



May 11, 2020

**CRA Decision #202
June 2020**

George Getman, EVP & General Counsel
Community Bank, National Association
5790 Widewaters Parkway
DeWitt, New York 13214

Re: Application to merge Steuben Trust Company, Hornell, New York with and into
Community Bank, National Association, Canton, New York
OCC Control No.: 2020-NE-Combination-311909
Charter No.: 8531

Dear Mr. Getman:

The Office of the Comptroller of the Currency (OCC) hereby approves your application to merge Steuben Trust Company, Hornell, New York (Steuben) with and into Community Bank, National Association, Canton, New York (Community or Bank), under the charter and the title of the latter. This approval is granted based on a thorough review of all information available, including commitments and representations made in the application, merger agreement, and those of your representatives.

The OCC received one public comment regarding the transaction. The OCC carefully considered the concerns of the commenter as they related to the statutory and regulatory factors considered by the OCC in acting on the merger application, including performance under the Community Reinvestment Act (CRA), and the probable effects of the merger on the convenience and needs of the communities to be served. The public comment is discussed under the *Public Comments and Analysis* section below.

The OCC reviewed the proposed merger transaction under the criteria of the Bank Merger Act, 12 USC 1828(c), law and applicable OCC regulations and policies. Among other matters, we found that the proposed transaction would not have significant anticompetitive effects. We also considered the financial and managerial resources of the banks, their future prospects, their effectiveness in combating money laundering activities, the convenience and needs of the communities to be served and the risk of the transaction to the stability of the United States banking or financial system. The OCC considered these factors and found them consistent with approval.

Furthermore, OCC reviewed records of compliance with the CRA, 12 USC 2903(a)(2). As explained below, the OCC considered this factor and found it consistent with approval.

As part of the merger, Community seeks approval to retain as branches, the main office and branches of Steuben. The branch acquisitions are authorized under 12 USC 36(c).

Community also seeks to retain Steuben Financial Services, Inc. (SFS), a wholly-owned subsidiary of Steuben, as a financial subsidiary. On February 3, 2020, Community filed a Certification and Notice seeking OCC approval to acquire SFS as a financial subsidiary. SFS is an insurance agency, which provides life insurance, disability insurance, long term care insurance, and annuities. The activities of SFS are legally permissible for a national bank, and Community may hold SFS as a financial subsidiary pursuant to 12 CFR 5.39(e)(1)(ii). Upon merger closing, SFS will be dissolved, and any outstanding insurance business will be folded into OneGroup NY, Inc. (OneGroup). OneGroup is a wholly-owned financial subsidiary of Community, which provides insurance agency, risk management and consulting services.

Public Comments and Analysis

The OCC received one public comment letter concerning the proposed transaction, which cited Home Mortgage Disclosure Act (HMDA) data, raising concerns regarding Community's lending to minority borrowers in the State of New York. The OCC considers banks' HMDA data in the context of CRA evaluations. In its most recent CRA performance evaluation (PE), dated July 22, 2019, Community received an overall rating of "Satisfactory." The lending, service and investment tests were each rated "High Satisfactory." For the State of New York, Community received an overall rating of "Satisfactory", and for the lending, service and investment tests received a rating of "High Satisfactory." In determining a bank's CRA rating, the OCC also considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. The most recent CRA evaluation notes the OCC did not identify any information that Community has engaged in discriminatory or other illegal credit practices.

As a result of the proposed transaction, the communities within Steuben's market will benefit from the enhanced residential mortgage products and services offered by Community. Specifically, Community will offer its broad array of mortgage lending programs through various bank, state, and federal programs, including its Affordable Housing Program, the Federal Home Loan Bank's Homebuyer Dream Program, the Guaranteed Rural Housing Program (USDA), and FNMA's Home Ready Program. In addition, Community will continue to offer its No-Closing Cost Mortgage and No-Closing Cost Home Equity products across all the communities it will serve. Community also participates in lending programs specific to New York, including the State of New York's Mortgage Authority loan program. Community also actively employs marketing and outreach strategies to reach and provide service to low- and moderate-income and minority borrowers and geographies throughout its footprint. Community continues to advertise its affordable housing programs in digital, television, radio, billboard, and print advertisements throughout its footprint. In addition, Community continues to run Spanish language advertising campaigns.

The OCC has considered all of the facts of record, including the records of the relevant deposit

institutions involved under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, confidential supervisory information, information provided by Community, and the public comment on the proposal. Based upon this review, the OCC finds the facts to be consistent with approval.

Consummation Requirements

Please note, the Northeastern District Office must be advised in writing ten (10) days in advance of the desired effective date for the merger, so it may issue the necessary certification letter. The effective date must follow the applicable Department of Justice's injunction period and any other required regulatory approval.

The OCC will issue a letter certifying consummation of the transaction when we receive:

- An executed merger agreement for the Community and Steuben merger.
- Documentation that all other required regulatory approvals, non-objections, or waivers have been obtained.

If the merger is not consummated within six months from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. Our approval is based on the Bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval, if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

If you have any questions, please contact Licensing Analyst Laurie Powell at (212) 790-4055 or laurie.powell@occ.treas.gov.

Sincerely,

/s/

Marva V. Cummings
Director for District Licensing