
Comptroller of the Currency
Administrator of National Banks

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

PUBLIC DISCLOSURE

September 19, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Dryden
Charter Number: 6487
7 West Main Street
P. O. Box 257
Dryden, New York 13053

Comptroller of the Currency
Syracuse Duty Station
Interstate Place II
100 Elwood Davis Road
North Syracuse, New York 13212

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 Community Reinvestment Act (CRA) performance of **The First National Bank of Dryden** prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of September 19, 1996. 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 over the last eight quarters is 46%.
- A majority of all loans originated are within the bank's assessment area.
- The distribution of mortgage, home improvement and consumer lending among borrowers of different income levels is adequate.
- A substantial majority of commercial loan originations are to small businesses and small farms.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>THE FIRST NATIONAL BANK OF DRYDEN</u> 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	is not	meaningful.
Response to Complaints	No Since	Complaints the Prior	Received Examination

DESCRIPTION OF INSTITUTION

The First National Bank of Dryden (FNBD) is a \$66 million community bank with its main office in the village of Dryden, New York, and a branch located within one mile of the main office. FNBD is located in a rural community approximately 40 miles north of Binghamton, New York, and 45 miles south of Syracuse, New York. At June 30, 1996, the bank has \$27 million in loans and \$56 million in deposits. Real estate loans, which include consumer and commercial real estate loans, are 45% of the loan portfolio. The remainder of the loan portfolio consists of 43% consumer loans, 11% commercial loans and 1% municipal loans. The primary business focus is on real estate and consumer lending. Competition is strong from other financial institutions and finance companies both within and outside the bank's assessment area. FNBD is reasonably positioned to help meet the credit needs of the community. FNBD maintains traditional lobby banking hours with extended lobby hours Thursday, Friday and Saturday. Bank personnel are available, by appointment, to service customers after regular banking hours. Throughout most of the week, a drive-in window is available to customers at both locations one hour before the lobby opens and at least one hour after it closes. Automated teller machines (ATM's) are available at both locations for FNBD customers only.

The bank has no legal or financial impediments that would hinder its ability to help meet the credit needs of the community.

DESCRIPTION OF ASSESSMENT AREA

FNBD's assessment area consists of five middle-income census tracts and three upper-income census tracts, none of which are located in a Metropolitan Statistical Area (MSA). The assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- and moderate-income areas. The assessment area's radius measures approximately 15-20 miles.

The assessment area consists mainly of small rural communities. The total population within the assessment area is 36 thousand. The statewide median family income for non-MSA census tracts is \$35,721. Local economic conditions are stable. Major employers include small businesses, local school districts, the Tompkins County Community College, Cornell University, Ithaca College, SUNY Cortland, and NYSEG. The unemployment rate is approximately 5.0%. Credit needs within the community include affordable real estate loans for low- and moderate-income residents and consumer loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Ratio

After considering FNBD's current financial condition, local economy, competition, and business strategies, FNBD's loan-to-deposit ratio is low in comparison to similarly situated banks. Similarly situated banks include ten institutions located in New York State with less than \$120 million in total assets. FNBD's average loan-to-deposit ratio over the last eight quarters is 46%. In comparison, similarly situated banks' loan-to-deposit ratios ranged from 59% to 73%. FNBD's loan-to-deposit ratio has been stable over each of the last eight quarters. Management has a long-standing tradition of paying higher than average rates for public funds which significantly impacts the loan-to-deposit ratio.

Lending in the Assessment Area

A majority of all loan originations are within the bank's assessment area.

Real Estate and Home Improvement Loan Originations*		
	1995	1996
# originated in the assessment area	74	38
% of total originations	80.4%	67.9%
\$ originated in the assessment area	\$1817.5M	\$811.3M
% of total originations	87.3%	65.5%

*Analysis based on 1995 and 1996 (1/1/96 - 8/30/96) Home Mortgage Disclosure Act - Loan Application Register (HMDA-LAR) information.

Consumer Loan Originations*	
# originated in the assessment area	48
% of total originations	84.3%
\$ originated in the assessment area	\$126M
% of total originations	79.7%

*Analysis based on sample of consumer loans originated between 1/1/96 and 9/11/96. Total number of loans sampled constitutes 5.4% of total number of loans originated and 3.0% of the total amount originated.

Business and Farm Loan Originations*		
	1995	1996
# originated in the assessment area	66	47
% of total originations	82.5%	94.0%

*Analysis based on management's report of new business and farm loans for 1995 and 1996 (1/1/96-9/11/96). Analysis does not include real estate secured business and farm loans.

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

FNBD maintains adequate loan penetration across different income levels, and a majority of commercial loan originations are to small businesses and small farms.

1995 Real Estate and Home Improvement Loan Originations Distribution across Income Levels within the Assessment Area*				
	Low	Moderate	Middle	Upper
# of originations	9	17	20	28
% of total originations	12.16%	22.97%	27.03%	37.83%
Assessment area Comparison	15.82%	16.40%	22.29%	45.51%

*Analysis based on 1995 HMDA-LAR.

1996 Real Estate and Home Improvement Loan Originations Distribution across Income Levels within the Assessment Area*				
	Low	Moderate	Middle	Upper
# of originations	4	7	11	16
% of total originations	10.53%	18.42%	28.95%	42.11%
Assessment area Comparison	15.82%	16.40%	22.29%	45.51%

*Analysis based on 1996 HMDA-LAR which includes originations from 1/1/96 to 8/30/96.

Consumer Loan Originations				
Distribution across Income Levels within the Assessment Area*				
	Low	Moderate	Middle	Upper
# of originations	13	17	13	8
% of total originations	25.50%	33.33%	25.50%	15.67%
Assessment area Comparison	15.82%	16.40%	22.29%	45.51%

*Conclusions based on sample of consumer loans originated between 1/1/96 and 9/11/96. Total number of loans sampled constitutes 5.4% of total number of loans originated and 3.0% of the total amount originated.

Business and Farm Loan Originations*		
	1995	1996
% of total originations in assessment area where loan amount is less than \$100M	84.8%	72.3%
% of total originations in assessment area where business revenues are under \$1MM	81.8%	87.2%

*Analysis based on management's report of new business and farm loans for 1995 and 1996 (1/1/96 - 9/11/96). Analysis does not include real estate secured business and farm loans.

Geographic Distribution of Loans

FNBD's assessment area does not contain any low- or moderate-income census tracts. Therefore, an analysis of the geographic distribution of loans originated would not be meaningful.

Response to Complaints

FNBD has not received any consumer complaints since the last CRA Examination. During the concurrent Fair Lending Examination, we did not identify any violations of the substantive

provisions of antidiscrimination or fair lending laws and regulations.