



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

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Community Reinvestment Act Performance Evaluation

**Glens Falls National Bank And Trust Company
Charter Number: 7699**

**250 Glen St
Glens Falls, NY 12801**

Office of the Comptroller of the Currency

**ADC - Upstate New York (Syracuse)
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Syracuse, NY 13212**

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, and should not 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.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of **Glens Falls National Bank And Trust Company** (GFNB) with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels that reflect good responsiveness to the credit needs of the assessment areas (AA);
- A high level of mortgage loans, small business loans, and consumer loans that are originated within the AA;
- A good distribution of loans among geographies of different incomes throughout the AA.
- A good distribution of loans among borrowers of different income levels throughout the AA.
- Community development lending that had a positive impact in the bank’s lending performance.
- Investments that reflect a good responsiveness to the credit and community development needs of the AA.
- GFNB’s service delivery systems are accessible to geographies and individuals of different income levels in the bank’s AA.
- Excellent performance in providing community development services.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home Mortgage Loans: Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

Glens Falls National Bank (GFNB) is headquartered in Glens Falls, New York and is a wholly owned subsidiary of Arrow Financial Corporation (AFC). AFC is a \$1.2 billion multi-bank holding company as of December 31, 2001. Saratoga National Bank and Trust Company is also a subsidiary of AFC.

GFNB has four wholly owned subsidiaries. Arrow Properties Incorporated is a real estate investment trust ("REIT") and its assets consist of residential real estate mortgage loans, commercial mortgages, mortgage backed securities, and other consumer real estate loans. Other bank subsidiaries include North Country Investment Advisors, Inc., NC Financial Services, Inc. (an insurance agency), and Arrow Leasing. The operating subsidiaries had no impact on the bank's capacity to lend or invest in the assessment areas where it operates.

GFNB is a full service intrastate bank with 23 branches serving five counties concentrated in the northeast section of New York State. During the evaluation period the bank opened two branches in Ticonderoga and the Town of Queensbury. GFNB offers a wide range of financial services. In addition, to traditional deposit and loan products, GFNB also offers its customers insurance products, trust services, and investment products including a proprietary mutual fund, North Country Funds, which is administered by GFNB.

As of December 31, 2001, GFNB had \$1 billion in total assets that included \$626 million in net loans, representing 63% of total assets. Since December 31, 1998, total assets increased \$170 million or approximately 7% annually. During the same period, net loans increased \$166 million, or 12% annually. The bank's loan mix consists of 44% consumer loans, 34% residential real estate loans, 12% commercial real estate secured loans, 8% commercial and industrial loans, and 2% municipal loans. GFNB is a significant originator of indirect automobile loans both inside and outside of its assessment areas. As of December 31, 2001, GFNB reported Tier 1 capital of \$77 million.

GFNB operates in a very competitive financial services market with strong competition from mortgage companies, large regional banks, credit unions, savings banks, community banks and finance companies. GFNB is not subject to any known financial, legal or regulatory restrictions that would impede its ability to help meet the credit needs of its assessment areas.

GFNB's last CRA examination was April 19, 1999, at which time the bank's performance was rated "Satisfactory."

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period covered January 1, 1999 through December 31, 2001 for Home Mortgage Disclosure Act (HMDA) and small business loans. HMDA loans include home purchase, home improvement and refinance loans. The evaluation period for CD loans, investments, and services is April 20, 1999 through June 24, 2002. This represents the time period between the start of the bank's last and current CRA examinations. The market share and peer comparisons are based on the information contained in the aggregate HMDA and Small Business/Farm Registers for 2000. The aggregate HMDA and Small Business/Farm Reports are available for public review.

The peer comparisons in this report include only lenders who were required to file HMDA and Small Business/Farm Reports for 2000. Any lender with significant mortgage loan activity operating in GFNB's three AAs would be required to file a HMDA report for 2000. Small business reporting is required only of bank and thrift institutions with assets of \$250 million or more as of December 31 of the prior two calendar years preceding the reporting year, or an affiliate of a holding company with \$1 billion or more in assets for the same time period.

For the lending test, we evaluated GFNB's origination of home mortgage loans, small business loans, community development loans, and at the bank's option, consumer loans. We did not evaluate GFNB's origination of small farm loans, as the volume was not significant enough to perform a meaningful analysis (less than 1% of loans originations over the evaluation period).

Data Integrity

We performed a data integrity examination of the loan information discussed in the Evaluation Period/Products Evaluated section above. We chose samples with 95% reliability and 5% precision, which resulted in random samples of 60 loans each of small business loans, HMDA loans and consumer loans. We found the bank's data to be of satisfactory quality.

Our data integrity review identified eight geocoding differences in both the HMDA data and consumer loan data. The majority of the errors were adjacent tracks with the same income designation. There were 61 errors noted in the small business loan data. We identified 49 loans that were incorrectly reported as small loans to business. Eight loans were incorrectly geocoded. Three errors involved the reclassification of the loans based on income. The remaining error involved the loan amount. Corrected data was used for this evaluation.

Selection of Areas for Full-Scope Review

We completed a full-scope review of the bank's Glens Falls Metropolitan Statistical Area (MSA 2975) Assessment Area (AA). We performed limited scope reviews of the bank's non-MSA AA (portions of Essex and Clinton Counties) and northern Saratoga County AA, which is part of the Albany-Schenectady-Troy MSA (MSA 0160). We chose the Glens Falls MSA AA because it represents 67% of the bank's lending, 71% of the deposit base, and 65% of its branches. Please refer to Appendix A for more information.

Ratings

The bank's overall rating is based primarily on the area that received the full-scope review.

When determining conclusions for the Lending Test, home mortgage products were weighted equally with small loans to businesses. Consumer lending was given similar consideration because the dollar volume of consumer lending equaled the sum of home mortgage and small loans to business. Within home mortgage lending, home purchase loans and home improvement loans were weighted equally, and then home mortgage refinance loans. This weighting is reflective of GFNB's volume by loan type over the evaluation period.

Other

One community contact was made during this examination. The contact is involved in economic development and support services for small businesses. Based on the community contact, information obtained from the bank, and internally at the OCC, we identified small business and affordable housing financing (primarily 1-4 family) as the primary credit needs.

Fair Lending Review

An analysis of 2000's Home Mortgage Disclosure Data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed April 1999.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "High Satisfactory." Based on the full-scope review, the bank's performance in the Glens Falls MSA AA is good.

Lending Activity

Refer to Appendix C, Table 1 Lending Volume and Other Products, for the facts and data used to evaluate the bank's lending activity.

Of the required lending products for review, home mortgage loans represented 52% of the number of loans originated and loans to small businesses represented 48% of the loans originated during the evaluation period. At its option, GFNB requested the consumer loan originations be evaluated as well.

Among originated home mortgage loans, 35% were for home purchase, 29% were home mortgage refinance loans and 36% of loans were for home improvement. Less than 1% were for multifamily dwellings.

GFNB's lending activity is excellent. GFNB ranks second for deposit market share (34.8%) in its Glens Falls MSA AA. There are also several large credit unions operating in the AA, who are not included in these deposit statistics. Based on 2000 CRA aggregate lending data, GFNB is ranked second as an originator/purchaser of small loans to businesses (14.2%). The bank ranks first when considering only small loans made to small size businesses (annual revenues of \$1 million or less) with a 20.4% market share. Based on 2000 aggregate HMDA data, GFNB is ranked fourth as an originator/purchaser of home purchase loans (6.6%), fifth for refinance loans (4.3%), and first for home improvement loans (39.0%) and multi-family dwelling loans (40.0%). In addition, GFNB originated 13,022 consumer loans totaling \$155 million in the AA during the evaluation period. The dollar volume of consumer loans equaled the combined dollar volume of HMDA reportable and small loans to businesses for the evaluation period in the AA.

Distribution of Loans by Income Level of the Geography

The geographic distribution of GFNB's home mortgage loans and small loans to businesses reflects good penetration throughout the full scope AA geographies. There are no low-income geographies in the Glens Falls MSA AA.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans is good.

The overall geographic distribution of home purchase loans is good. The portion of home purchase loans made in moderate-income geographies is near to the portion of owner-occupied housing units that are in those geographies. The bank's market share of loans originated in moderate-income geographies exceeds the bank's overall market share.

The overall geographic distribution of home improvement loans is excellent. The portion of home improvement loans made in moderate-income geographies equals the portion of owner-occupied housing units that are in those geographies. The market share of home improvement loans originated in moderate-income geographies exceeds the bank's overall market share of home improvement loans.

The overall geographic distribution of refinance loans is good. The portion of refinance loans made in moderate-income geographies is near to the portion of owner-occupied housing units that are in those geographies. The market share of refinance loans originated in moderate-income geographies exceeds the bank's overall market share of refinance loans.

The overall geographic distribution of multifamily dwelling loans is adequate. Neither the bank nor any other lender made a multifamily loan in a moderate-income tract during the evaluation period. There are 325 units of multifamily dwellings found in moderate-income geographies in the AA and represent 10.6% of all multifamily units. GFNB made six multifamily loans during the evaluation period.

Small Loans to Businesses

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is good. The portion of loans made in moderate-income geographies equals the portion of businesses that are within those geographies. The market share for such loans exceeds GFNB's overall market share for small loans to businesses.

Consumer Loans

Refer to Table 13 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of consumer loans.

The geographic distribution of consumer loans is good. The portion of loans made in moderate-income geographies is near to the percentage of households in moderate-income geographies.

Lending Gap Analysis

Reports detailing GFNB's lending activity over the evaluation period for home mortgage loans, small loans to businesses, and consumer loans were reviewed to identify gaps in the geographic distribution of loans. No conspicuous gaps were identified.

Inside/Outside Ratio

A substantial majority (92%) of the home mortgage loans, small business loans, and CD loans were made within the bank's AAs. By product, 95% of the bank's home mortgage loans, 88% of the small loans to businesses, and 100% of the CD loans were within the bank's AAs. The home mortgage products were each close to the 95% overall in/out ratio with home purchase at 92%, home improvement at 98%, refinances at 94%, and multifamily at 100%. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

A substantial majority of consumer loans (75%) were also made within the bank's AAs. The lower in/out ratio for consumer loans is attributed to the bank's vast indirect automobile network which extends beyond this bank's lending area.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of GFNB's home mortgage and small loans to businesses reflects good dispersion among borrowers of different income levels throughout the AA.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home mortgage loans is good.

Home purchase loan borrower distribution is good. The portion of loans made to moderate-income borrowers is near to the portion of families defined as such. The market share for home purchase loans to moderate-income borrowers exceeds GFNB's overall market share in the AA for home purchase loans. The portion of loans made to low-income families is below the percentage of families defined as such, but is considered adequate after adjusting the demographics for the percentage of families living below the poverty level. In the evaluation of borrower distribution, we gave consideration to the fact that 9.7% of the families in the AA are living below the poverty level. It is unlikely that those with incomes below the poverty level would be involved in home mortgage financing. The market share for home purchase loans to low-income borrowers is below GFNB's overall market share in the AA for home purchase loans. There was a very limited market for home purchase loans to low-income borrowers in 2000, with only 104 home purchase loans originated in the AA.

Home improvement borrower distribution is excellent. The portion of loans made to moderate-income borrowers exceeds the portion of families defined as such. The portion of loans made to low-income borrowers is below the portion of families defined as such, but is considered adequate after adjusting for the 9.7% of families living below the poverty level from the low-income families demographic. The market share for loans to low-income borrowers substantially meets GFNB's overall market share in the AA for home improvement loans. The market share for loans to moderate-income borrowers exceeds GFNB's overall market share in the AA for home improvement loans.

Refinance loan borrower distribution is adequate. The portion of loans made to moderate-income borrowers is below the portion of families defined as such. The portion of loans made to low-income borrowers is significantly less than the portion of families defined as such, but considered adequate after adjusting for the 9.7% of families living below the poverty level from the low-income families demographic. The market share for loans to moderate-income borrowers equals GFNB's overall market share in the AA for refinance loans. The bank's market share for loans to low-income borrowers is below the bank's overall market share for refinance loans. There was a very limited market for refinance loans for low-income borrowers in 2000 with only 71 refinances occurring for this income group.

Small Loans to Businesses

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is adequate. The portion of small loans to businesses (businesses with revenues of \$1 million or less) is somewhat less than the portion of businesses defined as such. The portion of loans of \$100,000 or less is also somewhat less than the portion of businesses defined as such in the AA. The market share of small loans to small businesses exceeds GFNB's overall market share for small loans to all businesses.

Consumer Loans

Refer to Table 13 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of consumer loans.

The borrower distribution of consumer loans is good. The portion of loans made to low-income borrowers is substantially similar to the portion of households defined as such. The portion of loans made to moderate-income borrowers exceeds the portion of households defined as such.

Community Development Lending

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

GFNB's high level of community development (CD) lending had a positive impact on the evaluation of its lending performance activity. The bank's CD lending was focused on organizations that provide community development services primarily to low and moderate-income individuals. GFNB originated 15 CD loans for \$937 thousand in the AA during the evaluation period. None of the CD loans were considered complex or innovative.

Product Innovation and Flexibility

GFNB's innovative and flexible lending activity had a positive impact on the evaluation of its lending performance. Flexible lending programs are described below.

City of Glens Falls Home Ownership Assistance Program - GFNB is a lender in this home ownership program for low and moderate-income first time homebuyers. Potential homebuyers must receive Home buyer counseling before they are referred to a bank for a loan. The program provides the borrower with a grant that can be used for a down payment and to cover closing costs. All or a portion of the grant must be repaid if the borrower sells the home prior to completing the holding period called for under the agreement with ROI. GFNB originated three loans under this program during the evaluation period.

City of Glens Falls Home Ownership Assistance Program – (FNMA Down Payment Assistance Investment Notes (DPAIN) - this program enables homebuyers in the City to obtain up to a \$15,000 second mortgage that covers downpayment, closing costs, tax escrow and any necessary rehabilitation costs. The borrower is required to provide 3% equity. Low and moderate-income borrowers are targeted for this program. One loan closed during the evaluation period.

Village of Hudson Falls Home Ownership Assistance Program – GFNB is a lender in this home ownership program for low and moderate-income first time homebuyers. The program is the same as described under the City of Glens Falls above. GFNB originated one loan during the evaluation period.

Federal Home Loan Bank (FHLB) of New York – Glens Falls Home Buyers Assistance Program – GFNB in concert with the Glens Falls Community Development Office and FHLB obtained a \$140,000 grant for up to 10 first time home buyers who wish to purchase an existing house in Glens Falls. The targeted group is at 80% or less of the AA median family income. The bank administers the funds and extended mortgages at favorable terms. Two loans have been granted during the evaluation period.

First Home Club – GFNB participates in this FHLB program which provides up to \$5,000 per household for down payment assistance and closing costs for first time home buyers who are at 80% or less of the AA median income. The first loan under this program was granted in 2002.

Glens Falls First Time Homebuyers Program – GFNB offers two of its own first time homebuyer programs on favorable terms and conditions such as no points, no down payment or low down payment (10%) for loans up to \$75,000. The special terms under the first plan include no down payment requirement and no Private Mortgage Insurance (PMI). The program includes a level payment plan that allows the homeowner to build equity quicker over the first three years. The second plan requires 10% down payment but with no PMI and allows family gifts to be used for down payment and closing costs. The bank originated five loans during the evaluation period.

Homefront Development Corp. Mortgage Program – This program was established and implemented by this non-profit organization to assist low and moderate income borrowers. Borrowers can obtain up to \$20,000 in deferred loans to reduce the amount of the first mortgage, to pay for closing costs and for downpayment assistance. Loans are forgiven if the homebuyer occupies the property for 10 years. GFNB provides 30 year fixed rate financing at competitive rates and terms. The bank originated five loans during the evaluation period.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Essex – Clinton Counties AA is not inconsistent with the bank's overall "High Satisfactory" performance under the lending test. Based on limited-scope reviews, the bank's performance under the lending test in the Saratoga County AA is stronger than the bank's overall "High Satisfactory" performance under the lending test. The geographic distribution of home purchase, home refinance and small business loans in the Saratoga County AA was stronger compared to the full scope AA. In addition, the borrower distribution of consumer loans was also stronger. The performance in the Saratoga County AA did not impact the overall lending rating. Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "High Satisfactory." Based on the full-scope review, the bank's performance in the Glens Falls MSA AA is good in relation to the bank size and resources.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period, GFNB made \$1.3 million of qualified community development investments in the AA. GFNB also has \$158 thousand of prior period investment outstanding as of June 24, 2002. The level of investments is good, given the level of and competition for community development investment opportunities in the AA. Both the current and prior period investments made a positive impact on the community by addressing the identified credit needs of affordable housing and financing for small size businesses.

The bank increased its commitment to the Community Preservation Corporation (CPC) to \$1,250,000 during the evaluation period. The bank participates in a master note arrangement whereby banks share in the underlying pool of mortgages consisting primarily of multi-family low and moderate-income loans in Upstate New York, including the bank's AA. Funding during the evaluation period totaled \$388,000. This investment was prorated on Table 14 based on the deposit size of each AA.

The bank purchased four qualifying mortgage back securities totaling \$1.3 million during the evaluation period. These mortgage back securities targeted mortgage loans to low and moderate-income borrowers in Upstate New York, including the bank's AA. These investments were prorated on Table 14 based on the deposit size of each AA.

During the evaluation period, GFNB made qualifying grants and donations totaling \$170 thousand to over 20 organizations in the AA. The contributions were spread among various organizations, the vast majority serving affordable housing for low and moderate-income individuals or community service targeted to low and moderate-income people. In addition, the bank rented office space to various

community organizations at below market rates which resulted in qualified investments totaling \$34,000.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Essex-Clinton Counties AA and the Saratoga County AA is not inconsistent with the bank's overall "High Satisfactory" performance under the investment test. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory"

Retail Banking Services

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

GFNB's service delivery systems are accessible to geographies and individuals of different income levels throughout the Glens Falls NY MSA AA.

While the distribution of GFNB offices in the moderate-income geographies is below the distribution of the population living in such geographies, both GFNB's Main Office branch and Broad St. branch, while located in a middle-income geography, are very convenient to residents of the moderate-income geography located in the City of Glens Falls. The moderate-income geography, census tract 0705, is located two blocks away from the Main Office and about six blocks from the Broad St. office. Both offices (especially the Main Office) are within reasonable walking distance for most residents of census tract 0705 and easily accessible by automobile or bus. One half of the 4,861 residents of the AA's three moderate-income geographies are residents of census tract 0705. The Main and Broad St. offices are located in census tract 0702, which was nearly classified as a moderate-income geography with average income at 80.07% of the MSA census median family income (A moderate-income geography has average income of less than 80% of census median family income). The local public transit system's bus routes will take residents of census tract 0705 to five of the GFNB offices, including the Main and Broadway offices.

GFNB did not close any branches during the evaluation period. One new office was opened within the full scope AA in an upper-income geography.

GFNB's hours and services offered throughout the full-scope AA are good. Services offered are comparable among locations regardless of the income level of the geography. Branch office hours are reviewed by management annually to ensure they meet the needs of area residents and branch customers. Part of the analysis involves comparing branch hours to the office hours of local competition.

GFNB offers alternative delivery systems in the form of ATMs. In the full scope AA the bank has ATM's at 13 of its 15 branch offices. It also has an ATM located at Glens Falls Hospital in the City of Glens Falls. Customers and non-customers alike can access their accounts through GFNB ATMs which are connected to the CIRRUS, NYCE, PLUS, VISA, HONOR, PULS and PULSE ATM systems. Customers may also use their GFNB ATM card to obtain cash at non-proprietary ATMs throughout the world, which bear the names of these networks. The two branches closest to census tract 0705 have ATM's. The Broad St. branch has a drive-in teller available from 8am to 5pm on Saturday. The Glens Falls Hospital ATM is also within walking distance of census tract 0705.

The AA's other two moderate-income census tracts are rural-sparsely populated areas. The Thurman Town/Stoney Creek census tract (0735.98) is 6-10 miles away from GFNB's Ticonderoga branches. The Ticonderoga drive-in teller service is available on Saturday and an ATM is located there as well. The Hague town census tract (0770) is 10 miles away from GFNB's Warrensburg branch. This branch offers drive-in and lobby hours on Saturday and has an ATM.

GFNB also offers alternative delivery systems of on-line banking, bank-by-phone and bank-by-mail. These services allow customers to obtain deposit and loan account information, make payments on GFNB loans, transfer funds, and pay other household bills. We did not place significant weight on these alternative delivery systems because no data was available to determine the impact of these retail-banking services on low and moderate-income geographies and individuals.

GFNB offers three affordable checking accounts that may appeal to low and moderate-income individuals. The Pacesetter NOW account provides an interest bearing account with no per check charges or monthly maintenance fees provided a \$99 minimum daily balance is maintained. The bank offers free checking for direct deposit customers, which includes customers who direct deposit government checks. The bank's Basic Banking account allows eight free checks per month with only a \$3 monthly maintenance fee.

Community Development Services

GFNB's performance in providing community development services is excellent. GFNB is a leader in providing community development services in its full scope AA. This is demonstrated through the number and variety of organizations that bank employees have leadership roles in. A community contact was highly complimentary of the bank for its ongoing leadership in providing community development services in the AA. The community contact indicated the bank has been consistent in its high level of community support and leadership over the years.

Management and bank employees continue to support various organizations in the communities served by the bank by offering financial expertise to such organizations. Numerous personnel serve on the boards of directors, finance committees and/or serve as treasurers for organizations that provide community development services.

Members of the GFNB staff and Board participate in 21 community development related organizations. Of these organizations, 12 provide services that are targeted to low and moderate-income individuals, four are focused on providing affordable housing opportunities for low and moderate-income individuals, four provide services for small businesses that create, retain or improve jobs for low and moderate-income individuals, and one is involved in the revitalization/stabilization of a moderate-income geography.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Saratoga County AA and Essex/Clinton Counties AA is not inconsistent with the bank's performance under the Service Test in its full scope AA. Refer to Table 15 in Appendix C for the facts and data that support this conclusion.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received a comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): 1/1/1999 to 12/31/2001 Investment and Service Tests and CD Loans: 4/20/1999 to 6/24/2002	
Financial Institution	Products Reviewed	
Glens Falls National Bank and Trust Co. (GFNB) Glens Falls, New York	Home Purchase, Home Improvement, and Refinance Loans reported on the HMDA LAR, Small Business and Small Farm Loans reported on the CRA Register, and CD loans. Consumer loans including credit cards, home equity loans, motor vehicle loans, other secured loans, and other unsecured loans.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Saratoga National Bank	Affiliate commercial bank	None.
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Glens Falls MSA AA Saratoga County AA Essex-Clinton Counties AA	Full-Scope Limited-Scope Limited Scope	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Glens Falls MSA AA

Glens Falls NY MSA AA

Demographic Information for Full-Scope Area: Glens Falls NY MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	35	0.0	8.57	82.86	8.57	0.00
Population by Geography	118,539	0.00	4.10	81.93	13.97	0.00
Owner-Occupied Housing by Geography	30,581	0.00	3.70	81.67	14.63	0.00
Businesses by Geography	5,458	0.00	5.17	75.67	19.16	0.00
Farms by Geography	400	0.00	0.50	91.50	8.00	0.00
Family Distribution by Income Level	30,976	17.30	18.86	26.45	37.39	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	11,201	0.00	5.62	86.04	8.35	0.00
Median Family Income	= \$34,038	Median Housing Value		= \$82,865		
HUD Adjusted Median Family Income for 2002	= \$45,300	Unemployment Rate		= 4.35%		
Households Below the Poverty Level	= 9.73%					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census, and 2001 HUD updated MFI.

The Glens Falls MSA AA consists of the entire Glens Falls, New York Metropolitan Statistical Area (MSA). The AA consists of Warren and Washington Counties. The AA meets the requirement of the regulation and does not arbitrarily exclude low or moderate-income geographies. The composition of the AA geographies by income level is: 8.5% moderate-income, 83% middle-income, 8.5% upper-income.

GFNB’s loan originations in the AA for the evaluation period represented 67% of loan originations for the evaluation period.

The competition among financial service providers is strong. GFNB competes with large mortgage companies, large credit unions, money center banks, large regional banks, and various community and savings banks. GFNB is a full service lender offering a broad menu of lending products that include business loans, home mortgage loans, home equity loans, and consumer loans. The bank’s business focus is targeted towards mortgage, retail and commercial lending.

Eighty-five percent of the housing in the AA is one to four family units, 6% is multifamily units, 8% is mobile homes, and 1% is condominiums. Of total housing units, 55% is owner-occupied, 22% is renter-occupied, and 23% is vacant. The weighted average of median housing value was \$82,865 in 1990. Housing stock consists mostly of older homes with the median year built of 1955.

According to the 2001 business demographics there are 5,458 businesses, of which 400 are farms in the AA. Small businesses represent 93% of the 5,427 businesses reporting revenues. Approximately 80% of businesses reported having less than 10 employees. The primary industries in the AA are services 38%, retail trade 24%, and construction 10%. Major non-government employers in the AA include Glens Falls Hospital, Finch, Pruyn and Co., Inc., Boston Scientific Namic Technology Center, C.R. Bard, Inc., and Travelers Property and Casualty.

There are a number of community development opportunities available in the AA.

One community contact was made in conjunction with this review. The contact is involved primarily with small businesses and economic development. The community contact identified small loans to small size businesses as a primary credit need.



Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: GLENS FALLS						Evaluation Period: January 1, 1999 TO December 31, 2001				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Glens Falls MSA AA	67.90	1,167	78,734	1,065	82,651	4	181	15	937	2,251	162,503	70.71
Limited Review:												
Essex-Clinton Counties AA	21.42	465	32,715	239	26,223	0		6	5,705	710	64,643	19.36
Saratoga County AA	10.68	197	10,370	156	7,268	0	0	1	100	354	17,738	9.93

* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.
 ** The evaluation period for Community Development Loans is April 20, 1999 to June 24, 2002.
 *** Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME														
Geography: GLENS FALLS, NY														
Evaluation Period: January 1, 1999 TO December 31, 2001														
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:														
Glens Falls MSA AA	65.57	13,022	154,884			928	18,610	8,542	115,958	272	622	822	10,538	70.71
Limited Review:														
Essex-Clinton Counties AA	20.68	4,107	54,107			208	3,990	3,525	48,668	28	69	131	1,225	19.36
Saratoga County AA	13.76	2,732	33,038			140	2,829	2,010	27,475	28	69	120	1,313	9.93

* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.
 ** The evaluation period for Optional Product Line(s) is From January 1, 1999 to December 31, 2001.
 *** Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: GLENS FALLS, NY		Evaluation Period: January 1, 1999 TO December 31, 2001	
MA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
Glens Falls MSA AA	2,458	9,156			
Limited Review:					
Essex-Clinton Counties AA	217	992			
Saratoga County AA	434	1,352			

(*)The evaluation period for Optional Product Line(s) is from January 1, 1999 to December 31, 2001.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			GEOGRAPHY: GLENS FALLS, NY						Evaluation Period: January 1, 1999 TO December 31, 2001						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Glens Falls MSA AA	405	61.64	0.00	0.00	4.00	3.00	82.00	70.00	15.00	26.00	6.60	0.00	7.00	6.20	7.80
Limited Review:															
Essex-Clinton Counties AA	203	30.90	0.00	0.00	4.00	7.00	82.00	73.00	13.00	19.00	6.00	0.00	12.90	5.90	5.30
Saratoga County AA	49	7.46	0.00	0.00	18.00	22.00	82.00	78.00	0.00	0.00	1.40	0.00	2.30	1.20	0.00

* Based on 2000 Peer Mortgage Data: Northeast Region.
 ** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
 *** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			GEOGRAPHY: GLENS FALLS, NY						Evaluation Period: January 1, 1999 TO December 31, 2001						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Glens Falls MSA AA	416	68.09	0.00	0.00	4.00	4.00	82.00	82.00	15.00	15.00	39.00	0.00	50.00	36.90	49.20
Limited Review:															
Essex-Clinton Counties AA	113	18.49	0.00	0.00	4.00	2.00	82.00	86.00	13.00	12.00	12.60	0.00	33.30	12.20	11.40
Saratoga County AA	82	13.42	0.00	0.00	18.00	18.00	82.00	82.00	0.00	0.00	13.30	0.00	17.20	12.60	0.00

* Based on 2000 Peer Mortgage Data: Northeast Region.
 ** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
 *** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: GLENS FALLS, NY					Evaluation Period: January 1, 1999 TO December 31, 2001				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans	Over all	Low	Mod	Mid	Upp						
Full Review:																					
Glens Falls MSA AA	340	61.93	0.00	0.00	4.00	3.00	82.00	75.00	15.00	22.00	4.30	0.00	7.30	4.00	5.30						
Limited Review:																					
Essex-Clinton Counties AA	144	26.23	0.00	0.00	4.00	3.00	82.00	83.00	13.00	13.00	4.20	0.00	4.80	4.00	5.30						
Saratoga County AA	65	11.84	0.00	0.00	18.00	23.00	82.00	77.00	0.00	0.00	1.30	0.00	1.20	1.40	0.00						

* Based on 2000 Peer Mortgage Data: Northeast Region.
 ** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.
 *** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES											Geography: GLENS FALLS,NY					Evaluation Period: January 1, 1999 TO December 31, 2001				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography									
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp					
Full Review:																				
Glens Falls MSA AA	1,065	72.95	0.00	0.00	5.00	5.00	76.00	70.00	19.00	25.00	14.50	0.00	15.70	14.50	17.40					
Limited Review:																				
Essex-Clinton Counties AA	239	16.37	0.00	0.00	17.00	19.00	71.00	72.00	11.00	8.00	5.30	0.00	11.10	5.00	4.90					
Saratoga County AA	156	10.68	0.00	0.00	25.00	34.00	75.00	66.00	0.00	0.00	1.40	0.00	5.40	1.30	0.10					

* Based on 2000 Peer Small Business Data: US.
 ** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
 *** Source Data - Dun and Bradstreet 2001.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: GLENS FALLS, NY						Evaluation Period: January 1, 1999 TO December 31, 2001						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families**	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
Glens Falls MSA AA	405	61.64	17.00	4.00	19.00	16.00	26.00	21.00	37.00	59.00	6.60	2.90	7.40	5.50	8.70
Limited Review:															
Essex-Clinton Counties AA	203	30.90	19.00	7.00	19.00	13.00	25.00	20.00	37.00	59.00	6.00	7.90	2.60	6.00	8.20
Saratoga County AA	49	7.46	20.00	6.00	22.00	24.00	28.00	24.00	30.00	41.00	1.40	1.10	2.30	0.70	1.70

* Based on 2000 Peer Mortgage Data: Northeast Region.
 ** As a percentage of loans with borrower income information available. No information was available for 2%f loans originated and purchased by Bank.
 *** Percentage of Families is based on the 1990 Census information.
 **** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: GLENS FALLS, NY						Evaluation Period: January 1, 1999 TO December 31, 2001						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
Glens Falls MSA AA	416	68.09	17.00	10.00	19.00	22.00	26.00	28.00	37.00	35.00	39.00	37.00	40.00	42.40	38.20
Limited Review:															
Essex-Clinton Counties AA	113	18.49	19.00	11.00	19.00	19.00	25.00	17.00	37.00	50.00	12.60	12.50	7.70	6.20	24.70
Saratoga County AA	82	13.42	20.00	18.00	22.00	23.00	28.00	29.00	30.00	27.00	13.30	21.40	15.20	11.30	12.30

* Based on 2000 Peer Mortgage Data: Northeast Region.
 ** As a percentage of loans with borrower income information available. No information was available for 4%f loans originated and purchased by Bank.
 *** Percentage of Families is based on the 1990 Census information.
 **** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: GLENS FALLS, NY					Evaluation Period: January 1, 1999 TO December 31, 2001				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share										
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp						
Full Review:																					
Glens Falls MSA AA	340	61.93	17.00	1.00	19.00	11.00	26.00	25.00	37.00	60.00	4.30	1.40	4.30	3.80	7.00						
Limited Review:																					
Essex-Clinton Counties AA	144	26.33	19.00	1.00	19.00	8.00	25.00	29.00	37.00	60.00	4.20	0.00	1.30	3.80	7.30						
Saratoga County AA	65	11.84	20.00	6.00	22.00	17.00	28.00	38.00	30.00	38.00	1.30	0.00	2.30	1.40	1.80						

* Based on 2000 Peer Mortgage Data: Northeast Region.
 ** As a percentage of loans with borrower income information available. No information was available for 2% of loans originated and purchased by Bank.
 *** Percentage of Families is based on the 1990 Census information.
 **** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: GLENS FALLS, NY		Evaluation Period: January 1, 1999 TO December 31, 2001		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
Glens Falls MSA AA	1,065	72.95	85.43	65.86	83.19	9.67	7.14	14.20	20.09
Limited Review:									
Essex-Clinton Counties AA	239	16.37	85.01	72.16	77.83	9.62	12.55	5.29	6.16
Saratoga County AA	156	10.68	86.03	75.65	92.31	4.49	3.21	1.37	1.93

* Based on 2000 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 22% of small loans to businesses originated and purchased by the Bank.

Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)

Geographic and Borrower Distribution: CONSUMER LOANS																			GEOGRAPHY: GLENS FALLS, NY																			Evaluation Period: January 1, 1999 TO December 31, 2001																		
MA/Assessment Area:	Geographic Distribution										Borrower Distribution																																													
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers																																							
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans																																						
Full Review:																																																								
Glens Falls MSA AA	13,022	65.57	0.00	0.00	4.78	3.64	80.86	80.98	14.36	15.38	22.41	15.00	16.94	24.58	21.80	28.39	38.85	32.04																																						
Limited Review:																																																								
Essex-Clinton Counties AA	4,107	20.68	0.00	0.00	14.25	4.85	73.80	83.74	11.91	11.32	23.24	11.67	16.95	22.08	20.66	28.65	39.15	37.60																																						
Saratoga County AA	2,732	13.76	0.00	0.00	20.52	18.01	79.48	81.99	0.00	0.00	21.24	22.35	17.40	27.42	22.81	26.86	38.54	23.37																																						

* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.
 ** Percentage of Households is based on the 1990 Census Information.

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Table 14. Qualified Investments

QUALIFIED INVESTMENTS		GEOGRAPHY: GLENS FALLS, NY				Evaluation Period: January 1, 1999 TO December 31, 2001			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Glens Falls MSA AA	1	158	23	1,315	24	1,473	56.65	1	519
Limited Review:									
Essex-Clinton Counties AA	1	43	8	882	9	925	35.58	1	142
Saratoga County AA	1	22	3	180	4	202	7.77	1	73

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
 ** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: Glens Falls AA Evaluation Period: 01/01/1999 TO 12/31/2001																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Glens Falls MSA AA	70.71	15	65.22	0.00	0.00	86.67	13.33	1	0	0	0	0	1	0.00	4.10	81.93	13.97
Limited Review:																	
Essex-Clinton Counties AA	19.36	6	26.08	0.00	16.67	50.00	33.33	1	0	0	0	1	0	0.00	14.54	71.02	11.72
Saratoga County AA	9.93	2	8.70	0.00	50.00	50.00	0.00	0	0	0	0	0	0	0.00	19.19	80.81	0.00

