



Comptroller of the Currency
Administrator of National Banks

Northeastern District
Syracuse Duty Station
100 Elwood Davis Road
North Syracuse, New York 13212

Public Disclosure

May 21, 1997

Community Reinvestment Act Performance Evaluation

Community Bank, N.A.
Charter No. 8531
45-49 Court Street
Canton, New York, 13617

**Office of the Comptroller of the Currency
Northeastern District
Syracuse Duty Station
100 Elwood Davis Road
North Syracuse, New York 13212**

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.

TABLE OF CONTENTS

General Information.....	1
Description of Institution.....	2
Description of Assessment Area.....	3
Conclusions with Respect to Performance Tests	
Scope of Review.....	4
Lending Test.....	4
Investment Test.....	8
Services Test.....	9
Fair Lending Review.....	8
Metropolitan Statistical Areas (MSA)	
Syracuse MSA.....	11
Rochester MSA.....	13
Binghamton MSA.....	16
Utica-Rome MSA.....	18
Appendix	
Scope of Exam.....	21

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 institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Community Bank, N.A., Canton, New York** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **May 21, 1997**. 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 the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating: This institution is rated "Satisfactory."

Primary factors supporting the bank's overall rating include:

- a very high percentage of loans within the assessment area;
- a high level of responsiveness to credit needs within the assessment area;
- a very high percentage of the commercial loans were made to small businesses and small farms;
- a high percentage of loans made to businesses and farms were loans for small dollar amounts (loan amount less than \$100 thousand);
- a good distribution of loans between the census tracts and block numbering areas within the bank's assessment area;
- a good distribution of loans among borrowers of different income levels;
- a good level of readily accessible delivery systems that service the financial needs of the assessment area; and,
- a less than adequate level of qualified community development investments.

The following table indicates the performance level of **Community Bank, N.A., Canton, New York** with respect to the lending, investment, and service tests. (Indicate the performance level under each criteria by marking an "X" in the appropriate row.)

Performance Levels	Community Bank, N.A. Performance Tests		
	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve		X	
Substantial Noncompliance			

Description of Institution

Community Bank, N.A. (CBNA) is the principal subsidiary of Community Bank System, Inc. (CBSI), a bank holding company. In addition to the bank, CBSI also owns 100% of Benefit Plans Administrators (BPA). BPA is a pension administration and consulting firm located in Utica, New York serving primarily corporate clients. This client base is mainly located within the central portion of New York State.

As of March 31, 1997, total bank assets were \$1.4 billion, including investments of \$609 million, total loans of \$674 million and total deposits of \$1.1 billion. Included in the loan portfolio are real estate loans to individuals of \$220 million (33%), other retail loans of \$255 million (38%), farm loans of \$30 million (5%), and commercial loans of \$114 million (17%). There are no known impediments, legal or otherwise, which would impact upon the bank's ability to meet the credit needs of its assessment area.

Since the last review, CBNA greatly expanded its branch network by purchasing 15 offices and one stand alone automated teller machine (ATM) from Chase Manhattan Bank in July 1995. See the discussion under "Services Test" for details. Currently, CBNA operates a total of 48 facilities (including the bank branches plus a stand alone ATM and a separate drive-in facility).

Competition continues to be provided from a number of community and larger regional banks. Additionally, strong competition for home purchase and improvement loans is provided by non bank lenders such as mortgage companies.

Description of Assessment Area (AA)

CBNA's AA consists of 14 entire counties in the state of New York: St. Lawrence, Franklin, Jefferson, Lewis, Cayuga, Seneca, Ontario, Allegany, Cattaraugus, Tioga, Schuyler, Wayne, Yates, and Steuben. It also includes portions of Chemung, Oneida, Onondaga, and Oswego counties. The bank's facilities are mainly located in the non metropolitan, rural towns and villages within these counties. The AA is located primarily in Block Numbering Areas (BNAs), which the U.S. Census Bureau uses to delineate geographic areas not located in a Metropolitan Statistical Area (MSA). However, the AA includes small portions of five MSAs - Rochester, Syracuse, Utica-Rome, Binghamton, and Elmira. In keeping with the bank's rural theme, the facilities are located in the smaller cities, towns, and villages of these MSAs, and not in the vicinity of the larger cities that are part of these MSAs. Only 11 of the bank's 48 branch facilities are located in MSAs. There is no office located in the Elmira MSA.

The AA consists of 262 geographies (census tracts or BNAs). The following table provides information on the income and housing related makeup of the tracts in the bank's AA.

tract income level	# of tracts	% tracts	# house-holds	% house-holds	# rental units	% of rental units
low	6	2	993	*	916	1
moderate	46	18	65,262	18	27,365	24
middle	185	70	277,126	75	77,882	69
upper	18	7	24,920	7	5,973	5
no income reported	7	3	7	*	16	*

* less than 1%

The population of the bank's assessment area is slightly more than one million. The median family income for the non metropolitan areas (BNA areas) of New York State was \$35,600 in 1996. Please refer to the profiles of the MSAs later in this report for the median family income for each of the four MSAs where the bank has an office. The economic condition of the communities 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. The unemployment rate for the AA was 4% in 1996, which is considered low by both national and state standards.

The median year of housing built is 1952 with a median housing value of \$54,000. Sixty percent of the homes are owner occupied, and 16 percent of the housing units are vacant.

Conclusions with Respect to Performance Tests

SCOPE OF REVIEW

This review primarily covers the time period from January 1, 1995 through December 31, 1996. However, we did evaluate some qualified investments and banking services that occurred after this time period. Also, our primary emphasis on the lending test was on 1996 lending data, since much of the information we used for this evaluation was not required to be collected by the bank prior to this time. The lending test we performed includes an evaluation of the bank's consumer loans¹ originated in 1996. The bank opted to provide this information, since it is not required to maintain this information under the CRA regulation.

LENDING TEST

Community Bank, N.A. (CBNA) is an active lender of small business, small farm, consumer, and HMDA loans. These lending products address the primary credit needs of the bank's assessment area. The bank's loan-to-deposit ratio averaged 59.75% for the eight quarters of 1995 and 1996. This ratio was below the average ratio (69.91%) of several reasonably comparable banks located within New York State. However, the bank's ratio was reduced significantly by the acquisition of several branches (and their deposits) from Chase Manhattan Bank in July 1995. The bank's ratio was 71.73% immediately prior to purchase of the deposits, which was consistent with peer banks. Also, the loan-to-deposit ratio grew by 12% during the six quarter period following the purchase of the deposits, showing that the bank is on the way to regaining its prior position.

CBNA makes the vast majority of its loans within its AA. Overall, 90% of the number of loans and 92% of the dollar volume of loans originated during 1996 were made within the bank's AA. The following table shows the ratios for four loan product categories. The products comprising the HMDA loan category are not shown separately since the individual ratios were fairly represented by the combined ratio.

¹ A consumer loan includes motor vehicle loans, secured and unsecured personal loans, home equity loans and home equity lines of credit. A HMDA loan is a loan reported under the Home Mortgage Disclosure Act, and includes home purchase loans, home improvement loans, and refinances of home loans.

Loan Product	% of the total number of loans originated within AA	% of the total dollar volume of loans located within AA
HMDA	97	94
Small Business	96	92
Small Farm	97	96
Consumer	88	91

We could not provide a similar chart for 1995 loan activities since the bank was not required to gather much of this information until the calendar year 1996. However, based on our review of HMDA loans that were located in a MSA², and our knowledge of bank lending practices, we believe the percentage of loans made within the AA in 1995 was close to the percentage of loans in the AA in 1996.

The bank ranked number seven in HMDA loan market share for 1995 out of 215 lenders reporting loans in CBNA's AA. The six institutions that placed higher were larger banks, a large mortgage company, and a large home improvement lender. It should be noted that CBNA's rank was based only on the 43% of its HMDA loans on which it was required to report geographic location. The bank did not report geographic locations on 57% of the HMDA loans it made in 1995 because the properties were not located in a MSA. We do not know how this reporting issue affected the other lenders included in the market share analysis.

CBNA is an active lender of small business and small farm loans. The bank was recognized by the Small Business Administration's Office of Advocacy as one of the top lenders to small businesses. CBNA ranked first among 20 banks in New York State with assets of \$1 billion to \$10 billion. A total of 164 banks in the state were ranked.

During 1996, the bank originated 1,374 small business loans for \$62.7 million. This represented 99% of the number and 73% of the dollar volume of all business loans originated by the bank in 1996. The bank's small farm loan activity is even more impressive, with small farm loans representing 99.99% of the number and 93% of the dollar volume of all farm loans originated by the bank in 1996. The bank originated 688 small farm loans for \$18.8 million in 1996.

A large percentage of the small business loans made in the AA were made to businesses

² The bank was not required to report the geographical location of loans that were made in a BNA until 1996. HMDA loans made in BNAs represented 57% of the bank's HMDA loans for 1995.

with annual revenues of less than \$1 million. Businesses with revenues less than \$1 million accounted for 86% of the number and 72% of the dollar volume of small business loans originated in 1996. All of the bank's small farm loans originated in 1996 were to farms with annual revenues of less than \$1 million.

Besides lending heavily to small size businesses and farms, CBNA also makes a large number of small dollar loans. The following two tables show the bank makes a significant number of loans for less than \$100 thousand in its AA. This is an important need of small businesses and small farms.

Small Business loan amount (000s)	# of loans	% of # of loans	\$ amount (000s)	% of \$ amount loans
<= \$100	1,215	92	28,849	52
>\$100 & <=\$250	65	5	10,787	19
>\$250 & <=\$1million	36	3	16,281	29
Total	1,316	100	55,917	100

Small Farm loan amount (000s)	# of loans	% of total # of loans	\$ amount (000s)	% of total \$ amount of loans
<= \$100	623	94	10,926	61
>\$100 & <=\$250	41	6	6,422	35
>\$250 & <=\$500	2	0	700	4
Total	666	100	18,048	100

CBNA makes a good portion of its loans in low- and moderate-income (LMI) geographies based on the opportunities available in those geographies. The low-income geographies afford few opportunities for HMDA or consumer loans because of the small number of households in these areas. The following table shows the penetration of different loan products (originations) in 1996 based on the income characteristics of the geographies. HMDA loans were not broken down since there is no significant difference between the distribution of these products.

income level of geographies	% of tracts in the AA	% of HMDA loans	% of consumer loans	% of small business loans	% of small farm loans
low	2	*	*	2	0
moderate	18	14	18	17	11
middle	70	81	78	76	87
upper	7	5	4	5	2
no income reported	3	0	0	0	0
total	100	100	100	100	100

* The percentage of loans in these tracts was less than 1%.

CBNA's distribution of HMDA and consumer loan originations to individuals of different incomes is good, based on the income composition and lending needs of the population in the AA. The following table reveals that consumer loans and home improvement loans were the bank products used most by LMI individuals, and that home purchase and home refinances were used more heavily by middle- and upper-income individuals.

income level of borrower	% of families in the AA	% home purchase loans	% home improvement loans	% home refinances	% consumer loans
low	21	7	18	3	22
moderate	20	18	25	17	27
middle	25	30	25	29	25
upper	34	42	27	46	24
not reported	-----	3	5	5	2
total	100	100	100	100	100

The bank did not make any reportable community development loans. The bank has very few loans available to classify as community development loans since 99% of its commercial loans are reportable as small business loans, and nearly 100% of its farm loans are reportable as small farm loans.

The bank's loan products include flexible lending products which allow for lower down payments and rate discounts. CBNA offers lower than conventional down payment

requirements through its mortgage loans with Private Mortgage Insurance (PMI) or through two government guarantee loan programs, i.e., the Federal Housing Administration (FHA) and the Farmers Home Administration (FmHA) programs. It also offers a 1/2% discount off prevailing mortgage rates for loans made in conjunction with the New York State Affordable Home ownership Grant Program. Grant monies received by the applicant can be used to cover down payment requirements.

In addition to the rate reductions mentioned above, CBNA has also waived closing costs for loans made to customers, who are placed with the bank by an affordable housing organization.

FAIR LENDING REVIEW

No violations of the substantive provisions of the antidiscrimination laws or regulations were identified in our concurrent fair lending examination.

INVESTMENT TEST

CBNA's qualified community development investments represent a low level of investments throughout its AA. This conclusion is based on the size of the bank, the number of communities within the bank's AA, the amount of effort made by the bank to locate eligible investments, and the opportunities available for qualified investments. The qualified community development investments made by the bank are neither innovative nor complex, and are routinely provided by private investors. The bank made a total of \$367 thousand of investments and grants to organizations and projects throughout its AA and the broader regional area which includes the AA.

The two largest investments were made in the Federal Home Loan Bank Board's (FHLBB) Affordable Housing Program (\$142 thousand in 1995) and (\$135 thousand in 1996). The Affordable Housing Program utilizes investments made by FHLBB members to fund the construction of new affordable housing units throughout New York and New Jersey. In addition, the bank works with other local housing organizations to assist in providing and preserving affordable housing. Examples of these other affordable housing investments and grants provided by the bank are: a grant to a Housing Revolving Loan Fund in St. Lawrence County which provides loans and grants to low-income homeowners to bring their homes up to local code requirements; a grant made to a local housing organization in Ogdensburg to acquire and rehabilitate housing for low-income families; and several grants to the Habitat for Humanity to assist in the cost of constructing homes for low-income families in the bank's AA.

CBNA made \$41,000 of qualified investments in eleven small business assistance programs in the AA. The remainder of the qualified investments were grants and donations to organizations targeting activities that primarily benefited LMI individuals and

geographies.

SERVICES TEST

The bank’s delivery systems are reasonably accessible to all portions of the AA. The bank’s record of opening and closing offices has not adversely affected the accessibility to bank services.

Overall, the distribution of branches compares favorably to the geographies within the AA. As reflected in the following table, the majority of bank facilities are in middle- income geographies, followed by 26% of the facilities being located in moderate-income geographies. Thirty-seven, or 77%, of the offices, including the drive-in facility, are located within BNA’s. There are four facilities in the Syracuse MSA and four branch facilities plus a remote ATM located in the Rochester MSA. The Binghamton MSA and Utica-Rome MSA each house only one branch facility.

Distribution of Bank Facilities (*)			
Census Tract/BNA Income Level	# of Branches	% of Total Branches	% of Geographies
Low	0	0	2
Moderate	14 (1)	26	18
Middle	33 (2)	68	70
Upper	1	2	7
Totals	48	100	(**)

(*) Facilities include the bank branches plus free standing ATM and separate drive-in facility

(**) Does not add up to 100%. 3% of tracts have no income data

(1) Includes free standing ATM, (2) Includes separate drive-in facility

Source: Bank records and CRAWiz

Overall, branch office hours are reasonable and are convenient to CBNA’s customers. All of the offices offer extended hours during the week and/or on Saturdays.

There are twenty-one ATM facilities available to the public. Of these, 19 are located at branch locations, one is a stand alone facility, and the other is located at the remote drive-in site. In addition, 75% of the offices contain drive-in facilities (including the remote facility located at the bank’s administrative offices). In almost all cases, the drive-in facilities are opened beyond the regular office hours, providing individuals with continued access to banking services.

CBNA introduced a toll free telephone banking service during 1996. This service provides customers with the capability to access deposit and loan balances, transfer funds between accounts, and other loan and customer service functions 24 hours each day.

Since the last review, CBNA greatly expanded its branch network by purchasing 15 offices (three offices were sold immediately to another bank) and one ATM from Chase Manhattan Bank in July 1995. The acquisition resulted in an expansion of the bank's AA to include a portion of the Utica-Rome MSA which was not previously a part of the bank's market. Overall, this purchase increased the total number of bank facilities by approximately 40%. This expansion increased CBNA's presence in moderate-income areas within its AA. A new branch office was also opened in July 1995 in Olean, Cattaraugus County, New York. This is a middle-income area. A breakdown of the additional offices retained by CBNA by income level of the BNA is: five in moderate-income areas (includes stand alone ATM), and the remaining eight in middle-income areas.

The following are three lower cost deposit services offered by CBNA:

- Budget Checking - an affordable no minimum balance checking account for those who write a 10 or less checks per month.
- Senior Citizens Checking - designed for those age 60 and over. There are no minimum balance requirements nor monthly service charges associated with the account.
- Student Savings Program - program was initiated in late 1996 at a local elementary school. No service charges are imposed on any account opened under this program.

Community Development Services

CBNA is active in community development services throughout its AA. Bank employees are involved in many organizations that primarily promote affordable housing or business development efforts. The services are focused on providing technical assistance to a variety of affordable housing and economic development organizations. In many instances, CBNA employees serve on the boards of directors or loan committees of these organizations. Employees also actively participate in developing and submitting plans for affordable housing and small business development concerns to appropriate state and federal agencies. It should be noted that the level of involvement in various community

development related organizations increased substantially from 1995 to 1996.

Examples of the above are demonstrated by the following:

Gouverneur Area Development Corporation is an organization aimed at developing small business opportunities in the area. A bank employee was actively involved in revitalizing the corporation and formulating its bylaws and community development plan. This person was also active in the preparation of a micro enterprise application that was submitted to the Department of Housing and Urban Development.

Southern Tier Business Development Fund, LLC, located in the Binghamton MSA, is a novel approach being implemented to establish a multibank community development corporation (“CDC”) to serve Chemung (Elmira MSA), Tioga (Binghamton MSA), Schuyler, Steuben, and Tompkins Counties. The latter three counties are not located within any MSA. Bank management has been active in the formation of the CDC, soliciting investments as well as serving on its board of directors.

The bank sponsors and participates in first time home buyer workshops and seminars related to small business and small farm financing.

Metropolitan Statistical Areas

SYRACUSE MSA

Description of Institution’s Operations in the Syracuse, NY MSA (8160)

Full service banking is provided in this MSA through the four banking offices. The banking offices provide a wide array of banking products and services. Two of the offices provide 24 hour access to services via deposit taking and cash dispensing ATMs.

Description of Syracuse MSA

The Syracuse MSA is located in the center of New York State at the intersection of two major interstate highways. The area serves as the gateway to the Fingerlakes region as well as the Adirondack Mountains and is home to Syracuse University and other institutions of higher learning. The population of the bank’s AA portion of the MSA is 176,084 and consists of 43 census tracts. The Syracuse MSA’s census median family income is \$36,672. Of the 43 census tracts in the bank’s assessment area, 70 percent (29 tracts) are middle-income. The remaining tracts consist of eight moderate-and four upper-income tracts. Employment for the Syracuse MSA is dominated by service, retail, and government industries. The manufacturing industry is declining. The U.S. Department of

Labor anticipates a growth rate of less than 1% in the central New York economy. Over the past year job growth was less than 0.1% in central New York as compared to 1.1 % statewide and 2.2% nationwide.

Owner occupied housing accounts for 60% of housing, rental housing 26%, and vacant housing 11%. The median date for housing construction is 1951. Housing needs of the homeless and low-income are strong both for the city of Syracuse and surrounding communities (not part of CBNA's AA).

Syracuse MSA - Lending Test

The following table shows that the Syracuse MSA represents only a small portion of the bank's overall lending. The lending levels are good considering the number of facilities the bank has in the area, the high level of competition in this market, and that two of the four facilities have only been part of CBNA since July 1995.

Lending in the Syracuse MSA during 1996			
Type of Loan	Total # of Loans in AA	# of Loans in the MSA	% of Loans in the MSA
HMDA	1,748	87	5
Consumer	16,114	645	4
Small Business	1,316	39	3
Small Farm	666	13	2
Totals	19,844	784	4

CBNA's lending performance in the Syracuse MSA is similar to its performance in the overall AA. The bank originates a large portion of its loans within the AA portion of the MSA. The vast majority of the small business loans and small farm loans are to businesses with annual revenues of less than \$1 million and for small amounts (less than \$100 thousand). The loans are also reasonably distributed by income level of the census tract. Consumer loans and HMDA loans are well distributed based on the income characteristics of the families and census tracts in the area.

The most notable lending distribution was of consumer loans, where 27% of the loans were to low-income applicants and 28% were to moderate-income borrowers compared to 22% and 20% of the population of the AA respectively.

Syracuse MSA - Investment Test

No qualified community development investments were made in the Syracuse MSA.

Syracuse MSA - Service Test

The following table shows that the offices within MSA 8160 are evenly distributed between moderate- and middle-income areas. This portion of the bank's AA contains a total of 33 within the MSA. Of these, eight are moderate-income tracts, 30 are middle-income, four upper-income, and one no-income data available. CBNA's four facilities are located outside of metropolitan Syracuse in suburban areas.

CBNA expanded its presence within this MSA through the acquisition of two offices from the Chase Manhattan Bank in July 1995. Both of the offices (Skaneateles and Pulaski) are located within middle-income census tracts.

Distribution of Bank Facilities			
Census Tract Characteristic	# of Branches	% of Total Branches	% of Geographies
Low	0	0	0
Moderate	2	50	19
Middle	2	50	70
Upper	0	0	9
Totals	4	100	(*)

(*) Does not add up to 100%. 2% of tracts have no income data
Source: Bank records and CRA Wiz

Overall branch hours are reasonable and are convenient to CBNA's customers. All of the offices offer extended hours during the week and/or on Saturdays.

Each of the offices provides access to a wide array of banking products and services. Two of the offices provide 24 hour access to services via deposit taking and cash dispensing ATMs.

Community Development Services - Syracuse MSA

CBNA's level of community development services is limited to providing technical expertise to local organizations and standard financial products.

ROCHESTER MSA

Description of Institution's Operations in the Rochester, NY MSA (6840)

Full service banking is provided through five banking facilities (four offices and one stand alone ATM). Each of the offices provides a full range of services. The stand alone ATM and the ATMs at two of the offices are available 24 hours each day.

Description of the Rochester MSA

The city of Rochester and the surrounding towns that form Monroe County have long been considered to have a stable economy, especially compared to other northeast metropolitan areas. The population of the bank's assessment area is 184,224 and includes 43 census tracts. Sixty-seven percent of the census tracts (29 tracts) are middle-income, 23% (10 tracts) are moderate-income, and seven percent (3 tracts) are upper-income. The MSA's census median family income is \$40,519. Leading employers in the area consist of service industries, government and retail. Rochester has suffered the loss of manufacturing employment as a few of its major employers restructured their work forces. The result was a reduction in manufacturing employment of approximately 3,200 jobs. There is a need to promote economic stability, job creation and development by encouraging private investment in neighborhood commercial, service, manufacturing, and wholesale activities.

Rochester MSA - Lending Test

The following table shows the Rochester MSA represents only a small portion of the bank's overall lending activity. These lending levels are good considering the number of facilities the bank has in the area, the high level of competition in the market, and that four of the banks's five facilities have only been part of CBNA since July 1995.

Lending in the Rochester MSA During 1996			
Type of Loans	Total # Loans in AA	# Loans in the MSA	% Loans in the MSA
HMDA	1,748	70	4
Consumer	16,114	806	5
Small Business	1,316	53	4
Small Farm	666	7	1
Totals	19,844	936	5

CBNA's lending performance in the Rochester MSA is similar to its performance in the overall AA. The bank originates a large portion of its loans within the AA portion of the

MSA. The vast majority of small business and small farm loans are to businesses with annual revenues of less than \$1 million and for small amounts (less than \$100 thousand). The loans are reasonably distributed based on the income characteristics of the families and census tracts in the area. Consumer loans and HMDA loans are well distributed based on the income characteristics of the families and census tracts of the area.

The bank had a very strong showing for consumer lending in this area. Thirty two percent of the consumer loans made were to low-income borrowers and 32% were also made to moderate-income borrowers, compared to 19% and 21% of the population of this portion of the AA respectively.

Rochester MSA - Investment Test

The Bank made a \$20,000 investment in a revolving loan fund designed to make small loans to businesses otherwise unable to obtain business credit through normal channels.

Rochester MSA - Service Test

The following table reflects that the offices within MSA 6840 are primarily in moderate-income areas. This portion of the bank’s AA contains a total of 43 census tracts. Of these, 10 are moderate-income tracts, 29 are middle-income, three upper- and one no-income data available. CBNA’s five facilities are located in the suburban areas and are not in proximity to any large metropolitan area.

The four facilities purchased from Chase Manhattan Bank in July 1995 are located in moderate income tracts.

Distribution of Bank Facilities			
Census Tract Characteristic	# of Branches	% of Total Branches	% of Geographies
Low	0	0	0
Moderate	4 ⁽¹⁾	80	23
Middle	1	20	67
Upper	0	0	7
Totals	5	100	(*)

(*) Does not add up to 100%. 3% of tracts have no income data
 (1) Includes free standing ATM, and separate drive-in facility
 Source: Bank records and CRAWiz

Overall branch hours are reasonable and are convenient to CBNA's customers. All of the offices offer extended hours during the week and/or on Saturdays.

Each of the offices provides access to a wide array of banking products and services. Two of the offices provide 24 hour access to services via deposit taking and cash dispensing ATMs in addition to a stand alone ATM.

Community Development Services -Rochester MSA

CBNA's level of community development services is primarily limited to providing technical expertise to local organizations and standard financial products. However, it was noted that several First Time Home Buyer Workshops and Business Development Seminars were sponsored by CBNA within this area. Please refer to the Community Development services portion of this Performance Evaluation for further details.

BINGHAMTON MSA

Description of Institution's Operations in the Binghamton, NY MSA (0960)

Full service banking is provided at the single office located within this MSA. Additional access is provided via a 24 hour ATM at the site.

Description of Binghamton MSA.

The Binghamton MSA is located in the Southern Tier Region of New York State, a nine-county region stretching along the Pennsylvania border in the central area of New York State. The population of the bank's AA in Binghamton is 37,500 and consists of six census tracts - two moderate-income tracts, two middle-income tracts, and two-upper income tracts. Seventy-two percent of the housing is owner occupied and 20 percent rental. The median year of housing construction was 1965. The census median family income of the MSA is \$35,873. The Binghamton metropolitan area has experienced an ongoing decline over the past several years. Much of the region's economic problems are due to the loss in manufacturing jobs. Historically, one of the area's predominant labor characteristics was the high percentage of jobs in the manufacturing sector. In 1988 manufacturing jobs accounted for 31 percent of all non-agricultural jobs. That percentage dropped to 22 percent by 1994.

Binghamton MSA - Lending Test

The following table shows the Binghamton MSA represents only a very small portion of the bank's overall lending. The lending levels are good considering the bank has only one office in the area, and the high level of competition in the market.

Lending in the Binghamton MSA During 1996			
Type of Loan	Total # Loans in AA	# of Loans in the MSA	% Loans in the MSA
HMDA	1,748	17	1
Consumer	16,114	161	1
Small Business	1,316	13	1
Small Farm	666	20	3
Totals	19,844	211	1

CBNA's lending performance in the Binghamton MSA is similar to its performance in the overall AA. The bank originates a large portion of its loans in the AA portion of the MSA. The vast majority of small business and small farm loans are to businesses with annual revenues of less than \$1 million and for small amounts (less than \$100 thousand). The loans are reasonably distributed among the census tracts in the area. Consumer loans and HMDA loans are reasonably distributed based on the income characteristics of the families and census tracts in the area.

The most notable performance was the distribution of consumer and HMDA loans to low and moderate income borrowers. Low-income borrowers accounted for 26% of consumer loans and 24% of HMDA loans while representing only 17% of the population of the area. Moderate income borrowers accounted for 37% of consumer loans and 32% of HMDA loans while only representing 18% of the population of the area.

Binghamton MSA - Investment Test

The bank made a \$1,000 investment in the Tioga Opportunities Program for affordable housing.

Binghamton MSA - Service Test

The following table shows that the office within MSA 0960 is located within a middle income census tract. This portion of the bank's AA contains only six tracts within the MSA. These are evenly distributed among moderate-, middle-, and upper-income census tracts. CBNA's only facility is located the rural town of Nichols. This town and the branch are located within a middle income tract.

Distribution of Bank Facilities			
Census Tract/BNA Characteristic	# of Branches	% of Total Branches	% of Geographies
Low	0	0	0
Moderate	0	0	34
Middle	1	100	33
Upper	0	0	33
Totals	1	100	100%

Source: Bank records and CRAWiz

Overall branch hours are reasonable and are convenient to CBNA's customers. The office offers extended weekday hours. The office provides access to the full range of the bank's products and most other services including 24 hour access via an automated teller machine.

Community Development Services - Binghamton MSA

CBNA's level of community development services is primarily limited to providing technical expertise to local organizations and standard financial products. However, it was noted that an active role was taken by management in assisting in the establishment of a multibank community development corporation. Please refer to the Community Development services portion of this Performance Evaluation for further details.

UTICA-ROME MSA

Description of Institution's Operations in the Utica-Rome MSA (8680)

Since the last review, CBNA expanded its AA into this area via the purchase of this single office from Chase Manhattan Bank in July 1995. The office provides access to the full range of the bank's products and services. The bank does not have an ATM in this area.

Description of MSA - Utica-Rome

The Utica-Rome MSA is located in Oneida County, east of Syracuse in the central part of New York State. The cities of Utica and Rome have experienced declining populations since 1980. The bank's AA portion of the Utica-Rome MSA has a population of 27,281

and consists of eight census tracts. Six of the census tracts are middle income and two tracts are upper income. The census median family income for the MSA is \$31,701.

Owner occupied units account for 65% of housing units, rental units 15% and vacant units 19%. The median date for housing construction is 1960. One to four family dwellings account for 78% of housing units. The main employers are service industries, government and retail.

Utica-Rome MSA - Lending Test

The following table shows the Utica-Rome MSA represents only a very small portion of the bank’s overall lending. The lending levels are good considering the bank has only one facility in the area, the high level of competition in the area, and that the bank only acquired this facility July 1995.

Lending in the Utica-Rome MSA During 1996			
Type of Loan	Total # Loans in AA	# Loans in the MSA	% Loans in the MSA
HMDA	1,748	52	3
Consumer	16,114	161	1
Small Business	1,316	13	1
Small Farm	666	13	2
Totals	19,844	239	1

CBNA’s lending performance in the Utica-Rome MSA is similar to its performance in the overall AA. The bank originates a large portion of its loans in the AA portion the MSA. The vast majority of small business and small farm loans are to businesses with annual revenues of less than \$1 million and for small amounts (less than \$100 thousand). The loans are reasonably distributed among the census tracts in the area. Consumer loans and HMDA loans are reasonably distributed based on the income characteristics of the families and census tracts in the area.

The most notable performance was the distribution of consumer loans to low and moderate income borrowers. Low-income borrowers accounted for 22% of the consumer loans compared to representing 16% of the population. Moderate-income borrowers accounted for 32% of the consumer loans compared to 20% of the population. Moderate-income borrowers also accounted for 22% of the HMDA loans made in the area.

Utica-Rome MSA - Investment Test

There were no qualified community development investments made in the Utica-Rome MSA.

Utica-Rome MSA - Service Test

The following table reflects that the single office within MSA 8680 is located within a middle income area. This portion of the bank's AA contains only eight tracts within this MSA. Of these, six are moderate-income tracts and two are upper-income tracts. CBNA's only facility, which was acquired from Chase Manhattan Bank in July 1995, is located the rural town of Boonville.

Distribution of Bank Facilities			
Census Tract/BNA Characteristic	# of Branches	% of Total Branches	% of Geographies
Low	0	0	0
Moderate	0	0	0
Middle	1	100	75
Upper	0	0	25
Totals	1	100	100%

Source: Bank records and CRAWiz

Overall branch hours are reasonable and are convenient to CBNA's customers. The office offers extended weekday hours. The office provides access to the full range of the bank's products and services.

Community Development Services - Utica-Rome MSA

CBNA's level of community development services is limited to providing technical expertise to local organizations and standard financial products.

For a more detailed listing and description of services offered, please refer to the Community Development Services portion of this Performance Evaluation.

Appendix

Scope of Examination

Time Period Reviewed	January 1, 1995 to December 31, 1996		
Financial institution Community Bank, N.A.			Products reviewed Small business, Small farm, Consumer, HMDA loans (home purchase, home improvement, and home purchase refinances).
Affiliate(s)	Affiliate relationship		Products reviewed
Benefit Plans Administrators	Holding Co. Subsidiary		None
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Branches Visited	Other Information
Bank has only one assessment area.	On-site	Main Office	