceed the demographic data indicating 97% of the farms classified as small farms and the average achieved by all lenders in the AA of 94%. CBNA's market share of loans to small farms of 45% exceeds its overall market share of 44%. CBNA ranked second in small farm loans in 1997.

### ***Southern Region Non MSA AA***

The borrower distribution of small farm loans in the Southern Region Non MSA is good. Loans to small farms represent 94% of all small farm loans originated during the evaluation period. These results are slightly below the farms classified as small farms (97%) and the average attained by all lenders in the AA of 96%. CBNA's market share of loans to small farms of 7.7% slightly exceeded its overall market share of 7.4%. CBNA.

### ***Rochester MSA AA***

The borrower distribution of small farm loans in the Rochester MSA is good. Loans to small farms represent 88% of all small farm loans originated during the evaluation period. These results are slightly below the percentage of farms classified as small farms (95%) and the average attained by all lenders in the AA of 100% in 1997. CBNA's market share of loans to small farms of 2.5% slightly exceeds its overall market share of 2.3% in the AA.

### **Consumer Loans**

Refer to table 14 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations.

The bank's distribution of consumer loans to all borrowers, including low- and moderate-income borrowers is good.

### ***Northern Region Non MSA AA***

The borrower distribution of consumer loans in the Northern Region Non MSA is good. Lending to low-income borrowers were 1%, 25%, 24%, and 21%, respectively for home equity, motor vehicle, other secured consumer loans, and other unsecured consumer loans. Except for the home equity category, the results are similar to the 26% low-income households. Lending to moderate-income borrowers were 4%, 27%, 22%, and 11%, respectively for home equity, motor vehicle, other secured consumer loans, and other unsecured consumer loans. Motor vehicle and other secured loans exceed the 17% of moderate-income households.

### ***Southern Region Non MSA AA***

The borrower distribution of consumer loans in the Southern Region Non MSA is good. Lending to low-income borrowers were 2%, 23%, 25%, and 28%, respectively for home equity, motor vehicle, other secured consumer loans, and other unsecured consumer loans. Except for the home equity category, the results meet or exceed the demographics of 24% of the households that are low-income. Lending to moderate-income borrowers were 12%, 28%, 24%, and 21%, respectively for home equity, motor vehicle, other secured consumer loans, and other unsecured consumer loans. Except for the home equity category, the distribution of each product exceeds the 18% ratio of moderate-income households.

### ***Rochester MSA AA***

The borrower distribution of consumer loans in the Rochester MSA is good. Lending to low-income borrowers were 1%, 34%, 40%, and 39%, respectively for home equity, motor vehicle, other secured consumer loans, and other unsecured consumer loans. Except for the home equity category, results significantly exceed the demographics that indicate 23% of the households are low-income. Lending to moderate-income borrowers were 20%, 28%, 29%, and 24%, respectively for home equity, motor vehicle, other secured consumer loans, and other unsecured consumer loans. These results exceed the demographics that indicate 18% of the households are moderate-income.

## **Community Development Lending**

CBNA originated an adequate level of community development loans during the evaluation period. The bank originated 12 community development loans totaling \$1.2 million in 1997 and 1998. The following highlight the community development activity by CBNA.

### ***Northern Region Non MSA AA***

CBNA originated an adequate level of community development loans during the evaluation period. The bank originated seven community development loans totaling \$527,000 during the evaluation period.

Two loans totaling \$19,000 were granted to a nonprofit organization for working capital needs. The organization's mission is to provide affordable housing to low- and moderate-income families.

The bank purchased a line of credit for \$100,000 in July 1997. This line of credit is to a non-profit organization serving Jefferson County. The organization's primary purpose is to operate as a multi-purpose organization to combat poverty and promote self-efficiency. Its clients are primarily low- and moderate-income individuals.

The bank purchased a line of credit for \$100,000 in July 1997. This line of credit is to a non-profit economic development organization designed to administer various grants for the benefit of the people living in St. Lawrence County, primarily low- and moderate income individuals.

CBNA originated a \$200,000 line of credit in April 1997 and a \$48,000 loan in August 1997 to a nonprofit organization. This organization provides affordable housing to low and moderate income individuals. The loan was for the purchase and renovation of a seven unit apartment building.

A \$60,000 loan was granted for the renovation of a six unit apartment building that provides affordable housing for low- and moderate-income individuals. The Department of Housing and Urban Development (HUD) provides subsidy assistance to the tenants.

### ***Southern Region Non MSA AA***

CBNA originated an adequate level of community development loans during the evaluation period. The bank originated five loans totaling \$677,000 during the evaluation period.

Four loans and lines of credit totaling \$656,000 were originated or increased with a non profit organization that provides and develops services for individuals with developmental disabilities, including special populations and those with severe needs. Programs are available for children with emotional disorders and the aging, in addition to services for family and children. According to information provided by the organization, a majority of the clients served are LMI individuals.

A loan for \$21,000 was granted in June 1998 to a non-profit organization whose mission is to provide affordable housing to low and moderate income individuals. The loan funds were used for land acquisition. The organization's plans call for the future construction of four houses for low-income families.

### ***Rochester MSA AA***

There were no community development loans originated in the Rochester MSA AA.

## **Product Innovation and Flexibility**

### ***Northern Region Non MSA***

CBNA uses flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies. CBNA's flexible mortgage programs serving low- and moderate-income borrowers include the New York State (NYS) Affordable Home Ownership Program and various HUD Grant Programs.

CBNA originated 46 loans totaling \$1.4 million in conjunction with the NYS Affordable Home Ownership Program and various entities such as the St. Lawrence Housing Council, Marble City Housing, City of Ogdensburg, and Snowbelt Housing Company, Frontier Housing, and Neighbors of Watertown. Under these loan programs, eligible LMI borrowers can receive grant funds up to \$20,000 as a second lien. Under the HUD programs, applicants receive reduced interest rates and pay no closing costs.

CBNA committed \$1.2 million for 25 mobile home replacement projects in conjunction with the North Country Affordable Housing, Inc. The program is designed to eliminate older mobile homes, by giving the low-income owner occupants a grant up to \$20,000 towards the erection of a stick built home or a new modular home on the site. Development costs would average \$60,000 per unit, with grant funds provided by the NYS Affordable Housing Corporation and the federal government through the North Country HOME Consortium. Mortgage financing is provided to fund the remainder of the project. In 1998, CBNA financed nine loans totaling \$275,000 under this program. Under the program, the bank offers interest rate discounts of up to 2% depending on the term of the mortgage.

## **Conclusions for Areas Receiving Limited Scope Reviews**

Based on limited scope reviews, the bank's performance under the Lending Test in the Syracuse MSA, Utica-Rome, Binghamton, and Jamestown MSA is not inconsistent with the bank's overall good performance under the Lending Test. Refer to Tables 1 through 11 in Appendix C for the facts and data that support these conclusions.

## **Investment Test**

The bank's performance under the Investment Test is rated High Satisfactory. Based on the full scope reviews, the bank's performance in the North Region Non MSA AA and South Region Non MSA AA is good. Performance in the Rochester MSA AA is excellent.

CBNA made \$4.4 million in new investments during the examination period. The bank's largest investment was \$4.3 million in a mortgage backed security. Approximately \$2.7 million of the security was allocated to the full scope assessment areas. This is a significant level considering the size of this institution. The security is backed by mortgage loans originated after June 1997 and made to low or moderate-income borrowers within the bank's AA. The investment addresses one of the primary credit needs identified by community contacts. The mortgage-backed security is owned by the bank's operating subsidiary, CBNA TMC. There are a moderate number of investment opportunities in the bank's various assessment areas.

The remaining \$100 thousand of CBNA's investments consists of donations to various community organizations throughout the bank's AA. These organizations' activities cover community services, affordable housing, business development and job creation/retention targeted primarily to low and moderate-income individuals. Many of the donations recur annually to the same organizations. None of the investments are considered complex or innovative. The largest donation was made to a multi-bank community development corporation located in the Binghamton MSA. The CDC provides equity or quasi-equity financing to small businesses as a strategy to (1) help small businesses, including minority owned small businesses and (2) create jobs with an emphasis to LMI individuals.

### **Conclusions for Areas Receiving Full Scope Reviews**

Refer to Table 12 for the recap of investment activity.

#### ***Northern Region Non MSA***

Investments in the Northern Region Non MSA are good. We identified \$426 thousand or approximately 10% of the collateral package securing the \$4.3 million mortgage backed investment was made in the Northern Region Non MSA. In addition, donations and grants in the Northern Region amounted to \$30 thousand.

#### ***Southern Region Non MSA***

Investments in the Southern Region Non MSA are good. We identified \$352 thousand or approximately 8% of the collateral package securing the \$4.3 million mortgage backed investment was made in the Southern Region Non MSA. In addition, donations and grants in the Southern Region amounted to \$26 thousand.

#### ***Investments - Rochester MSA***

Investment in the Rochester MSA is excellent. We identified \$1.9 million or approximately 43% of the collateral package securing the \$4.3 million mortgage backed investment was made in the Rochester MSA.

### **Conclusions for Areas Receiving Limited Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the Binghamton, Jamestown, Syracuse and Utica-Rome MSA AAs is not inconsistent with the bank's overall good performance under the Investment Test. The concentration of the mortgage loans comprising the security in certain AAs is attributed to the variance in market opportunities when the security was packaged.



# Service Test

## Conclusions for Areas Receiving Full Scope Reviews

The bank's performance under the Service Test is rated High Satisfactory. Based on the full-scope reviews, the bank's performance in the Northern Region Non MSA AA, Southern Region Non MSA AA, and Rochester MSA AA, is good.

### Retail Banking Services

Refer to Table 13 in the Appendix C for the facts and data used to evaluate the distribution of the bank's branches and ATM delivery system.

CBNA offers alternative delivery systems in the form of a bank-by-mail program and a bank-by-phone program. Internet banking is being developed. Currently, only information on bank products/services may be obtained from CBNA's web site. By mail, customers may make payments, deposits, transfers, and can apply for a loan. Customers can use the bank's Phone Banking, a 24-hour automated telephone banking service, where a customer can check account balances, transfer funds between accounts and place stop payments. In evaluating the bank's services, no significant weight was given to these systems since the bank does not track how well these services reach low- and moderate-income people and geographies.

The bank offers a wide variety of products and services. Deposit products include six different checking accounts for individuals; three different checking accounts for businesses, six savings account options for individuals; and a variety of time deposits. CBNA also offers several other services such as safe deposit boxes, wire transfer services, and annuity and insurance products. No deposit product is targeted to LMI individuals.

### *Northern Region Non MSA AA*

Retail banking services in the Northern Region Non MSA AA are good. The bank operates 24 full service offices and 17 ATM's in the AA. The number of branch offices in low-income and moderate-income geographies are one (4%) and three (13%), respectively. This is reasonable in relation to the population distribution where 2% of the population resides in the low-income geographies and 26% in the moderate-income geographies. The distribution of ATM's to low-income and moderate-income geographies is good with one (6%) of the ATMs located in a low-income geography and two (12%) in moderate-income geographies. All of the ATMs are accessible 24 hours every day.

Since the last review, CBNA acquired nine offices and opened one de novo branch. One of the acquired offices was immediately consolidated into an existing CBNA office located in very close proximity. The consolidated branches are located in a middle-income geography. There were eight additional offices consolidated or relocated during the evaluation period. Four of the offices were in moderate-income geographies. In all cases, the offices remained in the same moderate-income geography. These changes did not adversely impact access to banking

services/products for the individuals living within those geographies as the branches were in close proximity to each other.

Branch hours of service vary throughout the AA due to the bank's analysis of community needs and lobby traffic. One branch facility, located in a middle-income geography, has Saturday lobby hours. Ten additional facilities, including one office in a moderate-income geography, have Saturday drive-in hours only. All branch offices offer extended hours on various days of the week. The branch located in the low-income geography offers both extended weekday hours and 24 hour access via the attached ATM.

### ***Southern Region Non MSA AA***

Retail banking services in the Southern Region Non MSA AA are good. The bank operates 23 full service offices and 17 ATM's. There are no branch offices in low-income geographies and two offices (or 9%) are located in moderate-income areas. This AA has two low-income geographies, with one situated on an Indian reservation and eight moderate-income geographies (9%). The office distribution is good in relation to the population distribution; 0.1% of the population resides in the low-income geographies and 10% in the moderate-income geographies. The distribution of ATM's to low- and moderate-income geographies is adequate, with one ATM (6%) located in a moderate-income geography. All of the ATMs are accessible 24 hours everyday including an ATM located on a college campus.

Since the last review, CBNA acquired eight offices and opened three de novo branches. Some consolidating or relocation of branch offices occurred since the last review. Two offices located in moderate-income geographies were consolidated into existing offices situated within very close proximity. The resulting offices were located either on the same street or in very close proximity as the prior office. In all cases, the offices remained in the same geography. These changes did not adversely impact access to banking services/products for the individuals living within those geographies.

Branch hours of service vary throughout the AA due to the bank's analysis of community needs and lobby traffic. Four facilities, two each in moderate-income and middle-income geographies, have Saturday lobby hours. One additional facility has Saturday drive-in hours only which is located in a middle-income geography. All but one of the facilities located in the moderate-income geographies provide twenty-four ATM service. All branch offices offer extended hours on various days of the week.

### ***Rochester MSA AA***

Retail banking services in the Rochester MSA AA are good. CBNA operates four full service offices and four ATM's. Two of the branches and ATMs, or 50%, are located in moderate-income areas. This is excellent in comparison to the 19% of the population that live in the moderate-income geographies of the AA. All of the ATMs are accessible 24 hours everyday. There are no low-income geographies in the AA.

Branch hours of service vary throughout the AA due to the bank's analysis of community needs and lobby traffic. Two offices have extended Saturday lobby hours, one in a moderate-income

geography and one in a middle-income geography. The other two offices have extended weekday hours. There were no branch openings or closings since the last examination in the AA.

## **Community Development Services**

Management and bank employees continue to support various organizations in the communities served by the bank by offering financial and technical expertise to such groups. CBNA's involvement in the numerous community development related organizations is centered in bank officers assuming leadership roles. In particular, numerous personnel are members of the boards of directors or loan review committees. Additional active participation was noted in several instances whereby employees assisted in developing and submitting applications to a federal agency for grants.

### ***Northern Region Non MSA***

CBNA offers an excellent level of community development services in the Northern Region Non MSA AA. CBNA was actively involved during the evaluation period in fourteen organizations that conduct community development activities. These include national, state, and local business development and affordable housing organizations. Additionally, the bank hosted and/or bank personnel were actively involved in seminars related to affordable housing or small business development.

Examples of the above include the following:

Clayton Improvement Association, Ltd. is a non-profit organization that provides assistance to LMI families in financing the purchase of affordable housing. The organization also assists LMI elderly by applying grant monies to finance home projects. A bank officer is on the board of directors.

Jefferson County Job Development Corporation's main focus is to create and retain jobs within Jefferson County. The organization administers revolving loan funds for businesses within the Economic Development Zone (EDZ). There is also an emphasis for job creation/retention within the EDZ with focus on LMI individuals. A bank officer is a member of the board of directors.

Lewis County Micro-enterprise Revolving Loan Fund is a revolving loan committee which recommends applications to the Lewis County IDA for final approval. Small businesses requesting funds are required to be owned by an LMI individual or must be creating jobs for LMI persons in order to qualify for a loan. A bank officer is a member of the loan committee.

Lewis County Opportunities, Inc. is a not-for-profit community action group which coordinates the efforts of various components of the community in order to meet the needs of primarily LMI

individuals. Included are activities related to affordable housing, financial counseling and education. A bank officer is a member of the board of directors.

Village Of Potsdam Office of Planning and Development is a neighborhood housing rehabilitation program funded by a grant from HUD. The program is designed to benefit primarily LMI homeowners and tenants. A bank officer is a member of the board of directors.

Bugbee Housing Development Corporation is a HUD funded organization, which provides housing to LMI individuals primarily within the City of Gouverneur. A bank officer is a member of the organization's board of directors. In addition, CBNA provides free checking accounts to those individuals approved by Bugbee HDC.

Gouverneur Area Development Corporation is an organization whose primary focus is to attract and develop small businesses in the area. The program focuses on businesses providing, or retaining, jobs of LMI individuals. A bank officer is a VP and a member of the board of directors of the organization. In addition to this continued involvement, it was this same employee's leadership role who was instrumental in revitalizing the corporation and formulated its by-laws as well as preparing its micro enterprise application to HUD.

DeKalb Housing Development Fund Company, Inc is a not-for-profit organization designed to address the needs of affordable rental housing needs, primarily directed toward LMI individuals and families, in the DeKalb, NY area. A bank officer is a vice president and officer of the organization assisting in financial matters.

Jefferson County Industrial Development Agency. This organization sponsored an ice storm recovery Program for agricultural producers in the county. Low interest loans were made to assist in economic recovery of farm business after storms, etc. This is part of a HUD response to the 1998 ice storm. To be eligible for the program, applicants must be in LMI categories. A bank officer is a member of the loan committee making the decisions on loan applications.

Parkview Elderly Housing is a non-profit corporation responsible for the rental, repair and maintenance of apartment buildings which provide affordable rental units to LMI elderly citizens. A bank officer is a member of the board of directors.

The Potsdam Micro-Enterprise Revolving Loan Fund offers financing for qualified micro enterprises operating in Potsdam, New York. This program is designed to provide funds for start-up or expanding businesses which are owned by or employ primarily LMI individuals. A bank officer serves on the fund's board of directors.

In addition to the above, CBNA is active in sponsoring and participating in first time home buyer workshops and seminars related to small business and small farm financing.

### ***Southern Region Non MSA***

CBNA offers an excellent level of community development services in the Southern Region Non MSA AA. CBNA was actively involved during the evaluation period in seventeen organizations

that conduct community development activities. These include national, state, and local business development and affordable housing organizations. Additionally, the bank hosted and/or bank personnel were actively involved in seminars related to lending for affordable housing or small business development.

Examples of the above are demonstrated by the following:

Cuba Community Development Corporation is a rural preservation organization. Primary purposes are to provide planning, assistance and programming in the rehabilitation of existing housing stock occupied by low income persons. The corporation also develops affordable rental housing for low-income persons. The CDC assists in revitalizing the central business district by attracting small businesses. A bank officer is the treasurer and serves on the board of directors. CBNA also donates office space for use of the corporation.

Greater Olean, Inc. is an organization that is a combination of the local chamber of commerce and the area's economic development zone ("EDZ"). Both of the entities strive to increase the economic viability of the area by attracting businesses into the EDZ. It is also a primary focus that the new jobs created/retained be within the EDZ and targeted to LMI individuals. A bank officer is a member of the Membership Committee of the board of directors.

Randolph's Children's Home provides children and families with a variety of therapeutic treatment child care and prevention programs designed to create/sustain lifestyles which are both physically and psychologically healthy. Documentation indicates that the majority of clients are from LMI families. Two bank officers are members of the board of directors. Additionally, the bank's trust department manages the assets of the foundation.

Pathways, Inc. is a non-profit agency covering several counties operating several programs under contract with the N.Y.S. Office of Mental Retardation and Developmental Disabilities and the N.Y.S. Office of Mental Health. Special programs are available to assist the families and the individuals. The organization primarily serves LMI individuals/families. A bank officer is a member of the board of directors.

### ***Rochester MSA AA***

CBNA offers an adequate level of community development services in the Rochester MSA AA. CBNA was actively involved during the evaluation period in two organizations that conduct community development activities. These include national, state, and local business development and affordable housing organizations. Additionally, the bank hosted and/or bank personnel were actively involved in seminars related to lending for affordable housing or small business development.

Examples of the above include:

The Wayne County Industrial Development Agency provides low cost loan funds to assist in business start-ups within the county. Funds are primarily made available to LMI individuals who wish to acquire or start up a business. A bank officer is a member of the loan committee.

The Ontario County Chapter of Habitat For Humanity is the local chapter of a national organization which focuses on rehabilitation of older homes or building new ones with community donations for the purpose of providing affordable housing to LMI families. A bank officer is a member of the board of directors.

### **Areas Receiving Limited Scope Reviews**

CBNA's performance under the Service Test in the Binghamton, Jamestown, Syracuse and the Utica-Rome MSA assessment areas is not inconsistent with the assessment areas evaluated under full scope review.

## Appendix A

### Scope of Examination

The table below lists the scope of the examination. Specifically, it lists the lending products reviewed, the branches visited, and the time period covered in the review.

<b>Time Period Reviewed</b>		Lending Test, Investment Test, and Service Test The time period beginning 1/1/97 through 12/31/98	
<b>Financial institution</b>  Community Bank, N.A. Canton, New York		<b>Products Reviewed</b> Home purchase, home improvement and refinance loans reported on the HMDA LAR, small business loans and small farm loans reported on the Small Business Register, motor vehicle loans, secured consumer loans, unsecured consumer loans, and home equity loans	
<b>Affiliates</b> CBNA Treasury Management Corp (TMC)	<b>Affiliate Relationship</b> Bank operating subsidiary		<b>Products Reviewed</b> Community Development investments
<b>List of Assessment Areas and Type of Examination</b>			
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Branches Visited</b>	<b>Other Information</b>
1. Northern Region Non MSA 2. Southern Region Non MSA 3. Rochester MSA 4. Binghamton MSA 5. Jamestown MSA 6. Syracuse MSA 7. Utica-Rome MSA	On-site	Main Office	See "Description of Assessment Area"

**Appendix B: Market Profiles for Full-Scope Areas**

Market Profiles for Areas Receiving Full-Scope Reviews

Northern Region Non MSA .....	33
Southern Region Non MSA .....	35
Rochester MSA .....	37



## Northern Region Non MSA AA

### Market Profile

Demographic Information for Full-Scope Area: Northern Region Non MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	74	5.41	24.32	63.51	4.05	2.70
Population by Geography	296,253	2.28	26.31	66.79	4.19	0.43
Owner-Occupied Housing by Geography	66,895	0.10	21.64	74.17	4.09	0.00
Businesses by Geography	9,452	6.03	23.04	66.85	4.01	0.06
Farms by Geography	947	0.42	26.93	72.12	0.53	0.00
Family Distribution by Income Level	73,750	22.71	19.69	24.44	33.15	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	31,275	0.73	32.11	64.83	2.33	0.00
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$31,473 = \$37,700 = 9.27%	Median Housing Value Unemployment Rate				= \$52,038 = 6.68%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 199X HUD updated MFI.

## **Northern Region Non-MSA AA**

The Northern Region Non MSA AA is the bank's largest AA based on deposits. This AA consists of St. Lawrence, Jefferson, Franklin, and Lewis Counties. This AA contains 74 geographies. Four geographies are designated as low-income geographies, 18 as moderate-income geographies, 47 as middle-income, three as upper-income, and two are designated income not available. The population is 296 thousand according to the 1990 U.S. Census Data for this AA. Total occupied housing units is 76%, with owner occupied units at 50% and rental occupied units at 26%. Vacant units are 24%. The average median housing value is \$52,038 and the average age of housing stock is 47 years.

The 1990 Census Median Family Income is \$31,473 and is used to measure income of geographies. The 1998 Updated Median Family Income for the Non-MSA in New York State is \$37,700 and is used to measure borrower income.

Business demographic data for 1999 indicates there are 9,452 businesses and 947 farms in this AA. Small businesses and farms represent 92% of the 8,297 businesses and farms reporting revenues. Approximately 80% of the businesses and farms employ less than ten people. The economy of the Northern Region Non MSA has remained generally stable over the past two years. The continued weakness of the Canadian dollar has negatively impacted the local economy. The largest numbers of businesses include the service, retail, and agriculture industries. Higher milk prices in 1998 provided an impetus to the declining dairy industry. The largest employers include local governments, state prison facilities, and colleges and universities. The August 1999 unemployment rates for St. Lawrence, Jefferson, Lewis, and Franklin Counties were 6.4%, 6.5%, 6.1%, and 5.4%, respectively. Unemployment in the Northern Region Non MSA exceeds the August 1999 New York State average of 5.1%.

A non-profit organization which provides housing for individuals or families that are low to moderate income, homeless, or near homeless was contacted during the examination. The primary credit needs identified by this organization are affordable financing for the rehabilitation of existing homes and the purchase of residential homes. There has been minimal new home construction, thereby making rehab a primary source of housing. Vacant housing makes up 24% of the housing stock in the area. The contact also pointed out there are also opportunities for banks to assist in the education process of individuals, sponsor seminars, and provide funds for their grant programs.

## Southern Region Non MSA AA

### Market Profile

Demographic Information for Full-Scope Area: Southern Region Non MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	86	2.33	9.30	80.23	4.65	3.49
Population by Geography	304,524	0.07	9.66	84.14	6.13	0.00
Owner-Occupied Housing by Geography	81,467	0.05	8.89	85.89	5.16	0.00
Businesses by Geography	9,854	0.01	10.66	83.02	6.31	0.00
Farms by Geography	1,132	0.00	8.04	88.78	3.18	0.00
Family Distribution by Income Level	79,730	20.24	20.42	24.92	34.41	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	32,424	0.13	12.18	84.26	3.43	0.00
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$31,473 = \$37,700 = 9.27%	Median Housing Value Unemployment Rate				= \$46,426 = 6.68%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 199X HUD updated MFI.

## **Southern Region Non MSA AA**

The Southern Region Non MSA AA is the bank's second largest AA based on deposits. This AA consists of Allegany, Cattaraugus, Schuyler, Seneca, Steuben, and Yates Counties. This AA contains 86 geographies. Two geographies are designated as low-income geographies, eight as moderate-income geographies, 69 as middle-income, four as upper-income, and three are designated income not available. The population is 304 thousand according to the 1990 U.S. Census Data for this AA. Total occupied housing units is 83%, with owner occupied units at 61% and rental occupied units at 22%. Vacant units are 17%. The average median housing value is \$46,426 and the average age of housing stock is 48 years.

The 1990 Census Median Family Income is \$31,473. The 1998 Updated Median Family Income for the Non-MSA in New York State is \$37,700.

Business demographic data for 1999 indicates there are 9,854 businesses and 1,132 farms in this AA. Small businesses and farms represent 93% of the 8,869 businesses and farms reporting revenues. Approximately 80% of the businesses and farms employ less than ten people. The largest concentrations of businesses are in the service, retail, and agriculture industries. The economy of the Southern region has remained generally stable since the last examination. The August 1999 unemployment rates for Allegany, Cattaraugus, Schuyler, Seneca, Steuben, and Yates Counties were 5.4%, 5.8%, 4.5%, 4.4%, 4.4%, and 3.1% respectively.

A government official who works with a local economic development agency to obtain funds from banks and other sources was contacted during the examination. The primary credit needs identified by this individual are very small business loans, both to start up and existing concerns. Such loans would help cash flow needs and would be of small amounts, generally up to \$10,000. In addition, affordable mortgage loans were identified as a credit need.

## Rochester MSA AA

### Market Profile

Demographic Information for Full-Scope Area: Rochester MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	43	0.00	23.26	67.44	6.98	2.33
Population by Geography	184,224	0.00	18.96	75.11	5.78	0.15
Owner-Occupied Housing by Geography	50,128	0.00	17.57	76.50	5.93	0.00
Businesses by Geography	7,364	0.00	22.43	66.44	11.05	0.07
Farms by Geography	812	0.00	22.41	69.70	7.76	0.12
Family Distribution by Income Level	49,411	19.39	21.19	27.29	32.13	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	20,050	0.00	26.05	70.32	3.63	0.00
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$40,519 = \$48,800 = 9.40%	Median Housing Value Unemployment Rate				= \$73,696 = 3.44%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 199X HUD updated MFI.

**Rochester MSA (6840) AA**

The Rochester MSA (MSA 6840) consists of six counties. The bank's AA consists of Ontario and Wayne Counties. Two banking offices are located in MSA 0160. There are 43 geographies in this AA. The income classifications of the 43 geographies are as follows: moderate-income (10), middle-income (29), upper-income (3) and one designated as income not available. Total occupied housing units is 90%, with owner occupied units at 68% and rental occupied units at 23%. Vacant units are 10%. The average median housing value is \$73,696 and the average age of housing stock is 43 years.

The AA located in MSA 6840 has a population of 184 thousand according to 1990 U.S. Census Data. The 1990 Median Housing Value is \$73,696. The 1998 Updated Median Family Income for MSA 6840 is \$48,800.

Business demographic data for 1999 indicates there are 7,364 businesses and 812 farms in this AA. Small businesses and farms represent 91% of the 6,782 businesses and farms reporting revenues. Approximately 80% of the businesses and farms employ less than ten people. The largest concentrations of businesses are in the service, retail, and construction industries. The economy of the Rochester MSA AA has remained generally stable since the last examination. The August 1999 unemployment rates for Ontario and Wayne Counties were 3.0% and 3.7%, respectively.

A government official who represents a local industrial development agency was contacted during the examination. The agency has two revolving loan funds which provide gap financing to small manufacturing companies or small loans to micro-enterprise businesses i.e. concerns that employ five or less employees. The focus in both cases is on job creation or retention for LMI individuals. The individual identified opportunities for banks to participate by investing funds in the loan funds or purchasing loans made by the organization.

## Appendix C

### Content of Standardized Tables

The following is a listing and brief description of each table included in the set of standardized tables. Also included is other information to assist the examiner in interpreting the tables. In addition to the factors discussed under **General Information**, the following are applicable: market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/AA and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/AA. High market rank is not an automatic indicator of strong **outstanding** performance. Market rank should be evaluated as contextual information. Refer to the Data Analysis Phase section for additional guidance. For non-HMDA reporting banks evaluated using the Large Bank Large Bank CRA Examination Procedures, market share information is not applicable.

**Table 1. - Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/AA.

**Table 2. - Geographic Distribution of Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

**Table 3. - Geographic Distribution of Home Improvement Loan Originations** - See Table 2.

**Table 4. - Geographic Distribution of Home Mortgage Refinance Loan Originations** - See Table 2.

**Table 5. - Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (< \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

**Table 6. - Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (< \$500,000) to farms originated and

purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

**Table 7. - Borrower Distribution of Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/AA. The table also presents market rank and market share information based on the most recent aggregate market data available.

**Table 8. - Borrower Distribution of Home Improvement Loan Originations** - See Table 7.

**Table 9. - Borrower Distribution of Home Mortgage Refinance Loan Originations** - See Table 7.

**Table 10. - Borrower Distribution of Small Business Loan Originations** - Compares the percentage distribution of the number of small loans (< \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

**Table 11. - Borrower Distribution of Small Farm Loan Originations** - Compares the percentage distribution of the number of small loans (< \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 12. - Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period.

**Table 13. - Distribution of Branch and ATM Delivery System** - Compares the percentage distribution of the number of the bank's retail branches and ATMs in



low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

**Table 14. - Geographic and Borrower Distribution of Consumer Loan Originations -**

For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage of households by income level in each MSA/AA.

**Table 1. Lending Volume**

LENDING VOLUME													State: New York	Evaluation Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
Full-Scope:															
Northern Region Non MSA	40%	3,153	81,847	1,875	83,920	970	29,863	7	527	6,009	196,157	59%			
Southern Region Non MSA	37%	1,514	56,220	701	48,738	90	3,185	5	677	2,313	108,820	23%			
Rochester MSA	8%	284	11,991	128	7,316	17	955	0	0	429	20,262	4%			
Limited-Scope:															
Binghamton MSA	2%	81	2,350	58	4,378	45	2,265	0	0	184	8,993	2%			
Jamestown MSA	3%	254	5,700	95	10,599	72	2,756	0	0	421	19,055	4%			
Syracuse MSA	4%	309	13,010	117	4,918	65	2,320	0	0	491	20,248	5%			
Utica-Rome MSA	6%	235	6,098	55	2,280	23	447	0	0	313	8,825	3%			

**Table 2. Geographic Distribution of Home Purchase Loan Originations**

Geographic Distribution: HOME PURCHASE																
State: New York				Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Northern Region Non MSA	0.10	1.00	21.60	21.00	74.20	75.00	4.10	3.00	1	20.20	40.0	22.70	20.60	7.60	575	52
Southern Region Non MSA	0.00	0.00	9.00	5.00	86.00	90.00	5.00	5.00	3	7.40	0.00	7.00	7.50	6.30	317	29
Rochester MSA	0.00	0.00	18.00	19.00	77.00	76.00	6.00	6.00	25	1.40	0.00	2.10	1.30	1.20	70	6
Limited-Scope:																
Binghamton MSA	0.00	0.00	22.00	0.00	29.00	73.00	48.00	27.00	40	0.50	0.00	0.00	2.20	0.00	11	1
Jamestown MSA	1.00	3.00	8.00	3.00	84.00	92.00	7.00	3.00	22	1.10	0.00	0.00	1.30	0.00	37	3
Syracuse MSA	0.00	0.00	16.00	28.00	76.00	70.00	8.00	2.00	19	1.60	0.00	2.20	1.50	0.60	64	6
Utica-Rome MSA	0.00	0.00	0.00	0.00	89.00	100.00	11.00	0.00	3	4.80	0.00	0.00	5.50	0.00	36	3

(\*) Based on 1997 Aggregate HMDA Data only.

**Table 3. Geographic Distribution of Home Improvement Loan Originations**

Geographic Distribution: HOME IMPROVEMENT																
State: New York				Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Northern Region Non MSA	0.10	0.10	21.60	24.00	74.20	73.90	4.10	2.00	1	53.60	66.7	53.10	54.80	23.70	1,573	61
Southern Region Non MSA	0.00	0.00	9.00	9.00	86.00	87.00	5.00	4.00	1	18.20	0.0	25.5	17.70	16.90	528	20
Rochester MSA	0.00	0.00	18.00	24.00	77.00	74.00	6.00	2.00	15	1.90	0.00	0.90	2.40	0.00	110	4
Limited-Scope:																
Binghamton MSA	0.00	0.00	22.00	18.00	29.00	75.00	48.00	8.00	5	8.20	0.00	3.60	20.00	1.40	40	2
Jamestown MSA	1.00	0.00	8.00	1.00	84.00	99.00	7.00	0.00	3	13.30	0.00	2.60	15.00	0.00	120	5
Syracuse MSA	0.00	0.00	16.00	19.00	76.00	80.00	8.00	1.00	6	4.40	0.00	3.10	5.20	0.00	84	3
Utica-Rome MSA	0.00	0.00	0.00	0.00	89.00	100.00	11.00	0.00	1	28.80	0.00	0.00	31.90	0.00	130	5

(\*) Based on 1997 Aggregate HMDA Data only.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations**

Geographic Distribution: HOME MORTGAGE REFINANCE																
State: New York				Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Northern Region Non MSA	0.10	0.00	21.60	18.00	74.20	79.00	4.10	2.00	1	35.50	0.00	31.00	38.20	18.50	1,005	47
Southern Region Non MSA	0.05	0.00	9.00	6.00	85.95	88.00	5.00	6.00	1	17.90	0.00	26.60	17.70	13.90	669	31
Rochester MSA	0.00	0.00	18.00	14.00	77.00	84.00	6.00	2.00	12	2.10	0.00	1.30	2.50	0.00	104	5
Limited-Scope:																
Binghamton MSA	0.00	0.00	22.00	0.00	29.00	80.00	48.00	20.00	3	6.50	0.00	0.00	21.60	0.00	30	1
Jamestown MSA	1.00	0.00	8.00	0.00	84.00	98.00	7.00	2.00	8	4.60	0.00	0.00	5.60	0.00	97	5
Syracuse MSA	0.00	0.00	16.00	14.00	76.00	79.00	8.00	7.00	3	4.70	0.00	4.00	4.80	5.40	161	8
Utica-Rome MSA	0.00	0.00	0.00	0.00	89.00	100.00	11.00	0.00	2	11.90	0.00	0.00	12.70	0.00	69	3

(\*) Based on 1997 Aggregate HMDA Data only.

**Table 5. Geographic Distribution of Small Business Loan Originations**

Geographic Distribution: SMALL BUSINESS																
State: New York				Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Northern Region Non MSA	6.00	2.50	23.00	21.30	70.00	70.10	4.00	6.10	1	39.50	28.3	40.2	35.6	49.7	1,875	62
Southern Region Non MSA	0.00	0.00	10.70	10.40	83.00	82.90	6.30	6.60	1	18.70	0.0	24.2	18.2	19.1	701	23
Rochester MSA	0.00	0.00	22.40	21.10	66.40	76.60	11.10	2.30	10	3.00	0.0	4.2	3.4	0.4	128	4
Limited-Scope:																
Binghamton MSA	0.00	0.00	24.10	1.70	43.10	84.50	32.80	13.80	4	9.70	0.0	0.0	17.0	3.2	58	2
Jamestown MSA	10.10	5.30	11.90	0.00	69.00	92.60	9.00	2.10	13	1.80	0.0	0.0	2.6	0.0	95	3
Syracuse MSA	0.00	0.00	23.90	24.80	69.50	71.80	6.60	3.40	18	.80	0.2	1.2	1.0	0.3	117	4
Utica Rome MSA	0.00	0.00	0.00	0.00	94.00	100.00	6.00	0.00	17	.80	0.0	0.0	1.9	0.2	55	2

(\*) Based on 1997 Aggregate Small Business Data only.

**Table 6. Geographic Distribution of Small Farm Loan Originations**

Geographic Distribution: SMALL BUSINESS      State: New York      Evaluation Period: January 1, 1997 TO December 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Northern Region Non MSA	1.00	0.00	34.00	13.70	65.00	86.10	1.00	0.20	2	44.30	0.00	15.30	46.10	50.0	970	76
Southern Region Non MSA	0.00	0.00	8.00	12.20	89.00	87.80	3.00	0.00	3	7.40	0.00	28.60	6.60	0.0	90	7
Rochester MSA	0.00	0.00	22.00	29.40	70.00	70.60	8.00	0.00	5	2.30	0.00	0.00	2.80	0.00	17	1
Limited-Scope:																
Binghamton MSA	0.00	0.00	20.00	6.70	36.00	62.20	44.00	31.10	1	42.30	0.00	22.20	45.50	44.4	45	3
Jamestown MSA	1.00	0.00	1.00	0.00	94.00	100.00	5.00	0.00	2	21.60	0.00	0.00	22.30	0.0	72	6
Syracuse MSA	0.00	0.00	10.00	23.00	77.00	77.00	13.00	0.00	3	22.00	0.00	72.70	15.90	0.0	65	5
Utica Rome MSA	0.00	0.00	0.00	0.00	96.00	100.00	4.00	0.00	5	6.70	0.00	0.00	7.80	0.00	23	2

(\*) Based on 1997 Aggregate Small Business Data only.

**Table 7. Borrower Distribution of Home Purchase Loan Originations**

Borrower Distribution: HMDA HOME PURCHASE																
State: New York				Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Northern Region Non MSA	23.00	8.00	20.00	21.00	24.00	23.00	33.00	36.00	1	20.20	40.0	22.70	20.60	7.60	575	52
Southern Region Non MSA	20.00	3.00	20.00	18.00	25.00	28.00	34.00	42.00	3	7.40	0.00	7.00	7.50	6.30	317	29
Rochester MSA	19.00	13.00	21.00	20.00	27.00	23.00	32.00	41.00	25	1.40	1.10	1.20	1.30	1.20	70	6
Limited-Scope:																
Binghamton MSA	17.00	9.00	18.00	27.00	25.00	9.00	40.00	45.00	40	0.50	0.00	0.00	2.20	0.00	11	1
Jamestown MSA	19.00	0.00	18.00	22.00	24.00	27.00	39.00	19.00	22	1.10	0.00	0.00	1.30	0.00	37	3
Syracuse MSA	22.00	8.00	19.00	19.00	25.00	34.00	34.00	39.00	19	1.60	0.00	2.20	1.50	0.60	64	6
Utica-Rome MSA	16.00	11.00	20.00	17.00	27.00	11.00	37.00	22.00	3	4.80	0.00	0.00	5.50	0.00	36	3

(\*) As a percentage of loans with borrower income information available. No information was available for 11% of loans originated by BANK.

(\*\*) Based on 1997 Aggregate HMDA Data only.



**Table 8. Borrower Distribution of Home Improvement Loan Originations**

Borrower Distribution: HOME IMPROVEMENT      State: New York      Evaluation Period: January 1, 1997 TO December 31, 1998																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Improvement Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Northern Region Non MSA	23.00	12.00	20.00	19.00	24.00	22.00	33.00	22.00	1	53.30	46.8	46.30	43.20	34.20	1,573	61
Southern Region Non MSA	20.00	14.00	20.00	27.00	25.00	21.00	34.00	20.00	1	18.20	18.5	19.90	8.20	9.60	528	20
Rochester MSA	19.00	25.00	21.00	25.00	27.00	22.00	32.00	25.00	15	1.90	3.70	2.10	1.10	1.80	110	4
Limited-Scope:																
Binghamton MSA	17.00	15.00	18.00	40.00	25.00	15.00	40.00	28.00	5	8.20	15.2	5.40	8.00	6.10	40	2
Jamestown MSA	19.00	8.00	18.00	15.00	24.00	15.00	39.00	4.00	3	13.30	6.00	6.90	2.90	0.90	120	5
Syracuse MSA	22.00	18.00	19.00	19.00	25.00	32.00	34.00	27.00	6	4.40	8.40	3.00	5.00	3.00	84	3
Utica-Rome MSA	16.00	4.00	20.00	14.00	27.00	15.00	37.00	11.00	1	28.80	0.00	14.90	10.40	5.10	130	5

(\*) As a percentage of loans with borrower income information available. No information was available for 25% of loans originated by BANK.

(\*\*) Based on 1997 Aggregate HMDA Data only.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations**

Borrower Distribution: HOME MORTGAGE REFINANCE																
State: New York				Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Northern Region Non MSA	23.00	4.00	20.00	11.00	24.00	23.00	33.00	44.00	1	35.50	28.1	28.10	27.70	29.90	1,005	47
Southern Region Non MSA	20.00	3.00	20.00	13.00	25.00	23.00	34.00	51.00	1	17.90	10.8	14.70	14.80	20.10	669	31
Rochester MSA	19.00	6.00	21.00	18.00	27.00	35.00	32.00	38.00	12	2.10	0.8	2.20	3.00	2.30	104	5
Limited-Scope:																
Binghamton MSA	17.00	0.00	18.00	27.00	25.00	37.00	40.00	30.00	3	6.50	0.00	15.40	8.70	3.30	30	1
Jamestown MSA	19.00	5.00	18.00	5.00	24.00	21.00	39.00	30.00	8	4.60	0.00	0.00	1.50	0.00	97	5
Syracuse MSA	22.00	11.00	19.00	23.00	25.00	28.00	34.00	35.00	3	4.70	8.80	5.90	3.70	5.20	161	8
Utica Rome MSA	16.00	0.00	20.00	20.00	27.00	20.00	37.00	28.00	2	11.90	0.00	10.20	5.40	2.00	69	3

(\*) As a percentage of loans with borrower income information available. No information was available for 15% of loans originated by BANK.

(\*\*) Based on 1997 Aggregate HMDA Data only.

**Table 10. Borrower Distribution of Small Business Loan Originations**

Borrower Distribution: SMALL BUSINESS State: New York Evaluation Period: January 1, 1997 to December 31, 1998											
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans		
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size(000's)
Full-Scope:											
Northern Region Non MSA	70.60	86.30	63.80	90.30	7.00	2.70	37.24	53.50	1,875	62	\$45
Southern Region Non MSA	72.22	74.00	58.60	84.70	10.00	5.30	18.68	24.93	701	23	\$70
Rochester MSA	73.61	83.60	54.90	91.40	5.50	3.10	3.04	4.41	128	4	\$57
Limited-Scope:											
Binghamton MSA	72.36	77.60	49.10	86.20	5.20	8.60	9.67	14.39	58	2	\$75
Jamestown MSA	73.10	66.30	50.90	72.60	15.80	11.60	1.78	2.04	95	3	\$112
Syracuse MSA	75.08	89.70	54.80	91.50	6.80	1.70	0.82	1.63	117	4	\$42
Utica-Rome MSA	78.16	87.30	56.60	87.30	10.90	1.80	0.98	1.32	55	2	\$41

(\*) As a percentage of all businesses, regardless if revenues are reported.

(\*\*) As a percentage of all business loans, regardless if revenues are reported.

(\*\*\*) The market consists of all other Small Business reporters in BANK's assessment area and is based on 1997 Aggregate Small Business Data only.

(\*\*\*\*) Based on 1997 Aggregate Small Business Data only.

**Table 11. Borrower Distribution of Small Farm Loan Originations**

Borrower Distribution: SMALL FARM State: New York Evaluation Period: January 1, 1997 to December 31, 1998											
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans		
	% of Farms*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Ave Loan Size (000's)
Full-Scope:											
Northern Region Non MSA	97.39	98.00	94.40	91.80	7.80	0.40	44.27	45.73	970	76	\$35
Southern Region Non MSA	97.17	94.40	96.30	93.30	5.60	1.10	7.41	7.69	90	7	\$30
Rochester MSA	95.32	88.20	100.00	82.30	17.70	0.00	2.33	2.47	17	1	\$56
Limited-Scope:											
Binghamton MSA	97.33	100.00	98.60	80.00	20.00	0.00	42.25	42.86	45	3	\$50
Jamestown MSA	96.98	97.20	90.70	97.20	2.80	0.00	21.65	22.73	72	6	\$38
Syracuse MSA	94.66	98.40	87.00	93.90	1.50	4.60	17.95	20.37	65	5	\$36
Utica-Rome MSA	97.37	95.70	100.00	100.00	0.00	0.00	6.75	12.50	23	2	\$19

(\*) As a percentage of all farms, regardless if revenues were reported.

(\*\*) As a percentage of all loans, regardless if revenues were reported.

(\*\*\*) The market consists of all other Small Farm reporters in BANK's assessment area and is based on 1997 Aggregate Small Farm Data only.

(\*\*\*\*) Based on 1997 Aggregate Small Farm Data only.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS State: New York Evaluation Period: January 1, 1997 TO December 31, 1998									
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#***	\$ (000's)	%**	#	\$ (000's)	% of Total \$-s
Full-Scope:									
Northern Region Non MSA	0	0	0	13	456	10	13	456	10
Southern Region Non MSA	0	0	0	6	378	9	6	378	9
Rochester MSA	0	0	0	1	1,857	43	1	1,857	43
Limited-Scope:									
Binghamton MSA	0	0	0	1	180	4	1	180	4
Jamestown MSA	0	0	0	1	48	1	1	48	1
Syracuse MSA	0	0	0	3	1,231	28	3	1,231	28
Utica-Rome Msa	0	0	0	1	219	5	1	219	5

(\*) Prior Period Investments means investments made in a previous evaluation period that remain outstanding.

(\*\*) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

(\*\*\*) The MBS investment is shown as an investment in each Assessment Area.

**Table 13. Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM																	
			State: New York					Evaluation Period: January 1, 1997 TO December 31, 1998									
MSA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total BANK Deposits	# of BANK Branches	% of Total BANK Branches	Location of Branches by Income of Geographies				# of BANK ATMs	% of Total BANK ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography*			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
Northern Region Non MSA	40	24	39	4.2	12.5	79.1	4.2	16	37	6.3	12.4	75.0	6.3	2.3	26.3	66.8	4.6
Southern Region Non MSA	37	23	37	0.0	9.0	74.0	17.0	17	39	0.0	5.9	82.4	11.7	0.1	9.7	84.1	6.1
Rochester MSA	8	4	6	0.0	50.0	50.0	0.0	4	9	0.0	50.0	50.0	0.0	0.0	19.0	75.1	5.9
Limited-Scope:																	
Binghamton MSA	2	2	3	0.0	0.0	100.0	0.0	1	2	0.0	0.0	100.0	0.0	0.0	23.8	31.3	44.9
Jamestown MSA	3	4	6	0.0	25.0	75.0	0.0	1	2	0.0	100.0	0.0	0.0	2.8	10.5	78.6	8.1
Syracuse MSA	4	4	6	0.0	25.0	75.0	0.0	4	9	0.0	25.0	75.0	0.0	0.0	19.1	73.4	6.4
Utica-Rome MSA	6	2	3	0.0	0.0	100.0	0.0	1	2	0.0	0.0	100.0	0.0	0.0	0.0	90.0	10.0

(\* ) May not equal 100% due to population living in N/A tracts.

**Table 14. Geographic and Borrower Distribution of Consumer Loan Originations**

Geographic and Borrower Distribution: CONSUMER LOANS																			State: New York		Evaluation Period: January 1, 1997 TO DECEMBER 31, 1998	
MSA/Assessment Area:	Geographic Distribution								Borrower Distribution													
	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Total Consumer Loans					
	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of HHs	% BANK Loans**	% of HHs	% BANK Loans**	% of HHs	% BANK Loans**	% of HHs	% BANK Loans**	#	% of Total				
Full-Scope:																						
Northern Region Non MSA	2.3	0.2	26.3	24.7	66.8	71.9	4.6	3.2	26.2	22.1	17.2	19.8	20.2	18.6	36.4	17.8	16,997	56.2				
Southern Region Non MSA	0.1	0.0	9.7	9.1	84.1	85.5	6.1	5.4	24.3	23.7	17.8	24.8	21.0	21.1	36.9	22.5	7,108	23.4				
Rochester MSA	0.0	0.0	19.0	22.0	75.1	76.2	5.9	1.8	22.8	35.0	17.6	27.1	22.0	19.1	37.6	14.7	1,798	5.9				
Limited-Scope:																						
Binghamton MSA	0.0	0.0	23.8	8.5	31.3	67.9	44.9	23.6	20.3	29.7	15.9	27.7	18.2	21.3	45.6	21.3	318	1.0				
Jamestown MSA	2.8	0.7	10.5	4.0	78.6	91.9	8.1	3.4	24.4	22.0	15.5	27.1	19.1	23.5	41.0	22.8	1,674	5.5				
Syracuse MSA	0.0	0.0	19.1	18.3	73.4	78.4	6.4	3.3	26.4	27.6	17.5	26.5	20.0	23.7	36.0	19.0	1,146	3.7				
Utica Rome MSA	0.0	0.0	0.0	0.0	90.0	99.6	10.0	0.4	16.2	9.2	20.1	9.3	27.2	9.0	36.5	10.2	1,316	4.3				

(\*) The percentage of the population in the MSA/assessment area that resides in these geographies.

(\*\*) As a percentage of all consumer, including loans with unknown revenues. No information was available on 17% of the loans originated by the bank.