



Comptroller of the Currency
Administrator of National Banks

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New York, New York 10036

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

June 18, 1996

NBT Bank N.A.

Charter Number: 1354
52 South Broad St.
Norwich, New York 13815

<p>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.</p>
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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of NBT Bank N.A. prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of March 31, 1996. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings:

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, this institution is rated: Satisfactory Record of Meeting Community Credit Needs.

Bank Profile

NBT Bank N.A. (NBT) is the sole subsidiary of NBT BankCorp, Inc. a \$1.1 billion holding company located in Norwich, New York. As of March 31, 1996 NBT N.A. operated 35 branches located throughout Central and Northeastern New York. NBT has a loan portfolio totaling \$571 million. The loan portfolio is comprised of 43% commercial loans, 36% consumer loans, and 21% real estate loans.

Community Profile

NBT has distinguished three noncontiguous markets in Upstate New York as its delineated communities. These areas are the Southern Tier/Oneida County Community, the Fulton Region Community, and the Adirondack Region Community. While the bank's delineations cover mostly non Metropolitan Statistical Areas (MSAs), some branch offices are located in the Binghamton and Utica-Rome Metropolitan Statistical Areas. The unemployment rate in the fourth quarter of 1994 was 5.3% and 3.3% for the Binghamton and Utica-Rome MSAs, respectively. Several of the cities served by NBT have suffered economic downturns in the 1990's due to major business closings.

The delineated communities include Broome, Chenango, Clinton, and Delaware Counties, and portions of 14 other counties, encompassing a population of 921,000 residents. The Southern Tier/Oneida community is the largest community. There are 261 census tracts/block numbering areas (BNAs) in the communities with 63 (24%) of the areas designated as low- and moderate-income areas. According to the 1990 Census Bureau, the median family income for the Binghamton and Utica-Rome MSAs is \$35,900 and \$31,700, respectively. The statewide non-MSA median family income is \$34,250. Approximately 39% of the families in the delineated community have low or moderate income.

There are 407,000 housing units within the communities. Owner occupied units represent 57% of all housing units, while rental units represent 26% and vacant units represent 16%. The majority of households are located in middle and upper income areas with 64% of households in middle and 15% in upper income areas. The remaining 21% of households are in low and moderate income areas. The median housing value is \$65,000. The bank has a 64% share of the deposit accounts in Chenango County, the county where the bank's main office is located.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services it provides.

NBT's record of determining the credit needs of its local communities, including those in low- and moderate-income neighborhoods, is excellent.

Senior management and the Board of Directors have established an active outreach program to ascertain the credit and financial service needs within the bank's delineated community. This program relies primarily upon the efforts of the bank's CRA Officer and loan officers through an informal loan calling program. Because of these efforts, ongoing contacts have been established with a wide range of non-profit organizations and individuals within the community. Such contacts include community leaders, community development organizations, civic organizations, government officials, and business and trade associations. For example, ongoing contacts have been established with the Utica Neighborhood Housing Service, Utica Affordable Housing Partnership Program, Opportunities for Chenango County, Opportunities for Delaware County, Chenango County Housing Council, Chenango County Department of Planning and Development, Adirondack Park Community Development, Fulton County Community Heritage Corp., Chenango Housing Improvement Project, M-Ark Project Inc., and Western Catskills Community Revitalization Council, Inc.

Through these contacts, management identified the following credit needs: affordable residential mortgages, home improvement loans for low- and moderate-income individuals, and loans to small start-up businesses.

In response to the identified credit needs, management implemented a \$40 million five year Special Loan Initiative Program in April 1994. This special initiative is comprised of three loan programs: the Affordable Housing Program (AHP), the Property Improvement Program, and the Small Business Lending Program. The latter two loan programs require the sponsorship of either a government agency or a non-profit community organization as a condition for qualification.

The AHP's objective is to provide housing to low- to moderate-income applicants, whose income does not exceed 80% of the respective county median income. This program is available for the purchase of one and two family residential properties. The underwriting of this program is more flexible than traditional conventional mortgages. The program features include: a lower down payment requirement of 2%, without requiring private mortgage insurance, allows higher debt-to-income ratios, below market interest rates, and waives application fees. Applicants must attend a home buyer's workshop as a condition for approval under the program.

A Supplemental Grant Fund Program is used to assist applicants who might not qualify for the standard residential mortgage product under the bank's AHP. Applicants for this loan product must be prequalified by an approved non-profit housing organization and have completed a home buyer's educational and counseling program. Applicants for this loan program have access to government and private grants that are applied toward the down payment and closing costs. The supplement from grant funding reduces the applicant's cash outlay (a major problem for some applicants), allowing more applicants to qualify for a loan.

Because the success of the Supplemented Grant Fund Program is contingent upon grant funding from government and private organizations, the bank has assisted several non-profit organizations in applying for grants.

To bring affordable housing to residents of City of Utica, particularly those residing in the Cornhill, East Utica, and South Utica sections of the city, NBT in conjunction with other local lenders, the City of Utica Urban and Economic Development Department, and the Utica Neighborhood Housing Service, Inc., formed the Utica Housing Partnership (UHP) in December 1994. Since the partnership's inception, eighteen residential mortgages have been originated. Each bank committed \$300,000 for a total of \$2,100,000 for affordable mortgage products over a two year period.

Management implemented a special Flood Relief Loan Program to aid flood victims in the towns of Margaretville and Arkville. The loans featured a lower interest rate than the bank's regular home improvement loan.

NBT and the Chenango County Department of Planning and Development are developing a special loan program designed to correct the failed septic and non-potable domestic water system problems experienced by many Chenango County residents. This program is targeted toward those residents whose income is less than 80% of the county median income and offers flexible underwriting terms and conditions and reduced interest rates. The implementation of this program is contingent upon the county obtaining the funds to establish a revolving loan fund that will be used to partially guarantee loans made by the bank. The bank has committed \$100,000 to this program.

Assessment Factor C - The extent of participation of the institution's Board of Directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

- The Board of Directors (Board) of NBT is adequately involved in the CRA process.

The Board approved a CRA plan that provides a general framework for the bank's` CRA Program and initiatives. The CRA Officer reports to the Board quarterly regarding the bank's CRA activities. The Board ensures the annual self-assessment of the bank's CRA performance is conducted and a fair lending analysis is performed to ensure that all credit

worthy applicants are treated in a non-discriminatory manner. Based upon the various special loan products the bank offers, it is evident the Board is generally supportive of innovative and flexible underwriting standards that help address community credit needs. The Board approved an expanded CRA Statement, and ensures CRA training is provided to employees.

To manage and coordinate the bank's CRA program, the bank has established a CRA Committee comprised of members of senior management. The CRA Officer is the chairperson of this committee. Meetings are held quarterly to discuss ascertainment and marketing efforts, fair lending analysis, and other CRA related issues.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

- NBT Bank has made a reasonable effort to market its credit products throughout its delineated community.

During the last two years the bank has used the media to advertise its home equity line of credit, Chek-Gard overdraft line of credit, home mortgage loans, small business and small farm loans. The bank advertises in newspapers, pennysavers and on radio. Branch signage, product brochures, direct mail and statement stuffers are also used to promote products.

The recent home equity campaign is the largest credit product marketing campaign conducted during the last two years. The three month long campaign includes advertisements on several radio stations and in several newspapers in each of the bank's three delineated communities. A prime rate for a six month period and no closing costs are the main selling features of the product.

A two month long media campaign spanning all three communities was used to promote the Chek-Gard overdraft line of credit. In addition to radio spots and newspaper advertising, statement stuffers and direct mail were used to promote the product.

A home mortgage ad aimed at first time home buyers "If you can dream it, we can fund it" was placed in publications in all three regions. The ad ran three times in early 1995. Mortgage loans were also promoted through ads featuring the bank's mortgage loan originators in each region. These ads were run during the first half of 1995, before the bank discontinued using originators. Mortgage loans are now processed through each of the branch offices.

Most other credit product advertising is regionalized, with ads dedicated to one of the three regions or to a portion of one of the regions. The advertising has limited frequency, with

most ads running under five times. Branch managers and loan officers can request advertising for their specific branch or lending territory. For example, the Earlville branch was the only branch to request a lobby sign advertising new car automobile rates, and one day automobile loan sales were held at individual branches. The products covered by these ads included auto, small business and small farm loans.

The bank ran ads throughout the delineated community for a three month period in 1995 to inform the community of the bank's new Chief Executive Officer. It also ran ads aimed at assuring customers that changes to the bank's appearance would not mean changes to the customer service representatives they were accustomed to dealing with.

NBT sponsored two first time home buyer seminars in conjunction with the State of New York Mortgage Association (SONYMA) in the Southern Tier Region in 1995. The seminars included representatives from SONYMA, NBT and from the local real estate, appraisal and legal community.

NBT has sponsored and participated in numerous other educational seminars for small business and first time home buyers. The small business seminars are geared toward those operating small businesses and those seeking to start a small business.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

- NBT Bank N.A. originates a good volume of residential mortgage, small business and small farm loans within its community.

The bank originated 362 residential mortgage loans totaling \$26,169,000 and 205 loans totaling \$14,441,000 in 1994 and 1995, respectively. Under its Affordable Housing Program (AHP), NBT originated 9 loans totaling \$311,000 and 24 loans totaling \$841,000 in 1994 and 1995, respectively. Participation in first time home buyer programs in conjunction with government guaranteed housing programs is discussed under Section J.

NBT originated 1,984 commercial loans totaling \$46,728,000 and 1,749 commercial loans representing \$61,463,000 in 1994 and 1995, respectively. Approximately 75% of the commercial loans are made to small businesses. Loans to startup businesses totaled 18 loans representing \$837,000 and 40 loans totaling \$2,748,000 in 1994 and 1995, respectively.

The bank originated 487 farm loans totaling \$21,025,000 in 1994. In 1995, there were 352 farm loans totaling \$12,893,000. None of the advances in 1994 or 1995 exceeded \$500,000. Management estimates small family farms constitute 90% of the agriculture portfolio.

The bank originated a significant amount of direct and indirect consumer loans. Consumer loan originations were 14,937 loans for \$121,898,000 in 1994. In 1995, the volume of

consumer lending decreased to 12,859 loans totaling \$98,134,000. The decrease was attributable to indirect automobile loans. Through May 1996, the bank originated 5,922 consumer loans representing \$58,671,000. The consumer activity includes 175 home improvement loans totaling \$1,061,000 and 248 loans totaling \$1,481,000 in 1994 and 1995, respectively, and 55 mobile home loans totaling \$928,000 and 48 loans totaling \$613,000 in 1994 and 1995, respectively.

Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

- NBT is very active in government guaranteed loan programs.

NBT originated 24 Small Business Administration (SBA) guaranteed loans totaling \$3,910,000 and 26 loans representing \$2,817,300 in 1994 and 1995, respectively. NBT was the fifth most active SBA lender out of 81 participating institutions in the Syracuse Region for the fiscal year ending September 30, 1994. These loans are included in the commercial loan totals discussed previously under Section I.

NBT closed 43 mortgages totaling \$2,393,000 and 27 mortgages totaling \$1,406,515 under the SONYMA program in 1994 and 1995, respectively. The bank originated 17 mortgages totaling \$917,000 and 8 mortgages totaling \$387,800 guaranteed by the Federal Housing Administration (FHA) in 1994 and 1995, respectively. These totals are reflected in the residential mortgage activity under Section I above.

NBT originated 10 loans for \$1,541,000 and 1 loan for \$400,000 guaranteed by the Farm Service Agency (formerly Farm Home Administration) for 1994 and 1995, respectively. These numbers are included in the farm loan totals previously discussed under Section I.

The bank is involved with the Student Loan Marketing Association (SLMA) student loan program. NBT originated 1,556 student loans totaling \$4,460,000 and 1,134 student loans totaling \$3,559,000 with SLMA in 1994 and 1995, respectively. These numbers are included in the consumer loan totals previously discussed under Section I.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

- The delineated community is reasonable and does not arbitrarily exclude any low- and moderate income census tract.

NBT Bank has delineated three local communities. They are the Southern Tier/Oneida County Community (Southern Tier), the Fulton County Community and the Adirondack

Community.

The Southern Tier Community consists of Broome, Chenango, and Delaware Counties, most of Oneida County, and portions of neighboring Greene, Herkimer, Madison, Otsego, Schoharie, Tioga, and Ulster Counties. There are 26 branches servicing this area.

The Fulton County Community includes Fulton County and portions of neighboring Hamilton, Montgomery, and Saratoga Counties. Three branches serve the Fulton Region Community.

The Adirondack Region Community consists of Clinton County and portions of Essex and Franklin Counties. Six branches service the Adirondack Region Community.

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

- The geographic distribution of credit extensions, credit applications, and credit denials is reasonable.

Management annually analyzes the geographic distribution of its loans, applications and denials. During the two year period ending December 31, 1995, over 90% of the new loans originated were within the delineated communities.

Table I below highlights the geographic distribution of outstanding loans as of December 31, 1994 and December 31, 1995, respectively, for each of the three delineated communities. The distribution of loans among the three delineated communities is reasonable based on numerous factors including the population bases, branch locations, and length of time in the communities.

TABLE I

Geographic Distribution of Total Loans Within Communities				
Community	December 31, 1994		December 31, 1995	
SoTier/Oneida	\$445,020	77%	\$448,722	76%
Fulton	55,741	10%	56,664	10%
Adirondack	74,047	13%	81,316	14%
Total	\$574,808	100%	\$586,702	100%

Table II below illustrates the 1994 residential mortgage activity by the income characteristics of the census tracts for the institution. The majority of mortgage lending (67%) is originated in the rural non-MSA areas of the delineated communities. The bank originated 117 loans from the 154 applications taken from within the MSAs. Applications and originations from within the low - and moderate-income census tracts represent 6% and 5% of all MSA applications and originations, respectively.

TABLE II

Geographic Distribution of Loans 1994 Residential Mortgage Applications by Census Tract						
Declinations	Applications		Originations			
	#	\$ (000)	#	\$ (000)	#	\$(000)
LMI	10	476	8	398	2	78
Middle	94	5,391	68	4,054	18	1,039
Upper	50	4,786	41	5,085	2	115
Non-MSA	312	20,905	245	16,632	36	2,381
Total	466	31,558	362	26,169	58	3,613

The residential mortgage loan activity for 1994 and 1995 was centered in the Southern Tier/Oneida Community which is the bank's flagship region. Approximately 83% and 91% of the residential loans were closed in the Southern Tier/Oneida Community in 1994 and 1995, respectively. In the Fulton County Community, the residential loan activity was 3.3% and 1.4% for 1994 and 1995, respectively. In the Adirondack Community the residential loan activity was 14% and 7.4% for 1994 and 1995, respectively. The competition from other banks and mortgage brokers and the softness in the housing markets have made it difficult to increase its presence in the Fulton and Adirondack Communities.

Management also performs an analysis of application, originations, and denials based on the income level of the applicant(s). The bank received 102 applications, or 22% of its residential mortgage applications, from low- and moderate-income applicants in 1994. The bank

originated 75 loans, or 21% of its residential mortgage originations, with low- and moderate income applicants. In 1995, the bank received 82 applications, or 31% of its residential mortgage loan applications, from low- and moderate income applicants. The bank originated 50 residential mortgage loans, or 24% of its residential mortgage originations, to low- and moderate-income applicants. According to the 1990 Census Bureau, approximately 39% of the families within the delineated communities earn less than 80% of the median family income.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

- NBT Bank provides its communities convenient access to a wide range of banking services. It has an acceptable record of opening and closing branch offices.

The bank offers easy access to banking services through a number of different means. Walk-up and drive-up teller stations are available at many branch locations before and after normal lobby hours. Saturday morning hours are offered at 15 of the bank's 35 full service branches. There are 22 ATMs at 19 locations, of which 19 machines are available 24 hours each day. Many of the branches stay open later one or two days per week.

Additional access to banking services is available through the bank's Telephone Voice Response Service. Through this service, retail customers have 24 hour access to certain types of accounts by telephone. A customer can make balance inquiries and transfer balances between accounts, including a transfer from a deposit account to a loan account to make a payment.

NBT offers two affordable deposit accounts. They are a basic checking account with no minimum balance or maintenance charges and a statement savings account with no minimum balance requirement, unlimited withdrawals, and no service charges or fees.

Since January 1994, the bank closed six branch offices and opened two new offices. The branches closed were located in Vestal, Proctor, Wilmington, Gloversville, New Hartford, and Norwich. The new offices were opened in Vestal (subsequently closed), Utica, and New Hartford.

Most of the branch openings and some closings were the result of NBT's purchase of branches from other banks. Branch offices were purchased in Norwich, New Hartford and Utica. The branch offices purchased from Community Bank N.A. in Norwich and New Hartford were consolidated into nearby NBT offices.

The branch closing policy adopted by the Board of Directors is adequate. Management

closed most branches for insufficient profitability. The impact on the community was considered during the branch closing process. Management considered factors such as the location of alternative NBT offices and the presentation of other financial institutions in the area. In the case of the Wilmington branch closing, an ATM and a night deposit was left at the site of the branch location to mitigate some of the impact on customers.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

- We did not identify any practices that discourage or are intended to discourage applicants from applying for credit.

Management has provided extensive fair lending training to all appropriate employees.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

- We did not find any evidence of prohibited discrimination or illegal credit practices through our fair lending examination.

The bank has policies and procedures in place to help deter and prevent illegal discrimination. All denied residential mortgage loan applications are reviewed by the department manager and a second review committee to ensure equal and fair treatment..

V. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

- NBT is very involved in community development and redevelopment projects and programs.

Management is very aware of community development activities through its close ties to the community. Management uses its small business lending products to address many of the community development financing needs. The following paragraphs highlight some of the community development related financing done by the bank in the past two years.

Two loans totaling \$6,900,000 were granted to Crossroads Incubator Corporation, a non profit organization located in Johnstown, New York. The first loan for \$4,500,000 was booked in June 1995 involved the construction and permanent financing of a 207,000 square foot warehouse facility. The second project for \$2,400,000 was booked in October 1995 for the construction and permanent financing of a 113,000 square foot office warehouse distribution facility. These loans were originated in a joint effort with the local county economic

development corporation and industrial development agency and New York State Urban Development Corporation.

The bank renewed and increased a line of credit to \$616,000 to the New York State Business Development Corporation (NYBDC). The NYBDC is a private corporation owned by 120 New York commercial and saving banks, the New York State Common Retirement Fund, and various other shareholders. The purpose of this corporation is to play an integral role in New York State's economic development efforts by providing capital, management assistance and counseling to small and mid-sized companies. Two loans were granted by NYBDC to companies located in Binghamton and Utica.

NBT also originated five loans totaling \$4,193,000 in 1995 with NYBDC involvement. Two of the loans required additional funding through the SBA. The bank approved a \$1,400,000 interim financing loan for the purchase and renovation of a hotel in Norwich. Permanent financing of \$750,000 will be provided pending SBA approvals. NBT has an 80% share in a participation loan with NYBDC in a \$2,200,000 construction and permanent financing loan for a 31,000 square foot grocery store in Whitestone, New York. The store opened in July 1995. Another example involving NYBDC is a \$690,000 equipment loan to assist a Canadian manufacturing company expand into Plattsburgh, New York.

A \$800,000 construction loan was extended to the Beekmantown Senior Housing, Inc.(BSH) in June 1995. The proceeds of this loan were used to construct a low income housing project that provides fourteen units of subsidized housing for the elderly in the Town of Beekmantown, which is located in Clinton County.

A \$100,000 commitment was provided in February 1996 to the Gloversville Revitalization Corp., a non-profit organization established to promote and assist the growth and development of business and employment within the city of Gloversville. The proceeds will partially fund the third floor renovation of a former department store building located in downtown Gloversville. The building will house community service agencies like the Cornell Cooperative Extension, Community Heritage, and the American Red Cross. Other local lenders are also involved in this \$400,000 renovation project.

The bank is actively involved in the Chenango Housing Improvement Program, Inc. (CHIP), a private non-profit organization dedicated to increasing the availability and improvement of affordable housing for low- and moderate-income individuals residing in Chenango County. NBT's supports this organization through the active involvement of an NBT officer in CHIP and through extending financing for several CHIP projects. The following are some of the more recent projects done with CHIP:

The bank committed to a \$950,000 construction and property improvement loan to rehabilitate an old school building located in Smyrna. CHIP will convert this old one story building into ten residential rental units. All tenants will be low income individuals with income less than 60% of the county median income. Construction is expected to begin in the second half of 1996.

The bank renewed and increased a line of credit to CHIP for \$100,000. The line is used for working capital, property renovations, and general operating needs.

The bank extended a \$635,000 mortgage loan in September 1994 to refinance three existing mortgages involving apartment complexes owned and managed by CHIP. These complexes provide 64 affordable housing units to local residents. The cash out refinance allowed additional monies to be used by CHIP for working capital purposes.

As noted previously, NBT is actively involved in public and private partnerships with non-profit housing organizations and city agencies that provide for the development and redevelopment of housing in all areas of the bank's community. Through its Affordable Housing Program, and in partnership with non-profit agencies, the bank has originated \$1,300,000 in residential mortgages to low- and moderate-income home buyers over the past two years.

NBT provided \$800,000 financing to a local industrial development agency for the purchase and renovation of a 57,000 square foot commercial building in Norwich in May 1995.

The municipal investment portfolio represents 7% of the investment portfolio at year end 1995. Investment transactions with local municipalities exceeded \$38,000,000 and \$24,000,000 for 1994 and 1995, respectively. The local investment activity represents 97% of the total municipal investments purchased for both 1994 and 1995.

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

- Management's ability to meet various credit needs of its delineated communities is not restricted by the condition, size, or legal issues of NBT.

The communities served by NBT are predominantly rural areas with eight of the thirty-five branches located in MSA's. The four branches in the Binghamton MSA are located in rural areas thus making it difficult to compete in the City of Binghamton.

The delineated communities encompass a wide cross section of employers including universities, hospitals, prisons, small manufacturing businesses, wholesale and retail businesses, and small farms.

There are no legal impediments affecting the bank's ability to meet its CRA obligation. Please refer to the bank profile information in the beginning of this report for additional information.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

NBT originated several loans to churches and community service organizations to improve the quality of life in the community. Some of the larger loans include the following:

A \$750,000 line of credit was renewed in July 1995 to the Chenango County Chapter New York State Association for Retarded Children for general working capital needs and equipment purchases. This association is a non-profit tax exempt corporation whose charter is to provide mentally and physically handicapped individuals with an opportunity for productive employment and rehabilitation. The association provides these services to residents of Chenango County.

A \$150,000 line of credit was renewed in April 1996 to the Hospice Care, Inc. which serves Oneida and Madison Counties. A \$70,000 line of credit was extended in June 1995 to Hospice of Chenango County. These non-profit organizations provide health care, counseling and spiritual services to terminally ill patients in their homes.

A \$280,000 line of credit was renewed in January 1996 to the Children's Home RTF, Inc. located in Greene for general working capital needs and finance equipment and vehicle purchases. This non-profit corporation manages a center designed for severely emotionally disturbed children.

Additional Information

None.