



Comptroller of the Currency
Administrator of National Banks

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

Corporate Decision #97-62 August 1997

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION BY COMMUNITY BANK, NATIONAL ASSOCIATION, CANTON, NEW YORK, TO PURCHASE AND ASSUME THE TWELVE BRANCHES LOCATED IN NORTHERN NEW YORK OF FLEET BANK, ALBANY, NEW YORK.

DECISION

Introduction

On April 7, 1997, application was made to the Office of the Comptroller of the Currency for prior authorization to purchase certain assets and assume certain liabilities of the twelve branches, located in Northern New York (hereinafter, "the Fleet Branches") of Fleet Bank, Albany, New York, by Community Bank, Canton, New York, (hereinafter, "Community"). This application was based on an agreement completed between the proponents on March 21, 1997.

Participating Financial Institutions

As of December 31, 1996, Community, a national bank, had total deposits of \$1 billion and operated 49 offices. As of December 31, 1996, the Fleet branches had total deposits of \$181 million. Community is wholly owned and controlled by Community Bank Systems, Inc., a one bank holding company.

Competitive Analysis

There are three relevant geographic markets for this proposal: the Federal Reserve markets of St. Lawrence, Utica-Rome and Watertown. Each relevant geographic market consists of an area surrounding one or more of the branches to be acquired. These are the areas where the effect of this transaction on competition would be direct and immediate. While the proposed transaction would eliminate some direct competition in the relevant geographic markets, in no case would the resulting bank have a large or substantially increased share of local deposits. Any adverse competitive effects would be mitigated by the presence of a number of other banking alternatives, including some of the region's largest banks and thrift institutions. Accordingly, consummation of this transaction would not have a significantly adverse effect on competition in any of the relevant geographic markets.

The Department of Justice has also reviewed the proposal and advised the OCC that consummation of the proposal would not have any significantly adverse competitive effects in the relevant banking market.

Banking Factors

The Bank Merger Act requires this Office to consider "...the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served." We find that the financial and managerial resources of Community and Fleet Bank do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually and combined, are considered favorable.

The needs and convenience of the community will be served. Community offers a full line of banking services and there will be no changes in its products or services as a result of the transaction.

Community Reinvestment Act (CRA)

A review of the record of this application and other information available to this Office as a result of its regulatory responsibilities has revealed no evidence that the applicants' record of helping to meet the credit needs of their communities, including low-and moderate-income neighborhoods, is less than satisfactory.

Conclusion

We have analyzed this proposal pursuant to the Bank Merger Act, 12 U.S.C. 1828(c), and find that it will not lessen significantly competition in any relevant market. Other factors considered in evaluating this proposal are satisfactory. Accordingly, the application is approved.

_____/s/
DAVID A. BOMGAARS
District Administrator

DATED: June 26, 1997

ACN #97 NE 02 013