



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

November 26, 2001

Community Reinvestment Act Performance Evaluation

**Canandaigua National Bank and Trust Company
Charter Number: 3817**

**72 South Main Street
Canandaigua, NY 14424**

Office of the Comptroller of the Currency

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Syracuse, NY 13212**

NOTE: This document is an evaluation of this 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. This evaluation is not, and should not 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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Overall CRA Rating

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

The following table indicates the performance level of **Canandaigua National Bank and Trust Company (CNBT)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Canandaigua National Bank and Trust Company Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
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 major factors that support this rating include:

- Lending levels that reflect a good responsiveness by CNBT to the credit needs of its AA.
- An adequate distribution of loans among geographies of different incomes throughout the AA.
- A good distribution of loans among borrowers of different income levels throughout the AA.
- Community development lending that had a positive impact on the bank’s lending performance.
- Flexible lending products that had a positive impact on the bank’s lending performance.
- Investments that reflect a good responsiveness to the credit and community development needs of the AA.
- Service delivery systems that are reasonably accessible to geographies and individuals of different income levels in the bank’s AA.
- Good performance in providing community development services.

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 with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. 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. The U.S. Census Bureau has established BNAs in conjunction with state agencies.

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

Community Development (CD) - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local 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 a block numbering area delineated by the U.S. 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 the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

Home Mortgage Loans - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes 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 percent of the median family income.

Median Family Income (MFI) - The median income determined by the U.S. 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 U.S. Office of Management and Budget. MSAs consist of one or 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 percent and less than 120 percent of the MFI.

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

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

Small Loans to Farms - Loans with original amounts of \$500,000 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 non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Description of Institution

Canandaigua National Bank and Trust Company, (CNBT) is headquartered in Canandaigua, New York, and is a wholly owned subsidiary of Canandaigua National Corporation (CNC). CNC had total average assets of \$664 million as of September 30, 2001. CNC's only subsidiary, as of December 31, 2000 was Home Town Funding, Inc. (HTF), recently renamed CNB Mortgage Company. CNBT requested we consider the mortgage loans made by HTF in our evaluation. Please refer to the Evaluation Period/Products Evaluated section later in this report for more information on how the HTF information was evaluated.

CNBT's operating subsidiaries include CNB Insurance Agency, which offers insurance products and CNB Funding Corp, which is a Real Estate Investment Trust. CNBT also maintains ownership interests in Cephass Capital Partners, LP, which is a Small Business Investment Company and USA Payroll, which conducts payroll processing. Cephass Capital Partners, LP is discussed later under the Investment Test section of this report, as it served as a significant qualified investment for CNBT. CNBT's operating subsidiaries had no impact on the bank's capacity to lend in the AA where its operates.

CNBT is a full service intrastate bank with 18 branches serving five counties concentrated primarily in the Finger Lakes region of New York State. During the evaluation period the bank underwent a major expansion. The bank grew by eight branches including expansion into the City of Rochester in late 2000. CNBT offers a wide range of financial services. In addition to traditional deposit and loan products, CNBT also offers its customers insurance products, trust services and investment products including a proprietary mutual fund, Canandaigua Funds, which is administered by CNBT.

As of September 30, 2001, CNBT had \$633 million in average assets that included \$507 million in net loans, representing 80% of average assets. The bank's loan mix consists of 61% real estate loans (29% residential real estate, 52% commercial, 11% multifamily, 7% construction and 1% farm), 23% loans to individuals, 15% commercial and industrial loans and 1% credit card loans. Since September 30, 2000, total assets increased 14.74% due primarily to a increase in net loans. During the same period net loans increased 12.49% with real estate loans increasing 19.76%, commercial loans increasing 10.62% while loans to individuals decreased by 2.26%. As of September 30, 2001, CNBT reported Tier 1 capital of \$44 million.

CNBT operates in a competitive financial services market with mortgage companies, large regional banks, large credit unions, savings banks and multi-national and community banks. CNBT is not subject to any known financial, legal or regulatory restrictions that would impede its ability to help meet the credit needs of its assessment areas.

CNBT's last CRA exam was September 21, 1998, at which time the bank's performance was rated "Outstanding".

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period covered July 1, 1998, through December 31, 2000, for Home Mortgage Disclosure Act (HMDA) loans and small business loans. HMDA loans include home purchase, home improvement and refinance loans. The evaluation period for CD loans, investments, and services is September 21, 1998 through November 26, 2001. This represents the time period between the start of the bank's last and current CRA exams. The market share and peer comparisons are based on the information contained in the aggregate HMDA and Small Business/Farm Registers for 2000. The aggregate HMDA and Small Business/Farm Reports are available for public review.

The peer comparisons in this report include only lenders who were required to file HMDA and Small Business/Farm Reports for 2000. Any lender with significant mortgage loan activity operating in CNBT's AA would be required to file a HMDA report for 2000. Small business reporting is required only 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 for the same time period.

For the Lending Test, we evaluated CNBT's origination of home mortgage loans, small business loans and CD loans. We did not evaluate CNBT's origination of small farm loans, as the volume was not significant enough to perform a meaningful analysis (less than 1% of the number of loan originations over the Lending Test evaluation period). The lending data for home purchase and home refinance loans includes loans within CNBT's AA made by the bank's mortgage company affiliate HTF.

Data Integrity

We performed a data integrity examination of the loan information discussed in the Evaluation Period/Products Offered section above. We chose samples with 95% reliability and 5% precision, which resulted in random samples of 60 small business/small farm loans and 60 HMDA loans from CNBT and 60 HMDA loans from its affiliate HTF. We found the bank's HMDA data to be of good quality and the bank's small business/small farm loan data to be of adequate quality. There were no corrections to the bank's HMDA data required. We found the HMDA data of HTF to be of lesser quality, thus requiring more corrective action.

Our data integrity review identified 29 geocoding differences in the HTF HMDA data. The majority of differences involved loans that were not geocoded. Management provided us with revised data for the examination.

Twelve of the 15 errors identified in the small business and small farm loan data involved the reclassification of the loans based on income. Six of the loans were reclassified from "made to a small business" to made to a "business whose income was not reported", five of the loans were reclassified from "made to a small business" to "made to a large business" and one loan was reclassified from a loan "made to a large business" to made to a "business whose income was not reported." The remaining three errors involved loans which should not have been reported, two were made to a non-profit organization and not secured by commercial real estate and the final loan was an advance on a line of credit. Corrected information was used for this evaluation.

Selection of Areas for Full-Scope Review

We completed a full-scope review of the bank's only assessment area.

Ratings

The bank's overall rating is based entirely on the review of the bank's only AA. When determining conclusions for the Lending Test, small loans to businesses received slightly more weight than home mortgage products. Small farm loans were insignificant with only 15 loans made during the loan evaluation period, and thus were not included in the Lending Test. Within the home mortgage product category, home purchase loans were weighted heaviest, followed by home refinance loans and then home improvement loans. This weighting is reflective of CNBT's volume by loan type over the evaluation period.

Other

Three community contacts were made in conjunction with this review, two in Ontario County and one in Monroe County. The contacts consisted of groups involved primarily with affordable housing finance, homebuyer education programs, community-services for low and moderate-income individuals and representatives of local government.

The contacts stated that the primary credit needs of the area were affordable housing mortgages and loans to small sized businesses. The contacts did not indicate the presence of any unmet credit needs. The need for affordable housing and small size business related credit, investments and services was considered in our evaluation of CNBT's performance under the Lending, Investment and Service Tests. Refer to the Market Profile in Appendix B of this Evaluation for more information.

Fair Lending Review

The OCC performed an analysis of 2000's public comments and consumer complaint information and Home Mortgage Disclosure Data according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed September 1998.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "High Satisfactory".

Lending Activity

Refer to Table 1 in appendix C for the facts and data used to evaluate the bank's lending activity.

The bank's leading product was small loans to businesses, representing 54% of the number of loans originated during the evaluation period. Home mortgage loans accounted for 45% of originated loans. Among originated home mortgage loans, 57% were for home purchase, 26% were home mortgage refinance loans and 15% of loans were for home improvement. The remaining 2% were for multifamily dwellings.

CNBT's lending activity is good. CNBT ranks 7th for deposit market share (4.75%) in its AA. The top six deposit holders are large regional and multinational banks, who have had a significantly longer-term presence in the Monroe County portion of CNBT's AA, than CNBT. There are also several large credit unions operating in the AA, who are not included in these deposit statistics. Based on 2000 CRA aggregate lending, data, CNBT is ranked 9th as an originator/purchaser of small loans to businesses (3.86%). The bank ranks 7th when considering only small loans made to small size businesses (annual revenues of \$1 million or less) with a 6.76% market share. Based on 2000 aggregate HMDA data, CNBT is ranked 17th as an originator/purchaser of home purchase loans (1.92%), 18th for refinance loans (1.22%), 11th for home improvement loans (3.72%), and 1st for multi-family dwelling loans (15.22%).

As discussed under the Description of Institution section of this report, CNBT greatly expanded its AA due to its migration into the Monroe County area during the evaluation period. New branch offices were opened beginning with a new branch in November 1998, followed by three branches in mid 1999, and four branches in 2000. The bank was challenged with establishing a presence in a very highly competitive financial services market. CNBT does not enjoy the luxury of being the well-established hometown bank in this market, but instead is a newcomer. In view of these circumstances, we would not expect to find CNBT as the leading deposit institution or the leading lender.

CNBT is outranked by four national credit card companies, and four much larger financial institutions in the small loans to businesses market. In the home purchase and home refinance markets, the bank is outranked primarily by large mortgage companies. In the home improvement market, the bank is outranked by three large credit unions, large finance companies and large banks.

Distribution of Loans by Income Level of the Geography

The geographic distribution of CNBT's home mortgage loans and small loans to businesses reflects adequate penetration throughout the AA. When evaluating CNBT's performance, we gave consideration to the fact that the bank had recently significantly expanded its AA. The previous AA did not include any low-income geographies and included only 6% of the current AA's moderate-income geographies. The AA was not expanded until a year after the beginning of the evaluation period, and then offices were added in stages from that time. The office most convenient to low and moderate-income geographies was not opened until November 2000. Becoming established in a new and competitive marketplace is a large task, and requires time to be successful. Accordingly, during this evaluation period we did not expect CNBT to have a high degree of loan penetration in the low and moderate-income geographies that are new to its AA.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

The overall geographic distribution of home mortgage loans is adequate.

The overall geographic distribution of home purchase loans is adequate. The portion of home purchase loans made in moderate-income geographies is near to the portion of owner-occupied housing units that are in those geographies. The portion of loans made in low-income geographies is adequate when considering the short time period that CNBT's AA has included low-income geographies. The bank's market share of loans originated in moderate-income geographies substantially meets the bank's overall market share. CNBT had no market share in low-income geographies in 2000.

The overall geographic distribution of home improvement loans is adequate. The portion of home improvement loans made in low and moderate-income geographies is less than the portion of owner-occupied housing units that are in those geographies. The market share of home improvement loans originated in low and moderate-income geographies is also less than the bank's overall market share of home improvement loans. This is considered reasonable for this examination period based on CNBT's AA expansion discussed earlier.

The overall geographic distribution of refinance loans is adequate. The portion of refinance loans made in low and moderate-income geographies is less than the portion of owner-occupied housing units that are in those geographies. The market share of refinance loans originated in low and moderate-income geographies is also less than the bank's overall market share of refinance loans. This is considered reasonable for this examination period based on CNBT's AA expansion discussed earlier.

The overall geographic distribution of multifamily dwelling loans is good. The portion of multifamily dwelling loans made in moderate-income geographies exceeds the portion of multifamily units in those geographies. The portion of multifamily dwelling loans made in low-income geographies is less than the portion of multifamily units in those geographies. The market share of loans originated in low and moderate-income geographies exceeds the bank's overall market share.

Small Loans to Businesses

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is good. The portion of loans made in low and moderate-income geographies is near to the portion of businesses that are within those geographies, especially when considering CNBT's AA expansion. The market shares for such loans substantially meets CNBT's overall market share for small loans to businesses.

Lending Gap Analysis

Reports detailing CNBT's lending activity over the evaluation period for home mortgage loans, small loans to businesses were reviewed to identify gaps in the geographic distribution of loans. No unexplained conspicuous gaps were identified.

Inside/Outside Ratio

A substantial majority (90%) of the home mortgage loans, small business loans, small farm loans and CD loans were made within the bank's AAs. By product, 91% of the bank's home mortgage loans, 90% of the small loans to businesses, and 100% of the CD loans were within the bank's AAs. The home mortgage products were each close to the 90% overall in/out ratio with home purchase at 88%, home improvement at 90%, refinances at 94%, and multifamily at 100%. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography. The lending data from the bank's affiliate, HTF was not considered in this ratio, since only HTF loans made in CNBT's AA were considered in evaluating the bank's CRA performance.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of CNBT's home mortgage and small loans to businesses reflects good dispersion among borrowers of different income levels throughout the AA.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home mortgage loans is excellent.

Home purchase loan borrower distribution is excellent. The portion of loans made to moderate-income borrowers well exceeds the portion of families defined as such. The portion of loans made to low-income families is below the percentage of families defined as such, but is considered good after adjusting the demographics for the percentage of families living below the poverty level. In the evaluation of borrower distribution, we gave consideration to the fact that 9.85% of the families in the AA are living below the poverty level. It is unlikely that those with incomes below the poverty level would be involved in home mortgage financing. The market share for such loans substantially meets CNBT's overall market share in the AA for home purchase loans.

Home improvement borrower distribution is excellent. The portion of loans made to both low and moderate-income borrowers exceeds the portion of families defined as such. The market share for loans to low-income borrowers exceeds CNBT's overall market share in the AA for home improvement loans,

while the bank's market share for loans to moderate-income borrowers substantially meets the bank's overall market share.

Refinance loan borrower distribution is good. The portion of loans made to moderate-income borrowers is near to the portion of families defined as such. The portion of loans made to low-income borrowers is also below the portion of families defined as such, but considered good after removing the 9.85% of families living in poverty from the low-income families demographic. The market share for loans to moderate-income borrowers substantially meets CNBT's overall market share in the AA for refinance loans. The bank's market share for loans to low-income borrowers is slightly below the bank's overall market share for refinance loans.

Small Loans to Businesses

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is good. The portion of small loans to businesses (businesses with revenues of \$1 million or less) is somewhat less than the portion of businesses defined as such. The portion of loans of \$100,000 or less is also somewhat less than the portion of businesses defined as such in the AA. The market share of small loans to small businesses exceeds CNBT's overall market share for small loans to all businesses.

Community Development Lending

Refer to Table 1 in appendix C for the facts and data used to evaluate the bank's level of community development lending.

CNBT's level of community development lending had a positive impact on the evaluation of its lending performance activity. CNBT's CD lending was primarily focused on small business lending that created jobs for low and moderate-income individuals. Small business lending and affordable housing are two of the primary credit needs in the AA. The dollar amount of CD loans is significant. None of the CD loans were considered complex or innovative.

CNBT originated 10 CD loans for \$10.2 million in its AA during the evaluation period. Five loans totaling \$9.2 million were made to businesses meeting the small business size eligibility requirements of the regulation and will provide new jobs for low and moderate-income individuals, or support permanent job creation in low or moderate-income geographies or areas targeted for redevelopment by New York State. Two CD commitments totaling \$900 thousand were made to a non-profit organization specializing in financing affordable housing projects for low and moderate-income individuals. The remaining three CD loans totaling \$60 thousand were made to organizations that provide community services targeted to low and moderate-income individuals.

Product Innovation and Flexibility

CNBT's innovative and flexible lending activity had a positive impact on the evaluation of its lending performance. Flexible lending programs are described below.

Private Mortgage Insurance - CNBT offers private mortgage insurance (PMI) to customers who cannot afford the normal 20% down payment for a conventional mortgage. This is beneficial to many low and

moderate-income borrowers. The bank will lend the customer up to 90% of the value of the property with PMI, and will also finance the PMI costs resulting in a loan to property value ratio as high as 93%. The bank originated or purchased 59 loans with private mortgage insurance during the evaluation period.

State of New York Mortgage Agency (SONYMA) - The bank's mortgage affiliate, HTF, offers mortgages under several of the home ownership programs sponsored by SONYMA through a referral arrangement with another financial institution. HTF referred 24 applicants who successfully obtained SONYMA loans during the evaluation period, including 13 low and moderate-income borrowers. The two lending programs are described below.

One SONYMA program offers a low interest rate (approximately three percentage points below conventional rates) to first time homebuyers of 1-4 family homes who meet specific income guidelines, or to borrowers buying a home in a targeted area. These guidelines vary by county and are most beneficial if the home is located in a SONYMA targeted area. Target areas are neighborhoods so designated by the federal government, for which SONYMA has made a special commitment to rebuilding. Other program benefits include down payments as low as 3% with PMI and fixed terms of 20, 25, or 30 years.

Another SONYMA program offered is the Construction Incentive Program. Like the low interest rate program, the program is restricted to income qualified first time homebuyers or to borrowers buying a home in a targeted area. The program features a significantly discounted rate for the first four years of the required 30-year term. After the 4th year, the rate increases to a fixed rate that is below the conventional rate prevailing at the time the loan was originated.

City of Canandaigua Home Ownership Assistance Program - CNBT is a lender in this home ownership program for low and moderate-income first time homebuyers. Rural Opportunities Inc. (ROI) administers the program for the City of Canandaigua. Potential homebuyers must complete ROI's HomeBuyer Education Program before they are referred to a bank for a loan. The program provides the borrower with a grant that can be used for a down payment and to cover closing costs. All or a portion of the grant must be repaid if the borrower sells the home prior to completing the holding period called for under the agreement with ROI. CNBT made one of the 14 loans originated during the evaluation period.

Business Improvement District Loan Program - CNBT continues to offer a discounted rate for the financing of building improvements in the Canandaigua business district as well as other business districts where CNBT has a branch location. CNBT originated one loan under the BID Loan Program during the evaluation period.

Federal Housing Administration Loans - HTF participates in FHA loan programs. One program, the 203k program allows a borrower to obtain one mortgage that can be used to cover both rehabilitation costs and permanent financing. The benefit to the customer is realized through a lower interest rate and longer repayment terms for the rehabilitation costs than the customer would realize if they had obtained separate construction or home improvement financing. FHA loan programs allowing 95% to 100% financing reduces one of the greatest barriers to homeownership. HTF originated 480 FHA home purchase mortgage loans during the evaluation period in the AA, 42% going to low and moderate-income borrowers.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank's performance under the Investment Test is rated "High Satisfactory."

During the evaluation period, CNBT made \$1.5 million of qualified community development investments. CNBT also has a \$2 million prior period investment outstanding as of November 26, 2001. The level of investments is good, given the level of and competition for community development investment opportunities in the AA. Both the current and prior period investments made a positive impact on the community by addressing the identified credit need of financing for small size businesses.

CNBT committed \$1 million to the Monroe Fund, LLC since the last examination. The Monroe Fund is a public-private venture capital partnership in support of attracting new business and job growth in Monroe County. Through November 26, 2001, CNBT funded \$750 thousand in various small sized businesses to help create or relocate jobs to Monroe County, including jobs for low and moderate-income individuals.

CNBT committed \$2.5 million to Cephaz Capital Partners, Limited Partnership, a small business investment company (SBIC) which began operations in May 1997. The commitment represents an increase of \$500 thousand since the last examination. The bank is one of five area community banks investing in the Cephaz Fund. CNBT has the third largest investment of the five community banks, representing a 22% interest of the total \$10 million fund. CNBT has fully funded its commitment.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Low Satisfactory"

Retail Banking Services

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

CNBT's service delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the Rochester NY MSA AA.

While the distribution of CNBT's offices throughout both the low and moderate-income geographies is below the distribution of the population living in such geographies, other branches while not physically

located in low or moderate-income geographies, are located in convenient proximity to service several low and moderate-income geographies.

CNBT's Main Office branch while located in a middle income geography, is very convenient to residents of the moderate-income geography within the City of Canandaigua. The moderate-income geography, which is known as Ward 2, is located across the street from the Main Office. The Main Office is a short walk for most residents of Ward 2, for some it is more convenient than the Lakeshore Plaza office, which is located in the moderate-income geography itself. Further, the Main Office offers two 24-hour ATMs on site as well as an off-site ATM located at Rank's IGA Grocery Store. Rank's IGA while located in a middle income geography, is convenient to the resident's of Ward 2 and the only market located within the City and is within easy walking distance for many City residents.

The Downtown Rochester branch while located in a predominately commercial district, for which income has not been designated, is very convenient to residents of the low and moderate-income geographies within the City of Rochester. The Downtown branch is surrounded by six contiguous geographies, four of which are low-income and the remaining two moderate-income. The branch itself is located at the heart of downtown Rochester, known as the "Four-Corners" and substantially all city bus routes stop within a block or two of the branch. Several of these bus routes stop directly in front of the building, making it reasonably accessible to residents of the surrounding low and moderate-income geographies. The branch has a drive-up teller window, and is the only drive-up service available in the inner loop area of downtown Rochester.

The branch network throughout the AA expanded by eight branches since the last evaluation. In 1998 a branch was opened in the Town of Webster, in 1999 branches were opened in the Town of Chili, Greece and Honeoye Falls and in 2000 branches were opened in the Towns of Irondequoit, Perinton, and Pittsford, and in Downtown Rochester. There have been no branch closures during the evaluation period.

CNBT's hours and services offered throughout the full-scope AA are good. Services offered are comparable among locations regardless of the income level of the geography. Substantially all branch offices offer extended hours on various days of the week including Saturday hours, which are offered in 12 of the 18 branches.

CNBT offers alternative delivery systems in the form of ATMs. All of the bank's ATMs are located within the Rochester, NY MSA AA. The geographic distribution of the bank's ATMs in the various categories of income geographies is similar to its branch distribution. Customers and non-customers alike can access their accounts through CNBT ATMs which are connected to the CIRRUS, NYCE and PLUS ATM systems. Customers may also use their CNBT ATM card to obtain cash at non-proprietary ATMs throughout the world, which bear the CIRRUS, NYCE or PLUS logos.

CNBT also offers alternative delivery systems of free on-line banking, bank-by-phone and bank-by-mail. These services allow customers to obtain deposit and loan account information, make payments on CNBT loans, transfer funds, and pay other household bills. We did not place significant weight on these alternative delivery systems because no data was available to determine the impact of these retail-banking services on low and moderate-income geographies and individuals.

Community Development Services

CNBT's performance in providing community development services is good.

Management and bank employees continue to support various organizations in the communities served by the bank by offering financial expertise to such organizations. Numerous personnel serve on the boards of directors or finance committees of organizations that provide community development services.

CNBT employees provide a good level of support to several community development service organizations. Members of the CNBT staff and Board participate in 10 community development related organizations concentrating primarily in those organizations focused on providing services targeted to small sized businesses who employ low and moderate-income individuals, those organizations focused on providing affordable housing opportunities for low and moderate-income individuals and those providing services aimed at assisting low and moderate income individuals.

The following are the CD service activities for the evaluation period:

Jewish Family Service of Rochester (JFS) - A bank officer serves as chairman of the Finance Committee of this organization. JFS provides non-interest bearing loans and grants to low and moderate-income families primarily to assist in the development of economic and vocational skills.

Bethany House, Inc. - A bank officer serves as Treasurer of this organization, in addition to volunteering substantial time and financial expertise to various organization projects. The Bethany House provides temporary housing for homeless women and children in the City of Rochester, a predominately low and moderate-income area.

Providence Housing Development Corp. - One of CNBT's Officers serves one the Board of Directors of this organization. This organization is a non-profit agency affiliated with the Diocese of Rochester and Catholic Charities. It builds and manages homes and apartments within the Diocese for seniors and low-income individuals.

Homebuyer Counseling - CNBT's affiliate HTF conducts first time homebuyer counseling for potential homebuyers who are making a down payment of less than 5%. The counseling covers budgeting, mortgage financing, and the demands of homeownership. Many of these homebuyers are low or moderate-income individuals.

Downtown Canandaigua Business Management Association (BID) - One of CNBT's senior vice presidents is a board member and treasurer for this organization whose mission is to improve the business climate in downtown Canandaigua. The downtown business district is comprised of mostly small retail shops and small restaurants. These businesses provide job opportunities for low and moderate- income people. Fifty percent of the downtown area is included in a moderate-income geography.

Ontario County Economic Development Advisory Council - A bank officer serves as a voting member of this organization's advisory council. The purpose of the council is to provide financing to new small

businesses in the County. The majorities of these businesses are retail or service-related and create employment opportunities for low and moderate-income individuals.

Monroe County ARC - A bank officer serves as a Board member and member of the Finance Committee of this organization. The ARC provides services such as rehabilitation, education and vocational training, advocacy and residential assistance to the developmentally disabled. Many of their clients are of low and moderate-income.

YWCA - A bank officer serves on the Finance Committee of this organization. The YWCA is the largest provider of shelter services for women and families and is a leader in violence prevention programs. The organization also provides employment training and placement services along with child and health care. The YWCA also provides various fitness programs to its members, financial assistance is available, making membership available to all. The majority of the clientele served by this organization are low or moderate-income individuals.

YMCA - A bank employee is on the Board of this organization. The employee serves on the committee that organizes and directs in the annual fundraiser to gather money for financial assistance programs for low-income families. The funds collected are used to provide scholarships and financial assistance to families in need.

Ontario County Pathways - A bank officer serves as a Board Member and Treasurer of this organization, which is dedicated to a local walking and biking trail. The trail, a formerly abandoned rail bed begins in Ward 2, a moderate-income geography. The trail attracts many visitors to the area, which has served to aid in the revitalization and stabilization of Ward 2. Several of the businesses located in the area have benefited from the increased activity the trail has brought to the area.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): 7/1/1998 to 12/31/2000 Investment and Service Tests and CD Loans: 9/21/1998 to 11/26/2001	
Financial Institution		Products Reviewed
Canandaigua National Bank and Trust Co. (CNBT) Canandaigua, New York		Home Purchase, Home Improvement, and Refinance Loans reported on the HMDA LAR, Small Business and Small Farm Loans reported on the CRA Register, and CD loans.
Affiliate(s)	Affiliate Relationship	Products Reviewed
Hometown Funding (now known as CNB Mortgage)	Affiliate Mortgage Company	Home Purchase and Refinance Loans.
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Rochester NY MSA #6840	Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

Rochester NY MSA AA

Demographic Information for Full-Scope Area: Rochester NY MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	190	16.84	17.37	44.21	19.47	2.11
Population by Geography	736,091	8.59	12.95	50.81	27.33	0.31
Owner-Occupied Housing by Geography	185,437	3.59	10.01	54.61	31.79	0.00
Businesses by Geography	35,047	6.94	11.98	48.55	29.83	2.70
Farms by Geography	1,121	1.34	4.19	69.22	25.25	0.00
Family Distribution by Income Level	191,470	18.67	17.00	23.72	40.61	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	68,291	16.97	18.65	50.70	13.68	0.00
Median Family Income	= \$40,471	Median Housing Value Unemployment Rate		= \$88,678 = 2.66%		
HUD Adjusted Median Family Income for 2001	= \$52,839					
Households Below the Poverty Level	= 9.85%					

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

The Rochester NY MSA AA is located substantially within the Rochester, New York Metropolitan Statistical Area (MSA). The AA consists of the majority of Monroe and Ontario Counties and eastern most portion of Livingston County and the western most portion of Wayne County. The AA also includes one contiguous geography in Yates County (a non-MSA area) which borders the MSA in the southeast. Management included this geography in its AA due to volume of the bank's lending activity in the area. The AA meets the requirement of the regulation and does not arbitrarily exclude low or moderate-income geographies. The inclusion of the Yates County geography does not cause the AA to substantially exceed the boundaries of the MSA. The composition of the AA geographies by income level is: 17% low-income, 17% moderate-income, 44% middle-income, 20% upper-income and 2% for which income has not been designated.

CNBT's loan originations in the AA for the evaluation period represented 90% of loan originations for the evaluation period.

The competition among financial service providers is strong. CNBT competes with large mortgage companies, large credit unions, money center banks, large regional banks, and various community and savings banks. CNBT is a full service lender offering a broad menu of lending products that include business loans, home mortgage loans through its affiliate CNB Mortgage, home equity loans, and consumer loans. The bank's business focus is primarily on retail and commercial lending.

Eighty-one percent of the housing in the AA is one to four family units, 14% is multifamily units, 2% is mobile homes, and 3% is condominiums. Of total housing units, 62% is owner-occupied, 32% is renter-

occupied, and 6% is vacant. The weighted average of median housing value was \$88,678 in 1990. Housing stock consists mostly of older homes with the median year built of 1956.

According to the 2001 business demographics there are 36,168 businesses, of which 1,121 are farms in the AA. Small businesses represent 91% of the 34,519 businesses reporting revenues. Approximately 78% of businesses reported having less than 10 employees. The primary industries in the AA are services 45%, retail trade 18%, and construction 9%. Major employers in the AA include Ontario County Government, Hobart and William Smith Colleges, the Veteran's Administration Hospital, Eastman Kodak, Xerox, Paychex and University of Rochester.

There are a number of community development opportunities available in the AA, especially in the Monroe County portion of the AA.

Three community contacts were made in conjunction with this review, two in Ontario County and one in Monroe County. The contacts consisted of groups involved primarily with affordable housing finance, homebuyer education programs, community-services for low and moderate-income individuals and representatives of local government. The community contacts identified affordable housing loans and loans to small size businesses as primary credit needs.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases 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/assessment area.

The following is a listing and brief description of the tables:

- 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/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - 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 share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5 - Geographic Distribution of Multifamily Loans** - See Table 2
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$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 share information based on the most recent aggregate market data available.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$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 share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Purchase Loans** - 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/assessment area. The table also presents market share information based on the most recent aggregate market data available.

- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$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. In addition, the table 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 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) 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. In addition, the table 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 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - 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 households 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/assessment area.
- Table 14. 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. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.
- Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

BANK

Table 1. Lending Volume

LENDING VOLUME		Geography: ROCHESTER NY MSA AA				Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000						
MA/Assessment Area (2000):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Rochester NY	100.0	1,250	99,238	1,506	131,155	15	1,056	10	10,160	2,781	241,609	100.0

* Loan Data as of December 31, 2000. Rated area refers to either the state or multi-state MA rating area.
 ** The evaluation period for Community Development Loans is From September 21, 1998 to November 26, 2001.
 *** Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: ROCHESTER NY MSA AA						Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% 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
Full Review:															
Rochester NY MSA AA	718	100.00	3.59	1.39	10.01	6.69	54.61	65.18	31.79	26.74	0.74	0.00	0.50	0.83	0.72

* Based on 2000 Peer Mortgage Data: Northeast Region.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: Rochester NY MSA AA								Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% 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
Full Review:															
Rochester NY MSA AA	189	100.00	3.59	0.00	10.01	3.18	54.61	74.07	31.79	22.75	3.72	0.00	1.50	4.62	3.46

* Based on 2000 Peer Mortgage Data: Northeast Region.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: Rochester NY MSA AA						Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% 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
Full Review:															
Rochester NY MSA AA	324	100.00	3.59	0.00	10.01	3.70	54.61	73.46	31.79	22.84	1.18	0.00	0.65	1.79	0.48

* Based on 2000 Peer Mortgage Data: Northeast Region.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY															Geography: Rochester NY MSA AA					Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*													
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Rochester NY MSA AA	19	100.00	11.50	5.26	18.24	21.05	49.56	68.43	20.59	5.26	15.22	20.00	40.00	13.79	0.00									

* Based on 2000 Peer Mortgage Data: Northeast Region.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: Rochester NY MSA AA				Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*									
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp					
Full Review:																				
Rochester NY MSA AA	1,506	100.00	6.94	3.78	11.98	9.76	48.55	56.77	29.83	28.95	3.63	3.09	3.11	3.91	3.89					

* Based on 2000 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2001).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS															
Geography: Rochester NY MSA AA															
Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000															
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Rochester NY MSA AA	15	100.00	1.34	0.00	4.19	0.00	69.22	100.00	25.25	0.00	1.32	0.00	0.00	1.55	0.00

* Based on 2000 Peer Small Business Data: US&PR.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2001).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: Rochester NY MSA AA					Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
Rochester NY MSA AA	718	100.00	18.67	6.69	17.00	28.27	23.72	32.03	40.61	32.17	0.91	0.43	0.49	0.59	1.53	

* Based on 2000 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 0.84% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: Rochester NY MSA AA					Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000					Market Share*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
Rochester NY MSA AA	189	100.00	18.67	20.11	17.00	22.75	23.72	25.40	40.61	30.16	4.09	8.42	3.83	4.01	3.00	

* Based on 2000 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 1.58% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: Rochester NY MSA AA				Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000					Market Share*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****					
Full Review:															
Rochester NY MSA AA	324	100.00	18.67	4.94	17.00	15.43	23.72	24.69	40.61	50.62	1.40	0.42	1.42	1.06	1.94

* Based on 2000 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 4.32% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: Rochester NY MSA AA			Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Rochester NY MSA AA	1,506	100.00	86.65	75.37	78.88	12.48	8.63	3.86	6.76

* Based on 2000 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 4.58% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: Rochester NY MSA AA			Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Rochester NY MSA AA	15	100.00	94.29	86.67	73.33	20.00	6.67	1.32	1.30

* Based on 2000 Peer Small Business Data: US&PR.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
				Geography: Rochester NY MSA AA		Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Rochester NY MSA AA	1	2,000	2	1,267	3	3,267	100.00	1	250

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: Rochester NY MSA AA				Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)*				% of Population within Each Geography**				
			Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
Full Review:																	
Rochester NY MSA AA	100.0	18	100.0	0.0	5.55	38.90	50.00	8	0	0	0	2	5	8.59	12.95	50.81	27.33

* 5.55% of the branches and 0.31% of the population are located in geographies in which the income is not designated.

** One branch was opened during the evaluation period in a geography in which the income is not designated.

