



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

April 15, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The National Bank of Coxsackie
Charter Number 1398

3-7 Reed Street
Coxsackie, NY 12051

Office of the Comptroller of the Currency

NEW YORK METRO-WEST Field Office
343 Thornall Street Suite 610
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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, 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The major factors supporting the institution's rating include:

- The bank's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA's credit needs;
- A substantial majority of the home mortgage loans originated during the evaluation period were within the AA, and exceeds the standard for satisfactory performance for lending in the AA;
- The bank's record of lending to borrowers of different incomes reflects reasonable penetration when considering the bank's performance context and meets the standard for satisfactory performance; and
- The bank has not received any CRA-related consumer complaints since the last CRA examination.

SCOPE OF EXAMINATION

CRA activities at the National Bank of Coxsackie (NBC) were completed using full-scope review procedures for its assessment areas (AAs). Our review covered the bank's performance from January 1, 2006 through September 30, 2008. Residential mortgage loans were determined to be the bank's primary loan product and were reviewed as part of this examination. The lending test was performed evaluating the bank's record of meeting the credit needs of its AAs. The lending test consisted of loans originated from January 1, 2006 through September 30, 2008. HMDA data was used for the MSA AA. However, for the non-MSA AA, we selected a random sample of thirty residential mortgage loans due to the non-MSA AA not being geocoded. Total loan sampled consisted of 114 loans.

DESCRIPTION OF INSTITUTION

National Bank of Coxsackie ("NBC") is an intrastate bank headquartered in Coxsackie, Greene County, New York. NBC is an independent bank and is not part of a holding company nor does it have any subsidiaries or affiliates. The area is primarily rural and the bank is situated in the northern Hudson Valley of New York State.

NBC is a full-service bank offering retail and commercial banking services as well as internet banking. NBC operates six banking offices, each with ATM service. The main office is located in Coxsackie, with branches in Athens, Greenville, West Coxsackie, Ravena, and Cairo, New York. Branch office hours are offered Monday through Friday. Since the last CRA examination, the bank opened the Cairo, NY office during May 2006.

As of September 30, 2008, total assets were \$186 million, total loans were \$93 million, or 50% of its average assets, and tier-one capital of 21 million. The loan portfolio consists of 66% one to four family residential real estate loans, 25% commercial real estate, and 9% consumer loans.

There are no legal or financial factors impeding the bank’s ability to help meet the credit needs in its AA. The last CRA examination of the bank was performed by the OCC on December 8, 2003. At that evaluation, this bank received a rating of “Satisfactory.”

DESCRIPTION OF ASSESSMENT AREA(S)

NBC has identified their AAs as the Albany-Schenectady-Troy, N.Y. MSA and Greene County located in non-MSA. The AA meets regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

Albany County Assessment Area

The Albany-Schenectady-Troy MSA contains ten census tracts (CTs). The AA has five CTs in middle-income (50%) and five CTs in the upper-income (50%). There are no low- or upper-income tracts in the AA. The total population in the AA was 44,836 as of 2000 U.S. Census.

The following describes the demographics of the MSA:

Demographic Information for Full Scope Area: Coxsackie MSA Albany						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	10	0.00	0.00	50.00	50.00	0.00
Population by Geography	44,836	0.00	0.00	36.16	63.84	0.00
Owner-Occupied Housing by Geography	13,017	0.00	0.00	35.26	64.74	0.00
Business by Geography	3,066	0.00	0.00	33.40	66.60	0.00
Farms by Geography	101	0.00	0.00	44.55	55.45	0.00
Family Distribution by Income Level	12,245	10.43	15.97	20.87	52.73	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,233	0.00	0.00	50.76	49.24	0.00
Median Family Income		54,944	Median Housing Value		128,398	
HUD Adjusted Median Family Income for 2008		66,300	Unemployment Rate (2000 US Census)		1.95%	
Households Below Poverty Level		4%				

The median cost of housing in the AA is \$128,398. The Updated Median Family Income is \$66,300. The percentage of households below the poverty level is 4%. The AA’s population is comprised of 12,245 families with the following family income

distribution: 10.43% are low-income, 15.97% are moderate-income, 20.87% are middle-income, and 52.73% are upper-income.

According to the Bureau of Labor Statistics, the unemployment rate for the MSA as of November 2008 was 5.2%. This rate is below the state unemployment rate of 6.3%. Within the AA, majority of individuals are employed by the service industry, which includes education, financial, and health. The state and local governments are large employers.

The market in which the bank operates is very competitive. Located within the assessment area are numerous community banks, thrift institutions, and bank offices of several large regional and multinational financial institutions that compete for both commercial and retail banking services as well as loan products. According to the 2008 FDIC Summary of Deposits Market Share Report, NBC ranked 19th out of 27 institutions in the Albany-Schenectady-Troy, NY MSA with 0.23% deposit market share. Key Bank National ranked 1st with 957 offices in the MSA and 25.68% of the deposit market share. Other institutions include RBS Citizens National with 1201 offices and 13.95% market share, and Trust CO Bank with 60 offices and 13.08% deposit market share.

In 2007, 137 lenders originated HMDA loans in the AA, according to the HMDA Peer Mortgage Data. NBC was ranked 22nd in the AA with a market share of 1.29%. Countrywide Home Loans was ranked 1st with a market share of 9.24%. Countywide Bank was ranked 2nd with a market share of 7.18%. Other competitors consisted of large national banks and mortgage companies, large regional banks, and local community banks.

A community contact was made with a local commerce organization. The organization specializes in programs for job creation, health care, affordable homes, etc. The contact could not identify unmet credit needs in the community. The contact's perception of financial institutions was positive and did not address any additional services that banks could do to assist the local community. The contact explained that there is a continued need for job creation within the community. Overall, the contact was satisfied with financial institutions involvement in the local community.

Greene County Assessment Area

Greene County is a non-MSA. Overall, the AA consists of eight CTs. Seven CTs are middle-income (87.50%) and one CT is upper-income (12.50%). There are no low- or moderate-income areas in the AA. Greene County is not considered distressed or underserved by the financial regulators. The total population in the AA was 38,602 as of the 2000 U.S. Census.

The following chart below describes the demographics of the non-MSA:

Demographic Information for Full Scope Area: Greene County NONMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	8	0.00	0.00	87.50	12.50	0.00
Population by Geography	38,602	0.00	0.00	91.15	8.85	0.00
Owner-Occupied Housing by Geography	10,807	0.00	0.00	90.00	10.00	0.00
Business by Geography	2,937	0.00	0.00	92.88	7.12	0.00
Farms by Geography	88	0.00	0.00	87.50	12.50	0.00
Family Distribution by Income Level	10,085	17.59	18.17	22.39	41.85	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,606	0.00	0.00	91.60	8.40	0.00
Median Family Income		41,761	Median Housing Value		91,586	
HUD Adjusted Median Family Income for 2008		50,900	Unemployment Rate (2000 US Census)		2.86%	
Households Below Poverty Level		12%				

The median cost of housing in the non-MSA AA is \$91,586. The Updated Median Family income for 2008 is \$41,761. The percentage of households below poverty level is 12%. The AA's population is comprised of 10,085 families with the following family income distribution: 17.59% are low-income, 18.17% are moderate income, 22.39% are middle-income, and 41.85% are upper income families.

According to the Bureau of Labor Statistics, the unemployment rate for Greene County as of November 2008 was 6.7%. This rate is above the state unemployment rate of 6.3% as of November 2008. Major employers in Greene County include service provider jobs, such as trade, and transportation. The state and local government is also a large employer.

According to the 2008 FDIC Summary of Deposits Market Share Report for Greene County's deposit market share, the bank ranked 3rd out of 10 institutions with a deposit market share of 13.06%. Bank of Greene County ranked 1st with 4 offices and 34.21% of the deposit market share.

HMDA data was unavailable for NBC in regards to 2007 peer mortgage data for Greene County as the bank does not report HMDA loan data for the AA. However, out of 158 lenders, the bank was not included, as they did not report any HMDA loans in the non-MSA AA. However, in Greene County, The Bank of Greene County ranked 1st with 14.57% of the market share followed by Countrywide Home Loans with 8.20%.

A community contact was made with a local economic development organization. The organization specializes in programs for affordable homes to low- and moderate-income individuals and families. The contact could not identify unmet credit needs in the community. The contact's perception of financial institutions was positive and did not note any additional services that banks could do to assist the local community. The contact explained that there is a continued need for affordable housing within the

community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

NBC's performance under the lending test is satisfactory. NBC's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs. A substantial majority of NBC's primary loan product was originated within the bank's AAs. When considering the bank's overall performance context, NBC's record of lending to borrowers of different income is reasonable and meets the standard for satisfactory performance. We determined that the geographic distribution of loans for the AAs was not meaningful as there are no low- or moderate-income CTs.

Loan-to-Deposit Ratio

The loan to deposit ratio meets the standards for satisfactory performance given the bank's size, financial condition, and assessment area credit needs. NBC's net loan-to-deposit ratio is reasonable. The bank's quarterly average loan-to-deposit ratio since the last CRA examination was 62% over the last 20 quarters. The ratio is near to those of similarly situated national banks in NY, which averaged 67%.

Lending in Assessment Area

A substantial majority of the home mortgage loans originated during the evaluation period were within the AA. NBC exceeds the standard for satisfactory performance for lending in the AAs. An analysis of 114 loans disclosed that 100% of these loans were originated in the AAs.

Lending to Borrowers of Different Incomes

Overall, the bank's record of lending to borrowers of different incomes reflects reasonable penetration when considering the bank's performance context and meets the standard for satisfactory performance.

Albany County MSA

The level of mortgage lending to low- and moderate-income families reflects reasonable penetration. The level of home purchase mortgage loans originated to low-income borrowers in the MSA is lower than the percentage of low-income families in the AA. The level of home improvement loans originated to low-income borrowers exceeds the percentage of low-income families in the AA. The level of home refinance loans originated to low-income borrowers exceeds the ratio of low-income families.

The level of home purchase loans made to moderate-income borrowers in the MSA is significantly lower than the percentage of moderate-income families in the AA. The level of home improvement loans exceeds the percentage of moderate-income families in the AA. The level of home refinance loans to moderate-income borrowers is lower than the ratio of moderate-income families. Please refer to table 1 below:

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	10.43	7.14	15.97	7.14	20.87	21.43	52.73	64.29
Home Improvement	10.43	19.15	15.97	19.15	20.87	27.66	52.73	34.04
Home Refinance	10.43	13.64	15.97	9.09	20.87	27.27	52.73	50.00

Greene County Non-MSA

The level of mortgage lending to low- and moderate-income families reflects reasonable penetration. The level of mortgage loans is significantly lower than the percentage of low-income families. However, when considering the affordability of housing in the non-MSA, and the characteristics of the no low-income CTs, the bank’s performance is satisfactory. The median cost of housing in the AA is \$91,586, based on 2000 U.S. Census data. The HUD Updated Median Family Income for 2008 is \$50,900. This means that a low-income person earns less than \$25,450 in the non-MSA AA. Based on these statistics, it would be difficult for a low-income individual to afford housing in the non-MSA AA.

The level of home mortgage loans is near to the percentage of moderate-income families. This performance is satisfactory as there are no moderate-income CTs in the non-MSA AA. Please refer to table 2 below:

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Mortgage Loans	17.59	6.67%	18.17	16.67	22.39	36.67	41.85	40.00

Geographic Distribution of Loans

Albany County MSA

The geographic distribution of loans in the Albany County MSA AA was not evaluated because all of the CTs are middle- and upper-income, therefore this analysis would not be meaningful. Please refer to table 3 below:

Table 3 - Geographic Distribution of Residential Real Estate Loans in [Albany MSA]								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0	0	0	0	35.26	92.86	64.74	7.14
Home Improvement	0	0	0	0	35.26	93.62	64.74	6.38
Home Refinance	0	0	0	0	35.26	81.82	64.74	18.18

Greene County Non-MSA

The geographic distribution of loans in the Greene County non-MSA AA was not evaluated because all of the CTs are middle- and upper-income, therefore this analysis would not be meaningful. Please refer to table 4 below:

Table 4 - Geographic Distribution of Residential Real Estate Loans in [Greene County Non-MSA]								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Mortgage Loans	0	0	0	0	90.00	66.67	10.00	33.33

Responses to Complaints

The bank has not received any CRA related consumer complaints during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs..