



PUBLIC DISCLOSURE

August 20, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Scotia
Charter Number 14680
201 Mohawk Avenue, Scotia, NY 12302

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: Outstanding

The Lending Test is rated: Outstanding

The Community Development Test is rated: Outstanding

The major factors supporting these ratings are:

- First National Bank of Scotia (FNBS) had a more than reasonable loan-to-deposit ratio during the evaluation period.
- FNBS originated a majority of consumer loans within its assessment area (AA).
- FNBS had excellent distribution of consumer loans to borrowers of different income levels within the AA.
- FNBS had a reasonable distribution of consumer loans to borrowers among census tracts (CT) of different income designations.
- FNBS's community development (CD) performance demonstrates excellent responsiveness to community development needs in the AA.

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 generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, 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 five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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 Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties 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) 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 One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Description of Institution

FNBS is a community bank headquartered in Scotia, New York (NY) and wholly owned by Glenville Bank Holding Company, a single bank holding company. The bank's main branch is located in Schenectady County. In addition to the main branch, FNBS has four other branches located in Schenectady County, two branches located in Albany County, and two branches located in Saratoga County. FNBS also operates a limited service branch at the General Electric (GE) facility in Schenectady, NY (GE branch). The GE branch provides limited services to GE employees and is not open to the public. All remaining branches are open to the public, provide full banking services, and include on-site automated teller machines (ATM). Furthermore, the bank has a non-deposit taking ATM located at the Schenectady County Community College (SCCC). The bank's Schenectady branch is located in a moderate-income CT; the income designation for this CT changed from low to moderate since the prior CRA evaluation. All other branches and corresponding ATMs are located in a middle- or upper-income CT. The bank did not open or close any branches during the evaluation period.

As of December 31, 2017, the bank has total assets of \$463 million. Total assets primarily consist of \$395 million in total loans. Consumer loans continue to be the bank's primary product, and represent 43.85 percent of loans. Commercial loans represent 36.30 percent of the bank's loan portfolio, and primarily consist of commercial real estate and commercial and industrial loans. Lastly, residential real estate loans represent 19.66 percent of total loans. The bank has implemented a "First Time Homebuyers Program," which began in 2014 and was available solely to the Village of Scotia. As of 2018, management expanded the availability of the program to their entire market area. Management's strategic focus is to maintain a competitive advantage through customer service with an emphasis on retail lending and a secondary emphasis on commercial lending.

FNBS has no legal or financial impediments that would hinder its ability to help meet the credit needs of its AA. At the last CRA evaluation, dated May 26, 2015, the bank received a satisfactory rating.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period covers the time-period from May 27, 2015 through December 31, 2017. To assess lending performance, we randomly sampled 90 loans originated between April 1, 2015 and December 31, 2017, as the prior CRA evaluation sampled loans originated through March 31, 2015. The sample was representative of the entire evaluation period as the bank had no major changes to its strategic initiatives or underwriting standards. Based on discussion with management and the volume of loans originated during the evaluation period, we found the bank's primary product to be consumer loans. Within the consumer loan portfolio, the bank primarily originates indirect automobile loans, which account for approximately 71 percent of loans originated during the evaluation period. For the community development test, we evaluated community development activities from May 27, 2015 through December 31, 2017.

Data Integrity

FNBS has 10 branch offices located in the Albany-Troy-Schenectady MSA and is required to maintain home mortgage data in accordance with HMDA. However, we did not assess the bank's performance under the lending test using data from the HMDA loan application register (LAR) since the bank's primary product is consumer loans. We assessed the bank's performance under the lending test using a sample of various consumer loans, most notably, indirect automobile loans.

Selection of Areas for Full-Scope Review

We conducted a full scope review of the bank's single AA, the Albany-Troy-Schenectady MSA AA. The Albany-Troy-Schenectady MSA AA consists of 165 CTs located in Albany, Schenectady, and Saratoga Counties.

Ratings

The bank's overall rating is based primarily on the full-scope review of the bank's only AA. We placed equal emphasis on the bank's performance under the lending and community development tests, while also taking into consideration the improvements made to increase lending to low- and moderate-income individuals and geographies.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

We based our evaluation on FNBS's performance under the lending and community development tests.

LENDING TEST

FNBS's performance under the lending test is outstanding. The bank's performance under the lending test is based on the bank's average loan-to-deposit ratio, level of lending in the AA, lending to borrowers of different income levels, the bank's geographic distribution of loans, and management's response to consumer complaints.

Loan-to-Deposit Ratio

FNBS's average loan-to-deposit ratio since the prior CRA evaluation is more than reasonable. As of June 30, 2018, the bank's average loan-to-deposit ratio since the last CRA evaluation was 92.15 percent. In comparison, three banks of similar size and serving the same market had an average loan-to-deposit ratio of 69.70 percent to 92.74 percent.

Lending in Assessment Area

Lending in the AA is satisfactory with a majority of consumer loans originated within the AA during the evaluation period. FNBS had approximately 87 percent of loans originated within the AA by count and 85 percent of loans originated within the AA by dollar amount.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Consumer										
2015	24	85.7	4	14.3	28	445	81.1	104	18.9	549
2016	24	80.0	6	20.0	30	315	76.6	96	23.4	411
2017	25	96.2	1	3.8	26	441	97.4	12	2.6	453
Subtotal	73	86.9	11	13.1	84	1,201	85.0	212	15.0	1,413
Total	73	86.9	11	13.1	84	1,201	85.0	212	15.0	1,413

*Source: Evaluation Period: 4/1/2015 - 12/31/2017 Bank Data
Due to rounding, totals may not equal 100.0*

Lending to Borrowers of Different Incomes

FNBS had excellent distribution of consumer loans to borrowers of different incomes during the evaluation period. Based on the tables on the following page, the percentage of consumer loans to low- and moderate-income borrowers in 2015-2016 and in 2017 exceeded the percentage of low- and moderate-income households, respectively.

The bank's distribution of consumer loans to borrowers of different incomes represents an improvement over distribution levels during the prior evaluation. To expand its reach within the community, management expanded its advertising methods to include billboards, local publications, radio spots, social media platforms, the bank's website, and in-branch signage. These methods allowed management to advertise to a more demographically diverse customer base and extend its reach to encompass a larger portion of the AA. Additionally, FNBS offers automobile loans with terms up to 72 months, which improves accessibility for low- and moderate-income individuals. Furthermore, when decisioning an application, loan underwriters complete a comprehensive borrower assessment, which includes determining underlying causes for prior credit issues, and does not focus solely on a borrower's credit score. This lending philosophy provides lenders with additional flexibility when underwriting loans, which proves beneficial to all applicants.

Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2015-16	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Albany-Schenectady-Troy MSA AA 2015-2016	48	760	100.0	23.5	31.3	15.8	33.3	18.0	22.9	42.7	10.4	0.0	4.2	
Total	48	760	100.0	23.5	31.3	15.8	33.3	18.0	22.9	42.7	10.4	0.0	4.2	

*Source: 2010 U.S Census; 04/01/2015 - 12/31/2016 Bank Data.
Due to rounding, totals may not equal 100.0*

Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2017	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Albany-Schenectady-Troy MSA AA 2017	25	441	100.0	23.8	28.0	15.2	40.0	18.8	16.0	42.2	16.0	0.0	0.0	
Total	25	441	100.0	23.8	28.0	15.2	40.0	18.8	16.0	42.2	16.0	0.0	0.0	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data.
Due to rounding, totals may not equal 100.0*

Geographic Distribution of Loans

FNBS had a reasonable distribution of consumer loans among CTs of different income designations during the evaluation period.

In 2015-2016, the distribution of loans in low-income geographies was near the percentage of households in low-income geographies. In 2017, the distribution of loans in low-income geographies exceeded the percentage of households in low-income geographies. In 2015-2016, the distribution of loans in moderate-income geographies exceeded the distribution of households in moderate-income geographies. In 2017, the distribution of loans in moderate-income geographies was near to the distribution of households in moderate-income geographies.

The bank's distribution to low- and moderate-income geographies improved since the prior evaluation. In an effort to assist individuals located in low- and moderate-income geographies, FNBS attempted to cultivate relationships with automobile dealers in the City of Schenectady. However, the bank struggled to do so because of the dealerships' reluctance, as the dealerships stood to make more profit by providing direct consumer financing. Additionally, within the bank's AA, the majority of low- and moderate-income geographies are located in Schenectady and Albany Counties. The Albany-Schenectady area has a dense mass-transit coverage through the Capital District Transportation Authority (CDTA), which provides more reasonable and affordable transportation options for individuals who have limited income and borrowing capacity. The CDTA provides multiple fare options such as Pay as you Go, Frequent Rider, and Discounted Fares. The Pay as you Go program requires a minimum online purchase value of \$10, and provides \$1.30 fare for each ride, up to three rides during the day, with the fourth ride and above being free when taken on the same day. The Frequent Rider program offers a \$65 monthly pass for unlimited rides. Lastly, the Discounted Fares program provides half-off fare for qualified customers (customers over 65 and disabled individuals). These options provide a substantially less expensive option than owning an automobile for individuals with limited income and borrowing capacity.

Assessment Area Distribution of Consumer Loans by Income Category of the Geography												2015-2016	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Albany-Schenectady-Troy MSA AA 2015-2016	48	760	100.0	8.9	8.3	11.4	12.5	49.7	45.8	30.0	39.6	0.0	0.0

*Source: 2010 U.S Census; 04/01/2015 - 12/31/2016 Bank Data.
Due to rounding, totals may not equal 100.0*

Assessment Area Distribution of Consumer Loans by Income Category of the Geography **2017**

Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Albany-Schenectady-Troy MSA AA 2017	25	441	100.0	7.4	8.0	15.9	12.0	49.1	60.0	27.3	20.0	0.1	0.0

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data.
Due to rounding, totals may not equal 100.0*

Responses to Complaints

FNBS has not received any CRA related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

FNBS' community development performance is excellent based on the bank's responsiveness to community development needs of the AA and is rated outstanding. Performance under the CD test is based on: number and amount of CD loans, number and amount of qualified investments, and the extent to which the bank provides CD services. The bank's responsiveness through CD loans, qualified investments, and CD services, as a whole, is excellent, in relation to the CD lending, investment, and service needs in the AA.

Number and Amount of Community Development Loans

The number and amount of community development loans reflects excellent responsiveness to CD needs of the AA. FNBS originated or renewed 32 CD loans totaling \$3.6 million during the evaluation period.

The majority of community development loans originated by the bank during the evaluation period were in support of non-profit organizations in the AA. The bank originated 21 loans totaling \$2.1 million to the Center for Disability Services, which provides a variety of care options including healthcare, transportation, and supported employment, to primarily low- and moderate-income individuals with disabilities and health problems. The bank also originated seven loans totaling \$1.3 million to companies developing affordable housing projects in low- and moderate-income census tracts within the AA. Additionally, the bank promoted economic development by originating two loans totaling \$105 thousand that are creating, maintaining, and improving housing and jobs in the AA.

Number and Amount of Qualified Investments

FNBS demonstrated excellent responsiveness to CD needs of the AA through eight qualified investments totaling \$2.2 million.

Over the course of the evaluation period, FNBS invested in the AA through bonds secured for the purpose of reconstruction of school buildings, acquisition of land, and purchase of school buses in moderate-income census tracts. These investments included: four bonds totaling \$1.6 million to the Schuylerville Central School District for the acquisition of school buses and the reconstruction of school buildings within the district; \$175 thousand bond in the Green Island NY Union Free School District for the reconstruction of the Heatly School, which serves a moderate-income CT; \$140 thousand in the Lansingburgh Central School District for the acquisition of land and the reconstruction of school district buildings and facilities that serve low- and moderate- income CTs within the MSA; \$250 thousand bond to the City of Troy that funded the construction of two roads and the renovation of court and police facilities in a moderate-income CT located within the MSA; and, In 2017, the bank issued a \$25 thousand grant to a museum in a low-income CT in Schenectady County to implement the museum's "Cents and \$ensibility" financial literacy program for approximately 2,000 elementary and middle school children from Capital Region schools, with a goal of teaching the children financial skills.

Extent to Which the Bank Provides Community Development Services

FNBS's performance in providing CD services was excellent in the AA.

FNBS employees served as board members, on finance committees, or as treasurers in 17 community development organizations. The organizations collectively cover a wide range of CD activities such as providing community services targeted to low- and moderate-income people, supporting affordable housing for low- and moderate-income people, and supporting economic development by financing small businesses that are creating and retaining jobs for low- and moderate-income people.

Responsiveness to Community Development Needs

The bank's CD performance in their AA represented excellent responsiveness to the CD needs of the AAs.

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”).

Time Period Reviewed	Lending Test: April 1, 2015 – December 31, 2017 Investment and Service Tests and CD Loans: May 27, 2015 – December 31, 2017	
Financial Institution:	Products Reviewed: Consumer Loans	
First National Bank of Scotia (FNBS) Scotia, NY	Consumer Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Albany-Schenectady-Troy MSA	Full-Scope	

Appendix B: Community Profiles for Full-Scope Areas

Albany-Schenectady-Troy MSA

Demographic Information of the Assessment Area						
Assessment Area: Scotia AA 2015- 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	165	11.5	13.3	48.5	26.1	0.6
Population by Geography	672,425	10.3	10.5	48.4	30.5	0.3
Housing Units by Geography	296,194	10.7	11.7	49.1	28.5	0.0
Owner-Occupied Units by Geography	175,461	4.3	7.4	54.1	34.2	0.0
Occupied Rental Units by Geography	91,617	17.7	19.0	41.4	22.0	0.0
Vacant Units by Geography	29,116	27.7	14.7	43.0	14.6	0.0
Businesses by Geography	40,540	8.1	13.2	47.8	30.9	0.0
Farms by Geography	1,048	2.0	4.7	63.2	30.2	0.0
Family Distribution by Income Level	164,047	19.6	17.2	21.9	41.3	0.0
Household Distribution by Income Level	267,078	23.5	15.8	18.0	42.7	0.0
Median Family Income MSA - 10580 Albany-Schenectady-Troy, NY MSA		\$74,739	Median Housing Value			\$195,587
			Median Gross Rent			\$840
			Families Below Poverty Level			6.0%
<i>Source: 2010 U.S. Census and 2016 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Demographic Information of the Assessment Area						
Assessment Area: Scotia AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	165	10.3	17.0	46.1	24.8	1.8
Population by Geography	679,874	7.6	15.6	48.0	27.6	1.3
Housing Units by Geography	301,650	8.9	16.5	48.6	25.8	0.2
Owner-Occupied Units by Geography	171,953	2.9	12.0	52.6	32.4	0.1
Occupied Rental Units by Geography	95,615	15.6	23.1	42.8	18.2	0.3
Vacant Units by Geography	34,082	20.7	20.9	44.3	13.3	0.9
Businesses by Geography	41,061	11.2	11.2	47.2	29.8	0.5
Farms by Geography	1,091	1.3	6.5	65.3	26.7	0.3
Family Distribution by Income Level	159,677	19.4	17.4	22.0	41.2	0.0
Household Distribution by Income Level	267,568	23.8	15.2	18.8	42.2	0.0
Median Family Income MSA - 10580 Albany-Schenectady-Troy, NY MSA		\$81,103	Median Housing Value			\$204,055
			Median Gross Rent			\$922
			Families Below Poverty Level			6.9%
<i>Source: 2010 U.S. Census & 2015 ACS Census and 2017 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

FNBS's AA consists of 165 CTs in the Albany-Schenectady-Troy MSA, with the northwestern boundary in Saratoga County following the Great Sacandaga Lake. The bank's AA does not arbitrarily exclude low- or moderate-income CTs. The 165 CTs in the MSA include 17 low-income, 28 moderate-income, 76 middle-income, and 41 upper-income CTs. Additionally, there are three CTs with unknown or income not available designations. The complete geographies of Albany (75 CTs) and Schenectady (43 CTs) Counties are included in the AA, while only 47 of the 50 CTs in Saratoga County are included. The three remaining CTs in Saratoga County are a substantial distance from the bank's nearest branch location and are therefore not included in the bank's AA. According to the FFIEC's list of Distressed and Underserved Tracts, there were no CTs designated as distressed or underserved in the bank's AA.

Based on 2015 American Community Service (ACS) Census Data, the total population of the AA is 679,874, with 159,677 families, and 267,568 households. The distribution of households within each income level are as follows: 23.8 percent low income, 15.2 percent moderate income, 18.8 percent middle income, and 42.2 percent upper income. Approximately 6.9 percent of families and 10.4 percent of total households are reportedly living below the poverty line. Additionally, the AA has 301,650 total housing units, with 57.0 percent owner-occupied units, 31.7 percent rental-occupied units, and 11.3 percent vacant housing units. The weighted average median housing value is \$204,055. The geographic distribution of households within each income level includes 7.4 percent low-income, 15.9 percent moderate-income, 49.1 percent middle-income, and 27.4 percent upper-income.

Economic conditions within the AA are stable to improving. The unemployment rate, as of December 31, 2017, was 4.2 percent, compared to the NYS unemployment rate of 4.7 percent in the same period. The unemployment rate in the AA typically peaks at the beginning of the year (January & February), before declining slightly during the second quarter and stabilizing for the remainder of the year. Overall, the unemployment rate in the AA had been on a declining trend since 2015, and stabilized in 2017. Major employers within the AA include GlobalFoundries, GE, Golub Corporation, and various medical/healthcare providers. Since the last CRA evaluation, tourism within Schenectady County increased due to the opening of the Rivers Casino and Resort, as well as the opening of new hotels in the area. The construction of new hotels in the area also led to job growth in the leisure and hospitality sector, which, along with the healthcare sector, has seen some of the strongest job growth in the area. The technology sector, more specifically, nanotechnology, continues to be developed. GlobalFoundries, which employs 3,000 people, added 7-nanometer manufacturing in addition to its existing 14-nanometer chip production. Additionally, P1 Industries, a growing engineering company that employs 85 people, received funding for the construction of a new manufacturing center. SUNY Polytechnic, Schenectady County Community College, and the University of Albany also received grants to support research and workplace development, as well as, provide resources to new businesses to assist them in business development practices. Other investments in the area promote art, healthcare, and job growth within the area.

FNBS continues to have heavy competition within the area from community, regional, and large banks, as well as credit unions. The bank's primary competitors include Trustco Bank, Adirondack Trust, Ballston Spa National Bank, and Saratoga National Bank. Larger financial institutions competing with FNBS include KeyBank, Bank of America, NBT Bank, and Citizens Bank. Credit unions competing with FNBS include SEFCU, Sunmark Federal Credit Union, First NY Federal Credit Union, and Navy Federal Credit Union.

As of June 30, 2018, FNBS ranks 11th in deposits among 23 institutions within the Albany-Schenectady-Troy MSA AA. The bank's market share, since June 2015, has remained relatively stable. KeyBank leads other institutions within the area at 45.32 percent of deposit market share, followed by Citizens Bank (11.39 percent market share), Trustco Bank (9.07 percent market share), and Bank of America (7.62 percent market share).

We contacted a community organization offering homeownership services in the City of Schenectady. The program offers homebuyer education, grants for income qualified first time homebuyers, financing options, city owned properties for sale, rehabilitation loans, and access to multiple housing opportunities. The contact noted that financial institutions in the area are generally responsive to the community's needs.