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Comptroller of the Currency  
Administrator of National Banks

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## **Public Disclosure**

November 26, 1997

### **Community Reinvestment Act Performance Evaluation**

**Evergreen Bank, N.A.  
Charter Number: 980**

**237 Glen Street, P.O. Box 318  
Glens Falls, New York 12801-0318**

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Northeastern District  
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**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.

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## General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Evergreen Bank, N.A.** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **November 20, 1997**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

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

Primary factors supporting the bank's overall rating include:

- ▶ a high percentage of home mortgage, small business, and consumer loans originated within the assessment area during the evaluation period at 91% of the number and 93% of the dollar volume;
- ▶ a reasonable distribution of mortgage-related, small business, and consumer loans within the assessment area. In low- and moderate income (LMI) census tracts, 7% of the number and 6% of the dollar volume of mortgage-related loans, 9% of the number and 10% of the dollar volume of small business, and 8% of the number and dollar volume of consumer loans were originated during the evaluation period;
- ▶ a good distribution of loans among borrowers of different income levels and to businesses of different sizes, with 24% of the number and 10% of the dollar volume of mortgage-related originations to LMI borrowers, and 68% of the number and 40% of the dollar volume of originations to businesses with gross annual revenues less than \$1 million;
- ▶ a reasonable level of community development lending activity, with loans totaling \$4.6 million;
- ▶ sufficient use of flexible and innovative lending practices;
- ▶ delivery systems which are reasonably accessible to all segments of the assessment area; and a good level of community development services.

The following table indicates the performance level of **Evergreen Bank, N.A.** with respect to the lending, investment, and service tests.

Performance Levels	Name of Financial Institution Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory	<b>X</b>		
Low satisfactory			<b>X</b>
Needs to improve		<b>X</b>	
Substantial noncompliance			

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

### ***Description of Institution***

Evergreen Bank, N.A. (EBNA) is the principal, wholly owned subsidiary of Evergreen Bancorp, Inc., a one-bank holding company headquartered in Glens Falls, New York. EBNA is a full-service financial institution focused on gathering deposits from the general public through branch operations. Deposits are used to originate residential and commercial mortgages, commercial business, and a variety of consumer loans.

EBNA's branch network consists of 25 full-service banking offices throughout its assessment area. The main office is located in Glens Falls. Sixteen of the branches have drive up facilities, and 21 branches have ATM access (the Kingsbury branch has two ATMs). There are two remote drive-thru banking facilities located in Glens Falls and Granville, both having ATM access.

As of June 30, 1997, EBNA's assets totaled \$974 million. A wide range of loan products is available including residential mortgages, commercial, and consumer loans. Net loans comprise 66% of total assets. The loan portfolio is primarily real estate at 71%, (48% residential real estate and 23% commercial real estate). Consumer instalment loans at 20%, commercial loans at 6%, and municipal loans at 3% comprise the remainder. There are no financial or legal impediments that would prevent EBNA from helping to meet the credit needs of its community.

Competition is strong as provided by a number of community and larger regional banks. Primary competitors are Albanc, KeyBank, Fleet Bank, Trustco, Onbank, Norwich Bank and Trust, and Glens Falls National Bank. As well, EBNA competes with other financial institutions, such as thrifts, mortgage companies, and non-bank financial institutions.

## *Description of Assessment Area (AA)*

EBNA has defined three assessment areas within the state of New York. The primary AA consists of the entire Glens Falls metropolitan statistical area (MSA 2975). The second AA is comprised of portions of the Albany-Schenectady-Troy MSA (MSA 0160). The third consists of the entire non-MSA Clinton county and portions of non-MSA Columbia, Essex, Franklin, Fulton, Greene, and Hamilton counties.

The AA meets regulatory guidelines and does not arbitrarily exclude any low- or moderate-income (LMI) areas. LMI is referred throughout this document to describe low- and moderate-income individuals and/or geographies (census tracts or BNA's). There are a total of 286 census tracts/BNA's in the AA. As noted in the table below, 81% of the census tracts/BNA's are middle- or upper-income geographies. The eight low income census tracts are located in Albany (4), Troy (2), and Schenectady (2). The forty two moderate income census tracts/BNA's are located in the cities of Schenectady (11), Albany (7), Troy (4), Cohoes (3), Plattsburgh (3), Glens Falls (1), Hudson (1), Rensselaer (1), Saratoga Springs (1), Watervliet (1), the towns of Thurman and Stony Creek (1), Milton (1), Hague (1), Providence, Edinburg, Hadley, and Day (1), Malone (1), Constable and Burke (1), and the villages of Hoosick Falls (1), Schuylerville (1), and Corinth (1).

<b>ASSESSMENT AREA DEMOGRAPHICS</b>			
<i>Designation</i>	<i># Census Tracts</i>	<i>% of Total Tracts</i>	<i>% of Households Residing in the Census Tracts</i>
Low	8	3%	3%
Moderate	42	15%	13%
Middle	185	65%	65%
Upper	47	16%	19%
No income reported	4	1%	0
<b>Total</b>	<b>286</b>	<b>100%</b>	<b>100%</b>

Source: 1990 Census Data, U.S. Bureau of the Census

The population of the bank's AA is slightly more than one million. The Housing and Urban Development median family income for the entire AA is \$43,803. Please refer to the profiles of the MSAs later in this report for the median family income for each of the two MSAs where the bank has branches. As reflected in the above table, 16% of households in the AA reside in LMI tracts. The median housing value is \$91 thousand. The median age of housing stock is 43 years. Total occupied housing units is 86%, with owner-occupied housing at 56% and rental occupied housing at 30%. Vacant housing units in the AA are 13%.

The economic condition of the communities within the AA is generally stable. The communities encompass a wide cross-section of employers, including colleges, universities, hospitals, prisons, state and federal government, small manufacturing businesses, wholesale and retail businesses,

and small farms. The paper industry, including Finch-Pryn, International Paper, Irving Tissue, and Encore Paper, and related support businesses, are major employers. New York state's seasonally adjusted unemployment rate was 6.2% in June, 1997, virtually unchanged from June, 1996. Unemployment for the Glens Falls MSA was 4.7% in June, 1997, a decline from 5.3% at June, 1996. Unemployment for the Albany-Schenectady-Troy MSA was 3.5% in June, 1997, a decline from 4.5% in June, 1996.

Primary credit needs as described by bank management and community contacts were for affordable home purchase loans and small business loans.

## **Conclusions with Respect to Performance Tests**

### *Scope of Review*

This review covered the time period from January 1, 1996 to June 30, 1997 for Home Mortgage Disclosure Act (HMDA) reported loans. Commercial, Small Business Administration (SBA), and community development loans for the same time period were all evaluated. As well, we reviewed the following consumer loans for the same time period: motor vehicle, home equity, other secured, and other unsecured. Management opted to provide information regarding consumer loans, since it is not required to maintain this information under the CRA regulation. Investments purchased over the time period and services performed were also reviewed.

## **LENDING TEST**

### *Performance Criteria*

#### **Lending Activity**

EBNA's lending levels reflect a good level of activity overall. During the evaluation period, EBNA originated 968 HMDA reportable loans for \$59 million both within and outside their assessment area. In 1996, they were first in volume in originations of first mortgages in Warren county, which is where Glens Falls is located, and third through June 30, 1997. EBNA also has a good market share for home equity loans. In 1996, EBNA was second in volume in Warren and Washington counties, and third in Clinton and Essex counties. Through June 30, 1997, EBNA was first in Washington county and second in Warren county. During 1996 and for the first quarter of 1997, EBNA offered a reduced-rate home improvement loan product, which resulted in a substantial volume of originations.

EBNA also originated 897 small loans to businesses for \$98 million both within and outside their assessment area. EBNA originated 11,467 consumer loans for \$143 million both within and outside their assessment area. In 1996, EBNA was first in volume in originating home equity

lines of credit in Warren county, and second in Clinton, Essex, and Washington counties. Through June 30, 1997, EBNA was first in Warren county, second in Washington county, and third in Clinton county. The volume of originations demonstrates a good responsiveness to meet the lending needs within the area.

During the evaluation period, EBNA's assets increased from \$861 million to \$974 million. Gross loans increased from \$592 million to \$659 million, primarily in real estate and consumer loans of \$54 million and \$18 million, respectively. Commercial loans declined by \$5 million.

The bank's net loan to deposit ratio averaged 78.4% between September 30, 1995 and June 30, 1997. The peer group average for the same time period was 75.4%. The average loan to deposit ratio for the 22 New York banks with assets between \$500 million and \$1 billion ranged from 28.3% to 94.1%.

### Assessment Area Concentration

As indicated in the next table, EBNA demonstrates a strong level of lending within the assessment area. Analysis of all originations from January 1, 1996 through June 30, 1997 indicates that 91% of the number and 93% of the dollar amounts of home mortgages, small business loans, and consumer loans are inside the AA. The following table details EBNA's HMDA, small business, and consumer lending.

HMDA, Small Business and Consumer Loan Originations January 1, 1996 through June 30, 1997								
Loan Type	Inside AA				Outside AA			
	# Loans	%	\$ Amt	%	# Loans	%	\$ Amt	%
HMDA Loans	929	96%	56,043	95%	39	4%	2,957	5%
Small Business	865	96%	95,177	97%	32	4%	2,823	3%
Consumer	10,380	91%	129,002	90%	1,087	9%	13,998	10%
<b>Total</b>	<b>12,174</b>	<b>91%</b>	<b>280,222</b>	<b>93%</b>	<b>1,158</b>	<b>9%</b>	<b>19,778</b>	<b>7%</b>

Source: Bank Internal Reports. Dollar amounts are in 000's.

## Geographic Distribution

### *Home Mortgage Lending*

The review of EBNA's geographic distribution of HMDA reported loans reflects a reasonable dispersion throughout its assessment area. On a combined basis for the evaluation period, no originations were in low income census tracts/BNA's and 7% of the number and 6% of the dollar volume were in moderate-income census tracts. The demographic data for EBNA's AA shows modest inventory levels of owner-occupied housing in low- and moderate-income census tracts at 1% and 8%, respectively. The following table details EBNA's geographic distribution of HMDA loans, by census tract/BNA.

<b>Geographic Distribution of HMDA Loans</b>					
<i>Census Tracts</i>	<i>1/1/96 through 6/30/97</i>				<i>% Owner-Occupied Households in the AA</i>
	<i># Loans</i>	<i>%</i>	<i>\$ Amount</i>	<i>%</i>	
<b>Low</b>	<b>0</b>	<b>---</b>	<b>0</b>	<b>--</b>	<b>1%</b>
<b>Moderate</b>	<b>68</b>	<b>7%</b>	<b>3,308</b>	<b>6%</b>	<b>8%</b>
<b>Middle</b>	<b>660</b>	<b>71%</b>	<b>34,494</b>	<b>62%</b>	<b>69%</b>
<b>Upper</b>	<b>200</b>	<b>22%</b>	<b>18,095</b>	<b>32%</b>	<b>22%</b>
<b>No income reported</b>	<b>1</b>	<b>---</b>	<b>146</b>	<b>---</b>	<b>--</b>
<b>Total</b>	<b>929</b>	<b>100%</b>	<b>56,043</b>	<b>100%</b>	

Source: Bank Internal Reports. Dollar amounts are in 000's.

### *Small Business Loans*

EBNA's lending to small businesses is reasonable. On a combined basis for the evaluation period, 1% of the number of originations and 2% of the dollar volume for small businesses were in low-income census tracts. As well, 8% of the number of originations and dollar volume were in moderate-income census tracts. This corresponds to EBNA's percentage of businesses in each census tract. The table below details EBNA's small business loans by geographic distribution by census tract.

<b>Geographic Distribution of Small Business Loans</b>					
<i>Census Tracts</i>	<i>1/1/96 through 6/30/97</i>				<i>% of Businesses in each Census Tract</i>
	<i># Loans</i>	<i>%</i>	<i>\$ Amount</i>	<i>%</i>	
<b>Low</b>	<b>9</b>	<b>1%</b>	<b>2,061</b>	<b>2%</b>	<b>5%</b>
<b>Moderate</b>	<b>69</b>	<b>8%</b>	<b>7,561</b>	<b>8%</b>	<b>8%</b>
<b>Middle</b>	<b>588</b>	<b>68%</b>	<b>59,393</b>	<b>62%</b>	<b>66%</b>
<b>Upper</b>	<b>187</b>	<b>22%</b>	<b>25,609</b>	<b>27%</b>	<b>21%</b>
<b>No income reported</b>	<b>12</b>	<b>1%</b>	<b>553</b>	<b>1%</b>	<b>--</b>
<b>Total</b>	<b>865</b>	<b>100%</b>	<b>95,177</b>	<b>100%</b>	

Source: Bank Internal Reports. Dollar amounts are in 000's.

### ***Consumer Lending***

EBNA's lending to consumers in all portions of its assessment area is acceptable. On a combined basis for the evaluation period, 1% of the number and dollar volume of consumer originations were in low-income census tracts. As well, 7% of the number and dollar volume were in moderate-income census tracts. The table below details EBNA's consumer loans geographic distribution by census tract.

<b>Geographic Distribution of Consumer Loans</b>					
<i>Census Tracts</i>	<i>1/1/96 through 6/30/97</i>				<i>% of Census Tracts</i>
	<i># Loans</i>	<i>%</i>	<i>\$ Amount</i>	<i>%</i>	
<b>Low</b>	<b>68</b>	<b>1%</b>	<b>815</b>	<b>1%</b>	<b>3%</b>
<b>Moderate</b>	<b>783</b>	<b>7%</b>	<b>8,662</b>	<b>7%</b>	<b>15%</b>
<b>Middle</b>	<b>7,843</b>	<b>75%</b>	<b>94,231</b>	<b>73%</b>	<b>65%</b>
<b>Upper</b>	<b>1,667</b>	<b>16%</b>	<b>25,046</b>	<b>18%</b>	<b>16%</b>
<b>No income reported</b>	<b>19</b>	<b>1%</b>	<b>248</b>	<b>1%</b>	<b>1%</b>
<b>Total</b>	<b>10,380</b>	<b>100%</b>	<b>129,002</b>	<b>100%</b>	

Source: Bank Internal Reports. Dollar amounts are in 000's.

## **Borrower Characteristics**

### ***Home Mortgage Lending***

EBNA's lending performance is very good for the home purchase, home improvement, and refinancing products to low- and moderate-income borrowers. During the evaluation period, 7% of the number of originations and 2% of the dollar amount of mortgage loans were to low-income borrowers. In addition, 17% of the number of originations and 8% of the dollar volume were to moderate income borrowers. This compares very well to the percentage of owner-occupied households within the AA, which were 1% for low-income, and 8% for moderate-income.

The table on the following page shows EBNA's lending performance to borrowers of different incomes for HMDA loans based upon the number and volume of originations, from January 1, 1996 through June 30, 1997. We used management reports to review 100% of EBNA's HMDA lending activity.

<b>Borrower Characteristics of HMDA Loans within AA by Loan Product</b>					
<i>Borrower Income Level</i>	<b>January 1, 1996 through June 30, 1997</b>				<i>% of Owner- Occupied Households in the AA</i>
	<b># Loans</b>	<b>%</b>	<b>\$ Amount</b>	<b>%</b>	
<i>Home Purchase</i>					
Low	7	3%	242	1%	1%
Moderate	35	14%	1,704	8%	8%
Middle	55	23%	3,771	17%	69%
Upper	144	59%	15,931	73%	22%
Income N/A	3	1%	245	1%	--
<b>Totals</b>	<b>244</b>	<b>100%</b>	<b>21,893</b>	<b>100%</b>	<b>100%</b>
<i>Home Improvement</i>					
Low	50	15%	187	11%	1%
Moderate	83	25%	373	23%	8%
Middle	113	34%	542	33%	69%
Upper	86	25%	524	32%	22%
Income N/A	3	1%	21	1%	--
<b>Totals</b>	<b>335</b>	<b>100%</b>	<b>1,647</b>	<b>100%</b>	<b>100%</b>
<i>Refinancing</i>					
Low	9	3%	393	1%	1%
Moderate	43	13%	2,146	7%	8%
Middle	94	28%	5,949	20%	69%
Upper	190	56%	21,153	71%	22%
Income N/A	2	---	249	1%	--
<b>Totals</b>	<b>338</b>	<b>100%</b>	<b>29,890</b>	<b>100%</b>	<b>100%</b>
<i>MultiFamily</i>					
Income N/A	12	100%	2,613	100%	--
<b>Totals</b>	<b>12</b>	<b>100%</b>	<b>2,613</b>	<b>100%</b>	<b>--</b>

Source: Bank Internal Reports. Dollars in 000's.

### ***Small Business Lending***

EBNA's distribution of lending to small businesses by revenue size (gross annual sales) reflects good penetration of small businesses. On a combined basis for the evaluation period, 68% of the number of originations and 40% of the dollar volume were to businesses with revenues less than \$1 million. This compares closely to data on small businesses/farms in the AA where 73% have revenues less than \$1 million. The table below shows the distribution of small business loans by revenue size within the assessment area, based on the number of originations and volume, during the evaluation period.

<b>Distribution of Small Business Loans by Revenue Size</b>				
<b>Business Revenue Size</b>	<i>1/1/96 - 6/30/97</i>			
	<b># Loans</b>	<b>%</b>	<b>\$ Amount</b>	<b>%</b>
0 < \$1 Million	588	68%	37,925	40%
> \$1 Million	277	32%	57,252	60%
<b>Totals</b>	<b>865</b>	<b>100%</b>	<b>95,177</b>	<b>100%</b>

Source: Bank Internal Reports. Dollars in 000's.

EBNA's distribution of lending to small businesses by loan size is good. The CRA regulation assumes that loan size generally correlates with business size. The table below shows the distribution of small business loans by loan size within the assessment area, based on the number of originations and dollar amounts. On a combined basis for the evaluation period, 71% of the number of originations and 25% of the dollar volume have loan amounts less than \$100 thousand. This correlates closely to the distribution of small business loans by revenue size.

<b>Distribution of Small Business Loans by Loan Amount at Origination</b>				
<b>Amount</b>	<i>1/1/96 - 6/30/97</i>			
	<b># Loans</b>	<b>%</b>	<b>\$ Amount</b>	<b>%</b>
Less than \$100,000	618	71%	24,214	25%
Between \$100,000 and \$250,000	151	18%	26,302	28%
Greater than \$250,000	96	11%	44,661	47%
<b>Totals</b>	<b>865</b>	<b>100%</b>	<b>95,177</b>	<b>100%</b>

Source: Internal Bank Reports. Dollars in 000's.

## Consumer Lending

EBNA's lending performance is adequate for the consumer loans originated for low-income borrowers and very good for moderate-income borrowers when compared to the percentage of moderate-income families in the AA. For the evaluation period, 14% of the number of originations and 9% of the volume of consumer loans were to low-income individuals. In addition, 27% of the number of originations and 21% of the volume were to moderate-income individuals. The following table shows EBNA's lending performance to borrowers of different income for consumer loans based upon the number and volume of originations from January 1, 1996 through June 30, 1997.

<b>Borrower Characteristics of Consumer Loans</b>					
<b>Borrower Income Level</b>	<b>January 1, 1996 - June 30, 1997</b>				<b>% of Families within each Income Category</b>
	<b># Loans</b>	<b>%</b>	<b>\$ Amount</b>	<b>%</b>	
<b>Low</b>	<b>1,468</b>	<b>14%</b>	<b>11,392</b>	<b>9%</b>	<b>17%</b>
<b>Moderate</b>	<b>2,762</b>	<b>27%</b>	<b>27,259</b>	<b>21%</b>	<b>18%</b>
<b>Middle</b>	<b>2,929</b>	<b>28%</b>	<b>35,028</b>	<b>27%</b>	<b>26%</b>
<b>Upper</b>	<b>3,053</b>	<b>29%</b>	<b>53,429</b>	<b>41%</b>	<b>39%</b>
<b>Income N/A</b>	<b>168</b>	<b>2%</b>	<b>1,894</b>	<b>2%</b>	<b>--</b>
<b>Totals</b>	<b>10,380</b>	<b>100%</b>	<b>129,002</b>	<b>100%</b>	<b>100%</b>

Source: Bank Internal Reports. Dollar volume 000's.

## Community Development Lending

EBNA originates a reasonable level of community development loans. Community development loans are those that do not meet the definition of home mortgages, small business or small farms loans, but do meet the definition of community development in the CRA regulation [12 CFR 25.12(h)]. Based upon bank generated reports and a review of files, EBNA originated loans to 12 organizations since the last examination amounting to \$4.6 million. Seven of the organizations support community facilities for education, health and social services in LMI areas. Three of the loans were for affordable housing rehabilitation or construction for LMI persons. Two were to organizations which primarily serve LMI housing or other community development needs. These organizations served geographies and/or individuals within the bank's assessment area.

## **Innovative or Flexible Lending Practices**

EBNA uses flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies. EBNA's flexible mortgage-related lending programs serving low- and moderate-income borrowers include the "*Good Neighbor*" Mortgage, *Federal Housing Authority (FHA) Loan Program*, *HomeFront Development Corp.*, *State of New York Mortgage Authority*, *Warren County Scattered Sites*, *Village of Hudson Falls Home Ownership Program*, *Town of Chesterfield Home Purchase Program*, and *Housing Assistance program of Essex County, Inc.*

The "*Good Neighbor*" Mortgage is a program initiated in 1997 by EBNA which offers financing up to 97% and the ability to finance closing costs (to a limit). For LMI families, the rate for closing costs is at the same rate as the mortgage loan. The standard interest rate for closing costs is usually considerably higher than the mortgage loan interest rate.

EBNA participates in the *Federal Housing Authority (FHA) Loan Program*, which offers flexible payment requirements, full or alternative underwriting documentation, and qualifying ratios of 29% and 41%.

EBNA provides *State of New York Mortgage Authority (SONYMA)* mortgages, which are for first time home buyers that meet income restrictions. *SONYMA* mortgages are at below-market rates, and have low down payment requirements and low closing costs.

EBNA participates in a number of programs throughout the assessment area that assist first time, LMI, and/or special needs home buyers in obtaining mortgage financing. In all programs, grant funds are provided as a second lien. Borrowers meeting HUD Section 8 or the New York State Affordable Housing Corporation's income guidelines are referred to EBNA by the program's administrator. Details are provided for each of the programs in the table below.

<b>LMI Housing Program Participation</b>		
<b>Name of Program</b>	<b>Program Description</b>	<b>Location</b>
<i>Warren County Scattered Sites</i>	New construction financing for starter homes.	Warren County.
<i>HomeFront Development Corp.</i>	Home purchase and repair program for first time and special needs home buyers.	Warren, Washington, and Saratoga Counties.
<i>Village of Hudson Falls Home Ownership Program</i>	Home purchase for first time and special needs home buyers.	Village of Hudson Falls.
<i>Town of Chesterfield Home Purchase Program</i>	New construction and end loan financing for starter homes.	Town of Chesterfield in Essex County.
<i>Housing Assistance Program of Essex County, Inc.</i>	Home purchase, new construction, and rehabilitation financing for LMI home buyers.	Town of Wilmington in Essex County.

EBNA also provides flexible small business-related lending programs. The *Small Business Term Loan* has a standardized and simpler approval process. A decision is reached within three days of receipt of the completed credit application, and a .5% interest rate discount for loans set up with automatic payment deductions. The *Downtown Glens Falls Revitalization Program* was initiated by EBNA in April, 1997. It is a \$2 million revolving loan fund designed to accommodate the needs of small businesses wishing to expand, relocate, or startup within the city limits of Glens Falls. Funds are available at a discounted rate.

## **INVESTMENT TEST**

During the evaluation period, qualified investments were modest totaling \$141 thousand. The qualified community development investments made by the bank are neither innovative nor complex, and are routinely provided by private investors. However, there are limited investment opportunities available within the bank's AA. The largest investment was EBNA's purchase of 100 shares of stock in the New York State Business Development Corporation (NYBDC), with a par value of \$73 thousand. NYBDC is a privately owned and managed corporation. New York commercial and savings banks and the New York state common retirement fund have invested in NYBDC to pool resources and risks to help diverse small business enterprises expand in New York state. NYBDC's programs, in participation with member banks, provides a means of expansion and access to capital.

EBNA also made investments to the Federal Home Loan Bank Board's (FHLBB) Affordable Housing Program (\$29 thousand in 1995 and \$24 thousand in 1996). The Affordable Housing Program utilizes investments made by FHLBB members to fund the construction of new affordable housing units throughout New York.

The remainder of the qualified investments (\$15 thousand) were grants and donations to organizations targeting activities that primarily benefited LMI individuals and geographies.

# SERVICE TEST

## Retail Banking Services

EBNA's delivery systems are reasonably accessible throughout the assessment area, as described below. The bank's record of opening or closing offices has not affected the accessibility to bank services. Branch hours are reasonable and convenient to EBNA customers. Branch hours and services have been established through traditional banking hours, as well as incorporating the results of periodic branch surveys.

As reflected in the table below, the majority (89%) of EBNA's offices are in middle- and upper-income census tracts with 7% of the bank's offices in low-income census tracts and 8% in moderate-income census tracts. The low-income census tracts are in Albany, Troy, and Schenectady. The moderate-income areas are primarily centered in census tracts or BNA's in Albany, Cohoes, Plattsburgh, Troy, and Schenectady. EBNA serves these areas through its branch offices which are in close proximity to the low- and moderate-income census tracts and BNA's.

<b>Distribution of Delivery Systems</b>			
<i>Census Tract</i>	<i>Branches (*)</i>	<i>Proprietary ATMS</i>	<i>Number and % of Census Tracts in AA</i>
	<i>#/%</i>	<i>#/%</i>	
<b>Low</b>	1/4%	0/0%	8/3%
<b>Moderate</b>	2/7%	2/2%	42/15%
<b>Middle</b>	18/67%	14/64%	185/65%
<b>Upper</b>	6/22%	6/27%	47/16%
<b>N/A</b>	0/0%	0/0%	4/1%
<b>Total</b>	27/100%	22/100%	286/100%

(\*) Facilities include the bank branches and remote drive-thru facilities

Since our last CRA examination, EBNA opened four branches, three in upper-income census tracts and one in a middle-income census tract. EBNA also closed one branch located in a moderate-income census tract during this time period. The branch was closed due to a lack of deposit and loan growth, lack of profitability, and a new distribution strategy which is aimed at locating offices close to major transportation routes to provide the most accessibility. A new branch was opened 2.5 miles west of the branch, and an existing branch is 1 mile east. An internal analysis showed that customers were obtaining banking services at the nearby branches. As well, both branches are on the same bus line as the closed branch. Other banks have branches in the area. Management indicated that the branch closing did not adversely affect consumers' access to bank services.

## Community Development Services

EBNA provides a good level of community development services. Its primary services include providing standard financial services, addressing credit counseling, and providing technical financial assistance for consumers and small businesses. Services include those targeted to low- and moderate-income individuals and small businesses.

The following is a listing and description of some of the community development services provided in the assessment area:

- ▶ Friends of North Country, Inc - A bank officer provides technical expertise to this nonprofit organization that is involved in the rehabilitation of existing housing and development of new housing for primarily low- as well as moderate-income households.
- ▶ Warren County Economic Development Agency - A bank officer lends his expertise to this agency which assists and promotes credit availability to small businesses throughout Warren County.
- ▶ HUD Program-Town of Chesterfield - A bank officer is part of this informally structured nonprofit organization that builds new homes for low- and moderate-income households. She provides technical expertise to the organization, as well as helping individual applicants complete applications.
- ▶ Glens Falls Habitat for Humanity, Inc - A bank officer is Treasurer and Chairman of the Fund Raising Committee for this nonprofit organization that provides affordable housing for low- and moderate-income families.
- ▶ New York Business Development Corp. - A bank officer participates in the credit decisions through his position on the Capital District Loan Committee.
- ▶ Community Lending Corp - Three bank officers participate in various decision-making capacities with this not for profit organization that provides construction and permanent financing to builders involved in residential and commercial development projects in low- and moderate-income areas.
- ▶ Home Front Development Corp - A bank officer provides technical expertise to this not for profit organization that provides housing for low income and special needs families.

## **FAIR LENDING EXAMINATION**

A concurrent fair lending review did not identify any violations of the various anti-discrimination laws and regulations. EBNA's fair lending policies, procedures and training programs have been effective in assisting lenders on these issues.

## Metropolitan Statistical Areas

### Conclusions with Respect to Performance Tests in Albany-Schenectady-Troy MSA (MSA 0160)

EBNA's performance in helping meet the credit needs of its assessment area in the Albany-Schenectady-Troy MSA 0160 is consistent with its overall performance.

### Summary of Institution's Operations in MSA 0160

Full banking is provided throughout this portion of the assessment area. Eight offices (30%) are located within this MSA. One is located in a low-income census tract, and one is located in a moderate income census tract. All offices offer a full range of loan and deposit services and products, and seven branches have 24 hour access to ATM's. EBNA's business focus in the MSA is mortgage financing, small business lending, and consumer loans, which is consistent throughout the assessment area.

### Description of Albany-Schenectady-Troy MSA 0160

The portion of MSA 0160 included in EBNA's assessment area contains 191 census tracts. The demographics of the assessment area are provided in the table below. As noted in the table, 77% of the census tracts are middle- or upper-income. The low income census tracts are located in Albany (4), Troy (2), and Schenectady (2). In addition, moderate-income census tracts are located in Schenectady (11), Albany (7), Troy (4), Cohoes (3), Rensselaer (1), Saratoga Springs (1), Watervliet (1), Milton (1), Providence, Edinburg, Hadley, and Day (1), and the villages of Hoosick Falls (1), Schuylerville (1), and Corinth (1).

<b>ASSESSMENT AREA DEMOGRAPHICS</b> Albany-Schenectady-Troy MSA 0160			
<i>Designation</i>	<i># Census Tracts</i>	<i>% of Total Tracts</i>	<i>% of Households Residing in the Census Tracts</i>
Low	8	4%	4%
Moderate	33	17%	15%
Middle	107	56%	58%
Upper	41	21%	23%
No income reported	2	1%	0
<b>Total</b>	191	100%	100%

Source: 1990 Census Data, U.S. Bureau of the Census

Seven hundred and seventy eight thousand individuals populate the MSA. The median family income is \$47 thousand and median housing value is \$99 thousand. The median age of housing is

forty-three years. Total occupied housing is 92%, with 58% owner-occupied, 33% renter-occupied, and 7% vacant. As reflected in the table on the preceding page, 19% of households in the MSA AA reside in LMI tracts.

The economic condition of the communities in the MSA is generally stable. There is a variety of employers within the MSA, including state and federal government, colleges, universities, hospitals, small manufacturing businesses, and wholesale and retail businesses. Unemployment for the MSA was 3.5% in June, 1997, a decline from 4.5% in June, 1996.

### **Discussion of Performance Tests in Albany-Schenectady-Troy MSA 0160**

#### ***Lending Test***

During the evaluation period, 21% of the number and 27% of the dollar volume of all of EBNA's HMDA loans were originated in MSA 0160. Twenty five percent of the small business loans by number and 32% by dollar volume were originated in MSA 0160. Twenty five percent of the number and 24% of the dollar volume of consumer loans were originated in MSA 0160.

#### ***Geographic Distribution***

##### **Home Mortgage Lending**

The table below reflects that EBNA's geographic distribution of HMDA loans during the evaluation period closely approximates that of owner-occupied housing in the AA.

<b>Geographic Distribution of HMDA Loans Albany-Schenectady-Troy MSA 0160</b>					
<b><i>Census Tracts</i></b>	<b><i>1/1/96 through 6/30/97</i></b>				<b><i>% Owner-Occupied Households in the AA</i></b>
	<b><i># Loans</i></b>	<b><i>%</i></b>	<b><i>\$ Amount</i></b>	<b><i>%</i></b>	
<b>Low</b>	<b>0</b>	<b>---</b>	<b>0</b>	<b>---</b>	<b>1%</b>
<b>Moderate</b>	<b>30</b>	<b>16%</b>	<b>1,496</b>	<b>10%</b>	<b>10%</b>
<b>Middle</b>	<b>112</b>	<b>59%</b>	<b>7,318</b>	<b>47%</b>	<b>61%</b>
<b>Upper</b>	<b>47</b>	<b>25%</b>	<b>6,447</b>	<b>42%</b>	<b>28%</b>
<b>No income reported</b>	<b>1</b>	<b>1%</b>	<b>146</b>	<b>1%</b>	<b>--</b>
<b>Total</b>	<b>190</b>	<b>100%</b>	<b>15,407</b>	<b>100%</b>	

Source: Bank Internal Reports. Dollar amounts are in 000's.

On a combined basis for the evaluation period, no originations were in low-income census tracts. However, 16% of the number of originations and 10% of the dollar amount were in moderate-income census tracts. EBNA's lending in low-and moderate-income census tracts is good when compared to the percentage of owner-occupied housing and other assessment area demographics.

EBNA has limited opportunities for mortgage lending in low-income census tracts given the significant number of multi-family and rental units. Demographic data shows a comparably low level of owner-occupied housing in low-income census tracts. For example, of the 14 thousand housing units in the low-income census tracts, 15% are owner-occupied, 69% are renter-occupied, and 16% are vacant. In moderate-income census tracts, 36% are owner-occupied; in middle-income census tracts 63% are owner-occupied; and in upper-income census tracts 73% are owner-occupied. As a result, demand for residential housing financing is limited in the low-income census tracts.

### ***Consumer Lending***

On a combined basis for the evaluation period, 2% of the number and dollar volume of originations were in low-income census tracts. As well, 11% of the number and 9% of the dollar volume of originations were in moderate-income census tracts. EBNA's performance is somewhat less than the distribution of census tracts within the MSA. The following table shows EBNA's geographic distribution of consumer loans.

<b>Geographic Distribution of Consumer Loans Albany-Troy-Schenectady MSA 0160</b>					
<b><i>Census Tracts</i></b>	<b><i>1/1/96 through 6/30/97</i></b>				<b><i>% of Census Tracts</i></b>
	<b><i># Loans</i></b>	<b><i>%</i></b>	<b><i>\$ Amount</i></b>	<b><i>%</i></b>	
<b>Low</b>	<b>68</b>	<b>2%</b>	<b>815</b>	<b>2%</b>	<b>4%</b>
<b>Moderate</b>	<b>434</b>	<b>11%</b>	<b>4,685</b>	<b>9%</b>	<b>17%</b>
<b>Middle</b>	<b>2,583</b>	<b>65%</b>	<b>30,662</b>	<b>62%</b>	<b>56%</b>
<b>Upper</b>	<b>908</b>	<b>22%</b>	<b>13,249</b>	<b>27%</b>	<b>22%</b>
<b>No income reported</b>	<b>0</b>	<b>--</b>	<b>0</b>	<b>--</b>	<b>1%</b>
<b>Total</b>	<b>3,993</b>	<b>100%</b>	<b>49,411</b>	<b>100%</b>	

Source: Bank Internal Reports. Dollar amounts are in 000's.

## *Borrower Characteristics*

### **Home Mortgage Loans**

On a combined basis for the evaluation period, 5% of the number of originations and 1% of the dollar volume were to low-income individuals. In addition, 17% of the number and 6% of the dollar volume of originations were to moderate-income individuals. EBNA's lending to low- and moderate income borrowers is reasonable when considering the intense competition from other financial institutions in their assessment area. As well, there are limited opportunities for home mortgages in this MSA based on the median housing values in the assessment area. The table on the following page shows EBNA's lending performance to borrowers of different incomes for all HMDA loan products.

<b>Borrower Characteristics of HMDA Loans by Loan Product Albany-Schenectady-Troy MSA 0160</b>					
<i>Borrower Income Level</i>	<b>January 1, 1996 - June 30, 1997</b>				<i>% of Owner- Occupied Households</i>
	<b># Loan</b>	<b>%</b>	<b>\$ Amount</b>	<b>%</b>	
<b><i>Home Purchase</i></b>					
<b>Low</b>	<b>1</b>	<b>2%</b>	<b>40</b>	<b>1%</b>	<b>1%</b>
<b>Moderate</b>	<b>5</b>	<b>8%</b>	<b>230</b>	<b>4%</b>	<b>10%</b>
<b>Middle</b>	<b>13</b>	<b>21%</b>	<b>945</b>	<b>16%</b>	<b>61%</b>
<b>Upper</b>	<b>41</b>	<b>67%</b>	<b>4,603</b>	<b>77%</b>	<b>28%</b>
<b>Income N/A</b>	<b>1</b>	<b>2%</b>	<b>98</b>	<b>2%</b>	<b>--</b>
<b>Totals</b>	<b>61</b>	<b>100%</b>	<b>5,916</b>	<b>100%</b>	<b>100%</b>
<b><i>Home Improvement</i></b>					
<b>Low</b>	<b>5</b>	<b>8%</b>	<b>18</b>	<b>6%</b>	<b>1%</b>
<b>Moderate</b>	<b>18</b>	<b>30%</b>	<b>91</b>	<b>29%</b>	<b>10%</b>
<b>Middle</b>	<b>20</b>	<b>33%</b>	<b>108</b>	<b>35%</b>	<b>61%</b>
<b>Upper</b>	<b>17</b>	<b>29%</b>	<b>92</b>	<b>30%</b>	<b>28%</b>
<b>Income N/A</b>	<b>0</b>	<b>---</b>	<b>0</b>	<b>---</b>	<b>--</b>
<b>Totals</b>	<b>60</b>	<b>100%</b>	<b>309</b>	<b>100%</b>	<b>100%</b>
<b><i>Refinancing</i></b>					
<b>Low</b>	<b>3</b>	<b>5%</b>	<b>155</b>	<b>2%</b>	<b>1%</b>
<b>Moderate</b>	<b>10</b>	<b>16%</b>	<b>530</b>	<b>7%</b>	<b>10%</b>
<b>Middle</b>	<b>15</b>	<b>24%</b>	<b>1,098</b>	<b>15%</b>	<b>61%</b>
<b>Upper</b>	<b>35</b>	<b>55%</b>	<b>5,791</b>	<b>76%</b>	<b>28%</b>
<b>Income N/A</b>	<b>0</b>	<b>---</b>	<b>0</b>	<b>---</b>	<b>--</b>
<b>Totals</b>	<b>63</b>	<b>100%</b>	<b>7,574</b>	<b>100%</b>	<b>100%</b>
<b><i>MultiFamily</i></b>					
<b>Income N/A</b>	<b>6</b>	<b>100%</b>	<b>1,608</b>	<b>100%</b>	<b>--</b>
<b>Totals</b>	<b>6</b>	<b>100%</b>	<b>1,608</b>	<b>100%</b>	<b>--</b>

Source: Bank Internal Reports. Dollars in 000's.

## Small Business Lending

During the evaluation period, 62 % of the number of loans and 42% of the dollar amount were to small businesses. This compares favorably to data on small businesses in the AA, where 58% have revenues less than \$1 million. The table below shows the distribution of small business loans by revenue size within the MSA.

<b>Distribution of Small Business Loans by Revenue Size Albany-Troy-Schenectady MSA 0160</b>				
<b>Business Revenue Size</b>	<i>1/1/96 - 6/30/97</i>			
	<b># Loans</b>	<b>%</b>	<b>\$ Amount</b>	<b>%</b>
0 < \$1 Million	142	62%	13,008	42%
> \$1 Million	86	38%	17,988	58%
<b>Totals</b>	<b>228</b>	<b>100%</b>	<b>30,996</b>	<b>100%</b>

Source: Bank Internal Reports. Dollars in 000's.

EBNA's distribution of lending to small businesses by loan size is good. The table below shows the distribution of small business loans by loan size within the MSA, based on number of originations and dollar volume. On a combined basis, 64% of the number of originations and 21% of the dollar volume have loan amounts less than \$100 thousand. This correlates closely to the distribution of small business loans by revenue size.

<b>Distribution of Small Business Loans by Loan Amount at Origination Albany-Schenectady-Troy MSA 0160</b>				
<b>Amount</b>	<i>1/1/96 - 6/30/97</i>			
	<b># Loans</b>	<b>%</b>	<b>\$ Amount</b>	<b>%</b>
<b>Less than \$100,000</b>	<b>145</b>	<b>64%</b>	<b>6,637</b>	<b>21%</b>
<b>Between \$100,000 and \$250,000</b>	<b>46</b>	<b>20%</b>	<b>7,682</b>	<b>25%</b>
<b>Greater than \$250,000</b>	<b>37</b>	<b>16%</b>	<b>16,677</b>	<b>54%</b>
<b>Totals</b>	<b>228</b>	<b>100%</b>	<b>30,996</b>	<b>100%</b>

Source: Internal Bank Reports. Dollars in 000's.

## Consumer Lending

EBNA's lending performance is good for the consumer loans originated for low- and moderate-income borrowers in the MSA. For the evaluation period, 17% of the number of originations and 12% of the dollar volume were to low-income individuals. In addition, 30% of the number and 26% of the dollar volume were to moderate-income borrowers. The following table shows EBNA's lending performance to borrowers of different income for consumer loans.

<b>Borrower Characteristics of Consumer Loans Albany-Schenectady-Troy MSA 0160</b>					
<i>Borrower Income Level</i>	<b>January 1, 1996 - June 30, 1997</b>				<i>% of Families within each Income Category</i>
	<b># Loans</b>	<b>%</b>	<b>\$ Amount</b>	<b>%</b>	
<b>Low</b>	<b>664</b>	<b>17%</b>	<b>6,031</b>	<b>12%</b>	<b>16%</b>
<b>Moderate</b>	<b>1,198</b>	<b>30%</b>	<b>12,808</b>	<b>26%</b>	<b>18%</b>
<b>Middle</b>	<b>1,077</b>	<b>27%</b>	<b>12,655</b>	<b>26%</b>	<b>26%</b>
<b>Upper</b>	<b>1,008</b>	<b>25%</b>	<b>17,414</b>	<b>35%</b>	<b>40%</b>
<b>Income N/A</b>	<b>46</b>	<b>1%</b>	<b>503</b>	<b>1%</b>	<b>--</b>
<b>Totals</b>	<b>3,993</b>	<b>100%</b>	<b>49,411</b>	<b>100%</b>	<b>100%</b>

Source: Bank Internal Reports. Dollar volume 000's.

## Community Development Lending

EBNA originated a reasonable level of community development loans within the MSA. During the evaluation period, EBNA originated loans to six organizations amounting to \$3.9 million. Three of the organizations support community facilities for education, health and social services in LMI areas. Two were for affordable housing rehabilitation or construction for LMI persons, and one was to a not-for-profit organization that primarily serves LMI housing or other community development needs.

## Investment Test

EBNA's qualified investments in the MSA totaled \$3,700, representing 2.6% of all qualified investments. Investments consisted of donations or contributions to community organizations supporting activities essential to low- and moderate-income individuals and/or geographies.

## Service Test

The table below reflects that one branch is located in a low-income census tract (125 State Street, Albany), and one branch is in a moderate-income census tract (97 Main Street, Corinth). These branches, as well as the other branches in the MSA, adequately service the consumers in low- and moderate-income census tracts.

<b>Distribution of Delivery Systems Albany-Schenectady-Troy MSA 0160</b>			
<i>Census Tract</i>	<i>Branches</i>	<i>Proprietary ATMS</i>	<i>Number and % of Census Tracts in AA</i>
	<i>#/%</i>	<i>#/%</i>	
<b>Low</b>	1/13%	0/0%	8/4%
<b>Moderate</b>	1/13%	1/14%	33/17%
<b>Middle</b>	3/37%	3/43%	107/56%
<b>Upper</b>	3/37%	3/43%	41/22%
<b>N/A</b>	0/0%	0/0%	2/1%
<b>Total</b>	8/100%	7/100%	191/100%

### **Community Development Services**

EBNA's level of community development services is reasonable. Primary services include standard financial planning, credit counseling, and technical assistance on credit matters. Services include those targeted or accessible to low- and moderate-income individuals and small businesses. For a more detailed listing and description of services offered, see *Community Development Services* section of this Performance Evaluation.

## Conclusions with Respect to Performance Tests in Glens Falls MSA (MSA 2975)

EBNA's performance in helping meet the credit needs of its assessment area in the Glens Falls MSA is consistent with its overall performance.

## Summary of Institution's Operations in MSA 2975

Full banking is provided throughout this portion of the assessment area. Thirteen facilities (48%) are located within this MSA. All are in middle or upper income census tracts. All offices offer a full range of loan and deposit services and products, and there are ten ATM's offering 24 hour access. EBNA's business focus in the MSA is mortgage financing, small business lending, and consumer loans, which is consistent throughout the assessment area.

## Description of Glens Falls MSA 2975

The portion of MSA 2975 included in EBNA's assessment area contains 35 census tracts. The demographics of the assessment area are provided in the table below. As noted in the table, 90% of the census tracts are middle- or upper-income. The moderate income census tracts are located in Glens Falls (1), the towns of Thurman and Stony Creek (1), and Hague (1).

<b>ASSESSMENT AREA DEMOGRAPHICS</b> <b>Glens Falls MSA 2975</b>			
<i>Designation</i>	<i># Census Tracts</i>	<i>% of Total Tracts</i>	<i>% of Households Residing in the Census Tracts</i>
Low	0	--	--
Moderate	3	9%	5%
Middle	29	82%	81%
Upper	3	9%	14%
No income reported	0	--	--
<b>Total</b>	<b>35</b>	<b>100%</b>	<b>100%</b>

Source: 1990 Census Data, U.S. Bureau of the Census

One hundred nineteen thousand individuals populate the MSA. The median family income is \$40 thousand and median housing value is \$83 thousand. The median age of housing is forty-two years. Total occupied housing is 76%, with 54% owner-occupied, 21% renter-occupied, and 23% vacant. As reflected in the table above, 5% of households in the MSA AA reside in LMI tracts.

The economic condition of the communities in the MSA is generally stable. There is a variety of employers within the MSA, including state and federal government, colleges, universities, hospitals, small manufacturing businesses, and wholesale and retail businesses. Unemployment for the MSA was 4.7% in June, 1997, a decline from 5.3% in June, 1996.

During the evaluation period, 51% of the number and 49% of the dollar volume of all of EBNA's HMDA loans were originated in MSA 2975. Fifty five percent of the number and 52% of the dollar volume of small business loans were originated in MSA 2975. Thirty three percent of the number and dollar volume of consumer loans were originated in MSA 2975.

### *Geographic Distribution*

#### **Home Mortgage Lending**

The table below reflects that EBNA's geographic distribution of HMDA loans during the evaluation period closely approximates that of owner-occupied housing in the AA.

<b>Geographic Distribution of HMDA Loans Glens Falls MSA 2975</b>					
<i>Census Tracts</i>	<i>1/1 through 6/30/97</i>				<i>% Owner-Occupied Households in the AA</i>
	<i># Loans</i>	<i>%</i>	<i>\$ Amount</i>	<i>%</i>	
<b>Low</b>	<b>0</b>	<b>---</b>	<b>0</b>	<b>---</b>	<b>0%</b>
<b>Moderate</b>	<b>29</b>	<b>6%</b>	<b>1,583</b>	<b>6%</b>	<b>5%</b>
<b>Middle</b>	<b>335</b>	<b>72%</b>	<b>16,659</b>	<b>60%</b>	<b>81%</b>
<b>Upper</b>	<b>102</b>	<b>22%</b>	<b>9,416</b>	<b>34%</b>	<b>14%</b>
<b>No income reported</b>	<b>0</b>	<b>---</b>	<b>0</b>	<b>---</b>	<b>--</b>
<b>Total</b>	<b>466</b>	<b>100%</b>	<b>27,658</b>	<b>100%</b>	

Source: Bank Internal Reports. Dollar amounts are in 000's.

On a combined basis for the evaluation period, no originations were in low-income census tracts. However, 6% of the number of originations and dollar amount were in moderate-income census tracts. The number and dollar volume of originations slightly exceeds that which would be expected in the moderate-income census tracts. EBNA's lending in low-and moderate-income census tracts is good when compared to the percentage of owner-occupied housing and other assessment area demographics.

EBNA has limited opportunities for mortgage lending in low-income census tracts given the significant number of multi-family and rental units. Demographic data shows a comparably low level of owner-occupied housing in low-income census tracts. For example, of the 56 thousand number of housing units in the moderate-income census tracts, 35% are owner-occupied, 28% are renter-occupied, and 37% are vacant. In middle-income census tracts, 55% are owner-occupied; and in upper-income census tracts 61% are owner-occupied. As a result, demand for residential housing financing is somewhat limited in the moderate income census tracts.

## ***Consumer Lending***

On a combined basis for the evaluation period, 6% of the number and dollar volume of originations were in moderate-income census tracts. EBNA's performance is somewhat less than the distribution of census tracts within the MSA. The following table shows EBNA's geographic distribution of consumer loans.

<b>Geographic Distribution of Consumer Loans Glens Falls MSA 2975</b>					
<b><i>Census Tracts</i></b>	<b><i>1/1/96 through 6/30/97</i></b>				<b><i>% of Census Tracts</i></b>
	<b><i># Loans</i></b>	<b><i>%</i></b>	<b><i>\$ Amount</i></b>	<b><i>%</i></b>	
<b>Low</b>	<b>0</b>	<b>---</b>	<b>0</b>	<b>---</b>	<b>0%</b>
<b>Moderate</b>	<b>221</b>	<b>6%</b>	<b>2,643</b>	<b>6%</b>	<b>9%</b>
<b>Middle</b>	<b>3,079</b>	<b>81%</b>	<b>36,063</b>	<b>76%</b>	<b>82%</b>
<b>Upper</b>	<b>519</b>	<b>13%</b>	<b>8,376</b>	<b>18%</b>	<b>9%</b>
<b>No income reported</b>	<b>0</b>	<b>---</b>	<b>0</b>	<b>---</b>	<b>0%</b>
<b>Total</b>	<b>3,819</b>	<b>100%</b>	<b>47,082</b>	<b>100%</b>	

Source: Bank Internal Reports. Dollar amounts are in 000's.

## ***Borrower Characteristics***

### **Home Mortgage Loans**

On a combined basis for the evaluation period, 8% of the number of originations and 2% of the dollar volume were to low-income individuals. In addition, 17% of the number and 8% of the dollar volume of originations were to moderate-income individuals. EBNA's lending to low- and moderate income borrowers is good when considering the intense competition from other financial institutions in their assessment area. As well, there are limited opportunities for home mortgages in this MSA based on the median housing values in the assessment area. The table on the following page shows EBNA's lending performance to borrowers of different incomes for all HMDA loan products.

<b>Borrower Characteristics of HMDA Loans by Loan Product Glens Falls MSA 2975</b>					
<b>Borrower Income Level</b>	<b>January 1, 1996 - June 30, 1997</b>				<b>% of Owner-Occupied Households</b>
	<b># Loans/%</b>	<b>\$ Amt/%</b>	<b># Loans/%</b>	<b>\$ Amt/%</b>	
<b>Home Purchase</b>					
Low	6	4%	202	2%	0%
Moderate	18	14%	1,034	8%	5%
Middle	28	22%	1,987	16%	81%
Upper	76	59%	8,884	73%	14%
Income N/A	1	1%	104	1%	--
<b>Totals</b>	<b>129</b>	<b>100%</b>	<b>12,211</b>	<b>100%</b>	<b>100%</b>
<b>Home Improvement</b>					
Low	29	17%	117	14%	0%
Moderate	40	23%	191	22%	5%
Middle	61	35%	286	33%	81%
Upper	39	23%	245	29%	14%
Income N/A	3	2%	19	2%-	--
<b>Totals</b>	<b>172</b>	<b>100%</b>	<b>858</b>	<b>100%</b>	<b>100%</b>
<b>Refinancing</b>					
Low	4	2%	184	2%	0%
Moderate	19	12%	1,008	7%	5%
Middle	46	29%	2,792	20%	81%
Upper	91	57%	9,784	71%	14%
Income N/A	0	---	0	---	--
<b>Totals</b>	<b>160</b>	<b>100%</b>	<b>13,768</b>	<b>100%</b>	<b>100%</b>
<b>MultiFamily</b>					
Income N/A	5	100%	821	100%	--
<b>Totals</b>	<b>5</b>	<b>100%</b>	<b>821</b>	<b>100%</b>	<b>--</b>

Source: Bank Internal Reports. Dollars in 000's.

## Small Business Lending

During the evaluation period, 72% of the number of loans and 42% of the dollar amount were to small businesses. This compares less favorably to data on small businesses in the AA, where 89% have revenues less than \$1 million. The table below shows the distribution of small business loans by revenue size within the MSA.

Distribution of Small Business Loans by Revenue Size Glens Falls MSA 2975				
Business Revenue Size	1/1/96 - 6/30/97			
	# Loans	%	\$ Amount	%
0 < \$1 Million	353	72%	21,048	42%
> \$1 Million	138	28%	29,578	58%
<b>Totals</b>	<b>491</b>	<b>100%</b>	<b>50,626</b>	<b>100%</b>

Source: Bank Internal Reports. Dollars in 000's.

EBNA's distribution of lending to small businesses by loan size is good. The table below shows the distribution of small business loans by loan size within the MSA, based on number of originations and dollar volume. On a combined basis, 73% of the number of originations and 26% of the dollar volume have loan amounts less than \$100 thousand. This correlates reasonably closely to the distribution of small business loans by revenue size.

Distribution of Small Business Loans by Loan Amount at Origination Glens Falls MSA 2975				
Amount	1/1/96 - 6/30/97			
	# Loans	%	\$ Amount	%
Less than \$100,000	359	73%	13,302	26%
Between \$100,000 and \$250,000	84	17%	15,159	30%
Greater than \$250,000	48	10%	22,165	44%
<b>Totals</b>	<b>491</b>	<b>100%</b>	<b>50,626</b>	<b>100%</b>

Source: Internal Bank Reports. Dollars in 000's.

## Consumer Lending

EBNA's lending performance is good for the consumer loans originated for low income borrowers and exceeded the amount expected for moderate income borrowers when considering the percentage of moderate-income families in the MSA. For the evaluation period, 14% of the

number of originations and 8% of the dollar volume were to low-income individuals. In addition, 26% of the number and 19% of the dollar volume were to moderate-income borrowers. The following table shows EBNA's lending performance to borrowers of different income for consumer loans.

<b>Borrower Characteristics of Consumer Loans Glens Falls MSA 2975</b>					
<i>Borrower Income Level</i>	<b>January 1, 1996 - June 30, 1997</b>				<i>% of Families within each Income Category</i>
	<b># Loans</b>	<b>%</b>	<b>\$ Amount</b>	<b>%</b>	
<b>Low</b>	<b>528</b>	<b>14%</b>	<b>3,650</b>	<b>8%</b>	<b>17%</b>
<b>Moderate</b>	<b>985</b>	<b>26%</b>	<b>9,079</b>	<b>19%</b>	<b>19%</b>
<b>Middle</b>	<b>1,098</b>	<b>29%</b>	<b>13,182</b>	<b>28%</b>	<b>27%</b>
<b>Upper</b>	<b>1,097</b>	<b>28%</b>	<b>19,930</b>	<b>42%</b>	<b>37%</b>
<b>Income N/A</b>	<b>111</b>	<b>3%</b>	<b>1,241</b>	<b>3%</b>	<b>--</b>
<b>Totals</b>	<b>3,819</b>	<b>100%</b>	<b>47,082</b>	<b>100%</b>	<b>100%</b>

Source: Bank Internal Reports. Dollar volume 000's.

### **Community Development Lending**

EBNA originated a reasonable level of community development loans within the MSA. During the evaluation period, EBNA originated loans to six organizations amounting to \$617 thousand. Three of the organizations support community facilities for education, health and social services in LMI areas. Two were for affordable housing rehabilitation or construction for LMI persons, and one was to a not-for-profit organization that primarily serves LMI housing or other community development needs.

### **Investment Test**

EBNA's qualified investments in the MSA totaled \$4,500, representing 3.2% of all qualified investments. Investments consisted of donations or contributions to community organizations supporting activities essential to low- and moderate-income individuals and/or geographies.

### **Service Test**

The table on the following page reflects that all of the branches in the MSA are in middle or upper income census tracts. These branches, as well as the other branches in the MSA, adequately service the consumers in low- and moderate-income census tracts.

<b>Distribution of Delivery Systems Glens Falls MSA 2975</b>			
<i>Census Tract</i>	<i>Branches (*)</i>	<i>Proprietary ATMS</i>	<i>Number and % of Census Tracts in AA</i>
	<i>#/%</i>	<i>#/%</i>	
<b>Low</b>	0/--	0/--	0/--
<b>Moderate</b>	0/--	0/--	3/9%
<b>Middle</b>	11/85%	8/80%	29/82%
<b>Upper</b>	2/15%	2/20%	3/9%
<b>N/A</b>	0/0%	0/0%	0/--
<b>Total</b>	13/100%	10/100%	35/100%

(\*) Facilities include the bank branches and separate drive-up facilities

### **Community Development Services**

EBNA's level of community development services is reasonable. Primary services include standard financial planning, credit counseling, and technical assistance on credit matters. Services include those targeted or accessible to low- and moderate-income individuals and small businesses. For a more detailed listing and description of services offered, see *Community Development Services* section of this Performance Evaluation.

# Appendix

## Scope of Examination

<b>Time Period Reviewed</b>	1/1/96 to 6/30/97		
<b>Financial institution</b> Evergreen Bank, N.A.			<b>Products reviewed</b> Mortgage-related loans (home purchase, home improvement, refinancing, multi-family), Small business, Small farm, Consumer (motor vehicle, home equity, other secured, other unsecured)
<b>List of Assessment Areas and Type of Examination</b>			
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Branches Visited</b>	<b>Other Information</b>
New York MSA 0160 Albany-Schenectady-Troy MSA 2975 Glens Falls Non-MSA	on-site on-site on-site		