

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

Public Disclosure

December 16, 1998

Community Reinvestment Act Performance Evaluation

**Stissing National Bank
Charter Number 981
P.O. Box 651
Church Street
Pine Plains, New York 12567**

**Office of the Comptroller of the Currency
New Jersey Field Office
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 **Stissing National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **December 16, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated Satisfactory.

Primary factors supporting the bank's overall rating include:

Satisfactory loan to deposit ratio of 53% as of September 30, 1998, with a large amount of residential mortgage loans sold to the secondary market during 1998.

Satisfactory percentage of lending in assessment area, with 65% of residential mortgage loans in 1998, and 100% of residential mortgage loans in 1996 and 1997.

Satisfactory distribution by income and geography of lending.

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

Small Institution Assessment Criteria	<u>Stissing National Bank</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		X	
Response to complaints	No complaints were received since the last examination relating to the bank's CRA performance.		

Description of Institution

The Stissing National Bank (SNB), the only subsidiary of SNB Bancorp, is a \$32 million commercial bank. The main office is located in Pine Plains, New York, with a branch in Stanfordville. SNB opened a mortgage loan center in LaGrange in early 1998. All of the bank's offices are located in Dutchess County, New York. SNB is also planning on opening a mortgage loan center during 1999 in Tarrytown, New York, which is located in Westchester County. A full range of products is made available to the general public, with emphasis placed on residential real estate lending. As of September 30, 1998, residential mortgage loans comprised 84% of total outstanding loans. There are no known impediments, legal or otherwise, which would hinder management in helping to meet the identified needs of the assessment area.

Competition within Dutchess County is provided by several community banks and thrifts headquartered in the county, by local offices of a number of large regional banks, and by various mortgage companies. NBS serves its present community through its two offices and its mortgage loan center. ATMs are available at both offices, as are extended hours.

Description of Assessment Area

SNB has designated Dutchess County, New York, as their assessment area (AA), which includes all of the Dutchess County Metropolitan Statistical Area (MSA). The AA meets all regulatory guidelines and no areas are arbitrarily excluded. Dutchess County has 68 census tracts, of which 4 (6%) are low income census tracts, 10 (15%) are moderate income census tracts, 45 (66%) are middle income census tracts, and 7 (10%) are upper income census tracts. The remaining two census tracts are untraced. Approximately 17% of families within the AA are low income, another 19% are moderate income, 28% are middle income, and 36% are upper income. The median family income for the AA in 1998 was \$56,600. The total population in the AA is approximately 259,000, based on 1990 census data.

Major employers in Dutchess County include state and local governments, IBM, healthcare services, MiCRUS, higher educational institutions, and retail services. The unemployment rate in Dutchess County was 4.1%, as of December 1997. Discussions with management indicated that the primary credit need in the area is for residential real estate lending, with additional needs for open and closed end consumer credit, and small business loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio:

The bank's level of lending is satisfactory and indicates a reasonable commitment to meeting the community's credit needs. The average loan to deposit ratio over the last three years was 41%, but has been on a notably increasing trend. Total loans outstanding increased from \$6,147,000, or a 25% loan-to-deposit ratio at June 30, 1995, to \$15,404,000, or a 53% loan-to-deposit ratio at September 30, 1998. The opening of the mortgage loan center in early 1998 has significantly increased the number of residential loan originations, as they increased from 24 loans totaling \$2,479,000 in 1997, to 130 loans totaling \$14,737,000 for the first 11 months of 1998. SNB sells almost all of the residential mortgage loans that they originate, with \$14,694,000 in loans having been sold this year through November 30. Other financial institutions headquartered in Dutchess County had loan to deposit ratios ranging from 48% to 69%, as of June 30, 1998.

Credit Extended Inside the Assessment Area:

The bank has satisfactory loan penetration within their assessment area. For 1998, through November 30, 65% of all HMDA reportable loans, by number, were made within the AA. By dollar volume, 67% were within their AA. The bank's lending for HMDA reportable loan products for 1996 and 1997 showed that all of their loans were within their AA.

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

The bank's lending for HMDA reportable loans for 1996, 1997, and 1998 year-to-date shows that loans are made to all income groups, including low and moderate income individuals.

**Distribution of HMDA-Reportable Mortgage Loans
By Income Level of Borrower
(Dutchess County MSA Only)
Originations by Year (Dollars in Thousands)**

	Low	Moderate	Middle	Upper
1996:				
Total #	4	6	12	14
Total \$	138	245	919	2,589
1997:				
Total #	2	8	7	7
Total \$	44	486	708	1,241
1998 YTD:				
Total #	5	15	27	34
Total \$	330	1,322	2,694	5,088
Grand Total: #	11	29	46	55
%	8	20	33	39

The bank does minimal lending to small businesses, reportedly because of the relatively low demand for commercial loans in the predominantly rural area surrounding the bank. The bank has not made any agricultural loans, reportedly because of the lack of demand for these loans.

Geographic Lending Distribution:

The bank has a satisfactory distribution of loans in their AA. For 1998, through November 30, the bank made residential mortgage loans in 34 of the 68 census tracts within the AA. This included 19 loans in six low or moderate income census tracts in the AA. An analysis of SNB's lending for HMDA reportable loans in 1996 and 1997 shows that there was lending in 17 census tracts within the assessment area, including 16 loans in three moderate income census tracts.

Response to complaints

No complaints have been received regarding the bank's CRA performance.

A fair lending examination was performed concurrently. That examination revealed satisfactory compliance with fair lending regulations.