



Comptroller of the Currency
Administrator of National Banks

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

Licensing Department (212) 790-4055
Fax (212) 790-4005

**CRA Decision #124
December 2004**

November 3, 2004

Ms. Erin N. Maloney
Bond, Schoeneck & King, PLLC
One Lincoln Center
Syracuse, New York 13202-1355

Re: Application for Community Bank, National Association of Canton, New York to
purchase and assume the Dansville, New York Branch of HSBC Bank USA
Control Number: 2004 NE 02 0042 Charter Number: 8351

Dear Ms. Maloney:

This is to inform you that today, the Office of the Comptroller of the Currency (OCC) approved your proposal, filed on behalf of Community Bank, National Association (“Community”) to purchase and assume the Dansville, New York Branch location of HSBC Bank USA.

This approval is granted based on a thorough review of all information available, including commitments and representations made in the application, the merger agreement and the bank’s representatives.

The OCC reviewed the proposed transaction under the criteria of the Bank Merger Act, 12 U.S.C. § 1828 (c), the Community Reinvestment Act (“CRA”), 12 U.S.C. § 2901, et. sec., and applicable OCC regulations and policies. Among other matters, we found that the proposed transaction would not have any anticompetitive effects.

The OCC considered the financial and managerial resources of the banks, their future prospects, the convenience and needs of the communities to be served. In addition, the Bank Merger Act requires the OCC to consider, “...the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money laundering activities, including in overseas branches,” 12 U.S.C. § 1828 (c) (11). We considered these factors and found them to be consistent with statutory provision.

With respect to the CRA, the OCC takes into account the applicants' record of helping to meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, when evaluating certain applications, including transactions subject to the Bank Merger Act.¹ Based on Community's CRA record of performance, the OCC found approval to be consistent with the CRA.

The OCC received one comment letter regarding this proposed transaction. The commenter expressed concerns that Community Bank would close HSBC's branch after acquisition. Community Bank confirmed that it plans to consolidate the operations of an existing branch into HSBC's Dansville branch since the locations are 60 feet from each other. While the branch is located in a moderate-income census tract, the consolidation of these two branches is not expected to have a significant impact on the community due to their close proximity. In addition, Community Bank's record of closing branches is not inconsistent with helping to meet the credit needs of its community, including low- and moderate-income persons. The OCC's last Performance Evaluation of Community Bank indicated that the bank opened 18 branches and closed only one branch during the evaluation period.²

As a reminder, the district office must be advised in writing in 10 days in advance of the desired effective date for the purchase and assumption so that the OCC may issue the necessary certification letter. The effective date must be after the expiration of the period during which the Department of Justice may file an injunction to stop the purchase and assumption, i.e., at least fifteen days after the date of this letter for applications processed under normal procedures, and at least fifteen days after this date for applications processed under emergency procedures and after all other regulatory approvals have been obtained.

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

1. A Secretary's Certificate for each institution, certifying that a majority of the board of directors approved the transaction.
2. An executed merger agreement, with Articles of Association, for the resulting bank attached.
3. A Secretary's Certificate from each institution, certifying that the shareholder approvals have been obtained, if required.

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

Ms. Erin N. Maloney

¹ See 12 U.S.C. § 2903; 12 C.F.R. § 25.29(a).

² The OCC assigned an overall "Satisfactory" CRA rating to Community Bank in the CRA Performance Evaluation dated October 7, 2002.

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. 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 Wai-Fan Chang, Licensing Analyst, at (212) 790-4055. Please include the control number on any correspondence related to this filing.

Sincerely,

/s/ Anthony P. DosSantos

Anthony P. DosSantos
Licensing Manager

Cc: James Gouldie, ADC, Syracuse Field Office