



Comptroller of the Currency
Administrator of National Banks

LARGE BANK

Public Disclosure

April 19, 1999

Community Reinvestment Act Performance Evaluation

**Glens Falls National Bank and Trust Company
Charter Number: 7699
250 Glen Street
Glens Falls, New York**

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NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Definitions

Community development - affordable housing or community services targeted to low or moderate income individuals, activities that promote economic development by financing small businesses or farms, and activities that revitalize or stabilize low or moderate-income geographies.

Community development loan - a loan that has its primary purpose in community development, benefits the AA, and has not been reported or collected by the bank for consideration as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling.

Community development service - a service that has its primary purpose in community development, is related to the provision of financial services, and has not been considered in the evaluation of the bank's retail banking services.

Geography - a census tract or block numbering area.

HMDA loan - a "home improvement loan", "refinance loan", or "home purchase loan" that is reported on the Home Mortgage Disclosure Act Report.

Home improvement loan - any loan that is for the purpose in whole or in part of repairing, rehabilitating, remodeling, or improving a dwelling or the real property on which it is located and is classified by the financial institution as a home improvement loan.

Home purchase loan - any loan secured by and made for the purpose of purchasing a dwelling.

Low Income - an individual income that is less than 50% of the area median income, or a median family income (MFI) that is less than 50%, in the case of a geography.

Middle Income - an individual income that is at least 80% and less than 120% of the area median income, or a MFI that is at least 80% and less than 120%, in the case of a geography.

Moderate Income - an individual income that is at least 50% and less than 80% of the area median income, or a MFI that is at least 50% and less than 80%, in the case of a geography.

Multifamily loan - any loan secured by and made for the purpose of purchasing a dwelling for five or more families. The Home Mortgage Disclosure Act does not require banks to report income data on these loans.

Upper Income - an individual income that is 120% or more of the area median income, or a MFI that is 120% or more, in the case of a geography.

Qualified investment - a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Refinance loan - any loan in which the existing obligation, involving either a home purchase or a home improvement loan, is satisfied and replaced by a new obligation.

Small Business Loan - a business loan (Bank Call Report definition) for \$1 million or less.

Small Farm Loan - A farm loan (Bank Call Report definition) for \$500 thousand or less.

Small Business or Small Farm - A business or farm with annual revenues of \$1 million or less.

GENERAL INFORMATION

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

This document is an evaluation of the CRA performance of **Glens Falls National Bank and Trust Company (GFNB)** prepared by the **Office of the Comptroller of the Currency**, the institutions supervisory agency, as of **April 19, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institutions branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institutions CRA Rating: This institution is rated “**Satisfactory.**”

The primary factors supporting the overall rating are:

- GFNB’s lending levels reflect good responsiveness to the credit needs of the assessment area;
- A high percentage (73%) of GFNB’s mortgage-related, small business, and consumer loans are originated within the assessment area;
- The distribution of loans among to businesses of different sizes is good and to borrowers of different income levels is adequate;
- The distribution of loans indicates a good penetration within the assessment area, including moderate-income geographies;
- A high level of community development loans was originated during the evaluation period;
- An adequate level of community development investments;
- A good level of community development services was provided during the evaluation period; and,
- GFNB’s service delivery systems are reasonably accessible to geographies and individuals of different income levels in the assessment area.

The following chart indicates the performance level of GFNB with respect to the lending, investment, and service tests:

GFNB Performance Tests			
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		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.

Description of Institution

Glens Falls National Bank and Trust Company, (“GFNB”) is the principal subsidiary of Arrow Financial Corporation, a \$939 million bank holding company headquartered in Glens Falls, New York. GFNB is a full service, intrastate bank with 21 branch offices in five counties in upstate New York. The service area was expanded in June 1997 through the acquisition of six branch offices in and around Plattsburgh, New York. In addition to providing a complete range of commercial and personal banking products, GFNB also offers trust, asset management, and investment services.

As of December 31, 1998, bank assets totaled \$850 million, \$460 million of which are loans and \$343 million are investments. Total deposits aggregated \$698 million. The loan portfolio is primarily retail-oriented with residential real estate and other consumer loans representing 44% and 37% of average gross loans, respectively. Commercial real estate loans and other commercial loans represent 11% and 7% of the average gross loans, respectively. GFNB is a significant originator of indirect automobile loans both inside and outside its assessment areas.

GFNB has one wholly owned subsidiary, Arrow Properties Incorporated. Arrow Properties Incorporated is a real estate investment trust (“REIT”). Total REIT assets approximate \$232 million, of which, \$143 million are residential mortgage loans with the remainder divided among commercial mortgages, mortgage backed securities, and consumer real estate loans. The operating subsidiary has no impact on the bank’s capacity for community reinvestment.

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

Description of Assessment Areas (AA)

GFNB has three defined, contiguous assessment areas (AA) within New York State. The primary AA consists of the entire Glens Falls Metropolitan Statistical Area (MSA 2975). The second AA consists of portions of Essex and Clinton Counties located in non-MSA portions of the state. The third and smallest AA consists of the northern portion of Saratoga County, located in the Albany-Troy-Schenectady MSA (MSA 0160). All of the AA meet regulatory guidelines and do not arbitrarily exclude any low- and moderate-income (“LMI”) geographies.

The combined AA consists of 73 geographies, nine of which are designated as moderate-income geographies. There are no low-income geographies located in the combined AA. The moderate-income geographies are located in the Villages of Corinth, Schuylerville, and Victory Mills; the Cities of Glens Falls, and Plattsburgh (2); and the Towns of Providence, Edinburg, Hadley, Day, Lake Luzerne-Hadley CDP, and Hague, and the former Plattsburgh Air Force Base.

Based on the 1990 U.S. Census Data, the population of the combined AA is 259 thousand. The distribution of families in the AA is as follows: 18% low-income families, 20% moderate-income families, 26% middle-income families, and 36% upper-income families. The median housing value is \$78,148. The median age of housing stock is 40 years. Total occupied housing units are 78%, with owner occupied housing at 56% and rental occupied at 22%; 21% are vacant. For the AA, 7% of owner-occupied housing units are located in moderate-income geographies. Only 4% of housing units are owner occupied in the moderate-income geographies of MSA 2975 and the non-MSA. Housing units are predominantly (79%) one-to-four family residences.

Glens Falls MSA 2975

The Glens Falls MSA (MSA 2975) is the largest AA for the bank and consists of Warren and Washington Counties. MSA 2975 has a population of 119 thousand. Warren County contains the City of Glens Falls, eleven townships and one village. Washington County has seventeen townships and nine villages. MSA 2975 contains 35 geographies (48% of total geographies). The AA consists of 9% moderate-income, 82% middle-income and 9% upper-income geographies. Fourteen, or 67%, of the twenty-one banking offices are located in this AA.

The 1990 Census Median Family Income for MSA 2975 is \$34,038. This figure is used to determine the income designation of the MSA’s geographies. The 1998 Updated Median Family income for MSA 2975 is \$39,900. This figure is used to determine the income designation of

individuals in the MSA. The Updated Median Family Income is based on information from the Department of Housing and Urban Development (HUD).

The average median housing value is \$82,865. There are 42,283 households. Total occupied housing units is 76%, with owner-occupied housing at 54% and rental occupied at 21%. Vacant units in the AA are 23%.

Business demographic data for 1998 indicates there are 3,800 businesses and 96 farms in this AA. Small businesses and farms represent 92% of the businesses and farms reporting revenues. A substantial majority of the businesses and farms (83%) employ less than ten people. The unemployment rate for MSA 2975 was 7.2% in March 1999 compared to the state average of 5.5%. The unemployment rate of MSA 2975 is seasonal, with high unemployment in the winter months. While employment figures improve during the summer tourist season, unemployment is higher than the state average throughout the year. The Glens Falls MSA lost over 20% of its manufacturing jobs for the ten year period ending December 1998 according to the New York State Department of Labor. The paper industry and related support businesses are the largest employers in the AA.

Non MSA

The second largest AA consists of portions of Essex and Clinton Counties, located in a non-MSA. This AA contains 25 geographies. Three geographies are designated as moderate-income geographies, 19 as middle-income, two as upper-income, and one is designated income not available. The population is 91 thousand according to the 1990 U.S. Census Data for this AA. There are five branches, or 24% of the branch network, located in this AA.

The 1990 Census Median Family Income is \$31,473. The 1998 Updated Median Family Income for the Non-MSA in New York State is \$37,700.

Total occupied housing units is 81%, with owner occupied units at 53% and rental occupied units at 28%. Vacant units are 17%. The average median housing value is \$66,154 and the average age of housing stock is 42 years.

Business demographic data for 1998 indicates there are 2,404 businesses and 57 farms in this AA. Small businesses and farms represent 90% of the 1,802 businesses and farms reporting revenues. Approximately 81% of the businesses and farms employ less than ten people. The March 1999 unemployment rates for Essex and Clinton Counties were 11.5% and 8.0% respectively. Employment for these two counties is also seasonal with improvement noted in the summer months. The closure of the Plattsburgh Air Force Base in 1995 and the continued weakness of the Canadian dollar have negatively impacted the local economy.

Albany-Troy-Schenectady MSA (0160)

The Albany -Schenectady-Troy MSA (MSA 0160) consists of six counties. Only the northern portion of Saratoga County is designated as the bank's third AA. The AA located in MSA 0160 has a population of 49,407 according to 1990 U.S. Census Data. The income classifications of the thirteen geographies are as follows: moderate-income (3), middle-income (9), and one designated as income not available. There are two branches, or 9% of the branch network, in this AA.

The 1990 Census Median Family Income is \$39,425. The 1998 Updated Median Family Income for MSA 0160 is \$47,400.

Total occupied housing units is 79%, with owner occupied units at 64% and rental occupied units at 15%. Vacant units are 20%. The average median housing value is \$87,697 and the average age of housing stock is 32 years.

Business demographic data for 1998 indicates there are 981 businesses and 55 farms in this AA. Small businesses and farms represent 95% of the 847 businesses and farms reporting revenues. Approximately 90% of the businesses and farms employ less than ten people. The March 1999 unemployment rate for Saratoga County is 4.0%.

The primary credit needs as described by bank management for all of its AA's are affordable housing for first time homebuyers and small business loans. Community contacts conducted during this examination, as well as at other bank examinations, similarly identified small business and affordable housing as the primary credit needs in the AA. The community contact made at this examination is associated with an economic development and revitalization organization.

Conclusions with Respect to Performance Tests

Scope of Review

This review covers calendar years 1997 and 1998. The market share and peer comparisons contained in the Lending Test are based on information contained in the aggregate Home Mortgage Disclosure Act (HMDA) and Small Business Reports for 1997. The 1998 information is based on the bank's HMDA Loan Application Register (LAR) and Small Business Register. The aggregate HMDA and Small Business Reports are available for public review. The 1998 information was available for public review after this examination. We also reviewed the following consumer loans for the same time period: motor vehicle, home equity, other secured, other unsecured, and credit card loans. Management opted to provide information regarding consumer loans, although not required under the CRA regulation.

The peer comparisons in this report include only lenders who were required to file HMDA and Small Business Reports for 1997. Small business reporting is required 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 during the same time periods.

From this point forward, all information presented represents activities, which occurred in GFNB's combined AA, unless otherwise noted. Tables referred to throughout this report are found in Appendix B of this report.

Lending Test

Under the lending test, HMDA loans and small business loans were given equal consideration due to the similarity in the dollar volume of originations. In addition, community development lending received more consideration in determining lending performance.

AA Concentration of Lending Activity

A high percentage of the bank's loans are made within the combined AA. The number and dollar volume of HMDA loans originated within the AA represent 89% and 87% of all HMDA loans made by GFNB during the evaluation period. The number and dollar volume of small business loans originated within the AA represent 88% and 94% of all small business loans made by GFNB during the same period.

The number and dollar volume of consumer loans originated within the AA represent 69% and 70% of all consumer loans made by GFNB during the evaluation period. The percentage of consumer loans is less than the HMDA and small business loan categories because of the bank's extensive indirect automobile line of business which extends well beyond the bank's AA.

Level of Lending Activity

The bank's lending levels reflect good responsiveness to the credit needs of the AA. The number and dollar volume of HMDA loans originated during the evaluation period are good. GFNB originated or purchased 1,617 HMDA reportable loans totaling \$82.9 million during the evaluation period within the AA. GFNB was the highest ranked HMDA reporter in 1997. The bank's 1997 HMDA totals include 197 purchased loans and home equity lines of credit. Within the HMDA loan group, the bank ranked first in home improvement loans, second for refinance loans, and fourth in home purchase loans.

The number and dollar volume of loans originated in 1998 increased 11% and 62% over 1997 results, respectively. The increase resulted primarily from borrowers refinancing their mortgages during the low interest rate environment in 1998.

The volume of small business loans originated during the evaluation period was good. GFNB originated 989 small business loans totaling \$55.4 million during the evaluation period within the AA. Approximately 22% of small business loans reported in 1997 were purchased loans. The bank ranked first in small business lending market share in 1997. GFNB ranked second in lending to small businesses with revenues of less than \$1 million.

GFNB originated or purchased seven farm loans totaling \$163 thousand during the evaluation period. Agricultural lending is not a significant business line for GFNB and is not discussed further in this evaluation.

The volume of consumer loans originated during the evaluation period was good. GFNB originated 9,219 consumer loans totaling \$101 million during the evaluation period.

The volume of mortgage related, small business and small-farm loans originated in the three AAs is found in Table 1. Information regarding borrower distribution of consumer loans is shown in Table 14.

Borrower Characteristics

HMDA Loans

GFNB has an adequate distribution of HMDA loans to all borrowers, including low- and moderate-income borrowers. Tables 7, 8, and 9 show the bank's distribution of HMDA loans and market share by the various borrower income categories. The 1997 results were adjusted from published HMDA information. Bank management provided borrower income information regarding home purchase loans purchased from another institution and reported as "not applicable" (NA).

GFNB has a good distribution of the various types of HMDA loans to moderate-income borrowers during the evaluation period. The level of lending activity also demonstrates a good distribution of home improvement loans to low-income borrowers. The distribution of home purchase and refinance loans to low-income borrowers was poor. During the evaluation period, the bank originated 3% and 1% of its home purchase loans and refinance loans to low-income borrowers, respectively.

The low volume of home purchase and refinance loans originated by GFNB to low-income borrowers is attributed to several factors. One reason is the difficulty for a low-income individual's income to qualify for a home purchase because of relatively high median housing values. The median housing value in the combined AA exceeds \$78,000. In comparison, a low-income individual's income is less than \$23,700 in MSA 0160 and less than \$20,000 in the two

remaining AA's. While the bank does offer flexible mortgage programs, the programs do not offer any special provisions for flexible debt to income ratios in its various lending programs. Purchasing a mobile home is one manner for obtaining home ownership in the AA, however, the bank has not offered this product in recent years due to loss experiences and highly competitive pricing by non bank institutions. Lastly, the MSA 2975 and the non-MSA AA's continue to experience some of the highest unemployment rates in the state.

Small Business Loans

The bank's distribution of loans to small businesses is good. For the evaluation period, GFNB made 72% of its loans to small size businesses. By comparison, lenders in the AA originated 56% of the small business loans to small size businesses. GFNB's market share of 27.3% for loans to small businesses is consistent with its overall small business loan market share of 30%. Approximately 92% of the businesses in the combined AA have revenues of \$1 million or less. Management indicated many small businesses do not have credit needs. A substantial majority of GFNB small business loans (88%) were for amounts less than \$100,000. These smaller loans are often needed by small businesses. Refer to Table 10 in Appendix B for details.

Consumer Loans

The bank's distribution of consumer loans based on borrower income level is good. Lending to low-income and moderate-income borrowers are considered adequate and good, respectively. Table 14 recaps the distribution of consumer loans by borrower income.

Geographic Distribution

The geographic distribution of HMDA, small business, and consumer loans reflects good penetration throughout the AA, including moderate-income geographies. We did not identify any conspicuous gaps in the geographic distribution of HMDA, small business, and consumer loan originations.

HMDA Loans

The geographic distribution of HMDA loans is good. The percentage of loans in moderate-income geographies during the evaluation period was 6.9% which is line with the percentage of owner occupied housing (7%) in the AA and slightly exceeds the 1997 average lender distribution of 6.6% in moderate tracts.

GFNB's level of home improvement and refinance loans in moderate-income geographies is excellent. GFNB's market shares in moderate-income geographies exceed or compare well to its overall market shares for home improvement and refinance loans. Home purchase lending in moderate-income geographies is considered adequate. Market shares in moderate-income geographies for home purchase loans were slightly below the bank's overall market shares in the three AA. Refer to Tables 2, 3, and 4 in Appendix B for details.

Small Business Loans

The geographic distribution of small business loans in moderate-income geographies is good. GFNB ranked first in lending to small businesses in moderate-income geographies in 1997. GFNB's originated 11% of its small business loans in moderate-income geographies which exceeds both the average lender and the percentage of businesses located in moderate-income geographies. GFNB's market share of small business loans in moderate-income geographies exceeds its overall market share of small business lending in the combined AA. Refer to Table 5 in Appendix B for details.

Consumer Loans

The geographic distribution of consumer loans is adequate in MSA 2975 and MSA 0160. The geographic distribution in the non-MSA AA is poor. The distribution of consumer loans in moderate-income geographies represents 3% of all consumer loan originations compared to 15% of the population in the non-MSA AA. As previously noted, GFNB's consumer portfolio consists primarily of indirect automobile loans. The bank's consumer loan performance is affected by the diversity in the source of indirect automobile applications, the competition created by the same application submitted to several lenders, and the applicant's ability to meet the bank's underwriting guidelines. In addition, the bank did not have this AA until the branch acquisitions in June 1997.

Community Development Lending

GFNB originated a high level of community development loans during the evaluation period. GFNB originated six community development loans totaling \$4.4 million. Community development loans are those that do not meet the definition home mortgage, small business or small farm loans but do meet the definition of community development loans as stated in the CRA regulation. The following highlight the community development loans originated by GFNB:

A \$2.2 million loan to a corporation to refinance a shopping center located in the Plattsburgh Economic Development Zone. The property is located in a moderate-income geography. This loan repaid existing mortgages and provided additional funds for renovations. The shopping center was in a deteriorated condition and required significant renovations when it was acquired. The owners renovated and leased up the shopping center to help revitalize and stabilize the geography, and in doing so, created jobs for low- and moderate-income individuals.

A \$1.1 million loan was granted to an economic development agency that provided financing for construction and permanent financing of a commercial building in order to attract a new business. The financing will assist in revitalizing and stabilizing the AA by creating 35 new jobs, primarily for low- and moderate-income individuals.

Two loans totaling \$993 thousand were originated during the evaluation period to two townships located in moderate-income geographies. The funds were used for a water filtration plant and/or improvements after the state and/or federal governments mandated improvement to their water sources. The residents of the townships have boiled their drinking water due to high levels of contaminants. This financing helped stabilize the townships.

A \$106 thousand loan was originated to a non-profit organization that provides residential and other support services to disabled individuals that are predominantly low- or moderate-income. Approximately 54% of the organization's revenues are derived from Medicaid. The purpose of the loan was to purchase five vans for transporting clients.

A \$10 thousand loan was granted to a non-profit organization that provides support services to seriously or terminally ill and their families. A majority of the patients are low-income elderly who can not afford these services. The loan was used for operating expenses.

GFNB also originated other loans in the AA that helped create jobs. These include two loans totaling \$1.4 million that created 40 new jobs for low- and moderate-income individuals in the Plattsburgh area that were reported under small business lending.

Innovative or Flexible Lending Practices

GFNB uses flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies. GFNB's flexible mortgage programs serving low- and moderate-income borrowers include the First Time Homebuyers Program and various HUD Grant Programs.

The First Time Homebuyers Program offers special mortgage terms under two plans to applicants with no previous record of homeownership. The special terms under the first plan include no down payment requirement and no Private Mortgage Insurance (PMI). The program includes a level payment plan that allows the homeowner to build equity quicker over the first three years. The second plan requires a 10% down payment but with no PMI and allows family gifts to be used for down payment and closing costs. The bank began offering this program in April 1999.

GFNB participates in various HUD Loan Grant Programs including: Warren County Scattered Sites Program, Warren County New Homeownership Program, Home Investment Partnership Program, Village of Hudson Falls Home Ownership Program, and the Essex County Heritage Organization, Inc. Loan Program. Under these loan programs, eligible low- and moderate-income borrowers receive grant funds as a second lien. Funds can be used to cover closing costs and down payment requirements. Qualified applicants receive a discounted interest rate (1/2% discount) and may receive reduced closing costs under the bank's Affordable Housing Program. Under these HUD Grant Programs, the bank originated 14 loans totaling \$621,900 in 1997 and 1998.

GFNB originated three loans totaling \$187,000 guaranteed by the Federal Rural Housing Loan Guarantee Program. To be eligible, the applicant must meet several requirements including having an income less than 115% of the median income for the county and establishing residence in a rural area. Some benefits to the borrower include a loan-to-value ratio up to 100%, no down payment, closing costs included in the loan amount, no private mortgage insurance, and a term of thirty years.

GFNB also offered special terms on loans after the Ice Storm Disaster in 1998. This program offered loans as low as \$500 to help local residents at discounted interest rates and longer terms than standard products. The bank originated two loans and granted 35 deferments under this program.

Investment Test

During the evaluation period, GFNB's level of qualified investments are adequate totaling \$301,000. Qualifying investments totaling \$326,000 were originated prior to the evaluation period. The qualified community development investments made by the bank are neither innovative nor complex.

GFNB's invested \$227,000 with a non-profit housing organization that provides affordable housing to low and moderate-income individuals in Upstate New York, including the bank's AA.

Another investment during the evaluation period was a donation of land to a local youth center, which provides activities for low- and moderate-income youth. The land was worth \$50,000. The remaining qualified investments originated during the evaluation period totaled \$24,000. The investments consisted of grants and donations to organizations targeting activities that primarily benefited low- and moderate-income individuals and geographies.

Prior period investments include an investment of \$176,000 with the same non-profit housing organization noted above and \$150,000 was to a moderate-income community that was required to replace its sewer system as directed by a federally mandated project.

Service Test

GFNB's service delivery systems are reasonably accessible to geographies and individuals of different income levels in its AA, and management provides a relatively high level of community development services. GFNB operates 21 full service branches, 18 with drive-through facilities which are accessible to all segments of the community. The bank also has a network of 16 Automatic Teller Machines (ATMs). This network includes one ATM at Glens Falls Hospital. ATMs are available 24 hours per day. Customers and non-customers alike can access their accounts through GFNB ATMs which are connected to the NYCE, PLUS, HONOR, and Pulse

ATM systems. Customers may also use their GFNB card to obtain cash throughout the world at non-bank ATMs bearing the previously mentioned logos.

The bank office hours are tailored to meet the needs of the community and are considered reasonable. The majority of branches are open between 9:00am and 3:00pm. Branches that also offer drive-through service generally extend the hours at the drive-through window either before or after lobby hours. Nine branches are open on Saturday. Neither branch located in moderate-income geographies offer Saturday hours. However, one of these branches is located within three miles of a branch with Saturday hours. The other branch, located in a rural area, is within 10 miles of a branch with Saturday hours. GFNB improved its accessibility to individuals in moderate-income areas by purchasing one branch in a moderate-income geography in Plattsburgh, New York during 1997.

GFNB's main office is located in the Glens Falls, New York, a middle-income community. The main office is located within walking distance of a moderate-income geography. GFNB's AA does not include any low-income geographies. GFNB has nine moderate-income geographies in its AA, two of which have branches. The distribution of branches in the moderate-, middle-, and upper-income geographies compared to the population distribution in the geographies is reasonable.

Retail Banking Services

GFNB offers several affordable personal checking and savings accounts. The bank's On Call Banking Service is available 24 hours a day using a touch-tone telephone. An account holder can access savings, checking, and loan account information, transfer funds among accounts, and access GFNB's Bulletin Board for bank specials and other notices. All account holders can also complete a variety of transactions by mail including checking and savings deposits, and loan payments. We could not place significant weight on the alternative delivery systems when drawing our CRA performance conclusions because no data was available to determine how effective these systems are in serving low- and moderate-income individuals and geographies.

Community Development Services

Employees conducted and participated in several Homebuyer Seminars at various locations throughout the AA since the last examination. The seminars provide information on home ownership planning, household budgeting, the home financing process, and special government programs. Some of these seminars are held at the bank's Community Center Meeting Facility in Downtown Glens Falls. These facilities are also used by several other community groups free of charge.

GFNB provides loan servicing to four local economic development corporations that individually have several loans outstanding to local businesses. The four local corporations include the Queensbury Economic Development Corporation, the Village of Fort Edward Housing Improvement Program, the Lake George/Lake Champlain Regional Development Corporation, and the Washington County Economic Development Corporation.

GFNB recently received approval to participate in the Federal Home Loan Bank of New York (FHLBNY) First Home Club. The Club is designed to assist low- and moderate-income first-time homebuyers save funds for closing costs. GFNB, together with a local affordable housing coalition, provides homeownership, credit and budget counseling to program participants. All participants must attend the counseling sessions. The FHLBNY contributes \$3 for every \$1 saved by the participant up to \$5,000. The participant's contributions are placed in a maintenance fee free savings account at GFNB. The matching funds may be used toward the down payment or closing costs for the purchase of the home.

Employees of the bank provide technical expertise to several organizations in the area including the following:

An employee serves as a Board Member and President of Caritas. Caritas provides free, non-medical, health related services to the terminally ill and their families. A majority of the patients are low-income elderly in Warren and Washington Counties.

An employee serves as a Board Member to the Glens Falls Area Youth Center. This organization provides free recreation and youth service activities targeting low-and moderate-income individuals.

An employee serves on the Family Selection Committee for the Glens Falls Chapter of Habitat for Humanity. Habitat for Humanity is a nationally recognized organization that builds houses for low- and moderate-income families.

An employee serves as a Board Member to the Head Start of Warren County. Another employee serves a Policy Council Representative for the Head Start of Washington County. Head Start is a government sponsored early education program for children of low- and moderate-income families.

One employee serves as a Board Member and another serves on the Steering Committee of the Salvation Army in Glens Falls. The Salvation Army provides several basic necessities to mostly low-and moderate-income individuals.

An employee serves as a Board Member to the Warren/Washington Association of Mental Health. This organization serves primarily low-income, seriously mentally ill adults.

An employee serves on the Board and Steering Committee of the Clinton County Financial Exploitation Task Force. This organization educates consumers, particularly the low-and moderate-income elderly and physically or mentally impaired adults to prevent financial exploitation.

Two employees serve on the Board of the Family Services Association. This organization provides several programs to benefit low-and moderate-income individuals.

An employee serves as a Board Member and Finance Chairperson for the Greater Glens Falls Senior Citizens Center. This organization promotes physical and emotional wellness for low-and moderate-income seniors through health, educational and recreational programs.

An employee serves on the Board of the Moriah/Port Henry, Essex County Economic Development Zone (EDZ). This organization promotes industrial development and improvements in human services in the EDZ.

Six employees serve in various capacities for five local Lions Clubs. These clubs provide vision services to low- and moderate-income individuals.

FAIR LENDING EXAMINATION

A concurrent fair lending review did not identify any substantive violations of the various anti-discrimination laws and regulations.

Metropolitan Statistical Areas

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

GFNB's performance in helping meet the credit needs of its assessment area in MSA 2975 is consistent with its overall performance.

Summary of Institution's Operations in MSA 2975

GFNB operates a majority of its branches in MSA 2975. Nine of the fourteen branches in the AA have 24-hour ATM accessibility, and six of the branches have drive-thru facilities. All offices offer a full range of loan and deposit services.

Description of MSA 2975

Please refer to the Glens Falls AA description earlier in this report for further details.

LENDING TEST

Lending Activity in the MSA Compared to the Overall AA

The majority of the bank's lending occurs in MSA 2975. Of the loans made within the bank's combined AA, 61% of the HMDA loans, 68% of small business loans, and 79% of consumer loans originated by GFNB during the evaluation period were to borrowers in MSA 2975.

Borrower Characteristics

Home Mortgage Lending

GFNB 1997 and 1998 HMDA data indicates an adequate level of lending activity to borrowers of all income levels including low- and moderate-income borrowers in MSA 2975. Refer to Tables 7, 8, and 9 for details of borrower distribution by HMDA product.

The 1997 market share data for lending to low income borrowers ranked GFNB fourth in home purchase loan originations, first in home improvement loan originations, and seventh in mortgage refinances. Of note, three refinance loans separated the fourth ranked bank and GFNB in ranking for low-income borrowers.

The 1997 market share data for lending to moderate-income borrowers ranked GFNB second in home purchase loan originations, first in home improvement loans, and fifth in refinance loans.

Consumer Lending

Consumer lending to borrowers of different incomes is good in MSA 2975. Refer to Table 14 in the appendix for additional details. Our conclusions are based primarily on motor vehicle originations. Motor vehicles represent 70% of all consumer loans originated by GFNB. We also considered home equity loans, other secured consumer loans, other unsecured consumer loans, and credit card loans. For the evaluation period, 16% and 24% of the consumer loan originations were to low-income borrowers and moderate-income borrowers, respectively. Consumer lending slightly exceeds the 39% of low- and moderate-income households in MSA 2975.

Small Business Lending

GFNB small business lending within MSA 2975 reflects good penetration of small businesses. Of the small businesses reporting revenues during the evaluation period, 70% of small business loans originated by GFNB were to businesses with revenues of \$1 million or less. This compares favorably to the competition, where 56% of the small business loans originated by all lenders were to businesses with revenues of \$1 million or less. Refer to Table 10 for details.

GFNB distribution of lending to small businesses by loan size is good. Eighty-seven percent of small business loans during the evaluation period were in amounts of less than \$100 thousand. Refer to Table 10 for further details.

Geographic Distribution

Home Mortgage Lending

GFNB penetration of the geographies in MSA 2975 is good for HMDA reportable loans. Refer to Tables 2, 3, and 4 for additional details. The distribution of HMDA loans to borrowers in moderate-income geographies was slightly below the geographic distribution of owner occupied housing units for home purchase loans. Home improvement and refinances equaled or exceeded the distribution of owner occupied housing units in moderate-income geographies.

GFNB ranked fourth in home purchase loans, and first in both home improvement and refinance loans in moderate-income geographies in 1997. Of note, only three loans separated the five highest ranked banks for home purchase loans.

Consumer Lending

The geographic distribution of consumer loans is adequate. Table 14 indicates 2% of consumer loans are originated in moderate-income geographies compared to 4% of the population.

Small Business Lending

GFNB's geographic distribution of small business loans in MSA 2975 shows good penetration of the different income geographies. Refer to Table 5 for additional details. The volume of loans to small businesses in moderate-income geographies equaled the geographic distribution of small businesses in moderate-income geographies.

GFNB ranked first in small business lending results in moderate-income geographies in 1997.

Community Development Lending

GFNB originated one community development loan in MSA 2975 totaling \$10 thousand. Refer to the Lending Test for additional details.

Innovative or Flexible Lending Practices

The lending practices of this AA do not differ from those of the overall bank. Refer to the Lending Test for the overall for additional details.

INVESTMENT TEST

GFNB's qualified investments in this MSA during the evaluation period totaled \$301,000. Qualified investments in this MSA that originated prior to the evaluation period totaled \$176,000. Refer to the Investment Test for the overall bank for additional details.

SERVICE TEST

GFNB operates 14 of its 21 branches in this MSA. Thirteen of the 14 branches have drive-through facilities. This MSA has twelve ATM's including one at the Glens Falls Hospital. The branch office hours do not differ significantly from those previously discussed. All branches offer a full range of loan and deposit services. These products and services do not differ from those previously mentioned. Refer to the Service Test for the overall bank for additional details.

Community Development Services

The community development services in the MSA do not differ from those previously mentioned. Refer to the Service Test for the overall bank for additional details.

Metropolitan Statistical Areas

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

GFNB's performance in helping meet the credit needs of its AA MSA 0160 is consistent with its overall performance.

Summary of Institution's Operations in MSA 0160

GFNB operates two branches in MSA 0160. Both branches offer ATM accessibility or drive-thru facilities. Both offices offer a full range of loan and deposit services.

Description of MSA 0160

Please refer to the Glens Falls AA description earlier in this report for further details.

LENDING TEST

Lending Activity in the MSA Compared to the Overall AA

The lowest level of lending activity is in MSA 0160. Lending activity in MSA 0160 represents 13%, 9%, and 8% of HMDA loans, small business loans, and consumer loans, respectively.

Borrower Characteristics

Home Mortgage Lending

GFNB 1997 and 1998 HMDA data indicates an adequate level of lending activity to borrowers of all income levels, including low- and moderate-income borrowers in MSA 0160. GFNB's market shares for low and moderate-income borrowers were below their overall market shares for all HMDA products in 1997. Refer to Tables 7, 8, and 9 for details of borrower distribution by HMDA product.

The 1997 market share data for lending to low-income borrowers ranked GFNB fourteenth in home purchase loans, third in home improvement loans, and ninth in refinance mortgages. Of note, four home purchase loans separated the first ranked bank and GFNB in ranking for low-income borrowers. The 1997 market share data for lending to moderate-income borrowers ranked GFNB twelfth in home purchase loans, fifth in home improvement loans, and eighth in refinance loans.

Consumer Lending

Consumer lending to borrowers of different incomes is excellent in MSA 0160. Refer to Table 14 for additional details. Consumer loans to low-income borrowers and moderate-income borrowers represented 22% and 27% of all consumer loans made in MSA 0160 AA. This compares favorably to the 21% and 17% of low- and moderate-income households in MSA 0160, respectively.

Small Business Lending

GFNB's small business lending within the MSA reflects good penetration of small businesses. Of the small businesses reporting revenues during the evaluation period, 72% of small business loans originated are to businesses with revenues of \$1 million or less. By comparison, 62% of all small business loans made in MSA 0160 are to businesses with revenues of \$1 million or less. Refer to Table 10 for details. Additionally, 89% of small business loans during the evaluation period are in amounts of less than \$100 thousand.

Geographic Distribution of Loans

Home Mortgage Lending

GFNB's penetration of the geographies of MSA 0160 is good for HMDA reportable loans during the evaluation period. Refer to Tables 2, 3, and 4 for additional details. The number and dollar volume of HMDA loans to borrowers in moderate-income geographies is slightly below the geographic distribution of owner-occupied housing units for home purchase loans. Home improvement and mortgage refinances equal or exceed the distribution of owner-occupied housing units.

GFNB ranked first in home improvement lending and refinance loans to borrowers in moderate-income geographies. GFNB ranked nineteenth in home purchase loans in moderate-income geographies in MSA 0160. In comparison, only three loans separate GFNB from the fourth highest ranked bank.

Consumer Lending

The geographic distribution of consumer loans is good. Table 14 shows 21% of consumer loans are made in moderate-income geographies. The geographic distribution compares favorably to the population (19%) located in moderate-income geographies.

Small Business Lending

GFNB's geographic distribution of small business loans in MSA 0160 shows good penetration of the geographies. Refer to Table 5 for additional details. The volume of small business loans to businesses in moderate-income geographies exceeds the geographic distribution of small businesses in moderate-income geographies. GFNB's small business lending results in moderate-income geographies ranked second with 12.4% market share in 1997.

Community Development Lending

GFNB originated one community development loan in MSA 0160 totaling \$400,000 for water district improvements. Refer to the Lending Test for additional details.

Innovative or Flexible Lending Practices

The lending practices of this AA do not differ from those of the overall bank. Refer to the Lending Test for the overall for additional details.

INVESTMENT TEST

GFNB had one investment for \$150,000 outstanding that originated in a prior period. Refer to the Investment Test for the overall bank for additional details.

SERVICE TEST

GFNB operates 2 of its 21 branches in this MSA. Both offices have 24-hour ATM accessibility and drive-through facilities. The branch office hours do not differ significantly from those previously discussed. All branches offer a full range of loan and deposit services. These products and services do not differ from those previously mentioned. Refer to the Service Test for the overall bank for additional details.

Community Development Services

The community development services in the MSA do not differ from those previously mentioned. The level of employee involvement is limited in this MSA. Refer to the Service Test for the overall bank for additional details.

Appendix A

Scope of Examination

The table below lists the scope of the examination. Specifically, it lists the lending products reviewed, the branches visited, and the time period covered in the review.

Time Period Reviewed		The time period beginning 1/1/97 through 12/31/98	
Financial institution Glens Falls National Bank and Trust Co. Glens Falls, NY		Products Reviewed Home purchase, home improvement and refinance loans reported on the HMDA LAR, small business loans, small farm loans, motor vehicle loans, credit card loans, secured consumer loans, unsecured consumer loans, home equity loans, and community development loans	
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Branches Visited	Other Information
1. Glens Falls MSA (2975) 2. Portion of Saratoga County in MSA (0160) 3. Portions of Clinton and Essex Counties, NY	On-site	Main Office	See "Description of Assessment Area"

Appendix B

Table #	Title	Included in Appendix	Not Applicable
1	Lending Volume	X	
2	Geographic Distribution of Home Purchase Loan Originations	X	
3	Geographic Distribution of Home Improvement Loan Originations	X	
4	Geographic Distribution of Home Mortgage Refinance Loan Originations	X	
5	Geographic Distribution of Small Business Loan Originations	X	
6	Geographic Distribution of Small Farm Loan Originations		X
7	Borrower Distribution of Home Purchase Loan Originations	X	
8	Borrower Distribution of Home Improvement Loan Originations	X	
9	Borrower Distribution of Home Mortgage Refinance Loan Originations	X	
10	Borrower Distribution of Small Business Loan Originations	X	
11	Borrower Distribution of Small Farm Loan Originations		X
12	Qualified Investments	X	
13	Distribution of Branch and ATM Delivery System	X	
14	Geographic and Borrower Distribution of Consumer Loan Originations (Optional)	X	

Table 1. Lending Volume

LENDING VOLUME													State: New York		Evaluation Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area				
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)					
Full-Scope:																
Glens Falls MSA (2975)	70%	998	54,488	670	37,022	0	0	1	10	1,669	91,520	64%				
Non MSA	18%	414	18,355	232	13,928	3	18	4	3,984	653	36,285	25%				
Albany MSA (0160)	12%	205	10,084	87	4,469	4	145	1	400	297	15,098	11%				
Limited-Scope:																

Table 2. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE																
State: New York				Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase 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	#	% of Total
Full-Scope:																
Glens Falls MSA (2975)	0%	0%	4%	3%	82%	73%	14%	23%	1	9.72	0	5.77	10.05	9.28	244	68%
Non MSA	0%	0%	4%	3%	82%	84%	14%	13%	5	5.23	0	3.70	5.47	3.33	62	17%
Albany MSA (0160)	0%	0%	18%	8%	82%	92%	0%	0%	6	3.69	0	1.16	3.98	0	52	15%
Limited-Scope:																

(*) Based on 1997 Aggregate HMDA Data only.

Table 3. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT																
State: New York				Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement 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	#	% of Total
Full-Scope:																
Glens Falls MSA (2975)	0%	0%	4%	6%	82%	82%	14%	12%	1	30.12	0	44.44	30.58	22.11	327	60%
Non MSA	0%	0%	4%	2%	82%	89%	14%	9%	1	38.15	0	42.86	39.01	30.56	159	29%
Albany MSA (0160)	0%	0%	18%	32%	82%	68%	0%	0%	2	12.77	0	30.0	7.94	0	63	11%
Limited-Scope:																

(*) Based on 1997 Aggregate HMDA Data only.

Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

Geographic Distribution: HOME MORTGAGE REFINANCE																
State: New York				Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance 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	#	% of Total
Full-Scope:																
Glens Falls MSA (2975)	0%	0%	4%	4%	82%	70%	14%	26%	2	10.11	0	11.36	9.54	12.57	427	60%
Non MSA	0%	0%	4%	5%	82%	76%	14%	19%	1	13.36	0	11.76	13.07	15.19	193	27%
Albany MSA (0160)	0%	0%	18%	28%	82%	72%	0%	0%	3	5.43	0	11.90	4.19	0	90	13%
Limited-Scope:																

(*) Based on 1997 Aggregate HMDA Data only.

Table 5. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS																
State: New York					Evaluation Period: January 1, 1997 TO December 31, 1998											
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Glens Falls MSA (2975)	0%	0%	6%	6%	77%	72%	17%	23%	1	32.56	0	27.14	34.76	25.6	670	68%
Non MSA	0%	0%	15%	15%	74%	76%	11%	9%	1	21.95	0	34.09	20.05	27.3	232	23%
Albany MSA (0160)	0%	0%	22%	39%	76%	61%	0%	0%	9	2.61	0	12.41	2.27	0	87	9%
Limited-Scope:																

(*) Based on 1997 Aggregate Small Business Data only.
 Albany MSA - Market Share Data is based on entire Saratoga County.

Table 7. Borrower Distribution of Home Purchase Loan Originations

Borrower Distribution: HMDA HOME PURCHASE																
State: New York				Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Glens Falls MSA (2975)	17%	3%	19%	17%	26%	26%	38%	54%	1	9.72	1.75	9.42	6.16	9.16	244	68%
Non MSA	19%	0%	19%	19%	25%	23%	37%	58%	5	5.23	0	2.40	1.67	3.72	62	17%
Albany MSA (0160)	20%	3%	22%	20%	28%	30%	30%	47%	6	3.69	2.00	2.34	2.86	4.03	52	15%
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No information was available for 22% of loans originated by BANK.

(**) Based on 1997 Aggregate HMDA Data only.

Table 8. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT																
State: New York				Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Improvement Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Glens Falls MSA (2975)	17%	13%	19%	17%	26%	29%	38%	41%	1	30.12	29.8	23.1	25.8	28.9	327	60%
Non MSA	19%	10%	19%	21%	26%	22%	36%	47%	1	38.15	21.4	15.0	9.09	19.18	159	29%
Albany MSA (0160)	20%	16%	22%	39%	28%	18%	30%	27%	2	12.77	10.3	6.25	6.17	11.94	63	11%
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No information was available for 26% of loans originated by BANK.

(**) Based on 1997 Aggregate HMDA Data only.

Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations

Borrower Distribution: HOME MORTGAGE REFINANCE																
State: New York					Evaluation Period: January 1, 1997 TO December 31, 1998											
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Glens Falls MSA (2975)	17%	1%	19%	10%	26%	23%	38%	66%	2	10.11	3.03	7.56	8.73	13.82	427	60%
Non MSA	19%	0%	19%	9%	25%	20%	37%	71%	1	13.36	0	1.28	6.00	10.11	193	27%
Albany MSA (0160)	20%	2%	22%	16%	28%	33%	30%	49%	3	5.43	2.94	3.37	3.23	8.55	90	13%
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No information was available for 11% of loans originated by BANK.

(**) Based on 1997 Aggregate HMDA Data only.

Table 10. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS State: New York Evaluation Period: January 1, 1997 to December 31, 1998											
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans		
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full-Scope:											
Glens Falls MSA (2975)	92%	70%	56%	87 %	9%	4%	30.60	27.38	670	68%	\$55,000
Non MSA	90%	77%	62%	91%	6%	3%	21.44	22.94	232	23%	\$60,000
Albany MSA (0160)	95%	71%	49%	89%	9%	2%	2.61	2.0	87	9%	\$51,000
Limited-Scope:											

(*) As a percentage of businesses with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 19% of loans originated by BANK.

(***) The market consists of all other Small Business reporters in BANK's assessment area and is based on 1997 Aggregate Small Business Data only.

(****) Based on 1997 Aggregate Small Business Data only.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS State: New York Evaluation Period: January 1, 1997 TO December 31, 1998									
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$-s
Full-Scope:									
Glens Falls MSA (2975)	1	176	54%	24	301	100%	21	477	68%
Non MSA	0	0	0%	3	0	0%	3	0	0%
Albany MSA (0160)	1	150	46%	1	0	0%	2	150	32%
Limited-Scope:									

(*) Prior Period Investments means investments made in a previous evaluation period that remain outstanding.
 (**) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

Table 13. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM																	
			State: New York					Evaluation Period: January 1, 1997 TO December 31, 1998									
MSA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total BANK Deposits	# of BANK Branches	% of Total BANK Branches	Location of Branches by Income of Geographies				# of BANK ATMs	% of Total BANK ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
Glens Falls MSA (2975)	70%	14	67%	0%	0%	93%	7%	12	75%	0%	0%	91%	9%	0%	4%	82%	14%
Non MSA	18%	5	24%	0%	20%	60%	20%	2	12%	0%	50%	0%	50%	0%	15%	73%	12%
Albany MSA (0160)	12%	2	9%	0%	50%	50%	0%	2	12%	0%	50%	50%	0%	0%	19%	81%	0%
Limited-Scope:																	

Table 14. Geographic and Borrower Distribution of Consumer Loan Originations

Geographic and Borrower Distribution: CONSUMER LOANS																			State: New York		Evaluation Period: January 1, 1997 TO DECEMBER 31, 1998	
MSA/Assessment Area:	Geographic Distribution								Borrower Distribution													
	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Total Consumer Loans					
	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	#	% of Total				
Full-Scope:																						
Glens Falls MSA (2975)	0%	0%	4%	2%	82%	83%	14%	15%	22%	16%	17%	24%	22%	26%	39%	34%	7,307	79%				
Non MSA	0%	0%	15%	3%	73%	89%	12%	8%	23%	14%	17%	23%	21%	28%	39%	35%	1,131	13%				
Albany MSA (0160)	0%	0%	19%	21%	81%	79%	0%	0%	21%	22%	17%	27%	23%	27%	39%	24%	781	8%				
Limited-Scope:																						

(*) The percentage of the population in the MSA/assessment area that resides in these geographies.