



Comptroller of the Currency
Administrator of National Banks

Northeastern District
1114 Avenue of the Americas - Suite 3900
New York, New York 10036

PUBLIC DISCLOSURE

June 19, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

City National Bank and Trust Company
Charter Number 9305
12-24 North Main Street
Gloversville, New York 12078

Office of the Comptroller of the Currency
New Jersey Duty Station
830 Morris Turnpike - 2nd Floor
Short Hills, New Jersey 07078

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.

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

**City National Bank and Trust Company
Gloversville, New York**

and has been prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 19, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 C.F.R. Part 25.

Institution's CRA Rating:

Satisfactory

Factors supporting the institution's overall rating include:

- The bank's average loan-to-deposit ratio is reasonable.
- A substantial majority of residential mortgage and small business loan originations are in the institution's assessment area.
- Lending patterns reflect a reasonable geographic distribution of loan originations.
- Distribution of lending among borrowers reflects a reasonable penetration of residential mortgage and small business loan originations to individuals of different income levels and businesses of different sizes.
- The bank has received no CRA complaints since the prior examination.

SMALL INSTITUTION ASSESSMENT CRITERIA TABLE

The following table indicates the performance level of **City National Bank and Trust Company** with respect to each of the five small institution performance criteria:

<i>Small Institution Assessment Criteria</i>	City National Bank and Trust Company Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-deposit ratio		X	
Lending in assessment area	X		
Geographic distribution of loans		X	
Lending to borrowers of different incomes and to businesses of different sizes		X	
Response to complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

City National Bank and Trust Company (CNB) is headquartered in Gloversville, New York and wholly-owned by CNB Bancorp, Incorporated, a one bank holding company. As of March 31, 1997, total assets were \$217 million, total deposits were \$188 million and total loans were \$120 million. The loan portfolio comprised 27% commercial loans, 38% residential mortgage loans and 35% consumer loans.

CNB is a full-service institution and operates five banking locations which serve the majority of Fulton County. All banking locations offer a full range of banking products, 24-hour automated teller machine (ATM) services and extended hours. CNB is exempt from the Home Mortgage Disclosure Act (HMDA) reporting requirements as neither the main office nor a branch office is located in a Metropolitan Statistical Area (MSA).

CNB is not subject to any regulatory, legal or financial restrictions or impediments which would hinder it from helping to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area comprises the entire County of Fulton with the exception of the two westernmost townships of Stratford and Oppenheim. The assessment area includes fourteen "block numbering areas" (BNAs), eleven of which are considered middle-income areas while three are considered moderate-income areas. The bank's assessment area does not arbitrarily exclude low or moderate-income BNAs.

According to 1990 United States Census Bureau data, the bank's assessment area has an approximate population base of 50,201 and a weighted-average median family income of \$35,600. The median housing value for the assessment area is \$56,050 and 80% of all housing units are occupied, consisting of 56% owner-occupied and 24% rental-occupied. According to the Department of Housing and Urban Development (HUD), the 1997 nonmetropolitan median family income for New York State is \$37,100.

Manufacturing ranks as the region's primary mode of employment while educational and health services rank second. The economic development of the area was recently strengthened by the arrival of a number of manufacturing companies including "Benjamin Moore Paint" and "Spalding Worldwide." In addition, recent trends indicate a moderate shift toward professional, administrative and retail positions as a result of businesses being opened in the area including "Wal-Mart" and "K-Mart."

While some improvement has been noted within the region's employment market, Fulton County nevertheless continues to suffer from one of the highest unemployment rates in New York State. Based on data compiled from the New York State Labor Department, the county ranks 49th out of 62 with respect to unemployment levels. As of March 31, 1997, the county unemployment rate was 8.5% compared to the state average of 6.8%.

The bank's CRA self-assessment suggests home mortgage, home equity, personal credit and small business loans as the primary credit needs of its assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable considering the limited level of loan demand and local economic factors. For the eight quarters since the prior CRA examination, the bank's average loan-to-deposit ratio has been 58% while the bank's regional peer group average has been 68%.

Lending in Assessment Area

A substantial majority of the residential mortgage and small business credit extensions are within the bank's assessment area. Since the prior CRA examination, 93% of all residential mortgages and 94% of all small business loans originated within the bank's

Lending in Assessment Area (Continued)

assessment area. The assessment area's 308 residential mortgage loans total approximately \$15 million, while the 50 small business relationships total approximately \$3 million. The bank's internal reporting process for residential mortgage and small business credit extensions was verified for accuracy during this examination.

The bank is actively involved in its assessment area's community development lending as evidenced by extensive lending efforts with organizations which promote development to benefit the bank's entire assessment area. These organizations include, among others, the "Fulton County Economic Development Corporation," the "Promote Gloversville Development Corporation" and the "Community Lending Corporation."

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the bank's assessment area. The three moderate-income BNAs represent 21% of the total BNAs while the eleven middle-income BNAs represent 79%. Of the 308 residential mortgage loans originated since the prior CRA examination, 12% were made within the moderate-income BNAs while 88% were made within the middle-income BNAs.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes based on the assessment area. The bank's assessment area is composed of 22% low-income families, 20% moderate-income, 25% middle-income and 33% upper-income. Of the 308 residential mortgage loans originated since the prior CRA examination, 12% were to low-income borrowers, 16% were to moderate-income, 24% were to middle-income and 48% were to upper-income.

Of the 50 small business loan relationships originated, 60% were to businesses with revenues between \$1 and 250 thousand, 26% were to businesses with revenues between \$251 - 500 thousand, 10% were to businesses with revenues between \$501 - 750 thousand and 4% were to businesses with revenues between \$751 thousand - 1 million.

Response to Complaints

The bank has received no CRA complaints since the prior examination.

Fair Lending Review

No violations of the substantive provisions of the antidiscriminatory laws and regulations were identified during the concurrent Fair Lending review.