



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

August 26, 2002

# **Community Reinvestment Act Performance Evaluation**

**Saratoga National Bank And Trust Company  
Charter Number: 21530**

**171 South Broadway  
Saratoga Springs, NY 12866**

**Office of the Comptroller of the Currency  
Upstate New York (Syracuse) Field Office  
231 Salina Meadows Parkway 105  
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**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.**

## Table of Contents

|   |            |
|---|------------|
| <b>OVERALL CRA RATING .....</b>                               | <b>1</b>   |
| <b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>             | <b>2</b>   |
| <b>DESCRIPTION OF INSTITUTION .....</b>                       | <b>6</b>   |
| <b>SCOPE OF THE EVALUATION.....</b>                           | <b>7</b>   |
| <b>FAIR LENDING REVIEW .....</b>                              | <b>8</b>   |
| <b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....</b>     | <b>9</b>   |
| LENDING TEST .....  | 9          |
| INVESTMENT TEST .....   | 14         |
| SERVICE TEST.....   | 14         |
| <b>APPENDIX A: SCOPE OF EXAMINATION .....</b>                 | <b>A-1</b> |
| <b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b> | <b>B-1</b> |
| <b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>           | <b>C-1</b> |

## Overall CRA Rating

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

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

| Performance Levels        | Saratoga National Bank<br>Performance Tests |                 |              |
|---------------------------|---|-----------------|--------------|
|                           | Lending Test*                               | Investment Test | Service Test |
| Outstanding               |   |                 |              |
| High Satisfactory         |   |                 | X            |
| Low Satisfactory          | X   | X               |              |
| 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 a good responsiveness by SNB to the credit needs of its assessment area (AA) given the bank's size, resources and level of competition.
- Adequate distribution of loans among geographies of different income levels throughout the AA.
- Adequate distribution of loans among borrowers of different income levels throughout the AA.
- A high level of community development lending that had a positive impact on the bank's lending performance.
- Investments that reflect an adequate responsiveness to the community development needs of the AA.
- Service delivery systems that are accessible to geographies and individuals of different income levels in the AA.
- Good 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 non-mortgage, 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

Saratoga National Bank and Trust Company, (SNB) is headquartered in Saratoga Springs, New York and is a wholly owned subsidiary of Arrow Financial Corporation (Arrow), a two-bank holding company. Arrow had total average assets of \$1.1 billion as of December 31, 2001. Arrow's other subsidiary as of December 31, 2001, is Glens Falls National Bank and Trust Company. SNB has no operating subsidiaries.

SNB is a full service intrastate bank with three branches serving one county in the capital district region of New York State. There was no merger or acquisition activity, however the bank grew by one branch during the evaluation period. SNB offers a wide range of financial services, with their primary focus on loans to consumers. In addition to traditional deposit and loan products, SNB offers its customers insurance and investment products and trust services.

As of December 31, 2001, SNB had \$135 million in total assets that included \$122 million in net loans, representing 90% of total assets. The bank's loan mix consists of 52% loans to individuals, 45% real estate loans (82% residential real estate, 16% commercial real estate and 2% construction), and 3% commercial and industrial loans. Since December 31, 2000, total assets increased 9.11% due primarily to an increase in net loans. During the period net loans increased 7.02% with real estate loans increasing 16.87%, commercial loans increasing 7.14% while the percentage of loans to individuals was unchanged. As of December 31, 2001, SNB reported Tier 1 capital of \$11 million.

SNB operates in a competitive financial services market with mortgage companies, large regional banks, credit unions, savings banks and community banks. SNB 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 area.

SNB's last CRA exam was November 1, 1996, at which time the bank's performance was rated "Satisfactory."

# Scope of the Evaluation

## Evaluation Period/Products Evaluated

The evaluation period covered January 1, 1996 through December 31, 2001, for Home Mortgage Disclosure Act (HMDA) and January 1, 2001, through December 31, 2001, for small business loans. SNB became subject to the Large Bank reporting requirements for small business and small farm loans in January 2001. HMDA loans include home purchase, home improvement and refinance loans. The evaluation period for CD loans, investments, and services is November 1, 1996 through August 26, 2002. This represents the time period between the start of the bank's last and current CRA exams. The market share and peer comparisons are based on the information contained in the aggregate HMDA Register for 2000. An analysis of market share and peer comparisons could not be done for the Small Business/Farm data as SNB was not required to report small business data 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 SNB's AA 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 SNB's origination of home mortgage loans, small business and CD loans. At the bank's option and due to the significant level of retail lending, we also evaluated consumer loan originations. We did not evaluate SNB's origination of small farm loans, as the volume was not significant enough to perform a meaningful analysis.

## Data Integrity

We performed a data integrity examination of the loan information indicated above. We chose samples with 95% reliability and 5% precision, which resulted in random samples of 60 small business/small farm loans, 60 HMDA loans and 60 consumer loans. We found the bank's HMDA and consumer loan data to be of good quality and the small business and small farm loan data to be of adequate quality. There were no corrections required to the HMDA data and only one revision to the geocoding information was required for the consumer data.

Seven of the 10 errors identified in the small business and small farm data involved differences in geocoding. The remaining three corrections involved the reclassification of one loan from "made to a large business to made to a small business", one loan from "made to a business whose income was not reported to made to a large business" and the final loan from "made to a business whose income was not reported to made to a small business." Management provided us with revised data for this examination.

## **Selection of Areas for Full-Scope Review**

We completed a full-scope review of the bank's only assessment area.

## **Ratings**

The bank's overall rating is based entirely on the review of the bank's only AA. When determining conclusions for the Lending Test, loans to consumers were weighted the heaviest followed by home mortgage products and loans to small businesses. Loans to consumers were given the most weight due to the fact that they represented the substantial majority of SNB's lending activity over the evaluation period both by volume of loans and dollar amount. Within the home mortgage product category, home purchase and home refinance loans were weighted more heavily than home improvement loans. This weighting is reflective of SNB's volume by loan type over the evaluation period. Multifamily loans and small farm loans were not considered under the Lending Test due to the small number of multifamily loans and small farm loans made in the AA.

## **Other**

A community contact was made in conjunction with this review. The contact consisted of a municipal organization involved primarily with small business and affordable housing finance and other services for low and moderate-income individuals. The contact stated that the credit needs of the area included affordable housing mortgages and small business financing for start up and expansion activity. The contact stated the primary credit need is for rehabilitation home improvement financing for existing low and moderate-income homeowners.

The need for affordable housing and small business related credit, investments and services was considered in our evaluation of SNB's performance under the Lending, Investment and Service Tests. Refer to the Market Profile in Appendix B of this Evaluation for more information.

## **Fair Lending Review**

An analysis of 2000's public comments and consumer complaint information and 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 exam was performed November 1996.

## **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 "Low Satisfactory."

#### **Lending Activity**

Refer to Tables 1 and 2 in appendix C for the facts and data used to evaluate the bank's lending activity.

The bank's leading product was consumer loans, representing 95% of the loans originated during the evaluation period with home mortgage loans accounting for 4%. Loans to small businesses represented 1% of originated loans, however this figure represents one year of lending activity versus six years for all other data. As mentioned above, SNB was not subject to the data collection and reporting requirements for small business and farm loans until 2001. SNB originated no small loans to farms during the evaluation period. Of the required lending products for review, home mortgage loans represented 84% of the number of loans originated and loans to small businesses represented 16% of the loans originated during the evaluation period. At its option, SNB requested the consumer loan originations be evaluated as well.

Among originated home mortgage loans, 39% were for home purchase, 36% were home mortgage refinance loans and 24% were for home improvement. The remaining 1% is for multifamily dwellings.

SNB's overall lending activity in the AA is good given the bank's size, resources and level of competition. Market share analysis of the bank's consumer loan data, which is by far its leading lending product, is not available. SNB ranks ninth for deposits with a 4.84% market share. Based on 2000 aggregate HMDA data, SNB is rated as the twenty-ninth originator/purchaser of home purchase loans (0.88%). It ranked twelfth in home improvement loans with a 2.62% market share and forty-sixth in refinance loans with a 0.43% market share. SNB is outranked in the home purchase loan market by large mortgage and finance companies as well as larger local and regional banks. The most current CRA aggregate data available is from 2000; SNB was not subject to the data reporting requirements for small business lending until 2001. Therefore, market share analysis of SNB's small business data was not possible.

#### **Distribution of Loans by Income Level of the Geography**

The geographic distribution of SNB's home mortgage loans, small loans to businesses and consumer loans reflects adequate penetration throughout the AA. There are no low-income geographies in the Saratoga County AA.

## ***Home Mortgage Loans***

Refer to Tables 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 excellent.

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

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

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

## ***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 overall geographic distribution of small loans to businesses is excellent. The portion of small loans to businesses made in moderate-income geographies exceeds the portion of businesses that are in those geographies.

## ***Consumer Loans***

Refer to Table 11 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of consumer loans.

Consumer loan geographic distribution is adequate. The portion of consumer loans made in moderate-income geographies is less than the portion of households that are in those geographies.

## ***Lending Gap Analysis***

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

### ***Inside/Outside Ratio***

By product, 86% of the bank's home mortgage loans, 55% of the small loans to businesses, 74% of the CD loans and 37% of the loans to consumers were within the bank's AAs. The home mortgage products were each close to the 86% overall in/out ratio with home purchase at 81%, home improvement at 92%, and refinances at 87%. The significant volume of out-of-area consumer loans resulted in an overall in/out ratio of 38%. This overall performance is considered adequate when the significant volume of motor vehicle lending originated through their indirect network is considered. The nature of this type of business would ordinarily result in this level of an in/out ratio. The lower in/out ratio for consumer loans is attributed to the bank's vast indirect automobile network that extends beyond the bank's lending area, 77% of "Other Secured" consumer loans and 83% of home equity lines were originated within the bank's AA, while 33% of motor vehicle loans were originated within the AA, without the inclusion of the motor vehicle lending the overall in/out ratio would be 79%.

### **Distribution of Loans by Income Level of the Borrower**

The borrower distribution of SNB's home mortgage, small loans to businesses and consumer loans reflects an adequate dispersion among borrowers of different income levels throughout the AA. In the evaluation of borrower distribution, we gave consideration to the level of poverty in the AA when evaluating the bank's lending distribution to low-income borrowers. It is unlikely that persons living below the poverty level would be involved in home mortgage financing. The poverty level in the AA is 6.3%.

### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 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 adequate.

Home purchase loan borrower distribution is adequate. The portion of home purchase loans to moderate-income borrowers is less than the portion of families defined as such. The portion of home purchase loans to low-income borrowers is less than the portion of low-income families. However this performance is considered adequate when adjusted for the 6.3% families living below the poverty level. It is unlikely that persons living below the poverty level would be involved in home mortgage financing. The market share for loans made to moderate-income borrowers and to low-income borrowers is less than SNB's overall market share in the AA for home purchase loans.

Home improvement loan borrower distribution is good. The portion of home improvement loans to moderate-income borrowers well exceeds the portion of families defined as such in the AA. The portion of home improvement loans to low-income borrowers is less the portion of low-income families, but is good when adjusted for families living below the poverty level. The

market share for loans made to both low and moderate-income borrowers exceeds SNB's overall market share in the AA for home improvement loans.

Refinance loan borrower distribution is adequate. The portion of refinance loans to moderate-income borrowers is less than the portion of families defined as such. The portion of refinance loans to low-income borrowers is below the portion of low-income families, but is adequate when adjusted for the 6.3% families living below the poverty level. The market share for loans made to moderate-income borrowers substantially meets, and to low-income borrowers is less than, SNB's overall market share in the AA for refinance loans.

### ***Small Loans to Businesses***

Refer to Table 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses is adequate. The portion of SNB loans to small businesses (businesses with revenues of \$1 million or less) is less than the portion of businesses that are defined as such in the AA. The proportion of the loans made for \$100 thousand or less is near to the portion of small businesses that are defined as such in the AA.

### ***Consumer Loans***

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of consumer loans.

Consumer loan borrower distribution is good. The portion of consumer loans to moderate-income borrowers well exceeds the portion of households defined as such. The portion of consumer loans to low-income borrowers is less than to the portion of families 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.

SNB's high level of community development lending had a positive impact on the evaluation of its lending performance activity. The bank's CD activities were very responsive to the credit needs of the AA.

SNB originated 13 CD loans for \$699 thousand in its AA. The loans were comprised of 11 loans for \$483 thousand to organizations that provide community services targeted to low and moderate-income individuals. The other two loans totaling \$216 thousand that were made to economic development corporations to provide financing to small businesses and promote economic development. SNB also originated two loans totaling \$250 thousand to two community organizations that provide affordable housing financing to individuals in a multi-county regional area that includes SNB's AA.

## **Product Innovation and Flexibility**

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

Saratoga First Time Homebuyers Program – SNB offers its own first time homebuyer program on favorable terms and conditions such as no application fee, a .25% reduction on interest rate, low closing costs, and free pre approval program for loans up to \$110,000. The special terms under the plan include a 10% down payment requirement or a 5% down payment with Private Mortgage Insurance (PMI). The program allows family gifts to be used for down payment and closing costs. The bank made two loans under the program during the evaluation period, one of which was to a low or moderate-income borrower.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test is rated "Low Satisfactory."

Refer to Table 12 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank's performance in the Saratoga County AA is adequate in relation to the bank's size and resources and given the level of and competition for community development investment opportunities in the AA. As previously mentioned, SNB was designated as a large bank for CRA purposes on January 1, 2001. Prior to January 1, 2001, SNB would not have been subject to the investment test.

During the evaluation period, SNB made \$116 thousand of qualified community development investments through grants and contributions to 30 organizations. 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. There were no prior period investments outstanding.

## **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 13 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.

SNB's delivery systems are accessible to geographies and individuals of different income levels throughout the Saratoga County AA.

SNB's office distribution in moderate-income geographies exceeds the distribution of the population living in these geographies.

The branch network throughout the full-scope AA expanded by one branch since the last evaluation. A branch was opened within the City of Saratoga, in a middle-income geography. There have been no branch closures during the evaluation period.

SNB's hours and services offered throughout the AAs are good. Services offered are comparable among locations regardless of the income level of the geography. All branch offices offer extended hours on various days of the week including Saturday hours, which are offered in two of the three branches, including the branch located in a moderate-income geography.

SNB offers alternative delivery systems in the form of ATMs. The geographic distribution of the bank's ATMs is identical to its distribution of branches as the bank does not maintain any ATMs at locations other than its branches. Customers and non-customers alike can access their accounts through SNB ATMs, which are connected to the NYCE ATM systems. Customers may also use their SNB ATM card to obtain cash at non-proprietary ATMs throughout the world, which bear the NYCE logo. All of the ATMs are accessible 24 hours every day.

SNB also offers alternative delivery systems of bank-by-phone and internet banking. These services allow customers to obtain deposit and loan account information, make payments on SNB loans, transfer funds and reconcile their account. 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.

## **Community Development Services**

SNB's performance in providing community development services is good.

Management and bank employees support various organizations in the communities served by the bank, numerous personnel are members of the boards of directors or finance committees of organizations that provide community development services.

SNB employees provide a relatively high level of support to various community development service organizations. Members of the SNB staff and Board participate in 15 organizations concentrating primarily in those organizations focused on providing services and financial support for small sized businesses, promoting economic development and providing services aimed at assisting low and moderate income individuals.

Major highlights of CD service activities in the AA during the evaluation period include:

Wilton Global Job Development Corporation - A senior officer is the President and Founder of this economic development agency. The organization is responsible for the creation of 1,500 jobs and the investment of \$50 million in capital in to the Town of Wilton. Wilton is part of the Saratoga County Empire Zone, which has been targeted for redevelopment by New York State.

Saratoga Economic Development Fund - A senior officer serves on the Board of Directors and Loan Committee of this micro-loan fund serving Saratoga County. This fund is managed by the Saratoga Economic Development Corporation and supports new and expanding businesses within the County by providing small business financing to businesses that will employ low and moderate-income individuals.

New York State Facility Reutilization Task Force - A senior officer was appointed by New York State Governor George Pataki to serve as Chairman for this organization. The organization is responsible for the redevelopment of a 344-acre site of abandoned New York State buildings in the Town of Wilton (included in Empire Zone). To date, 400 new jobs have been created and a proposal is pending to privatize the balance of the property for a manufacturing and office complex.

Transitional Services Association, Inc. - A senior officer serves on the Board of Directors and Finance Committee of this non-profit of this organization that provides assistance primarily to low and moderate-income youth in the form of housing, counseling and education. These youth are in transition from incarceration, drug abuse or homelessness.

Saratogians for Diversity and Equality – A bank employee conducted bank literacy sessions for this organization. The attendees were primarily low and moderate-income individuals who are taught the essentials of financial literacy.

## Appendix A: Scope of Examination

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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 comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

|  |   |   |
|--|---|---|
| <b>Time Period Reviewed</b>  | Lending Test (excludes CD Loans): (01/01/96 to 12/31/01)<br>Lending Test Small Business only: (01/01/01 to 12/31/01)<br>Investment and Service Tests and CD Loans: (11/01/96 to 08/26/02) |   |
| <b>Financial Institution</b>   | <b>Products Reviewed</b>  |   |
| Saratoga National Bank and Trust Company (SNB)<br>Saratoga Springs, 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, Consumer Loans and CD loans.             |   |
| <b>Affiliate(s)</b>  | <b>Affiliate Relationship</b>   | <b>Products Reviewed</b>                  |
| NA   |   |   |
| <b>List of Assessment Areas and Type of Examination</b>                      |   |   |
| <b>Assessment Area</b>   | <b>Type of Exam</b>   | <b>Other Information</b>                  |
| Saratoga County AA   | Full-Scope  | See “Description of the Assessment Areas” |

## Appendix B: Market Profiles for Full-Scope Areas

### Saratoga County AA

| Demographic Information for Full-Scope Area: Saratoga County AA             |            |   |                    |                  |                 |               |             |
|---|------------|---|--------------------|------------------|-----------------|---------------|-------------|
| Demographic Characteristics   | #          | Low<br>% of<br>#                          | Moderate<br>% of # | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |             |
| Geographies (Census Tracts/BNAs)  | 41         | 0.00                                      | 9.76               | 65.85            | 21.95           | 2.44          |             |
| Population by Geography   | 176,501    | 0.00                                      | 8.85               | 68.75            | 22.40           | 0.00          |             |
| Owner-Occupied Housing by Geography   | 46,587     | 0.00                                      | 7.32               | 68.27            | 24.41           | 0.00          |             |
| Businesses by Geography   | 7,209      | 0.00                                      | 7.66               | 65.54            | 26.80           | 0.00          |             |
| Farms by Geography  | 308        | 0.00                                      | 7.14               | 71.43            | 21.43           | 0.00          |             |
| Family Distribution by Income Level   | 47,476     | 14.12                                     | 18.06              | 25.53            | 42.29           | 0.00          |             |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 15,278     | 0.00                                      | 13.74              | 76.10            | 10.16           | 0.00          |             |
| Median Family Income  | = \$39,425 | Median Housing Value<br>Unemployment Rate |                    |                  |                 |               |             |
| HUD Adjusted Median Family Income for 2001                                  | = \$53,000 |   |                    |                  |                 |               | = \$106,751 |
| Households Below the Poverty Level  | = 6.3%     |   |                    |                  |                 |               | = 2.48%     |

(\*) 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 Saratoga County AA consists of all but the two southwestern and northwestern most geographies of Saratoga County. Management excluded these geographies as they could not reasonably be serviced by their branch locations. 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: 0% low-income, 10% moderate-income, 66% middle-income, 22% upper-income and 2% for which income has not been designated.

The level of competition among financial service providers in the AA is relatively high. SNB competes with large mortgage companies, large interstate regional banking companies, and various community and savings banks. According to the FDIC market share report as of June 30, 2001, SNB is ranked number nine for market share of deposits in the AA at 4.84%. SNB is a full service lender offering a broad menu of lending products that consist primarily of consumer loans which include motor vehicle and home equity loans. In addition they offer home mortgage loans and business loans, home mortgage loans. The bank's business focus is primarily on retail lending.

Seventy-eight percent of the housing in the AA is one to four family units, 10% is multifamily units, 11% is mobile homes, and 1% is condominiums. Of total housing units, 66% is owner-occupied, 26% is renter-occupied, and 8% is vacant. The median housing value was \$106,751 in the 1990 census. However housing costs have increased dramatically, municipal authorities place the current average

market sales price within the City, which is the center of the bank's assessment area, at \$400 thousand. Housing stock consists mostly of older homes with the median year built of 1965.

According to the 2001 business demographics there are 7,622 businesses, of which 304 are farms in the AA. Small businesses represent 87% of the businesses. Approximately 81% of businesses reported having less than 10 employees. The primary industries in the AA are services 42%, retail trade 21%, and construction 11%. Major employers in the AA include Stewart's Ice Cream, State Farm, Saratoga Hospital, Skidmore College and Target Corporation.

The AA has community development opportunities available in the areas of community development lending, services and investment. Community development opportunities are available based on OCC internal resources, community contacts and public information.

## Appendix C: Tables of Performance Data

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### 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.
- Table 2. 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 3. 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 4. Geographic Distribution of Home Improvement Loans** - See Table 3.
- Table 5. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 3.
- 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.
- Table 7. 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 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.

- Table 10. 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 11. 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 12. 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.
- Table 13. 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.

**Institution ID: 10000021530 SARATOGA NATIONAL BANK**

**Table 1. Lending Volume**

| LENDING VOLUME<br>DECEMBER 31, 2001 |  | Geography: SARATOGA COUNTY AA |            |                              |            |                      |            | Evaluation Period: JANUARY 1, 1996 TO |            |                         |           |   |
|-------------------------------------|--|-------------------------------|------------|------------------------------|------------|----------------------|------------|---------------------------------------|------------|-------------------------|-----------|---|
| MA/Assessment Area:                 | % of<br>Rated<br>Area<br>Loans (#)<br>in MA/AA | Home Mortgage                 |            | Small Loans to<br>Businesses |            | Small Loans to Farms |            | Community<br>Development Loans **     |            | Total Reported<br>Loans |           | % of Rated<br>Area<br>Deposits in<br>MA/AA*** |
|                                     |  | #                             | \$ (000's) | #                            | \$ (000's) | #                    | \$ (000's) | #                                     | \$ (000's) | #                       | \$(000's) |   |
| <b>Full Review:</b>                 |  |                               |            |                              |            |                      |            |                                       |            |                         |           |   |
| Saratoga County AA                  | 100.00   | 432                           | 39,843     | 83                           | 5,107      | 0                    | 0          | 13                                    | 699        | 528                     | 45,649    | 100.00  |
| Broader Regional Area               |  |                               |            |                              |            |                      |            | 2                                     | 250        | 2                       | 250       |   |

\* 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 from November 01, 1996 to August 26, 2002.

\*\*\* Deposit Data as of December 31, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Institution ID: 10000021530 SARATOGA NATIONAL BANK**

**Table 2. Other Products**

| LENDING VOLUME<br>DECEMBER 31, 2001 |  | Geography: SARATOGA COUNTY AA |               |  |               |               |               |               |               | Evaluation Period: JANUARY 1, 1996 TO |               |                             |           |  |
|-------------------------------------|--|-------------------------------|---------------|--|---------------|---------------|---------------|---------------|---------------|---------------------------------------|---------------|-----------------------------|-----------|--|
| MA/Assessment Area:                 | % of<br>Rated<br>Area<br>Loans (#)<br>in MA/AA | Total Optional<br>Loans**     |               | Small Business<br>Real Estate<br>Secured** |               | Home Equity** |               | Motor Vehicle |               | Credit Card**                         |               | Other Secured<br>Consumer** |           | % of Rated<br>Area<br>Deposits in<br>AA*** |
|                                     |  | #                             | \$<br>(000's) | #  | \$<br>(000's) | #             | \$<br>(000's) | #             | \$<br>(000's) | #                                     | \$<br>(000's) | #                           | \$(000's) |  |
| <b>Full Review:</b>                 |  |                               |               |  |               |               |               |               |               |                                       |               |                             |           |  |
| Saratoga County AA                  | 100.00   | 9,344                         | 133,921       | 0  | 0             | 291           | 9,955         | 8,427         | 119,114       | 0                                     | 0             | 184                         | 2,839     | 100.00                                     |

\* 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 01, 1996 to December 31, 2001.

\*\*\* Deposit Data as of December 31, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Institution ID: 1000021530 SARATOGA NATIONAL BANK**

**Table 2. Other Products - Continued**

| LENDING VOLUME<br>DECEMBER 31, 2001 |                                | Geography: SARATOGA COUNTY AA |                       | Evaluation Period: JANUARY 1, 1996 TO |  |
|-------------------------------------|--------------------------------|-------------------------------|-----------------------|---------------------------------------|--|
| MA/Assessment Area:                 | Other Unsecured Consumer Loans |                               | Other Optional Loans* |                                       |  |
|                                     | #                              | \$ (000's)                    | #                     | \$ (000's)                            |  |
| <b>Full Review:</b>                 |                                |                               |                       |                                       |  |
| Saratoga County AA                  | 442                            | 2,013                         | 0                     | 0                                     |  |

\* The evaluation period for Optional Product Line(s) is from January 01, 1996 to December 31, 2001.

NATIONAL BANK

**Table 3. Geographic Distribution of Home Purchase Loans**

| Geographic Distribution: HOME PURCHASE<br>DECEMBER 31, 2001 |                           | Geography: SARATOGA COUNTY AA |                        |              |                             |              |                           |              |                          | Evaluation Period: JANUARY 1, 1996 TO |                               |      |      |      |       |
|---|---------------------------|-------------------------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|---------------------------------------|-------------------------------|------|------|------|-------|
| 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                          | Overall                       | Low  | Mod  | Mid  | Upper |
| <b>Full Review:</b>   |                           |                               |                        |              |                             |              |                           |              |                          |                                       |                               |      |      |      |       |
| Saratoga County AA  | 168                       | 100.00                        | 0.00                   | 0.00         | 7.32                        | 7.74         | 68.27                     | 80.36        | 24.41                    | 11.90                                 | 0.76                          | 0.00 | 1.61 | 0.95 | 0.16  |

\* 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.

NATIONAL BANK

**Table 4. Geographic Distribution of Home Improvement Loans**

| Geographic Distribution: HOME IMPROVEMENT<br>DECEMBER 31, 2001 |                              | Geography: SARATOGA COUNTY AA |                        |              |                             |              |                           |              |                          | Evaluation Period: JANUARY 1, 1996 TO |                               |      |      |      |      |
|--|------------------------------|-------------------------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|---------------------------------------|-------------------------------|------|------|------|------|
| 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                          | Overa ll                      | Low  | Mod  | Mid  | Upp  |
| <b>Full Review:</b>  |                              |                               |                        |              |                             |              |                           |              |                          |                                       |                               |      |      |      |      |
| <b>Saratoga County AA</b>                                      | 105                          | 100.00                        | 0.00                   | 0.00         | 7.32                        | 7.62         | 68.27                     | 85.71        | 24.41                    | 6.67                                  | 2.74                          | 0.00 | 4.88 | 3.24 | 0.65 |

\* 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.

NATIONAL BANK

**Table 5. Geographic Distribution of Home Mortgage Refinance Loans**

| Geographic Distribution: HOME MORTGAGE REFINANCE<br>1996 TO DECEMBER 31, 2001 |                                     |              | Geography: SARATOGA COUNTY AA |              |                             |              |                           |              |                          |              | Evaluation Period: JANUARY 1, |      |      |      |      |
|---|-------------------------------------|--------------|-------------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|-------------------------------|------|------|------|------|
| 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 Units***          | % BANK Loans | % Owner Occ Units***        | % BANK Loans | % Owner Occ Units***      | % BANK Loans | % Owner Occ Units***     | % BANK Loans | Overa ll                      | Lo w | Mod  | Mid  | Upp  |
| <b>Full Review:</b>   |                                     |              |                               |              |                             |              |                           |              |                          |              |                               |      |      |      |      |
| <b>Saratoga County AA</b>   | 156                                 | 100.00       | 0.00                          | 0.00         | 7.32                        | 9.62         | 68.27                     | 79.48        | 24.41                    | 10.90        | 0.37                          | 0.00 | 1.27 | 0.31 | 0.32 |

\* 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.

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**Table 6. Geographic Distribution of Small Loans to Businesses**

| Geographic Distribution: SMALL LOANS TO BUSINESSES<br>2001 TO DECEMBER 31, 2001 |                            |              | Geography: SARATOGA COUNTY AA |              |                             |              |                           |              |                          |              | Evaluation Period: JANUARY 1,<br>2001 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 Business***              | % BANK Loans | % of Business***            | % BANK Loans | % of Business***          | % BANK Loans | % of Business***         | % BANK Loans | Overall  | Low  | Mod  | Mid  | Upp  |
| <b>Full Review:</b>   |                            |              |                               |              |                             |              |                           |              |                          |              |  |      |      |      |      |
| <b>Saratoga County AA</b>   | 83                         | 100.00       | 0.00                          | 0.00         | 7.66                        | 12.05        | 65.54                     | 79.52        | 26.80                    | 8.43         | 0.00   | 0.00 | 0.00 | 0.00 | 0.00 |

\* Based on 2000 Peer Small Business Data: US&PR. This information is not available for Saratoga NB as they were not required to report until 2001.

\*\* 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).

NATIONAL BANK

**Table 7. Borrower Distribution of Home Purchase Loans**

| Borrower Distribution: HOME PURCHASE<br>DECEMBER 31, 2001 |                           |              | Geography: SARATOGA COUNTY AA |                  |                           |                  |                         |                  | Evaluation Period: JANUARY 1, 1996 TO |                 |              |      |      |      |      |
|---|---------------------------|--------------|-------------------------------|------------------|---------------------------|------------------|-------------------------|------------------|---------------------------------------|-----------------|--------------|------|------|------|------|
| 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*** | Overall      | Low  | Mod  | Mid  | Up   |
| <b>Full Review:</b>                                       |                           |              |                               |                  |                           |                  |                         |                  |                                       |                 |              |      |      |      |      |
| <b>Saratoga County AA</b>                                 | 168                       | 100.00       | 14.12                         | 1.20             | 18.06                     | 10.71            | 25.53                   | 24.40            | 42.29                                 | 62.50           | 0.83         | 0.00 | 0.13 | 1.05 | 1.10 |

\* Based on 2000 Peer Mortgage Data: Northeast Region.  
 \*\* As a percentage of loans with borrower income information available. No information was available for 1.19% of loans originated and purchased by SNB.  
 \*\*\* 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.

NATIONAL BANK

**Table 8. Borrower Distribution of Home Improvement Loans**

| Borrower Distribution: HOME IMPROVEMENT<br>TO DECEMBER 31, 2001 |                              | Geography: SARATOGA COUNTY AA |                      |                  |                           |                  |                         |                  |                        | Evaluation Period: JANUARY 1, 1996 |              |      |      |      |      |
|---|------------------------------|-------------------------------|----------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|------------------------------------|--------------|------|------|------|------|
| 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* ***                  | Overa ll     | Lo w | Mo d | Mid  | Upp  |
| <b>Full Review:</b>   |                              |                               |                      |                  |                           |                  |                         |                  |                        |                                    |              |      |      |      |      |
| <b>Saratoga County AA</b>                                       | 105                          | 100.00                        | 14.12                | 6.67             | 18.06                     | 23.81            | 25.53                   | 20.00            | 42.29                  | 49.52                              | 2.92         | 4.76 | 3.57 | 2.53 | 2.46 |

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by SNB.

\*\*\* 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.

NATIONAL BANK

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

| Borrower Distribution: HOME MORTGAGE REFINANCE<br>1996 TO DECEMBER 31, 2001 |                                     | Geography: SARATOGA COUNTY AA |                      |                  |                           |                  |                         |                  |                        |                | Evaluation Period: JANUARY 1, |      |      |      |         |
|---|-------------------------------------|-------------------------------|----------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|----------------|-------------------------------|------|------|------|---------|
| 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*<br>**         | % BANK Loans**** | % Families*<br>**       | % BANK Loans**** | % Families*<br>**      | % BANK Loans** | Overa<br>ll                   | Low  | Mod  | Mid  | Up<br>p |
| <b>Full Review:</b>   |                                     |                               |                      |                  |                           |                  |                         |                  |                        |                |                               |      |      |      |         |
| <b>Saratoga County AA</b>   | 156                                 | 100.00                        | 14.12                | 1.92             | 18.06                     | 12.82            | 25.53                   | 22.44            | 42.29                  | 62.18          | 0.45                          | 0.00 | 0.41 | 0.00 | 0.91    |

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.64% of loans originated and purchased by SNB.

\*\*\* 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.

NATIONAL BANK

**Table 10. Borrower Distribution of Small Loans to Businesses**

| Borrower Distribution: SMALL LOANS TO BUSINESSES<br>TO DECEMBER 31, 2001 |                                 | Geography: SARATOGA COUNTY AA |   |                  | Evaluation Period: JANUARY 1, 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 |
| <b>Full Review:</b>  |                                 |                               |   |                  |  |                         |                           |              |                         |
| <b>Saratoga County AA</b>  | 83                              | 100.00                        | 86.39   | 62.65            | 83.13  | 10.84                   | 6.02                      | 0.00         | 0.00                    |

\* Based on 2000 Peer Small Business Data: US&PR. This information is not available for Saratoga NB as they were not required to report until 2001.

\*\* 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 26.13% of small loans to businesses originated and purchased by the bank.

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**Table 11. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

| Geographic and Borrower Distribution: CONSUMER LOANS<br>1996 TO DECEMBER 31, 2001 |       | Geography: SARATOGA COUNTY AA |               |                             |              |                           |               |                          |              |                       |              | Evaluation Period: JANUARY 1, |              |                         |              |                        |              |                 |
|---|-------|-------------------------------|---------------|-----------------------------|--------------|---------------------------|---------------|--------------------------|--------------|-----------------------|--------------|-------------------------------|--------------|-------------------------|--------------|------------------------|--------------|-----------------|
|   |       | 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 |              |                 |
| MA/Assessment Area:   | #     | % 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 |
| <b>Saratoga County AA</b>   | 9,344 | 100.00                        | 0.00          | 0.00                        | 8.67         | 6.56                      | 70.21         | 73.47                    | 21.13        | 19.94                 | 17.22        | 12.33                         | 14.91        | 21.74                   | 20.82        | 26.68                  | 47.05        | 39.25           |

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**Table 12. Qualified Investments**

| QUALIFIED INVESTMENTS<br>AUGUST 26, 2002 |                          | Geography: SARATOGA COUNTY AA |                            |           |                   | Evaluation Period: NOVEMBER 1, 1996 TO |            |                         |           |
|--|--------------------------|-------------------------------|----------------------------|-----------|-------------------|--|------------|-------------------------|-----------|
| MA/Assessment Area:                      | Prior Period Investments |                               | Current Period Investments |           | Total Investments |  |            | Unfunded Commitments ** |           |
|  | #                        | \$(000's)                     | #                          | \$(000's) | #                 | \$(000's)                              | % of Total | #                       | \$(000's) |
| <b>Full Review:</b>                      |                          |                               |                            |           |                   |  |            |                         |           |
| <b>Saratoga County AA</b>                | 0                        | 0                             | 30                         | 116       | 30                | 116                                    | 100.00     | 0                       | 0         |

\* '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.

NATIONAL BANK

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS |                                |                    |                                |   |       |       |      | Geography: SARATOGA COUNTY AA |                      |   |     | Evaluation |     |                                       |      |       |       |
|---|--------------------------------|--------------------|--------------------------------|---|-------|-------|------|-------------------------------|----------------------|---|-----|------------|-----|---------------------------------------|------|-------|-------|
| Period: NOVEMBER 1, 1996 TO AUGUST 26, 2002                         |                                |                    |                                |   |       |       |      |                               |                      |   |     |            |     |                                       |      |       |       |
| 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   |
| <b>Full Review:</b>   |                                |                    |                                |   |       |       |      |                               |                      |   |     |            |     |                                       |      |       |       |
| <b>Saratoga County AA</b>   | 100.00                         | 3                  | 100.00                         | 0.00  | 33.33 | 66.67 | 0.00 | 1                             | 0                    | 0   | 0   | 1          | 0   | 0.00                                  | 8.85 | 68.75 | 22.40 |