



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

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

Public Disclosure

April 6, 1998

Community Reinvestment Act Performance Evaluation

**National Bank of Coxsackie
Charter No. 1398
3-7 Reed Street
Coxsackie, New York 12051**

**Office of the Comptroller of the Currency
New York Metro Field Office
Community/Mid-Size Banks
830 Morris Turnpike, 2nd Floor
Short Hills, New Jersey 07078**

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.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of

**National Bank of Cossackie
3-7 Reed Street
Cossackie, New York 12051**

and was prepared by the

Office of the Comptroller of the Currency

the institution's supervisory agency, as of April 6, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating:

Satisfactory

Primary factors supporting the bank's overall rating include:

- The bank's average loan to deposit ratio is less than reasonable based on comparison to its local and national peer group averages. However, management has made progress in improving the ratio over the last two years.
- The bank originates a substantial majority of its loans within the combined assessment areas.
- The distribution of loans to borrowers of different incomes and businesses of different sizes is reasonable.

The following table indicates the performance level of **National Bank of Coxsackie** with respect to each of the five performance criteria:

Small Institution Assessment Criteria	National Bank of Coxsackie Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-deposit ratio			X
Lending in assessment area	X		
Lending to borrowers of different incomes and to businesses of different sizes		X	
Geographic distribution of loans	Analysis Not Meaningful		
Response to complaints	No complaints were received since the prior examination		

Description of Institution

National Bank of Coxsackie (NBC) is located in Greene County, a primarily rural area in the northern Hudson Valley in New York State. As of December 31, 1997, total assets were \$92 million, total loans were \$37 million, investments were \$49 million, and total deposits were \$78 million. The loan portfolio consists of 72% real estate secured (49% residential and 23% commercial), 15% consumer loans, 8% commercial loans, and 5% all other loans and leases. There are no known legal or financial impediments to prevent NBC from meeting the credit needs of its community.

NBC operates five banking offices from which it provides a full range of deposit and loan services. The main office is located in Coxsackie, with branches in Athens, Greenville, West Coxsackie, and Ravena. Competition is strong and is primarily from two large thrifts and branches of large regional banks.

Description of the Assessment Areas

NBC has defined two separate assessment areas, "Greene" and "Albany", which meet the criteria of the regulation and do not arbitrarily exclude any low or moderate income areas. Combined, the assessment areas contain ten census tracts and nine block numbering areas (BNAs) with a total population of approximately 78,000.

Greene: This assessment area consists of nine BNA's within Greene County, which is not part of an MSA. Within the assessment area, seven BNA's are designated middle income and one BNA is upper income. One BNA does not have income information available. Two prisons are located within this BNA. The population of the assessment area is approximately 37,000. Seventeen percent of the families residing in the assessment area are low income, seventeen percent are moderate income, twenty-five percent are middle income, and forty-one percent are upper income families. Additionally, ten percent of the households within this area are below the poverty level. The 1997 New York State nonmetropolitan median family income is \$37,100. Housing is primarily owner occupied. Since 1991, housing prices in both assessment areas have declined approximately 5%. The median housing value is \$90,768 and the median age of housing is 40 years. Economic growth has been stagnant. Employment is primarily distributed among government, manufacturing, construction, and agriculture. Based on February 1998 state labor department statistics, unemployment was 7.5%.

Albany: This assessment area consists of ten census tracts in the Albany-Schenectady-Troy, NY MSA 0160. Five census tracts are designated middle income and five census tracts are designated upper income. The population of Albany is approximately 41,000. Nine percent of the families residing in the assessment area are low income, fifteen percent are moderate income, twenty-four percent are middle income, and fifty-two percent are upper income families. The 1997 updated HUD median family income of the MSA is \$47,000. Housing is primarily owner occupied. The median housing value is \$119,134 and the median age of the housing is 35 years. Economic growth has been stagnant. Employment is primarily distributed among government, manufacturing, construction, and agriculture. Based on February 1998 state labor department statistics, unemployment was 4% in the Albany metropolitan area.

* Both assessment areas have similar credit needs which are real estate loans, including those for home purchase and home improvement and small business loans. Additionally, consumer installment loans were also an identified need. Community credit needs were determined through contact with the local Chamber of Commerce.

Conclusions with Respect to Performance Criteria

Loan to Deposit Ratio

NBC's average loan to deposit ratio is much lower than its local and national peer groups. The average loan to deposit ratio for the last eleven quarters since the prior CRA examination is 38%. The loan to deposit ratio of a sample of banks located in New York State of similar size averaged 62%. The average for the bank's national peer group is much higher at 70%. In the past, management's lending philosophy was very conservative while area residents continued to maintain deposit relationships at the bank. These two factors contributed to the low ratio. With the arrival of new management in 1996, the bank's loan to deposit ratio has been steadily improving and increased approximately 13% over the last two years. As of December 31, 1997, this ratio was 47%. By comparison, the ratio was 34% and 40% in the years ending 1995 and

1996, respectively. Management's strategic plan projects the loan to deposit ratio to reach 60% by the end of the year 2000.

Lending in the Assessment Areas

Using accurately prepared internal reports, examiners determined that a substantial majority of all loan originations are within the bank's assessment areas. From June 1, 1995 to December 31, 1997, the bank originated 155 residential mortgages totaling \$12 million, 1,307 consumer installment loans (includes home improvement and some commercial related loans) totaling \$10 million, and 318 commercial loans (includes some loans made to individuals for personal use) totaling \$11 million. Of these totals, 84% of the number of loans and 77% of the dollar amount were located within the consolidated assessment area.

Loan Originations						
June 1, 1995 to December 31, 1997						
	Greene		Albany		Consolidated	
	#	\$	#	\$	#	\$
Residential	101	7,214	26	2,511	127	9,725
Consumer	864	6,033	266	2,619	1,130	8,652
Commercial	207	6,376	36	830	243	7,206
Total	1,172	19,623	328	5,962	1,500	25,583
% Of All Bank Originations	66%	59%	18%	18%	84%	77%

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans reflects a reasonable penetration among borrowers of different income levels and businesses of different sizes.

Residential mortgage and consumer installment loans originated, on a consolidated basis, from June 1, 1995 to December 31, 1997 to low income borrowers accounted for 19% of the total loans, while 23% were to moderate income, 28% were to middle income, and 30% were to upper income borrowers. Based on dollars, 14% were to low income borrowers, 16% were to moderate income, 26% were to middle income, and 44% were to upper income borrowers. The following charts illustrate lending to borrowers of different income levels within each assessment area:

		January 1, 1995 to December 31, 1997 Greene Assessment Area							
Borrower Income Level	% of Families in Area	Mortgage Loans				Consumer Loans			
		#	%	\$	%	#	%	\$	%
Low	16	10	10	721	10	190	22	1,267	21
Moderate	17	12	12	801	11	216	25	1,448	24
Middle	25	32	32	1,597	22	225	26	1,689	28
Upper	42	47	46	4,095	57	233	27	1,629	27
Total	100	101	100	7,214	100	864	100	6,033	100

		January 1, 1995 to December 31, 1997 Albany Assessment Area							
Borrower Income Level	% of Families in Area	Mortgage Loans				Consumer Loans			
		#	%	\$	%	#	%	\$	%
Low	9	3	12	198	8	40	15	471	18
Moderate	15	2	8	95	4	56	21	576	22
Middle	24	8	30	721	29	80	30	786	30
Upper	52	13	5	1,497	59	90	34	786	30
Total	100	26	100	2,511	100	266	100	2,619	100

NBC also lends to businesses of various sizes. Based on a sample of commercial loan originations made in the consolidated assessment area, 81% were to small businesses (businesses with revenue less than or equal to \$1 million). Additionally, 82% of the commercial loans originated were in an amount less than or equal to \$100 thousand, 16% were between \$100 thousand and \$250 thousand, and 2% were greater than \$250 thousand.

Geographic Distribution of Loans

An analysis of the geographic distribution is not meaningful as there are no low or moderate income census tracts or BNAs in the bank's consolidated assessment area.

Fair Lending Examination

No violations of antidiscrimination laws and regulations were noted during the concurrent fair lending examination.

CONCLUSIONS WITH RESPECT TO PERFORMANCE IN METROPOLITAN STATISTICAL AREAS (MSA) AND NONMETROPOLITAN STATISTICAL AREAS (NON-MSA)

NBC's assessment areas consists of a portion of the Albany-Schenectady-Troy MSA (MSA 0160) and a non-MSA area in Greene County. A summary of the bank's performance in each of these areas is provided below.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 0160 (ALBANY)

NBC defines its assessment area within the Albany-Schenectady-Troy MSA as ten census tracts within Albany County. The bank operates one branch in this MSA.

NBC's performance in MSA 0160 is consistent with the bank's overall performance. Lending volume within this assessment area accounts for 18% of the total lending volume in terms of both number and dollar of loans. Within this assessment area, 9% of the families are low income and 15% are moderate income. Based on the bank's residential mortgage lending, 20% of the loans and 12% of the dollars originated were to low and moderate income borrowers. With respect to consumer lending, 36% of the number and 40% of the dollars were to low and moderate income borrowers. Based on the commercial loans originated in the two assessment areas, 15% of the number and 12% of the dollar amount were originated in this MSA. Additionally, 83% of the loans were to small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE IN GREENE COUNTY

NBC defines this assessment area as nine BNAs within Greene County. The bank's main office and three branches are located in Greene County. This assessment area accounts for the substantial majority of the bank's lending activity. Based on the bank's residential mortgage lending, 22% of the number and 18% of the dollars were to low and moderate income borrowers. With respect to consumer lending, 47% of the number and 45% of the dollars were to low and moderate income borrowers. Within this assessment area, 16% of the families are low income and 17% are moderate income. Based on the commercial loans originated in the two assessment areas, 85% of the number and 88% of the dollar amount were originated in this portion of the assessment area. Additionally, 82% of the loans were to small businesses.