



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

January 19, 1999

Community Reinvestment Act Performance Evaluation

**The National Bank of Stamford
Charter Number 2602**

**1 Churchill Avenue
Stamford, New York 12167**

**Office of the Comptroller of the Currency
New York Metro Field Office
Community/Midsized Banks
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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 **The National Bank of Stamford** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **January 19, 1999**. 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: This institution is rated satisfactory.

- The average loan-to-deposit ratio since the prior evaluation is 59%.
- A substantial majority of all loans originated are within the bank's assessment area.
- The distribution of real estate mortgages among borrowers of different income levels is reasonable.
- A substantial majority of commercial loan originations are to small businesses.

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

Small Institution Assessment Criteria	The National Bank of Stamford 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		X	
Response to complaints	No Since	Complaints the Prior	Received Examination

DESCRIPTION OF INSTITUTION

The National Bank of Stamford (NBS) is a \$99 million community bank located in the western Catskill region of New York, approximately 70 miles southwest of Albany, New York. At December 31, 1998, the bank had \$52 million in loans, \$40 million in investments, and \$74 million in deposits. Table 1 portrays the principal loan mix of the bank.

Table 1
Types of Loans Outstanding
December 31, 1998, \$ (millions)

Type	Amount	%
Residential Real Estate	17	32
Commercial Real Estate	3	6
Commercial	25	48
Consumer	3	6
Agricultural	3	6
Other	1	2
Total	52	100

NBS has its main office in Stamford, New York and one branch in Roxbury, New York. The bank is wholly owned by Stamford Bank Corporation, a one bank holding company. The bank is exempt from Home Mortgage Disclosure Act (HMDA) reporting requirements as neither the main office or branch is located in a Metropolitan Statistical Area (MSA). Both branches provide a full range of banking services, 24 hour ATM service, and extended hours. Within the assessment area, competition is mainly from local financial institutions and branches of larger regional banks. Credit needs within the assessment area determined by a community contact include real estate loans, especially mortgages for secondary residences and small business loans.

NBS is not subject to any legal or regulatory restrictions or any other impediments which would preclude the bank from helping to meet the credit needs of its assessment area.

DESCRIPTION OF THE ASSESSMENT AREA

The bank's assessment area (AA) is comprised primarily of the towns and villages surrounding the branches located in Stamford and Roxbury. It is comprised of portions of Delaware, Greene, Otsego, and Schoharie counties. Within the bank's assessment area, there are six geographies within the Albany-Schoharie MSA 0160 (part of Schoharie County). The remainder of the assessment area is comprised of block numbering areas (BNAs). The BNAs consist of nine in Delaware county, two in Greene county, and nine in Otsego county. The portion of the MSA which the bank has chosen to include within the assessment area is contiguous to the overall assessment area. The subject area is not a considerable extension into the aforementioned MSA. Inclusion of the entire MSA 0160 would result in an area too large for the bank to reasonably serve. The assessment area complies with the requirements of the regulation and does not arbitrarily exclude low- or moderate-income areas.

The 1990 U.S. census median family nonmetropolitan income for New York State, which is used to income categorize the BNAs, is \$31,473. The 1998 updated median family nonmetropolitan income for New York State, which is used to categorize the income level of individual borrowers residing in BNAs, is \$37,700. The updated median family income is based on information from the Department of Housing and Urban Development. The 1990 census median family income for MSA 0160 is \$39,425. The 1998 updated median family income for the MSA is \$47,400. The population of the assessment area is 85,116. The median housing value in the AA is \$78,285. The median age of housing stock is 43 years. Total occupied housing units is 66%, with owner-occupied housing at 47% and rental occupied housing at 19%. Vacant housing units in the AA is 33%. The high vacancy rate is a result of many units serving as secondary (vacation) homes to out-of-area residents.

Local economic conditions have shown improvement from the prior evaluation. Unemployment rates in all of the counties within the assessment area have declined, with Delaware County showing a 1.3% decline. Additionally, agricultural prices, especially for milk, are sharply higher.

Within the AA, there are 2,791 businesses of which 77% are defined as small businesses. A small business is defined as a company with gross annual revenues of \$1 million or less.

Table 2 reflects the demographics of the AA.

Table 2
ASSESSMENT AREA DEMOGRAPHICS

Designation	# of Geographies	% of Total Geographies
Low	0	0%
Moderate	5	19%
Middle	18	69%
Upper	2	8%
NA	1	4%
Total	26	100%

Conclusions with Respect to Performance Criteria

Loan to Deposit Analysis

NBS's average loan-to-deposit ratio for the period since the prior evaluation is 59%. The loan to deposit ratio of two other community banks headquartered in Delaware County of similar size were 53% and 72%. The average for the bank's national peer group is 66%.

Lending in the Assessment Area

Using management prepared internal reports, examiners determined that a substantial majority of all loan originations are within the bank's assessment area. From July 1, 1996 to December 31, 1998, the bank originated 142 residential mortgages totaling \$6.1 million, 271 commercial loans totaling \$10 million, and 105 farm loans totaling \$3 million. Of these totals, 97% of the number and 98% of the dollar amount were located within the assessment area. Table 3 reflects the ratios for each category.

Table 3
Loan Originations-July 1, 1996- December 31, 1998 (\$ in millions)

	# / \$ Originated	# / \$ Originated in AA	% # / % \$ Originated in AA
Residential Mortgage	142 / \$6.1	142 / \$6.1	100 / 100
Commercial	271 / \$10.0	269 / \$10.0	99 / 100
Farm Loans	105 / \$3.0	94 / \$2.7	89 / 90
Total	518 / \$19.1	505 / \$18.8	97 / 98

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

The distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes. Table 4 reflects the distribution based on a sample of mortgage loans. The weaker performance in mortgage lending to low-income families can be attributed to the high percentage of elderly persons living in the assessment who are generally not in need of mortgage loans. Additionally, home mortgage loan originations to middle- and upper-income families is high because many borrowers are from the New York metropolitan area purchasing second/vacation homes in the assessment area.

Table 4
Lending Distribution by Family Income Characteristics
Residential Mortgage Lending

Income Level	% of Families	Percentage by #	Percentage by \$
Low	21	8	6
Moderate	22	25	19
Middle	24	32	29
Upper	33	35	46

NBS also lends to businesses of various sizes. Based on a sample of commercial loan originations, 88% were to small businesses (businesses with revenue less than or equal to \$1 million). Additionally, 93% of the commercial loans originated were for \$100 thousand or less, 4% were between \$100 thousand and \$250 thousand, and 3% were greater than \$250 thousand. Based on the bank's June 30, 1998 Report of Condition an Income, 85% of the commercial loans outstanding were for \$100 thousand or less, 11% were between \$100 thousand and \$250 thousand, and 4% were greater than \$250 thousand.

Geographic Distribution of Loans

The geographic distribution reflects a reasonable disbursement of loans within the assessment area. There are no low-income geographies, 19% are moderate-income, 69% are middle-income, and 8% are upper-income. One geography is not income categorized because it consists of Cobleskill Agricultural and Technical College and accordingly has not been included in our evaluation. Of the 142 residential mortgage loans originated in the assessment area during the evaluation period, 28% were in moderate-income geographies and 72% were in middle-income geographies. Of the 271 commercial loans, 7% were in moderate-income geographies and 93% were in middle-income geographies.

During the concurrent fair lending examination, no violations of fair lending laws and regulations were noted.