



Comptroller of the Currency
Administrator of National Banks

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

PUBLIC DISCLOSURE

July 23, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Mahopac National Bank
13121

630 Route 6
Mahopac, New York 10541

Office of the Comptroller of the Currency

New Jersey Duty Station
830 Morris Avenue
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 Community Reinvestment Act (CRA) performance of The Mahopac National Bank prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of July 23, 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 .

Primary factors supporting the bank's overall rating include:

- The loan-to-deposit ratio is reasonable at 51%.
- A substantial majority of the bank's lending is in the assessment area.
- Good distribution of lending to small businesses and borrowers of different income levels.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>MAHOPAC 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	Not meaningful		
Response to Complaints	No since	complaints prior	received examination

DESCRIPTION OF INSTITUTION

The Mahopac National Bank is located in Putnam County, New York. As of March 31, 1996, total assets are \$126 million consisting of \$59 million in loans and \$57 million in investments. Deposits are \$115 million. The loan portfolio is comprised of 90% real estate related loans, 7% commercial and industrial loans and 3% consumer loans. Competition within Mahopac National Bank's assessment area consists of several local financial institutions.

Mahopac National Bank operates three offices in Putnam County. All branch locations offer a full range of banking services as well as extended hours. Two locations have Automated Teller Machines. Mahopac offers a twenty-four hour telephone banking service. Branch offices are positioned to service community credit needs.

Mahopac National Bank does not have any impediments, legal or otherwise, hindering its efforts in helping to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area includes all of Putnam County and the upper portion of Westchester County. Putnam County is located in the State of New York 60 miles north of Manhattan (the bank's Metropolitan Statistical Area is 5600). The population of Putnam and upper Westchester County combined is 173,417. The forty census tracts within the assessment area consist of thirty-seven upper income, two middle income and one moderate income and no low income. The median family income of the MSA is \$61,344. Housing is primarily owner occupied. Credit needs include real estate mortgages, small business loans, home improvement loans, and consumer credit. Mahopac's assessment area complies with the requirements of the regulation and does not arbitrarily exclude low or moderate income areas.

The bank's assessment area was once a resort community, but is now primarily year-round residential community. Putnam County is a bedroom community with the majority of the population employed in New York City. Within the county, the major employers are Schein Pharmaceutical and Guideposts Associates. There are also a large number of self-employed individuals primarily in construction and contracting. The unemployment rate for Putnam County is 4.0%.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Analysis

Mahopac National Bank's average loan-to-deposit ratio is 51% for the eight quarters since the last examination compared to their local peer's average of 59%. The loan to deposit ratio does not reflect loans originated and sold to the Federal Home Loan Mortgage Corporation. When considered, the loan to deposit ratio is in range with their local peers. During 1995, management began participating in selling their fixed rate mortgages to the Federal Home Loan Mortgage Corporation. The bank originated and sold 33 mortgage related loans aggregating \$3.5 million in 1995.

Credit Extended Inside the Assessment Area

A substantial majority of Mahopac National Bank's lending activity is within its assessment area. The bank's lending activities are concentrated in the real estate loan portfolio. Mortgage related loan originations were 36, 103, and 36 for 1994, 1995 and the first quarter of 1996 respectively. Our analysis of the bank's Home Mortgage Disclosure Act (HMDA) reportable loans (residential mortgages, home improvements and home equity loans) for 1994 revealed loan originations within the assessment area were 89% of the total number and 92% of the total dollar amount. In 1995, loan originations represented 87% of the total number and 90% of the total dollar amount. 1995 data is reflected in the chart below.

A random sample of the commercial and consumer loans originated in 1995 were reviewed representing 42% and 23% of the portfolios respectively. All lending appears to be reasonably dispersed throughout the assessment area based on the sample reviewed. The following chart illustrates the level of the bank's lending activity within its assessment area by loan type.

LOAN ORIGINATIONS - 1995								
Loan Type	INSIDE ASSESSMENT AREA				OUTSIDE ASSESSMENT AREA			
	# Lns	%	\$ Amount (000s)	%	# Lns	%	\$ Amount (000s)	%
HMDA reportable loans	90	87%	10,702	90%	13	13%	1,212	10%
Commercial loans sampled	22	79%	2,642	83%	6	21%	537	17%
Consumer loans sampled	22	92%	256	90%	2	8%	29	10%
TOTAL	134	86%	13,600	88%	21	14%	1,778	12%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA : (continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of loans reflects good penetration among individuals of different income levels and businesses of different sizes, given the demographics of the assessment area. Within the assessment area, 70% of families are upper income, 16% is middle income and 7% is moderate income and 7% is low income.

Our analysis of lending to borrowers of different incomes is based on the bank's residential real estate lending activity, consumer and small business loans. We reviewed 100% of the bank's residential lending activity for 1995 and randomly sampled consumer and small business loans originated in 1995.

A review of the bank's 1995 Home Mortgage Disclosure Act-Loan Application Register showed that of the ninety originations within the assessment area, forty-eight were to upper income, twenty-six were to middle income, twelve were to moderate and four were to low income borrowers. HMDA related loans made in the assessment area totaled \$10.8 million. Of the 105 consumer loans originated in 1995, our sampled encompassed twenty-four loans. Consumer loans granted in the bank's assessment area were one to upper income, two to middle income, ten to moderate income and seven to low income borrowers. The total dollar amount for consumer loans made in the assessment area was \$212 thousand. The following chart illustrates lending to borrowers of different income levels within the assessment area.

DISTRIBUTION OF LOANS TO BORROWERS OF DIFFERENT INCOME LEVELS								
Borrower Income Level	HMDA REPORTABLE LOANS				CONSUMER LOANS			
	# Lns	%	\$ Amount (000s)	%	# Lns	%	\$ Amount (000s)	%
Upper	48	54%	7,528	70%	1	5%	15	7%
Middle	26	29%	2,125	20%	2	10%	13	6%
Moderate	12	13%	1,052	9%	10	50%	145	69%
Low	4	4%	101	1%	7	35%	39	18%
TOTAL	90	100%	10,806	100%	20	100%	212	100%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :
 (continued)

Commercial lending activity for 1995 resulted in the origination of 66 loans. The table below illustrates the results of our analysis based on a review of 42% of the bank's commercial loan originations for 1995. Small business lending, defined as businesses with gross annual revenues below \$1 million, accounts for an adequate portion of commercial loans made in 1995. The percentage of lending to businesses with revenues under \$1 million based on our loan sample indicates the bank's attention to small business credit needs within the community as reflected in the table below.

COMMERCIAL LOANS TO SMALL BUSINESSES			
Business Size	# of Loans	\$ Amount of Loans (000s)	% of Loans
Revenue < \$1 million			
Inside Assessment Area	17	627	61%
Outside Assessment Area	3	147	11%
Revenue > \$1 million			
Inside Assessment Area	6	2,015	21%
Outside Assessment Area	2	390	7%
TOTAL	28	3,179	100%

As stated earlier, there are no low and only one moderate income census tract within the bank's assessment area. Therefore, an analysis of the geographic distribution of loans is not meaningful.

A Fair Lending examination was conducted concurrently with this performance evaluation of the Community Reinvestment Act. No violations of Fair Lending laws or regulations were detected.