



## **PUBLIC DISCLOSURE**

January 05, 2015

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Glens Falls National Bank and Trust Company  
Charter Number 7699

250 Glen Street  
Glens Falls, NY 12801-9989

Office of the Comptroller of the Currency

5000 Brittonfield Parkway  
Suite 102B  
East Syracuse, NY 13057

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

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

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

Performance Levels	Glens Falls National Bank and Trust Company Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X	X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels that reflect an excellent responsiveness to the credit needs of the bank’s assessment areas (AAs).
- A good distribution of loans among geographies of different income levels throughout the bank’s AAs.
- An adequate distribution of loans among borrowers of different income levels throughout the bank’s AAs.
- Community development (CD) lending that had a positive impact on the bank's lending performance.
- Flexible lending products that had a positive impact on the bank's lending performance.
- Investments that reflect good responsiveness to the credit and CD needs of the bank’s AAs.
- Service delivery systems that are readily accessible to geographies and individuals of different income levels in the bank’s AAs.
- Excellent performance in providing CD 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.

**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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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 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 statistical 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). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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 metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**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.

**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 1 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 at least 120% of the area median income, or a median family income that is at least 120%, in the case of a geography.

## Description of Institution

Glens Falls National Bank and Trust Company (GFNB) is headquartered in Glens Falls, New York (NY), and is a wholly owned subsidiary of Arrow Financial Corporation (AFC), a multi-bank holding company. Saratoga National Bank and Trust Company (SNB) is also a subsidiary of AFC. As of September 30, 2014, AFC's assets totaled \$2.2 billion.

GFNB is a full service intrastate bank with 30 office locations, 28 are full service branches and two are drive-up branches, serving the northeast section of NY State in the counties of Warren, Washington, and portions of Clinton, Essex, and Saratoga. The bank also has a stand-alone automated teller machine (ATM) inside the Glens Falls Hospital. During the evaluation period, the bank opened one branch in a middle-income census tract in Queensbury and moved the Salem branch. The Salem branch move was within the same middle-income census tract.

In addition to GFNB providing a wide range of traditional deposit, lending, and trust services, the bank provides commercial and personal insurance services through wholly owned subsidiaries Loomis & LaPann, Inc., McPhillips Insurance Agency, and Upstate Insurance Agency, LLC. Other operating subsidiaries include a real estate investment trust (REIT), Arrow Properties Inc., and Glens Falls National Community Development Corporation. These subsidiaries had no impact on the bank's capacity to lend or invest in the AAs where it operates.

As of September 30, 2014, GFNB had \$1.9 billion in total assets that included \$1.1 billion in net loans, representing approximately 58% of total assets. Loan portfolio growth during the evaluation period resulted in this percentage increasing from 54% of total assets. As of September 30, 2014, the bank's loan mix consisted of 65% real estate loans (38% residential and 27% commercial), 28% loans to individuals, 5% commercial loans, and 2% other loans. The bank also remains a large originator of indirect automobile loans both inside and outside its AAs. As of September 30, 2014, GFNB reported net Tier 1 Capital of \$168 million.

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

GFNB's last CRA evaluation was dated November 7, 2011, at which time the bank's performance was rated "Satisfactory."

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The Lending Test evaluation period covers January 1, 2012, through December 31, 2013, for HMDA and small business loans. We did not include 2014 in the analysis, as full year information was not available for inclusion at the commencement of the review. HMDA loans include home purchase, home improvement, and refinance mortgage loans. We did not evaluate the bank's origination of small farm loans or multi-family dwelling loans, as the volume was not significant enough to perform a meaningful analysis.

The evaluation period for CD loans, investments, and services is November 7, 2011, through January 4, 2015. This represents the time period between the start of the bank's last and the current CRA evaluation. The market share and peer comparisons are based on the information contained in the aggregate HMDA and Small Business Registers for 2013. The aggregate HMDA and Small Business Registers are available for public review.

The CD loan and investment information presented in the tables cover the full evaluation period for these items. The peer comparisons in this report include only lenders who were required to file HMDA and Small Business Registers for 2013. Any lender with significant mortgage loan activity operating in the bank's AAs was required to file a HMDA report for these years. Small business reporting for 2013 was required only of bank and thrift institutions with assets of \$1.186 billion or more as of December 31<sup>st</sup> of the prior two calendar years preceding the reporting year.

### Data Integrity

We performed a data integrity examination of the loan information indicated above by discussing any changes to the process by which the bank collects and reports the data and selecting a sample of loans for review. The results of our review showed the bank's data to be accurate and reliable.

### Selection of Areas for Full-Scope Review

We performed a full-scope examination of the bank's Glens Falls MSA AA, since the majority of loan originations, branches, and deposits are within the AA. During the evaluation period, approximately 66% of the bank's evaluated AA loans were made in the Glens Falls MSA AA. As of June 30, 2014, 72% of the bank's deposits were in the Glens Falls MSA AA. As of the examination date, 70% of the bank's branches were in this AA.

### Ratings

The bank's overall rating is based primarily on the review of the bank's full-scope AA. The bank's leading product in the Glens Falls MSA AA was home mortgage loans, representing 63% of the number and 64% of the dollar amount of loans originated during the evaluation period. Small business loans accounted for 36% of the number and 32% of the dollar amount of originated loans. Among the number of originated home mortgage loans, 41% were home

mortgage refinance loans, 34% were home improvement, and 25% were home purchase loans. When determining conclusions for the Lending Test, home mortgage loans received higher weighting than small business loans. Within the home mortgage category, home mortgage refinance loans were weighted most heavily, followed by home improvement and home purchase loans. This weighting is reflective of the bank's volume by loan type over the evaluation period.

## **Other**

In conjunction with this evaluation, a community contact was made to a non-profit organization serving the full-scope AA. The mission of the economic development organization contacted is to create and retain jobs, strengthen the local economy, and increase the taxable value of real property. The organization works with a variety of public and private institutions (including financial service institutions) to provide businesses with assistance in the areas of financing, site selection, utilities, taxes, labor force, and transportation. In order to provide assistance and attract business to the area, the organization maintains numerous loan fund programs. Efforts are focused on manufacturing facilities and small businesses.

A senior executive in this organization indicated that the area's aging infrastructure, including sewer and water lines, makes business expansion difficult. The area is also lacking in Internet broadband access, forcing the use of much slower dial-up connections. The contact indicated there is ample opportunity for local financial institutions to provide small business financing and CD lending and investment.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

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

#### Lending Activity

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

GFNB's lending activity is excellent. As of June 30, 2014, GFNB ranked first in deposit market share with 52.95% of all area deposits in its full-scope AA. Based on 2013 HMDA aggregate lending data, the bank was the number one originator/purchaser of home mortgage loans in the Glens Falls MSA AA in terms of both number and amount of loans with market shares of 12.38% and 9.46%, respectively. By the number of loans, GFNB ranked third in home purchase loans and first in home improvement and refinance loans. By amount, GFNB ranked second in home purchase loans and first in home improvement and refinance loans.

By number, GFNB ranked second in the AA in the origination/purchase of small loans to businesses with 11.95% market share behind a large national financial services company. However, when considering total dollar amount, GFNB ranked first by a sizeable margin with 27.54% market share. The bank was fifth in number of small loans made to small businesses (annual revenues of \$1 million or less) and third in the number of business loans of \$100 thousand or less. When considering the total dollar amount, GFNB ranked second and first in these categories, respectively. The variance in market share by loan count and dollar amount is the proliferation of business credit card accounts offered by the large national institutions.

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

The geographic distribution of GFNB's home mortgage loans and small loans to businesses reflects overall good penetration throughout the full-scope AA.

#### *Home Mortgage Loans*

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

The overall geographic distribution of home mortgage loans is good. The geographic distribution analysis is based on the bank's lending activities in the moderate-income census tracts of its full-scope AA. GFNB does not have any low-income census tracts in either its full- or limited-scope AAs.

The geographic distribution of home purchase loans is excellent. The portion of home purchase loans made in moderate-income census tracts exceeded the portion of owner-occupied housing units in those census tracts during the evaluation period. GFNB's market share of home purchase loans originated in moderate-income census tracts is somewhat lower than its overall market share of home purchase loans.

The geographic distribution of home improvement loans is good. The portion of home improvement loans made in moderate-income census tracts was near to the portion of owner-occupied housing units in those census tracts during the evaluation period. GFNB's market share of home improvement loans originated in moderate-income census tracts exceeded its overall market share of home improvement loans.

The geographic distribution of home refinance loans is good. The portion of home refinance loans made in moderate-income census tracts was near to the portion of owner-occupied units in those census tracts during the evaluation period. GFNB's market share of home refinance loans originated in moderate-income census tracts approximated its overall market share of home refinance loans.

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

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

The geographic distribution of small loans to businesses is excellent. The portion of loans made in moderate-income census tracts exceeded the portion of businesses that are within those census tracts during the evaluation period. The bank's market share for small business loans in moderate-income census tracts exceeded its overall market share for small loans to businesses.

### ***Lending Gap Analysis***

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

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

A substantial majority (91%) of the home mortgage loans, small business loans, and CD loans were made within the bank's AAs. By product, 94% of the bank's home mortgage loans, 85% of the small loans to businesses, and 100% of the CD loans were within the bank's AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

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

The borrower distribution of GFNB's home mortgage loans and small loans to businesses reflects an overall adequate dispersion among borrowers and households of different income levels and businesses of different sizes.

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

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The overall distribution of home mortgage loans is adequate. In the evaluation of borrower distribution of home mortgage loans, we considered the portion of households living below the poverty level during the evaluation period. For the full-scope AA, 10.54% of the households were considered below the poverty level. Due to reasons of affordability, it is unlikely that those households with incomes below the poverty level would qualify for home mortgage financing. We considered this fact in our evaluation of the bank's lending performance to low-income borrowers.

Home purchase loan borrower distribution is poor. The portion of loans made to moderate-income borrowers was somewhat lower than the portion of families defined as such in the evaluation period. The portion of loans made to low-income borrowers was significantly lower than the percentage of families defined as such in the evaluation period and poor when considering the percentage of households living below the poverty level. The bank's market share for home purchase loans made to both low- and moderate-income borrowers was lower than its overall market share for those loans.

Home improvement loan borrower distribution is excellent. The portion of loans made to moderate-income borrowers exceeded the portion of families defined as such in the evaluation period. The portion of loans made to low-income borrowers was somewhat lower than the percentage of families defined as such in the evaluation period, but was excellent when considering the percentage of households living below the poverty level. The bank's market share for home improvement loans made to both low- and moderate-income borrowers exceeded its overall market share for those loans.

Refinance loan borrower distribution is good. The portion of loans made to moderate-income borrowers approximated the portion of families defined as such in the evaluation period. The portion of loans made to low-income borrowers was significantly lower than the percentage of families defined as such in the evaluation period, but was adequate when considering the percentage of households living below the poverty level. The bank's market share for refinance loans made to moderate-income borrowers exceeded its overall market share for those loans. The bank's market share for refinance loans to low-income borrowers was somewhat lower than its overall market share for those loans.

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

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

The borrower distribution of small loans to businesses is adequate. The portion of small loans made to small businesses (businesses with revenues of \$1 million or less) was lower than the portion of businesses defined as such in the evaluation period. The bank's market share of small loans to small businesses was somewhat lower than its overall market share for small loans to businesses. GFNB has a large percentage of small business loans for which they do

not collect or report revenue figures. Therefore, comparing the percentage of bank loans to small businesses to the percentage of small businesses in the AA is less meaningful. As a proxy for income information, we compared the smaller loans to the percentage of small businesses in the area. The portion of loans of \$100,000 or less was near to the portion of small businesses in the AA in the evaluation period.

## **Community Development Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multi-family loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

GFNB's level of CD lending was good, and had a positive impact on the evaluation of its lending performance activity.

The bank originated 15 CD loans totaling \$7.3 million in its full-scope AA during the evaluation period. Of the total, 13 loans totaling approximately \$7 million were made to nonprofit organizations that provide community services targeted to low- and moderate-income individuals. Two loans amounting to approximately \$325 thousand were made to nonprofit organizations for the purpose of creating and retaining jobs in the moderate-income census tracts with the Glens Falls area. None of the CD loans were considered complex or innovative.

## **Product Innovation and Flexibility**

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

### **FHA 203b Mortgages**

GFNB participates in the FHA 203b program, which is designed to provide mortgage insurance for individuals to purchase or refinance a primary residence. Borrowers are eligible for approximately 97% financing.

GFNB originated 26 FHA 203b mortgages totaling \$3,301,477 during the evaluation period.

### **USDA Guaranteed Rural Housing Program**

GFNB participates in this program, which provides financing to income-qualified applicants in rural communities. Highlights of the program include a government-guaranteed loan from the bank, no private mortgage insurance, loan amounts up to the appraised value of the home, and more and flexible lending criteria.

GFNB originated 22 USDA-guaranteed loans totaling \$2,477,656 during the evaluation period.

### **Government Grant Mortgage Programs**

GFNB participates in assisting first time homebuyers achieve homeownership through various government grant programs, including the City of Glens Falls Grant Program, Clinton County Housing Assistance Program, Housing Assistance Program of Essex County, Homefront Development Purchase Assistance, and the Section 8 Housing Assistance Voucher Program. The bank typically waives the application fee and provides a lower than conventional interest rate in conjunction with these program when market conditions allow.

GFNB originated three loans totaling \$180,400 in conjunction with these government grant programs during the evaluation period.

### **Home Affordable Refinance Program**

This program allows eligible borrowers who are current on their mortgages to refinance at a lower rate with no loan-to-value limits.

GFNB originated one loan under this program totaling \$158,000 during the evaluation period.

### **First Home Club**

This is a first time homebuyer program that GFNB participates in, in conjunction with the Federal Home Loan Bank. Low- to moderate-income applicants are pre-qualified for a mortgage and set up on a systematic plan to save for a conventional mortgage down payment and closing costs. Savings plans cover a 10-24 month period. Savings are matched \$4 for every \$1 saved, up to a total matching amount of \$7,500.

GFNB originated one First Home Club loan of \$90,000 during the evaluation period.

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

Based on our limited-scope reviews, the bank's performance under the Lending Test in the two limited-scope AAs was not inconsistent with the bank's overall Lending Test rating. The lending performance in the limited-scope AAs did not impact the rating arrived at for the full-scope AA. Refer to Tables 1 through 11 in Appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

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

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

Current period investments in the full-scope AA amounted to \$5.3 million, of which approximately \$5 million were investments that contributed to the revitalization or stabilization of the two moderate-income census tracts in the AA. The remaining portion was numerous donations to organizations that provide services to low- and moderate-income individuals and contribute to the revitalization or stabilization of the moderate-income census tracts. GFNB has another \$2.8 million in prior period investments to revitalize/stabilize the moderate-income census tracts that remain outstanding.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on our limited-scope reviews, the bank's performance under the Investment Test in the two limited-scope AAs was stronger in the Saratoga County AA and weaker in the Non MSA AA. There was a greater amount of investment activity in the Saratoga County AA. Investment activity in the Non MSA AA was limited to current period donations. The investment performance in the limited-scope AAs did not impact the rating arrived at for the full-scope AA. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated Outstanding. Based on the full-scope review, the bank's performance in the Glens Falls MSA AA is excellent.

### **Retail Banking Services**

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

GFNB's service delivery systems are readily accessible to individuals living in the moderate-income census tracts in the AA. Two of the 36 census tracts in the AA are designated as moderate-income census tracts. There are two full-service branches, or approximately 10% of its branches (including the main office) in the AA, located in moderate-income census tracts. The percentage of branches significantly exceeds the percentage of the population living in

moderate-income census tracts. The hours and services offered at the branches are comparable and do not vary in a way to inconvenience any census tracts or individuals. Drive-up branch hours are available on Saturdays at a branch located in a moderate-income census tract.

Branch openings and closings did not adversely affect the bank's branch distribution in the full-scope AA. There was a branch opening in a middle-income census tract, and one of the branch locations was re-designated as a middle-income tract as a result of the 2010 census. However, the net effect of the 2010 census changes resulted in a more favorable branch location to moderate-income census tract population ratio. There were no branch closings during the evaluation period.

GFNB offers an alternative delivery system in the form of ATMs. In the full-scope AA, ATMs are located in 19 of the bank's 20 branches and a stand-alone ATM in the Glens Falls Hospital. Both locations in the moderate-income census tracts have ATMs. Low-income individuals receiving public assistance can access funds through the bank's ATM network free of charge with Electronic Benefits Transfer Program (EBT) benefit cards.

GFNB offers a checking account with no monthly service fees or minimum balance requirement as an affordable option for low- and moderate-income individuals. The bank provides the first 100 checks free of charge. Debit cards and on-line bill pay, if desired, are provided free of charge.

## **Community Development Services**

GFNB's performance in providing CD services is excellent.

During the evaluation period, bank employees provided support to 33 CD service organizations by providing their financial expertise in a variety of roles. These roles included serving on the Boards of Directors, serving in executive positions such as Treasurer or President, and providing guidance through loan review and finance committees. During the evaluation period, employees provided approximately 2,700 hours of service to these organizations. The organizations provide a wide range of CD services, including:

- services targeted to low- and moderate-income people;
- supporting affordable housing for low- and moderate-income people;
- economic development by financing small businesses that are creating and retaining jobs for low- and moderate-income people; and,
- revitalizing or stabilizing moderate-income income census tracts.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the limited-scope AAs was stronger in the Saratoga County AA and weaker in the Non MSA AA. The service test performance in the limited-scope AAs did not impact the rating arrived at for the full-scope AA. Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan 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): (1/01/12 to 12/31/2013) Investment and Service Tests and CD Loans: (11/7/11 to 1/04/15)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Glens Falls National Bank and Trust Company Glens Falls, New York	HMDA and Small Business Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Glens Falls MSA AA Non MSA AA Saratoga County AA	Full-Scope Limited-Scope Limited-Scope	

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

### Glens Falls MSA AA

Demographic Information for Full Scope Area: Glens Falls MSA AA 2013						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	36	0.00	5.56	83.33	11.11	0.00
Population by Geography	128,923	0.00	3.47	83.45	13.08	0.00
Owner-Occupied Housing by Geography	37,761	0.00	1.69	84.43	13.88	0.00
Business by Geography	10,011	0.00	6.17	80.25	13.58	0.00
Farms by Geography	563	0.00	0.71	93.61	5.68	0.00
Family Distribution by Income Level	35,107	18.07	19.24	23.61	39.09	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	13,097	0.00	4.48	87.08	8.44	0.00
Median Family Income HUD Adjusted Median Family Income for 2013 Households Below Poverty Level		60,649 65,100 11%	Median Housing Value Unemployment Rate (December 2014)		171,097 6.0%	

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2013 HUD updated MFI

The AA includes all of the census tracts in the Glens Falls MSA, which consists of Warren and Washington Counties. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income census tracts. The composition of the AA census tracts by income level is 0% low-income, 5.56% moderate-income, 83.33% middle-income, and 11.11% upper-income.

The bank's branch network includes seven branches north of the AA and two to the east, which are included in the limited-scope Non MSA and Saratoga County AAs, respectively. The Glens Falls MSA AA contains 21 out of 30 of the branch office locations, the stand-alone ATM, and 72.33% of the bank's total deposits. Of the loan activity being evaluated, including CD loans, 65.88% were located in the AA.

The AA is a competitive market for financial services. GFNB competes with other community banks and credit unions, as well as, large national and regional banks and mortgage companies. According to the FDIC market share report as of June 30, 2014, GFNB is ranked first in the AA in market share of deposits with a 52.95% share. GFNB is a full-service lender offering a broad range of lending products. The bank's lending focus is residential mortgage, indirect consumer, and commercial loans.

Eighty-six percent of the housing in the AA are 1-4 family units, 7% are multi-family units, and 6% are mobile homes. Of the total housing units, 56% are owner-occupied, 23% are renter-occupied, and just under 21% are vacant. The weighted average of median housing value

was \$171,097 in the 2010 census. Housing stock consists mostly of older homes, with 1962 the median year homes were built in the AA. Approximately 16% of the population is over the age of 65.

According to the 2013 business demographics, there were 10,011 businesses in the AA and 563 farms. Small businesses represent 74% of the businesses reporting revenues. Of all businesses, approximately 22% of the AA businesses did not report their revenues. Approximately 76% of the businesses reported having less than 10 employees. The primary industries in the AA are services 43%, retail trade 16%, and construction 9%. According to the Adirondack Regional Chamber of Commerce, the largest employer in the AA is Glens Falls Hospital with close to 2,810 employees (as of July 2010), followed by C.R. Bard; Finch Paper; Community, Work and Independence Inc.; Navilyst Medical; The Sagamore; and, GFNB. The region has evolved from a traditional manufacturing base (paper, cement, textiles) to medical device manufacturing and a service industry led by financial services, health care, and education.

## 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: (1) 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; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and

upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the

number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

Table 1. Lending Volume

LENDING VOLUME		Geography: GLENS FALLS MSA AA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Glens Falls MSA AA	65.88	808	115,205	462	58,334	5	28	15	7,282	1,290	180,845	72.33
<b>Limited Review:</b>												
Non MSA AA	24.31	317	43,179	141	19,905	1	14	17	7,763	476	70,861	19.92
Saratoga County AA	9.81	114	13,206	77	9,251	1	5	0	0	192	22,462	7.75

\* Loan Data as of December 31, 2013. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is November 7, 2011 to January 4, 2015.

\*\*\* Deposit Data as of June 30, 2014 (FDIC). Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: GLENS FALLS MSA AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013									
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	Upp
<b>Full Review:</b>															
Glens Falls MSA AA	200	59.00	0.00	0.00	1.69	2.00	84.43	76.50	13.88	21.50	7.65	0.00	5.26	7.40	9.38
<b>Limited Review:</b>															
Non MSA AA	114	33.63	0.00	0.00	7.99	7.89	57.69	54.39	34.32	37.72	8.90	0.00	7.23	9.76	8.26
Saratoga County AA	25	7.37	0.00	0.00	7.35	0.00	79.37	96.00	13.28	4.00	1.48	0.00	0.00	1.77	0.70

\* Based on 2013 Peer Mortgage Data: US and PR.

\*\* 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 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: GLENS FALLS MSA AA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013							
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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Glens Falls MSA AA	274	69.02	0.00	0.00	1.69	1.46	84.43	81.39	13.88	17.15	42.86	0.00	66.67	40.83	54.55
<b>Limited Review:</b>															
Non MSA AA	82	20.65	0.00	0.00	7.99	9.76	57.69	69.51	34.32	20.73	16.41	0.00	16.67	20.67	9.09
Saratoga County AA	41	10.33	0.00	0.00	7.35	14.63	79.37	85.37	13.28	0.00	12.27	0.00	16.67	14.53	0.00

\* Based on 2013 Peer Mortgage Data: US and PR.

\*\* 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 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: GLENS FALLS MSA AA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
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	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp				
<b>Full Review:</b>																					
Glens Falls MSA AA	331	67.14	0.00	0.00	1.69	1.51	84.43	80.97	13.88	17.52	10.24	0.00	10.00	9.93	11.70						
<b>Limited Review:</b>																					
Non MSA AA	114	23.12	0.00	0.00	7.99	6.14	57.69	56.14	34.32	37.72	6.39	0.00	6.49	6.96	5.52						
Saratoga County AA	48	9.74	0.00	0.00	7.35	6.25	79.37	89.58	13.28	4.17	2.01	0.00	2.94	2.22	0.61						

\* Based on 2013 Peer Mortgage Data: US and PR

\*\* 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 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: GLENS FALLS MSA AA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Glens Falls MSA AA	3	30.00	0.00	0.00	11.90	0.00	73.10	66.67	15.00	33.33	10.00	0.00	0.00	10.00	0.00
<b>Limited Review:</b>															
Non MSA AA	7	70.00	0.00	0.00	43.23	28.57	27.98	42.86	28.79	28.57	33.33	0.00	33.33	50.00	20.00
Saratoga County AA	0	0.00	0.00	0.00	7.67	0.00	63.31	0.00	29.03	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2013 Peer Mortgage Data: US and PR

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2010 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: GLENS FALLS MSA AA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013			
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*						
	#	% of Total*	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp		
<b>Full Review:</b>																	
Glens Falls MSA AA	462	67.94	0.00	0.00	6.17	10.17	80.25	81.82	13.58	8.01	11.95	0.00	19.82	12.79	7.20		
<b>Limited Review:</b>																	
Non MSA AA	141	20.74	0.00	0.00	17.32	17.02	49.24	41.84	32.94	41.13	4.69	0.00	4.63	4.26	6.22		
Saratoga County AA	77	11.32	0.00	0.00	8.38	9.09	78.15	88.31	13.47	2.60	1.53	0.00	5.69	1.75	0.39		

\* Based on 2013 Peer Small Business Data: US and PR

\*\* 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 (2013).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: GLENS FALLS MSA AA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Glens Falls MSA AA	5	71.43	0.00	0.00	0.71	0.00	93.61	100.00	5.68	0.00	7.84	0.00	0.00	7.84	0.00
<b>Limited Review:</b>															
Non MSA AA	1	14.29	0.00	0.00	2.11	0.00	66.32	0.00	31.58	100.00	3.03	0.00	0.00	0.00	11.11
Saratoga County AA	1	14.29	0.00	0.00	4.84	0.00	87.10	100.00	8.06	0.00	6.25	0.00	0.00	12.50	0.00

\* Based on 2013 Peer Small Business Data: US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2013).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: GLENS FALLS MSA AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total*	% Families***	% BANK Loans***	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Glens Falls MSA AA	200	59.00	18.07	4.59	19.24	14.29	23.61	19.39	39.09	61.73	8.46	4.81	4.82	5.74	13.79	
<b>Limited Review:</b>																
Non MSA AA	114	33.63	17.79	2.65	18.62	15.93	19.42	21.24	44.17	60.18	9.86	9.52	6.21	5.56	14.49	
Saratoga County AA	25	7.37	21.58	16.67	19.61	25.00	22.83	25.00	35.98	33.33	1.52	1.41	1.41	1.38	1.74	

\* Based on 2013 Peer Mortgage Data: US and PR

\*\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.8% of loans originated and purchased by Bank. Data shown includes only One to Four-family and manufactured housing. (Property type 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: GLENS FALLS MSA AA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013						
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 ****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Glens Falls MSA AA	274	69.02	18.07	14.66	19.24	23.31	23.61	26.69	39.09	35.34	42.60	52.38	44.44	36.84	41.67
<b>Limited Review:</b>															
Non MSA AA	82	20.65	17.79	5.06	18.62	12.66	19.42	27.85	44.17	54.43	16.21	10.53	14.00	13.11	19.51
Saratoga County AA	41	10.33	21.58	17.50	19.61	20.00	22.83	32.50	35.98	30.00	11.88	12.50	12.90	8.33	14.04

\* Based on 2013 Peer Mortgage Data: US and PR

\*\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 3.0% of loans originated and purchased by Bank. Data shown includes only One to Four-family and manufactured housing. (Property type 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: GLENS FALLS MSA AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					Market Share *				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total **	% Families ***	% BANK Loans ***	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****						
<b>Full Review:</b>																
Glens Falls MSA AA	331	67.14	18.07	5.36	19.24	18.93	23.61	24.61	39.09	51.10	11.00	8.41	12.40	11.39	10.69	
<b>Limited Review:</b>																
Non MSA AA	114	23.12	17.79	2.68	18.62	10.71	19.42	24.11	44.17	62.50	7.36	5.71	5.88	6.47	8.29	
Saratoga County AA	48	9.74	21.58	15.56	19.61	11.11	22.83	15.56	35.98	57.78	2.12	6.02	0.48	0.83	3.04	

\* Based on 2013 Peer Mortgage Data: US and PR

\*\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 3.9% of loans originated and purchased by Bank. Data shown includes only One to Four-family and manufactured housing. (Property type 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES				Geography: GLENS FALLS MSA AA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013			
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>									
Glens Falls MSA AA	462	67.94	73.78	26.84	69.70	15.58	14.72	11.95	7.46
<b>Limited Review:</b>									
Non MSA AA	141	20.74	69.74	29.08	70.92	10.64	18.44	4.69	2.79
Saratoga County AA	77	11.32	77.64	28.57	67.53	22.08	10.39	1.53	0.65

\* Based on 2013 Peer Small Business Data: US and PR

\*\* 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 - 2013).

\*\*\*\* 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 38.82% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS					Geography: GLENS FALLS MSA AA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013	
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Glens Falls MSA AA	5	71.43	97.69	0.00	100.00	0.00	0.00	7.84	0.00
<b>Limited Review:</b>									
Non MSA AA	1	14.29	96.49	0.00	100.00	0.00	0.00	3.03	0.00
Saratoga County AA	1	14.29	95.16	100.00	100.00	0.00	0.00	6.25	12.50

\* Based on 2013 Peer Small Business Data: US.

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2013).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 85.71% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: GLENS FALLS MSA AA				Evaluation Period: NOVEMBER 7, 2011 TO JANUARY 4, 2015			
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>									
Glens Falls MSA AA	3	2,815	112	5,342	115	8,157	47.27	0	0
<b>Limited Review:</b>									
Non MSA AA	0	0	37	26	37	26	0.15	0	0
Saratoga County AA	7	2,664	24	6,408	31	9,072	52.58	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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: GLENS FALLS MSA AA Evaluation Period: NOVEMBER 7, 2011 TO JANUARY 4, 2015																	
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>																	
Glens Falls AA	72.33	21	70.00	0.00	9.52	80.95	9.52	2	1	0	0	1	0	0.00	3.47	83.45	13.08
<b>Limited Review:</b>																	
Non MSA AA	19.92	7	23.33	0.00	14.29	71.43	14.29	0	0	0	0	0	0	0.00	14.54	52.28	30.24
Saratoga County AA	7.75	2	6.67	0.00	50.00	50.00	0.00	0	0	0	0	0	0	0.00	6.20	79.15	14.65

