



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

April 6, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Marathon National Bank of New York
Charter Number 21686**

**28-22 Steinway Street
Astoria, New York 11103**

**Comptroller of the Currency
New York Metro Field Office
340 Madison Avenue 4th Floor
New York, NY 10017**

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 Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The loan-to-deposit ratio is reasonable compared to peer.
- The majority of the bank's loans are within the assessment area.
- The geographic distribution of loans reflects a low satisfactory level throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes
- The bank has taken appropriate action in response to substantiated complaints about its performance in meeting assessment area credit needs.
- The bank's community development performance demonstrates satisfactory responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services.

SCOPE OF EXAMINATION

We evaluated the bank's Community Reinvestment Act (CRA) performance under the Lending and Community Development test as described under the Intermediate Small Bank CRA guidance. The evaluation period covers January 2003 through January 2007.

For the Lending test, we evaluated the bank's CRA reportable loans as the bank is primarily a business and commercial lender. We did not review HMDA data as this is not a primary product of the bank and an analysis of this data would not be meaningful. The evaluation period for CRA data covers January 1st 2003 through December 31st 2006.

For the Community Development tests, we evaluated the bank's community development loans, qualified investments and community development services from January 1st 2003 through January 2007.

To assess the accuracy of the bank's CRA data, community development loans, investments and services, a data integrity examination was conducted during the evaluation. A sample of CRA reportable loans and all community development loans, services and investments were verified for accuracy. The data integrity examination concluded data were sufficiently accurate to provide a reliable analysis of the bank's information.

DESCRIPTION OF INSTITUTION

Marathon National Bank of New York (Marathon) is a \$781.7 million interstate bank headquartered in Astoria, New York. Marathon is primarily a commercial bank with eleven full-service branches with ATM machines within the larger New York – New Jersey – Long Island Multi-state Metropolitan Statistical Area (MSA).

Marathon began as a community bank dedicated to the Greek community in the immediate Queens area. Since that time, the bank has extended its branches throughout Queens and established new branches in Brooklyn, Manhattan and New Jersey. Three years ago, the Bank of Piraeus (\$48B), the second largest bank in Greece, bought majority ownership in Marathon and presently owns 78.3%.

Marathon's business focus is on commercial real-estate and business lending; however the bank offers a variety of deposit and credit products for both consumers and commercial banking needs. The following are accounts currently available:

Types of Deposit Accounts Available :	
Business Xpress Checking	Various Jumbo CDs
Personal Passbook Savings	IRAs
Personal Statement Savings	IOLTA New Jersey
Personal Prime Savings	Interest Checking
Business Passbook Savings	IOLA NY
Business Statement Savings	Personal Money Market Account
Business Prime Savings	Personal Money Market Plus
Attorney Trust Account	Business Money Market Account
Various Monthly CDs	Business Express Money Market

Types of Credit Accounts Available :	
Personal Installment Loans	Business Installment Loans
Home Equity Line of Credits	Business Lines of Credit
Home Mortgages	Commercial Real Estate Mortgages
Personal Cash Reserves	SBA Loans

The bank's Assessment Area (AA) is contained within the New York-New Jersey-Long Island MSA, a highly competitive market environment dominated by large institutions. JP Morgan Chase N.A and Citibank N.A, control 42% of the market share in the MSA. With 242 institutions in the same MSA, Marathon National Bank of NY represents only 0.08% of the deposit market share. Commercial lending represents the bank's primary business line. Despite a highly competitive market, the bank has the capacity to assist in meeting the credit needs of its assessment area. There are no legal, significant financial or other factors which would impact the bank's ability to help meet the credit needs of its community.

Marathon's performance under the Community Reinvestment Act was last evaluated in June 2004, based upon standards applicable to small banks. The bank's overall level of performance was satisfactory.

DESCRIPTION OF NEW YORK –NEW JERSEY-LONG ISLAND ASSESSMENT AREA

Marathon's assessment area (AA) is comprised of six counties located within the larger New York-New Jersey-Long Island Metropolitan Statistical Area (MSA). The counties fall under two different Metropolitan Divisions (MD) within the MSA - 35644 (New York - New Jersey- PA) and 35004 (Nassau Suffolk). The New York counties are Kings County, Queens County, New York County, Richmond County, Nassau County and Fort Lee City and Englewood Cliffs city in Bergen County, New Jersey. Within the 35644 MD there are two states - New York and New Jersey. The New York State MD contains the majority of the branches. The bank's AA has a diversity of tracts. There are 2,141 census tracts in the six counties, 9% of the tracts in the AA are low-income, 25% are moderate-income, 36% are middle-income and 27% are upper-income. Sixteen percent of households live below the poverty level. The New York MD has a median household income of \$43,393, the Nassau-Suffolk MD has a median household income of \$71,152 and the New Jersey MD has a median household income of \$55,146.

The business activity in the bank's assessment area is concentrated in non-farm small businesses of services and retail trade. While 30% of businesses do not report revenues, of the businesses that do, 60% report under 0.5 million in revenues and 59% have 1-4 employees. The majority of both small and large businesses are located in middle and upper level census tracts.

The unemployment rate according to 2006 economic reports is 4.8%; however the decline in unemployment has been coupled by a contraction in the labor force. According to 2006 economic reports, growth in the region is expected to ease as hiring in the financial services sector slows. The New York MD has not experienced the anticipated housing-market crash; however, according to reports and community contacts, the lack of affordable housing remains a primary concern in the region and is forecasted to impact long term growth.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Lending Test

The bank's CRA performance for lending is satisfactory. We based this conclusion on CRA small business loans as this is the bank's primary loan product.

Loan-to-Deposit Ratio

The bank's quarterly average loan-to-deposit (LTD) ratio since the last examination was 60.41%*. This covers a quarterly average beginning from January 2003 – December 2006. This LTD ratio is reasonable given the bank's size, financial condition and AA credit needs. Marathon ranks third in comparison to similarly situated banks, which are defined as those national and state chartered banks with total assets (as of December 31, 2006) between

* Quarterly average loan-to-deposit ratios were from the Uniform Bank Performance Report (UBPR) data found on the Financial Institution Data Retrieval System.

\$650MM-925MM, with branches located in New York State. The bank's peers show an average LTD ratio of 62.32%.* There are 242 institutions operating in Marathon's New York – New Jersey-Long Island MSA. With 100% of its deposits within this MSA, Marathon controls only 0.08% of the deposit market share. JP Morgan Chase N.A Bank ranks first, controlling 26.37% of the entire market share.

Lending in Assessment Area

The level of lending within the bank's MSA is more than reasonable. All loans and other lending related activities are within this assessment area (AA). The bank's inside AA lending is 100% in loan dollar volume and 100% in number of loans. We evaluated the bank's loan performance based on its reported CRA small business data. In addition, 100% of the bank's community development loans, services and investments were generated within the MSA.

Table 1 - Lending in Assessment Area (New York counties, Nassau County, New Jersey cities)

Loan Type	Number of Loans				Total	Dollars of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	392	100	0	0	392	113,112	100	0	0	113,112
Totals	392	100	0	0	392	113,112	100	0	0	113,112

2004-2006 CRA Small Business reported data

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

Overall, the bank's lending to small businesses reflects a low satisfactory penetration. The bank is targeting roughly half of the small businesses in the New York area in terms of dollar volume and number of loans.

Table 2A – Borrower Distribution of Loans to Businesses in New York Counties

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses**	65.15	7.67
% of Bank Loans in AA by #	28	72
% of Bank Loans in AA by \$	37	63

2006 CRA Small Business reported data and 2006 Dunn & Bradstreet Data

Lending to small businesses in Nassau County reflects better lending in terms of number of loans. However, the dollar volume of loans represents less than half of the small businesses in the area. An analysis of New Jersey was not included as the two census tracts do not lend a meaningful analysis due to their small size. However, it should be noted that all lending in New Jersey occurred for small businesses.

Table 2A - Borrower Distribution of Loans to Businesses in Nassau County

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
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* One financial institution was excluded from this average because their LTD was an outlier. With the inclusion of this institution the LTD ratio average for peer banks is 48%.

% of AA Businesses**	68.09	6.23
% of Bank Loans in AA by #	62	58
% of Bank Loans in AA by \$	28	72

2004-2006 CRA Small Business reported data and 2006 Dunn & Bradstreet Data

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the AA. Data are compiled from CRA small business reported loans and 2006 Dunn and Bradstreet data. The distribution among low, moderate, middle, and upper income geographies shows that the bank has slightly lower penetration among low-income geographies, but exceeds business loan penetration in moderate-income geographies. This is true for New York counties and Nassau County. New Jersey's analysis is not as meaningful as all the tracts are upper income and all businesses are within that geography.

Table 3A - Geographic Distribution of Loans to Businesses in New York Counties								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	6.34	3.40	20.44	32.20	22.18	34.03	49.79	29.84

2006 CRA Small Business reported data and 2006 Dunn & Bradstreet Data

Table 3A - Geographic Distribution of Loans to Businesses in Nassau County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	0.87	0.00	5.72	9.52	64.02	61.90	29.39	28.57

2006 CRA Small Business reported data and 2006 Dunn & Bradstreet Data

The bank has taken satisfactory steps to address consumer complaints. No issues were raised regarding the bank's CRA performance.

Community Development Test

The bank's performance under the Community Development Test is "Satisfactory."

Marathon's community development performance demonstrates satisfactory responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services, given the bank's capacity, the community needs, and the availability of community development opportunities in the assessment areas. All community development loans were made in the bank's assessment area.

Number and Amount of Community Development Loans

The bank's level of community development ("CD") lending exhibits good responsiveness to the credit needs of the bank's assessment area. Marathon originated fifteen loans, totaling \$17.4 million. The overall volume of CD lending is 2.2% of the bank's average assets reported at year-end 2006. Marathon's amount of qualified CD loans is considered favorable in comparison to peer institutions.

The primary purpose of the loans considered for CRA purposes, meet the definition of community development, as prescribed in the regulation. Affordable housing represented \$10.23 million, the revitalization or stabilization of the geographies \$5.95 million and community services \$1.25 million.

Number and Amount of Qualified Investments

Marathon has a low satisfactory level of qualified investments. The bank provided a total of \$7,735 of investments in the forms of grants/donations to organizations that qualified under CRA purposes. All investments provide benefit to low or moderate income individuals in the bank's assessment area. However, as a commercial bank the bank is better equipped to address community needs through its lending and therefore more weight was placed on the lending component. These investments have not been reported or considered for CRA evaluation purposes for any other institution.

Extent to which the Bank Provides Community Development Services

The level and quality of Community Development Services meets the criteria for satisfactory performance. The bank is intimately involved in its community and provides seventeen qualified services as representatives of Marathon to community organizations and projects that support economic development and community services. These activities range from active membership in various chambers of commerce to financial advisory roles for housing projects, homeownership and public education systems.

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.