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Document and Entity Information
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Document and Entity Information (USD \$)	3 Months Ended	
	Jun. 30, 2011	
Document and Entity Information [Abstract]		
Entity Registrant Name	Arrow Financial Corporation	
Document Type	10-Q	
Document Period End Date	Jun. 30, 2011	
Amendment Flag	false	
Entity Central Index Key	0000717538	
Current Fiscal Year End Date	--12-31	
Entity Common Stock, Shares Outstanding	11,355,177	
Entity Public Float	\$ 277,236,649	
Entity Filer Category	Accelerated Filer	
Entity Current Reporting Status	Yes	
Entity Voluntary Filers	No	
Entity Well-known Seasoned Issuer	No	
Document Fiscal Year Focus	2011	
Document Fiscal Period Focus	Q2	

Consolidated Statement of Cash Flows (USD \$) In Thousands	6 Months Ended	
	Jun. 30, 2011	Jun. 30, 2010
Cash Flows from Operating Activities:		
Net Income	\$ 11,130	\$ 11,129
Provision for Loan Losses	390	750
Depreciation and Amortization	2,945	1,700
Compensation Expense for Allocated ESOP Shares	65	125
Gains on the Sale of Securities Available-for-Sale	(1,041)	(878)
Other Than Temporary Impairment	17	0
Loans Originated and Held-for-Sale	(18,066)	(3,540)
Proceeds from the Sale of Loans Held-for-Sale	28,317	3,595
Net (Gains) Losses on the Sale of Loans	(218)	(55)

Liabilities		
Net Cash Provided By (Used In) Operating Activities	24,229	9,431
Cash Flows from Investing Activities:		
Proceeds from the Sale of Securities Available-for-Sale	16,971	10,859
Proceeds from the Maturities and Calls of Securities Available-for-Sale	145,744	122,722
Purchases of Securities Available-for-Sale	(151,655)	(135,469)
Proceeds from the Maturities of Securities Held-to-Maturity	24,205	12,163
Purchases of Securities Held-to-Maturity	(2,757)	(1,613)
Net (Increase) Decrease in Loans	14,892	(33,486)
Proceeds from the Sales of Premises and Equipment, Other Real Estate Owned and Repossessed Assets	252	415
Purchases of Premises and Equipment	(1,415)	(877)
Acquisition of Subsidiary	(3,487)	264
Purchase of Bank-Owned Life Insurance	(12,833)	0
Net Decrease (Increase) in Other Investments	1,583	(539)
Net Cash Provided By (Used In) Investing Activities	31,500	(25,561)
Cash Flows from Financing Activities:		
Net Increase (Decrease) in Deposits	7,855	(4,542)
Net Increase (Decrease) in Short-Term Borrowings	9,358	(11,442)
Proceeds from Federal Home Loan Bank Advances	10,000	10,000
Repayment of Federal Home Loan Bank Advances	(50,000)	0
Purchases of Treasury Stock	(2,759)	(1,548)
Stock Options Exercised	313	319
Shares Issued Under the Employee Stock Purchase Plan	246	235
Tax Benefit from Exercise of Stock Options	2	63
Shares Issued for Dividend Reinvestment Plans	889	845
Allocation of Common Stock Purchased	276	328

Transfer of Loans to Other Real Estate Owned and Repossessed Assets	228	324
Net Unrealized Securities Holding Gains Arising During the Period, Net of Tax	3,787	5,237
Reclassification Adjustment for Net Securities Gains Included in Net Income, Net of Tax	618	(530)
Shares Issued for Acquisition of Subsidiary	3,134	682
Amortization of Net Retirement Plan Actuarial Loss	309	304
Accretion of Net Retirement Plan Prior Service Credit	(38)	(53)
Fair Value of Assets from Acquisition of Subsidiary	7,688	882
Fair Value of Liabilities from Acquisition of Subsidiary	\$ 1,067	\$ 465

Consolidated Income Statement (USD \$) In Thousands, except Per Share data	3 Months Ended		6 Months Ended	
	Jun. 30, 2011	Jun. 30, 2010	Jun. 30, 2011	Jun. 30, 2010
INTEREST AND DIVIDEND INCOME				
Interest and Fees on Loans	\$ 14,714	\$ 16,293	\$ 29,729	\$ 32,456
Interest on Deposits at Banks	22	34	44	74
Interest and Dividends on Investment Securities - Fully Taxable	3,323	3,890	6,673	7,861
Interest and Dividends on Investment Securities - Exempt from Federal Taxes	1,497	1,461	3,001	2,938
Total Interest and Dividend Income	19,556	21,678	39,447	43,329
INTEREST EXPENSE				
Interest Expense - NOW Accounts	1,361	1,454	2,692	2,877
Interest Expense - Savings Deposits	503	570	1,006	1,110
Interest Expense - Time Deposits of \$100,000 or More	664	727	1,331	1,443
Interest Expense - Other Time Deposits	1,292	1,480	2,644	2,966
Interest Expense - Federal Funds Purchased and Securities Sold Under Agreements to Repurchase	23	32	47	62
Interest Expense - Federal Home Loan Bank Advances	986	1,615	2,302	3,219
Interest Expense - Junior Subordinated Obligations Issued to Unconsolidated Subsidiary Trusts	146	145	290	286

Net Gains on Sale of Loans	167	34	218	55
Other Operating Income	180	69	280	183
Total Noninterest Income	6,228	5,028	11,848	9,046
NONINTEREST EXPENSE				
Salaries and Employee Benefits	7,233	7,053	14,435	13,655
Occupancy Expense, Net	1,894	1,772	3,812	3,549
FDIC Assessments	267	492	780	986
Other Operating Expense	2,777	2,685	5,463	5,352
Total Noninterest Expense	12,171	12,002	24,490	23,542
INCOME BEFORE PROVISION FOR INCOME TAXES	8,468	8,306	16,103	16,120
Provision for Income Taxes	2,619	2,592	4,973	4,991
Net Income	\$ 5,849	\$ 5,714	\$ 11,130	\$ 11,129
Average Shares Outstanding:				
Basic	11,387	11,307	11,361	11,284
Diluted	11,399	11,344	11,378	11,323
Earnings Per Share				
Basic Earnings	\$ 0.51	\$ 0.51	\$ 0.98	\$ 0.99
Diluted Earnings	\$ 0.51	\$ 0.50	\$ 0.98	\$ 0.98

Consolidated Balance Sheet (USD \$) In Thousands	Jun. 30, 2011	Dec. 31, 2010	Jun. 30, 2010
ASSETS			
Cash and Due from Banks	\$ 33,202	\$ 25,961	\$ 33,071
Interest-Bearing Deposits at Banks	24,118	5,118	6,701
Securities Available-for-Sale	511,094	517,364	447,867
Securities Held-to-Maturity	138,334	159,938	158,226
Other Investments	7,019	8,602	9,474
Loans	1,120,096	1,145,508	1,144,959
Allowance for Loan Losses	(14,820)	(14,689)	(14,411)
Net Loans	1,105,276	1,130,819	1,130,548
Premises and Equipment, Net	19,490	18,836	19,252
Other Real Estate and Repossessed Assets, Net	31	58	23
Goodwill	20,823	15,783	15,783
Other Intangible Assets, Net	4,221	1,458	1,423
Accrued Interest Receivable	6,689	6,512	6,464
Other Assets	31,477	17,887	17,287
Total Assets	1,901,774	1,908,336	1,846,119

Federal Home Loan Bank Advances	90,000	130,000	150,000
Junior Subordinated Obligations Issued to Unconsolidated Subsidiary Trusts	20,000	20,000	20,000
Accrued Interest Payable	1,549	1,957	2,094
Other Liabilities	22,205	16,902	19,832
Total Liabilities	1,738,185	1,756,077	1,693,416
STOCKHOLDERS' EQUITY			
Common Stock	15,626	15,626	15,170
Additional Paid in Capital	194,276	191,068	179,850
Retained Earnings	30,039	24,577	29,757
Unallocated ESOP Shares	(2,600)	(2,876)	(1,876)
Accumulated Other Comprehensive Loss	(2,983)	(6,423)	(1,682)
Treasury Stock	(70,769)	(69,713)	(68,516)
Total Stockholders' Equity	163,589	152,259	152,703
Total Liabilities and Stockholders' Equity	\$ 1,901,774	\$ 1,908,336	\$ 1,846,119

Consolidated Balance Sheet (Parenthetical) (USD \$) In Thousands, except Share data	Jun. 30, 2011	Dec. 31, 2010	Jun. 30, 2010
Securities Available-for-Sale, at Cost	\$ 499,628	\$ 511,146	\$ 434,855
Securities Held-to-Maturity, at Fair Value	143,327	162,713	162,077
Other Investments, at Fair Value	\$ 7,019	\$ 8,602	\$ 9,474
Preferred Stock, Par Value	\$ 5	\$ 5	\$ 5
Preferred Stock, Shares Authorized	1,000,000	1,000,000	1,000,000
Common Stock, Par Value	\$ 1	\$ 1	\$ 1
Common Stock, Shares Authorized	20,000,000	20,000,000	20,000,000
Common Stock, Shares Issued	15,625,512	15,625,512	15,170,399
Unallocated ESOP Shares - Shares	118,292	132,296	87,551
Treasury Stock, Shares at Cost	4,152,043	4,237,435	4,111,704

Statement of Stockholders' Equity (USD \$) In Thousands	Total	Common Stock	Additional Paid in Capital	Retained Earnings	Unallocated ESOP Shares	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Stockholders' Equity Beginning Balance at Dec. 31, 2009		\$ 15,170	\$ 178,192	\$ 24,100	\$ (2,204)	\$ (6,640)	\$ (67,800)	\$ 140,818
Net Income	11,129			11,129				11,129
Net Unrealized Securities Holding Gains Arising During the Period, Net of Tax	5,237					5,237		5,237

Shares Issued Under the Directors' Stock Plan	74		50				24	74	
Shares Issued Under the Employee Stock Purchase Plan	235		154				81	235	
Shares Issued for Dividend Reinvestment Plans	845		566				279	845	
Stock-Based Compensation Expense	147		147					147	
Tax Benefit for Disposition of Stock Options			63					63	
Purchases of Treasury Stock	(1,548)						(1,548)	(1,548)	
Shares Issued for Acquisition of Subsidiary	682		459				223	682	
Allocation of ESOP Stock			125			328		453	
Stockholders' Equity Ending Balance at Jun. 30, 2010	152,703	15,170	179,850	29,757	(1,876)		(1,682)	(68,516)	152,703
Stockholders' Equity Beginning Balance at Dec. 31, 2010	152,259	15,626	191,068	24,577	(2,876)		(6,423)	(69,713)	152,259
Net Income	11,130			11,130					11,130
Net Unrealized Securities Holding Gains Arising During the Period, Net of Tax	3,787						3,787		3,787
Reclassification Adjustment for Net Securities Gains Included in Net Income, Net of Tax	618						(618)		(618)
Amortization of Net Retirement Plan Actuarial Loss	309						309		309
Accretion of Net Retirement Plan Prior Service Credit	(38)						(38)		(38)
Other Comprehensive Income									3,440
Comprehensive Income									14,570
Cash Dividends Paid	(5,668)			(5,668)					(5,668)
Stock Options Exercised	313		183				130		313
Shares Issued Under the Directors' Stock Plan	88		55				33		88
Shares Issued Under the Employee Stock Purchase Plan	246		154				92		246
Shares Issued for Dividend Reinvestment Plans	889		541				348		889
Stock-Based Compensation Expense	174		174						174
Tax Benefit for Disposition of Stock Options			2						2
Purchases of Treasury Stock	(2,759)						(2,759)		(2,759)
Shares Issued for Acquisition of Subsidiary	3,134		2,034				1,100		3,134
Allocation of ESOP Stock			65			276			341

Stock Options Exercised - Shares			(14,717)	(26,518)				
Shares Issued Under the Directors' Stock Plan - Shares			(3,634)	(2,866)				
Shares Issued Under the Employee Stock Purchase Plan - Shares			(10,263)	(9,443)				
Shares Issued for Dividend Reinvestment Plans - Shares			(37,689)	(32,801)				
Purchases of Treasury Stock - Shares			113,415	61,761				
Acquisition of Subsidiary - Shares			(132,504)	(26,240)				
Allocation of ESOP Stock - Shares					(14,004)		(17,616)	
Number of Shares at June 30, 2011, Ending	15,625,512	15,170,399	4,152,043	4,111,704	118,292	132,296	87,551	105,167
Cash Dividends Paid, per Share	\$ 0.50	\$ 0.49						

Comprehensive Income	3 Months Ended		
	Jun. 30, 2011		
Comprehensive Income {1}			
Comprehensive Income	2. <u>Comprehensive Income (In Thousands)</u>		
	The following table presents the components, net of tax, of accumulated other comprehensive loss as of June 30, 2011, December 31, 2010, and June 30, 2010:		
	<u>June 30,</u>	<u>December 31,</u>	<u>June 30,</u>
	<u>2011</u>	<u>2010</u>	<u>2010</u>
Retirement Plan Net Loss	\$(10,648)	\$(10,610)	\$(9,881)
Retirement Plan Prior Service Cost	741	432	342
Net Unrealized Securities Holding Gains	<u>6,924</u>	<u>3,755</u>	<u>7,857</u>
Total Accumulated Other Comprehensive Loss	<u>\$ (2,983)</u>	<u>\$ (6,423)</u>	<u>\$(1,682)</u>

Accounting Policies	3 Months Ended
	Jun. 30, 2011
Accounting Policies	
Significant Accounting Policies [Text Block]	1. <u>Accounting Policies</u>
	In the opinion of the management of Arrow Financial Corporation (Arrow), the accompanying unaudited consolidated interim financial statements contain all of the adjustments necessary to present fairly the financial position as of June 30, 2011, December 31, 2010 and June 30, 2010; the results of operations for three and six-month periods ended June 30, 2011 and 2010; the changes in stockholders' equity for the six-month periods ended June 30, 2011 and June 30, 2010; and the cash flows for the six-month periods ended June 30, 2011 and 2010. All such adjustments are of a normal recurring nature. The preparation of financial statements requires the use of management estimates. The unaudited consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements of Arrow for the year ended December 31, 2010, included in Arrow's 2010 Form 10-K.

Memorandum of Understanding, which has served as the foundation of the Boards' efforts to create a common set of high-quality global accounting standards. Consistent with the Memorandum of Understanding and the Boards' commitment to achieving that goal, the amendments in ASU 2011-04 are the result of the work by the FASB and the IASB to develop common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs). The Boards worked together to ensure that fair value has the same meaning in U.S. GAAP and in IFRSs and that their respective fair value measurement and disclosure requirements are the same (except for minor differences in wording and style). The amendments in ASU 2011-04 explain how to measure fair value. They do not require additional fair value measurements and are not intended to establish valuation standards or affect valuation practices outside of financial reporting. We have determined that this pronouncement will not have a material impact on our financial condition or results of operations.

ASU 2011-03, Transfers and Servicing (Topic 860) - Reconsideration of Effective Control for Repurchase Agreements. The amendments in ASU 2011-03 remove from the assessment of effective control (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance related to that criterion. Other criteria applicable to the assessment of effective control are not changed by the amendments in this Update. Those criteria indicate that the transferor is deemed to have maintained effective control over the financial assets transferred (and thus must account for the transaction as a secured borrowing) for agreements that both entitle and obligate the transferor to repurchase or redeem the financial assets before their maturity if all of the following conditions are met: 1. The financial assets to be repurchased or redeemed are the same or substantially the same as those transferred. 2. The agreement is to repurchase or redeem them before maturity, at a fixed or determinable price. 3. The agreement is entered into contemporaneously with, or in contemplation of, the transfer. The update is effective, retrospectively, for interim and annual periods beginning after December 15, 2011. Currently, we report all of our repurchase agreements as secured borrowings and accordingly, we have determined that this pronouncement will not have a material impact on our financial condition or results of operations.

ASU 2011-02, Receivables (Topic 310) – A Creditor's determination of whether a Restructuring Is a Trouble Debt Restructuring. ASU 2011-02 provides additional guidance in evaluating whether a restructuring constitutes a troubled debt restructuring. Under this guidance, a creditor must separately conclude that both of the following exist: 1. The restructuring constitutes a concession. 2. The debtor is experiencing financial difficulties. The amendments in this Update are effective for the first interim or annual period beginning on or after June 15, 2011, and should be applied retrospectively to the beginning of the annual period of adoption. We have determined that this pronouncement will not have a material impact on our financial condition or results of operations.

1. Accounting Policies, continued

ASU 2010-20, Receivables (Topic 310) - Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses & ASU 2011-01, Receivables (Topic 310) – Deferral of the Effective Date of Disclosures about Trouble Debt Restructurings in Update No. 2010-20: The main objective of this guidance is to provide financial statement users with greater transparency about an entity's allowance for credit losses and the credit quality of its financing receivables. This pronouncement requires additional disclosures to assist financial statement users in assessing an entity's credit risk exposures and evaluating the adequacy of its allowance for credit losses. These new disclosures are required for interim and annual reporting periods ending on or after December 15, 2010, except for disclosures relating to loan modifications, which were subsequently extended to interim and annual filings after June 15, 2011. We have determined that this pronouncement will not have a material impact on our financial condition or results of operations.

	June 30, 2011	December 31, 2010	June 30, 2010
Commercial	\$ 97,201	\$ 97,621	\$ 93,100
Commercial real estate:			
Commercial real estate – construction	6,907	7,090	12,961
Commercial real estate – other	228,542	214,291	203,299
Consumer:			
Consumer – other	5,981	6,482	6,728
Consumer – automobile	316,692	334,656	331,303
Residential – prime	<u>464,773</u>	<u>485,368</u>	<u>497,568</u>
Total	<u>\$1,120,096</u>	<u>\$1,145,508</u>	<u>\$1,144,959</u>
	-	-	-
<u>Supplemental Information:</u>	-	-	-
Loans held for sale at period-end, included in the above balances	\$261	\$10,294	---

Credit Quality Indicators

The following table provides information about loan credit quality at June 30, 2011 and December 31, 2010:

Credit Quality Indicators As of June 30, 2011

Commercial Credit Exposure

Credit Risk Profile by Creditworthiness Category

<u>Indicator</u>	<u>Commercial</u>	<u>Commercial Real Estate - Construction</u>	<u>Commercial Real Estate - Other</u>
Satisfactory	\$90,354	\$4,967	\$206,900
Special Mention	4,222	263	1,048
Substandard	2,625	1,677	20,594
Doubtful	---	---	---
Total	<u>\$97,201</u>	<u>\$6,907</u>	<u>\$228,542</u>

Consumer Credit Exposure

Credit Risk Profile Based on Payment Activity

	<u>Consumer-Other</u>	<u>Consumer-Automobile</u>	<u>Residential-Prime</u>
Performing	\$5,981	\$316,198	\$461,342
Nonperforming	---	494	3,431
Total	<u>\$5,981</u>	<u>\$316,692</u>	<u>\$464,773</u>

Satisfactory	\$8,126	\$8,117	\$167,318
Special Mention	---	---	7,318
Substandard	3,171	1,973	19,903
Doubtful	---	---	---
Total	<u>\$97,621</u>	<u>\$7,090</u>	<u>\$214,291</u>

Consumer Credit Exposure

Credit Risk Profile Based on Payment Activity

	<u>Consumer-Other</u>	<u>Consumer-Automobile</u>	<u>Residential-Prime</u>
Performing	\$6,477	\$333,847	\$483,725
Nonperforming	<u>5</u>	<u>809</u>	<u>1,643</u>
Total	<u>\$6,482</u>	<u>\$334,656</u>	<u>\$485,368</u>

We use an internally developed system of five credit quality indicators to rate the credit worthiness of each commercial loan. The system has eight levels of credit quality (the first four have been combined in the preceding table), defined as follows: 1) Satisfactory - Satisfactory borrowers have acceptable financial condition with satisfactory record of earnings and sufficient historical and projected cash flow to service the debt. Borrowers have satisfactory repayment histories and primary and secondary sources of repayment can be clearly identified; 2) Special Mention - Loans in this category have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification. Loans which might be assigned this risk rating include loans to borrowers with deteriorating financial strength and/or earnings record, loans with potential for problems due to weakening economic or market conditions, loans subject to an inadequate loan agreement, loans with insufficient or flawed documentation, loans where the loan officer lacks sufficient expertise to properly control the account, and other deviations from prudent lending practice; 3) Substandard - Loans classified as "substandard" are inadequately protected by the current sound net worth or paying capacity of the borrower or the collateral pledged, if any. Loans in this category have well defined weaknesses that jeopardize the repayment. They are characterized by the distinct possibility that the bank will sustain some loss if the deficiencies are not corrected. "Substandard" loans may include loans which are likely to require liquidation of collateral to effect repayment, and other loans where character or ability to repay has become suspect. Loss potential, while existing in the aggregate amount of substandard assets, does not have to exist in individual assets classified substandard; 4) Doubtful - Loans classified as "doubtful" have all of the weaknesses inherent in those classified as "substandard" with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of current existing facts, conditions, and values highly questionable and improbable. Although possibility of loss is extremely high, classification of these loans as "loss" has been deferred due to specific pending factors or events which may strengthen the value (i.e. possibility of additional collateral, injection of capital, collateral liquidation, debt restructure, economic recovery, etc). Loans classified as "doubtful" need to be placed on non-accrual; and 5) Loss - Loans classified as "loss" are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. As of the date of the balance sheet, all loans in this category have been charged-off to the allowance for loan losses. However, this classification does not mean that the asset has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future. Commercial loans are evaluated on an annual basis, unless the credit quality indicator falls to a level of 5 or below, when the loan is evaluated quarterly. The credit quality indicator is one of the factors used to determine any loss, as further described in this footnote.

Past Due Loans

	30-59 Days <u>Past Due</u>	60-89 Days <u>Past Due</u>	90 Days or More <u>Past Due</u>	Total <u>Past Due</u>	<u>Current</u>	Total <u>Loans</u>
Commercial	\$ 268	\$ 251	\$ 250	\$ 769	\$ 96,432	\$ 97,201
Commercial Real Estate:						
Commercial Real Estate – construction	---	---	---	---	6,907	6,907
Commercial Real Estate – other	76	1,106	169	1,351	227,191	228,542
Consumer:						
Consumer-other	58	4	---	62	5,919	5,981
Consumer-automobile	2,853	843	220	3,916	312,776	316,692
Residential-prime	<u>314</u>	<u>1,565</u>	<u>2,269</u>	<u>4,148</u>	<u>460,625</u>	<u>464,773</u>
Total	<u>\$3,569</u>	<u>\$3,769</u>	<u>\$2,908</u>	<u>\$10,246</u>	<u>\$1,109,850</u>	<u>\$1,120,096</u>

Age Analysis of Past Due Loans
As of December 31, 2010

	30-59 Days <u>Past Due</u>	60-89 Days <u>Past Due</u>	90 Days or More <u>Past Due</u>	Total <u>Past Due</u>	<u>Current</u>	Total <u>Loans</u>
Commercial	\$ 591	\$ 377	\$ 79	\$ 1,047	\$ 96,572	\$ 97,619
Commercial Real Estate:						
Commercial Real Estate – construction	---	---	---	---	7,090	7,090
Commercial Real Estate – other	483	---	254	737	213,554	214,291
Consumer:						
Consumer-other	5	---	---	5	6,477	6,482
Consumer-automobile	3,542	1,547	508	5,597	329,061	334,658
Residential-prime	<u>212</u>	<u>1,884</u>	<u>1,145</u>	<u>3,241</u>	<u>482,127</u>	<u>485,368</u>
Total	<u>\$4,833</u>	<u>\$3,808</u>	<u>\$1,986</u>	<u>\$10,627</u>	<u>\$1,134,881</u>	<u>\$1,145,508</u>

Nonaccrual Loans and Loans Past Due 90 or More Days and Still Accruing Interest

Arrow designates certain loans as nonaccrual and suspends the accrual of interest and the amortization of net deferred fees or costs when payment of interest and/or principal is due and unpaid for a period of nonperformance (generally 90 days for consumer installment loans, 120 days for home equity lines of credit and 150 days for other residential real estate loans) or the likelihood of repayment is uncertain in the opinion of management. The nonaccrual status for all commercial loans is evaluated on a loan-by-loan basis. The balance of any accrued interest deemed uncollectible at the date the loan is placed on nonaccrual status is reversed – against earnings for interest accrued during the calendar year and against the allowance for loan losses for prior accrued interest. A loan is returned to accrual status at the later of the date when the past due status of the loan falls

The following table provides information concerning loans on nonaccrual status and loans past due 90 or more days and still accruing interest at June 30, 2011 and December 31, 2010:

Loans on Nonaccrual Status and Past Due 90 or More Days and Still Accruing Interest
As of June 30, 2011 and December 31, 2010

	<u>June 30, 2011</u>		<u>December 31, 2010</u>	
	<u>Nonaccrual</u>	<u>90 Days or More Past Due</u>	<u>Nonaccrual</u>	<u>90 Days or More Past Due</u>
Commercial	\$ 319	\$ ---	\$ 94	\$ ---
Commercial real estate:				
Commercial real estate - construction	---	---	---	---
Commercial real estate - other	1,173	110	2,237	83
Consumer:				
Consumer – other	---	---	5	---
Consumer – automobile	489	23	809	---
Residential – prime	<u>3,009</u>	<u>422</u>	<u>916</u>	<u>727</u>
Total nonaccrual loans and loans past due 90 or more days and still accruing interest	<u>\$4,990</u>	<u>\$555</u>	<u>\$4,061</u>	<u>\$810</u>
-	-	-	-	-

Impaired Loans

We evaluate restructured loans and all commercial and real estate nonaccrual loans over \$250 thousand individually for impairment. We determine impairment primarily by evaluating the fair value of all collateral and secondarily by analysis of all other cash-flows available to the borrower to satisfy all contractual loan payments. For return to accrual status and for payments received after the loan has been designated as impaired, we use the same analysis as applied to nonaccrual loans, as described above.

Impaired Loans
As of June 30, 2011 and December 31, 2010

	<u>Recorded Investment</u>	<u>Unpaid Principal Balance</u>	<u>Related Allowance</u>	<u>Average Recorded Investment</u>	<u>Interest Income Recognized</u>
<u>June 30, 2011</u>					
With no related allowance recorded:					
Commercial real estate	\$ 994	\$ 994	\$---	\$ 996	\$---
Residential real estate	<u>1,812</u>	<u>1,812</u>	<u>---</u>	<u>1,793</u>	<u>23</u>
Total Impaired Loans	<u>\$2,806</u>	<u>\$2,806</u>	<u>\$---</u>	<u>\$2,789</u>	<u>\$23</u>
<u>December 31, 2010</u>	-	-	-	-	-

Through the provision for loan losses, an allowance is maintained that reflects our best estimate of probable incurred loan losses related to specifically identified loans and losses for categories of loans in the remaining portfolio. Actual loan losses are charged against this allowance when loans are deemed uncollectible.

We use a two-step process to determine the provision for loans losses and the amount of the allowance for loan losses. We evaluate impaired commercial and real estate loans over \$250 thousand individually, as described above, while we evaluate the remainder of the portfolio on a pooled basis as described below.

Homogenous Loan Pools: Under our pooled analysis, we group homogeneous loans as follows, each with its own estimated loss-rate:

- i) Secured and unsecured commercial loans,
- ii) Secured construction and development loans,
- iii) Secured commercial loans – non-owner occupied,
- iv) Secured commercial loans – owner occupied,
- v) One to four family residential real estate loans,
- vi) Home equity loans,
- vii) Indirect loans – low risk tiers (based on credit scores),
- viii) Indirect loans – high risk tiers, and
- ix) Other consumer loans.

Within the group of other commercial and commercial real estate loans, we sub-group loans based on our internal system of risk-rating, which is applied to all commercial and commercial real estate loans. We establish loss rates for each of these pools.

Estimated losses reflect consideration of all significant factors that affect the collectability of the portfolio as of June 30, 2011. In our evaluation, we do both a quantitative and qualitative analysis of the homogeneous pools.

Quantitative Analysis: Quantitatively, we determine the historical loss rate for each homogeneous loan pool. During the past five years we have had little charge-off activity on loans secured by residential real estate. Indirect consumer lending (principally automobile loans) represents a significant component of our total loan portfolio and is the only category of loans that has a history of losses that lends itself to a trend analysis. We have had one small loss on commercial real estate loans in the past five years. Losses on commercial loans (other than those secured by real estate) are also historically low, but can vary widely from year-to-year; this is the most complex category of loans in our loss analysis.

Our net charge-offs for the past five years have been at or near historical lows for our Company. Annualized net charge-offs have ranged from .04% to .09% of average loans during this period.

Qualitative Analysis: While historical loss experience provides a reasonable starting point for our analysis, historical losses, or even recent trends in losses, do not by themselves form a sufficient basis to determine the appropriate level for the allowance. Therefore, we have also considered and adjusted historical loss factors for qualitative and environmental factors that are likely to cause credit losses associated with our existing portfolio. These included:

- Changes in the volume and severity of past due, nonaccrual and adversely classified loans
- Changes in the nature and volume of the portfolio and in the terms of loans
- Changes in the value of the underlying collateral for collateral dependent loans
- Changes in lending policies and procedures, including changes in underwriting standards and collection, charge-off, and recovery practices not considered elsewhere in estimating credit losses
- Changes in the quality of the loan review system

5. Loans, continued

From June 2004 to June 2006, the Federal Reserve Bank increased prevailing short-term rates in an effort to slow down national economic growth and check potential increases in the inflation rate. However, from August 2007 through December 2008, the Federal Reserve Bank began to cut rates in response to the growing financial crisis in credit markets and evidence of a significant economic recession. In our market area there was little impact from these developments in credit markets and the national economy on unemployment rates, job growth and business failures until the last quarter of 2008; overall, our market area has not experienced in the past six quarters the degree of negative impact on lending, credit and property values that the U.S. as a whole has experienced, although this may change in upcoming periods.

Due to the imprecise nature of the loan loss estimation process and ever changing economic conditions, the risk attributes of our portfolio may not be adequately captured in data related to the formula-based loan loss components used to determine allocations in our analysis of the adequacy of the allowance for loan losses. Management, therefore, has established and held an unallocated portion within the allowance for loan losses reflecting the uncertainty of future economic conditions within our market area. This unallocated portion of the allowance was \$1.5 million, or 10.4% of the total allowance for loan losses, at June 30, 2011.

The following summarizes the changes in the allowance for credit losses by portfolio segment for the six-month period ended June 30, 2011:

	Allowance for Credit Losses							
	As of June 30, 2011							
	Commercial	Commercial Construction	Commercial Real Estate	Other Consumer	Automobile	Residential	Unallo- cated	Total
Beginning balance	\$2,037	\$135	\$2,993	\$328	\$4,760	\$3,163	\$1,273	\$14,689
Charge-offs	(50)	---	---	(49)	(288)	(1)	---	(388)
Recoveries	3	---	---	22	104	---	---	129
Provision	<u>(914)</u>	<u>508</u>	<u>621</u>	<u>3</u>	<u>20</u>	<u>(118)</u>	<u>270</u>	<u>390</u>
Ending balance	<u>\$1,076</u>	<u>\$643</u>	<u>\$3,614</u>	<u>\$304</u>	<u>\$4,596</u>	<u>\$3,044</u>	<u>\$1,543</u>	<u>\$14,820</u>
Ending balance: Individually evaluated for impairment	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---		
Ending balance: Collectively evaluated for impairment	\$1,076	\$643	\$3,614	\$304	\$4,596	\$3,044		
Loans: Ending balance	\$97,201	\$6,907	\$227,548	\$5,981	\$316,692	\$462,961		\$1,117,290
Ending balance: Individually evaluated for impairment	\$ --	\$ ---	\$ 994	\$ ---	\$ ---	\$ 1,812		\$ 2,806
Ending balance: Collectively evaluated for impairment	\$97,201	\$6,907	\$228,542	\$5,981	\$316,692	\$464,773		\$1,120,096

	Number of Loans	Recorded Investment	Recorded Investment
Commercial Other	1	\$ 62	\$ 62
Automobile	<u>9</u>	<u>88</u>	<u>88</u>
Total	<u>10</u>	<u>\$150</u>	<u>\$150</u>

Off-Balance Sheet Credit Exposures

Currently, our off-balance sheet credit exposures are limited to commitments to make future loans and for outstanding letters of credit. We follow the same procedures for evaluating the loss on these financial obligations as for our loans with outstanding balances. Any loss is charged to other operating expenses.

Investments, Debt and Equity Securities (USD \$) In Thousands	3 Months Ended			6 Months Ended																																																																							
	Jun. 30, 2011			Jun. 30, 2011	Jun. 30, 2010																																																																						
Investments, Debt and Equity Securities																																																																											
Investments in Debt and Marketable Equity Securities (and Certain Trading Assets) Disclosure [Text Block]	<p>4. <u>Investments, Debt and Equity Securities (In Thousands)</u></p> <p>-</p> <p>A summary of the amortized costs and the approximate fair values of securities at June 30, 2011, December 31, 2010, and June 30, 2010 are presented below. Amortized cost is reported net of other-than-temporary impairment charges.</p> <p>-</p> <p><u>Securities Available-for-Sale:</u></p> <table> <thead> <tr> <th></th> <th>Amortized Cost</th> <th>Fair Value</th> <th>Gross Unrealized Gains</th> <th>Gross Unrealized Losses</th> </tr> </thead> <tbody> <tr> <td>June 30, 2011:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>U.S. Agency Securities</td> <td>\$ 49,312</td> <td>\$ 49,551</td> <td>\$ 239</td> <td>\$ ---</td> </tr> <tr> <td>State and Municipal Obligations</td> <td>90,451</td> <td>90,700</td> <td>251</td> <td>2</td> </tr> <tr> <td>Collateralized Mortgage Obligations</td> <td>152,751</td> <td>159,985</td> <td>7,311</td> <td>77</td> </tr> <tr> <td>Mortgage-Backed Securities – Residential</td> <td>204,443</td> <td>208,044</td> <td>3,815</td> <td>214</td> </tr> <tr> <td>Corporate and Other Debt Securities</td> <td>1,357</td> <td>1,345</td> <td>---</td> <td>12</td> </tr> <tr> <td>Mutual Funds and Equity Securities</td> <td><u>1,314</u></td> <td><u>1,469</u></td> <td><u>165</u></td> <td><u>10</u></td> </tr> <tr> <td><u>Total Securities Available-for-Sale</u></td> <td><u>\$499,628</u></td> <td><u>\$511,094</u></td> <td><u>\$11,781</u></td> <td><u>\$ 315</u></td> </tr> <tr> <td>December 31, 2010:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>U.S. Agency Securities</td> <td>\$ 97,943</td> <td>\$ 98,173</td> <td>\$ 326</td> <td>\$ 96</td> </tr> <tr> <td>State and Municipal Obligations</td> <td>89,471</td> <td>89,528</td> <td>72</td> <td>15</td> </tr> <tr> <td>Collateralized Mortgage Obligations</td> <td>161,247</td> <td>166,964</td> <td>6,692</td> <td>975</td> </tr> <tr> <td>Mortgage-Backed Securities –</td> <td>159,636</td> <td>159,926</td> <td>2,532</td> <td>2,242</td> </tr> </tbody> </table>						Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	June 30, 2011:					U.S. Agency Securities	\$ 49,312	\$ 49,551	\$ 239	\$ ---	State and Municipal Obligations	90,451	90,700	251	2	Collateralized Mortgage Obligations	152,751	159,985	7,311	77	Mortgage-Backed Securities – Residential	204,443	208,044	3,815	214	Corporate and Other Debt Securities	1,357	1,345	---	12	Mutual Funds and Equity Securities	<u>1,314</u>	<u>1,469</u>	<u>165</u>	<u>10</u>	<u>Total Securities Available-for-Sale</u>	<u>\$499,628</u>	<u>\$511,094</u>	<u>\$11,781</u>	<u>\$ 315</u>	December 31, 2010:					U.S. Agency Securities	\$ 97,943	\$ 98,173	\$ 326	\$ 96	State and Municipal Obligations	89,471	89,528	72	15	Collateralized Mortgage Obligations	161,247	166,964	6,692	975	Mortgage-Backed Securities –	159,636	159,926	2,532	2,242
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Residential	1,552	1,433	---	119
Corporate and Other Debt Securities	1,311	1,208	51	154
<u>Total Securities Available-for-Sale</u>	<u>\$434,855</u>	<u>\$447,867</u>	<u>\$13,331</u>	<u>\$319</u>

Securities Held-to-Maturity:

	Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
June 30, 2011:				
State and Municipal Obligations	\$137,334	\$142,327	\$5,008	\$15
Corporate and Other Debt Securities	<u>1,000</u>	<u>1,000</u>	<u>---</u>	<u>---</u>
Total Securities Held-to-Maturity	<u>\$138,334</u>	<u>\$143,327</u>	<u>\$5,008</u>	<u>\$15</u>
December 31, 2010:				
State and Municipal Obligations	\$158,938	\$161,713	\$2,911	\$136
Corporate and Other Debt Securities	<u>1,000</u>	<u>1,000</u>	<u>---</u>	<u>---</u>
Total Securities Held-to-Maturity	<u>\$159,938</u>	<u>\$162,713</u>	<u>\$2,911</u>	<u>\$136</u>
June 30, 2010:				
State and Municipal Obligations	\$157,226	\$161,077	\$3,970	\$119
Corporate and Other Debt Securities	<u>1,000</u>	<u>1,000</u>	<u>---</u>	<u>---</u>
Total Securities Held-to-Maturity	<u>\$158,226</u>	<u>\$162,077</u>	<u>\$3,970</u>	<u>\$119</u>

4. Investments, Debt and Equity Securities, continued

As reported in the Consolidated Balance Sheets, Other Investments include Federal Home Loan Bank of New York ("FHLBNY") and Federal Reserve Bank ("FRB") stock, which are reported at cost. FHLBNY and FRB stock are restricted investment securities and amounted to \$6,060 and \$959 at June 30, 2011, respectively, \$7,743 and \$859 at December 31, 2010, respectively, and \$8,642 and \$832 at June 30, 2010, respectively. The required level of FHLBNY stock is based on the amount of FHLBNY borrowings and is pledged to secure those borrowings. While some Federal Home Loan Banks have stopped paying dividends and repurchasing stock upon reductions in debt levels, the FHLBNY continues to pay dividends and repurchase its stock. Accordingly, we have not recognized any impairment on our holdings of FHLBNY common stock. However, the FHLBNY has reported impairment issues among its holdings of mortgage-backed securities.

A summary of the maturities of securities as of June 30, 2011 is presented below. Mutual funds and equity securities, which have no stated maturity, are not included in the table below. Collateralized mortgage obligations and other mortgage-backed-securities are included in the schedule based on their expected average lives. Actual maturities will differ from the table below because issuers may have the right to call or prepay obligations with or without prepayment penalties.

From 1 - 3 Years:				
U.S. Agency Securities	33,558	33,727	---	---
State and Municipal Obligations	20,180	20,355	51,686	52,778
Collateralized Mortgage Obligations	96,013	101,434	---	---
Mortgage-Backed Securities – Residential	159,910	162,114	---	---
Corporate and Other Debt Securities	<u>28</u>	<u>28</u>	<u>---</u>	<u>---</u>
Total	<u>309,689</u>	<u>317,658</u>	<u>51,686</u>	<u>52,778</u>
From 5 - 10 Years:				
State and Municipal Obligations	1,098	1,122	59,191	62,535
Collateralized Mortgage Obligations	37,053	38,653	---	---
Mortgage-Backed Securities – Residential	<u>24,137</u>	<u>24,965</u>	<u>---</u>	<u>---</u>
Corporate and Other Debt Securities				
Total	<u>62,288</u>	<u>64,740</u>	<u>59,191</u>	<u>62,535</u>
Over 10 Years:				
State and Municipal Obligations	2,643	2,643	10,400	10,780
Mortgage-Backed Securities – Residential	18,158	18,657	---	---
Corporate and Other Debt Securities	<u>1,329</u>	<u>1,317</u>	<u>1,000</u>	<u>1,000</u>
Total	<u>22,130</u>	<u>22,617</u>	<u>11,400</u>	<u>11,780</u>
Total Debt Securities	<u>\$498,314</u>	<u>\$509,625</u>	<u>\$138,334</u>	<u>\$143,327</u>

The fair value of securities pledged to secure repurchase agreements amounted to \$60,361, \$51,581 and \$60,847 at June 30, 2011, December 31, 2010 and June 30, 2010, respectively. The fair value of securities pledged to secure public and trust deposits and for other purposes totaled \$371,408, \$382,142 and \$327,439 at June 30, 2011, December 31, 2010, and June 30, 2010, respectively. Other mortgage-backed securities at June 30, 2011, December 31, 2010 and June 30, 2010 included \$1,325, \$1,598 and \$1,865, respectively, of loans previously securitized by Arrow, which it continues to service.

4. Investments, Debt and Equity Securities, continued

Temporarily Impaired

Securities

June 30, 2011

Less than 12 Months

12 Months or Longer

Total

Fair

Unrealized

Fair

Unrealized

Fair

Unrealized

Value

Losses

Value

Losses

Value

Losses

Available-for-Sale Portfolio:

U.S. Agency Securities

\$ ---

\$ ---

\$ ---

\$ ---

\$ ---

\$ ---

State & Municipal Obligations

3,359

2

3,359

2

Collateralized Mortgage

The table above for June 30, 2011 consists of 33 securities where the current fair value is less than the related amortized cost. These unrealized losses do not reflect any deterioration of the credit worthiness of the issuing entities. All of the CMO's are agency backed and are all rated AAA, as are the mortgage-backed securities. The municipal obligations are general obligations supported by the general taxing authority of the issuer, and in some cases are insured. Obligations issued by school districts are supported by state aid. For any non-rated municipal securities, credit analysis shows no widespread deterioration in the credit worthiness of the municipalities. Corporate and other debt securities consist of one private placement trust preferred, and one trust preferred pool. The private placement trust preferred is rated AAA by Standard & Poor's; the trust preferred pool is rated investment grade, with the privately issued securities securing the note performing. Subsequent to June 30, 2011, there were no securities downgraded below investment grade.

The unrealized losses on these temporarily impaired securities are primarily the result of changes in interest rates for fixed rate securities where the interest rate received is less than the current rate available for new offerings of similar securities, changes in market spreads as a result of shifts in supply and demand, and/or changes in the level of prepayments for mortgage related securities. Because we do not currently intend to sell any of our temporarily impaired securities, and because it is not more likely than not that we would be required to sell the securities prior to recovery, the impairment is considered temporary.

Temporarily Impaired Securities

December 31, 2010

	<u>Less than 12 Months</u>		<u>12 Months or Longer</u>		<u>Total</u>	
	<u>Fair</u>	<u>Unrealized</u>	<u>Fair</u>	<u>Unrealized</u>	<u>Fair</u>	<u>Unrealized</u>
	<u>Value</u>	<u>Losses</u>	<u>Value</u>	<u>Losses</u>	<u>Value</u>	<u>Losses</u>
<u>Available-for-Sale Portfolio:</u>						
U.S. Agency Securities	\$ 23,928	\$ 72	\$ 5,976	\$ 24	\$ 29,904	\$ 96
State & Municipal Obligations	11,632	11	2,432	4	14,064	15
Collateralized Mortgage Obligations	32,027	975	---	---	32,027	975
Mortgage-Backed Securities - Residential	69,461	1,957	12,129	285	81,590	2,242
Corporate & Other Debt Securities	283	48	949	51	1,232	99
Mutual Funds and Equity Securities	<u>1,095</u>	<u>47</u>	<u>---</u>	<u>---</u>	<u>1,095</u>	<u>47</u>
Total Securities Available-for-Sale	<u>\$138,426</u>	<u>\$3,110</u>	<u>\$21,486</u>	<u>\$364</u>	<u>\$159,912</u>	<u>\$3,474</u>
<u>Held-to-Maturity Portfolio</u>						
State & Municipal Obligations	\$6,449	\$73	\$4,552	\$63	\$11,001	\$136

The table above for December 31, 2010 consists of 104 securities where the current fair value is less than the related amortized cost. These unrealized losses do not reflect any deterioration of the credit worthiness of the

Temporarily Impaired Securities

June 30, 2010	<u>Less than 12 Months</u>		<u>12 Months or Longer</u>		<u>Total</u>	
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
	<u>Value</u>	<u>Losses</u>	<u>Value</u>	<u>Losses</u>	<u>Value</u>	<u>Losses</u>
<u>Available-for-Sale Portfolio:</u>						
State & Municipal Obligations	\$ 1,589	\$ 7	\$ ---	\$ --	\$ 1,589	\$ 7
Collateralized Mortgage Obligations	9,403	39	---	---	9,403	39
Mortgage-Backed Securities – Residential	---	---	---	---	---	---
Corporate & Other Debt Securities	---	---	1,263	120	1,263	120
Mutual Funds and Equity Securities	<u>948</u>	<u>146</u>	<u>40</u>	<u>7</u>	<u>988</u>	<u>153</u>
Total Securities Available-for-Sale	<u>\$11,940</u>	<u>\$ 192</u>	<u>\$1,303</u>	<u>\$127</u>	<u>\$13,243</u>	<u>\$319</u>
<u>Held-to-Maturity Portfolio</u>						
State & Municipal Obligations	\$4,381	\$35	\$3,591	\$84	\$7,972	\$119

The table above for June 30, 2010 consists of 96 securities where the current fair value is less than the related amortized cost. These unrealized losses do not reflect any deterioration of the credit worthiness of the issuing entities. Agency-backed CMOs are all rated AAA, as are the mortgage-backed securities. The municipal obligations are general obligations supported by the general taxing authority of the issuer, and in some cases are insured. Obligations issued by school districts are supported by state aid. For any non-rated municipal securities, credit analysis shows no deterioration in the credit worthiness of the municipalities. Corporate and other debt securities consist of one private placement trust preferred, and one trust preferred pool. The private placement trust preferred is rated AAA by Standard & Poor's; the trust preferred pool is rated investment grade, with the privately issued securities securing the note performing. Subsequent to June 30, 2010, there were no securities downgraded below investment grade.

Other-Than-Temporary Impairment

On a quarterly basis, Arrow performs an assessment to determine whether there have been any events or economic circumstances indicating that a security with an unrealized loss has suffered other-than-temporary impairment. A debt security is considered impaired if the fair value is less than its amortized cost basis at the reporting date. If impaired, Arrow then assesses whether the unrealized loss is other-than-temporary. An unrealized loss on a debt security is generally deemed to be other-than-temporary and a credit loss is deemed to exist if the present value of the expected future cash flows is less than the amortized cost basis of the debt security. As a result, the credit loss component of an other-than-temporary impairment write-down for debt securities is recorded in earnings while the remaining portion of the impairment loss is recognized, net of tax, in other comprehensive income provided that Arrow does not intend to sell the underlying debt security and it is

Guarantees	3 Months Ended	
	Jun. 30, 2011	
Guarantees		
Guarantees [Text Block]	<p>8. <u>Guarantees</u></p> <p>Arrow does not issue any guarantees that would require liability-recognition or disclosure, other than its standby letters of credit. Standby and other letters of credit are conditional commitments issued by Arrow to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including bond financing and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Typically, these instruments have terms of twelve months or less. Some expire unused, and therefore, the total amounts do not necessarily represent future cash requirements. Some have automatic renewal provisions.</p> <p>For letters of credit, the amount of the collateral obtained, if any, is based on management's credit evaluation of the counterparty. Arrow had approximately \$8.3 million of standby letters of credit on June 30, 2011, most of which will expire within one year and some of which were not collateralized. At that date, all standby letters of credit were for private borrowing arrangements. The fair value of Arrow's standby letters of credit at June 30, 2011 was insignificant.</p>	

Compensation Related Costs, Share Based Payments	3 Months Ended																									
	Jun. 30, 2011																									
Compensation Related Costs, Share Based Payments																										
Disclosure of Compensation Related Costs, Share-based Payments [Text Block]	<p>7. <u>Stock-Based Compensation Plans (Dollars In Thousands)</u></p> <p>Under our 2008 Long-Term Incentive Plan, we granted options in both the first quarters of 2011 and 2010 to purchase shares of our common stock. The fair values of the options were estimated on the date of grant using the Black-Scholes option-pricing model. The fair value of our grants is expensed over the four year vesting period. The expense for the second quarter of 2011 and 2010 was \$92 and \$78, respectively. The expense for the first six months of 2011 and 2010 was \$174 and \$147, respectively. Other information on the options is presented in the following table:</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Grants Issued During the First Quarter:</th> <th style="text-align: right;"><u>2011</u></th> <th style="text-align: right;"><u>2010</u></th> </tr> </thead> <tbody> <tr> <td>Shares Granted</td> <td style="text-align: right;">74,648</td> <td style="text-align: right;">73,336</td> </tr> <tr> <td>Fair Value of Options Granted</td> <td style="text-align: right;">\$6.43</td> <td style="text-align: right;">\$6.43</td> </tr> <tr> <td colspan="3">Assumptions:</td> </tr> <tr> <td>Dividend Yield</td> <td style="text-align: right;">4.00%</td> <td style="text-align: right;">3.80%</td> </tr> <tr> <td>Expected Volatility</td> <td style="text-align: right;">36.5%</td> <td style="text-align: right;">35.4%</td> </tr> <tr> <td>Risk Free Interest Rate</td> <td style="text-align: right;">2.54%</td> <td style="text-align: right;">3.14%</td> </tr> <tr> <td>Expected Lives (in years)</td> <td style="text-align: right;">6.40</td> <td style="text-align: right;">7.79</td> </tr> </tbody> </table>		Grants Issued During the First Quarter:	<u>2011</u>	<u>2010</u>	Shares Granted	74,648	73,336	Fair Value of Options Granted	\$6.43	\$6.43	Assumptions:			Dividend Yield	4.00%	3.80%	Expected Volatility	36.5%	35.4%	Risk Free Interest Rate	2.54%	3.14%	Expected Lives (in years)	6.40	7.79
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Outstanding at January 1	188,874	25.47	73,336	23.86
Granted	74,648	21.30	(27,315)	11.69
Exercised	(14,717)	26.84	---	---
Forfeited	<u>(10,071)</u>	23.11	<u>498,523</u>	22.56
Outstanding at June 30	<u>516,804</u>	22.74	334,343	22.61
Exercisable at June 30	339,475			

Arrow also sponsors an Employee Stock Purchase Plan under which employees purchase Arrow's common stock at a 5% discount below market price. Under current accounting guidance, a stock purchase plan with a discount of 5% or less is not considered a compensatory plan.

Compensation Related Costs, Retirement Benefits	3 Months Ended
	Jun. 30, 2011
Compensation Related Costs, Retirement Benefits	

Pension and Other Postretirement Benefits Disclosure [Text Block] . Retirement Plans (In Thousands)

The following table provides the components of net periodic benefit costs for the three months ended June 30:

	Pension Benefits		Postretirement Benefits	
	2011	2010	2011	2010
Service Cost	\$395	\$282	\$ 40	\$ 36
Interest Cost	431	438	67	105
Expected Return on Plan Assets	(746)	(468)	---	---
Accretion of Prior Service Credit	(3)	(19)	(28)	(24)
Amortization of Net Loss	<u>233</u>	<u>235</u>	<u>23</u>	<u>17</u>
Net Periodic Benefit Cost	<u>\$310</u>	<u>\$468</u>	<u>\$102</u>	<u>\$134</u>

The following table provides the components of net periodic benefit costs for the six months ended June 30:

	Pension Benefits		Postretirement Benefits	
	2011	2010	2011	2010
Service Cost	\$ 715	\$ 565	\$ 80	\$ 73
Interest Cost	910	875	182	223
Expected Return on Plan Assets	(1,390)	(1,055)	---	---
Accretion of Prior Service Credit	(6)	(38)	(57)	(48)
Amortization of Net Loss	<u>465</u>	<u>471</u>	<u>47</u>	<u>34</u>
Net Periodic Benefit Cost	<u>\$ 694</u>	<u>\$ 818</u>	<u>\$252</u>	<u>\$282</u>

We contributed \$1.5 million to our qualified pension plan in both 2011 and 2010, although we were not required to make any contribution in either year. The expected 2011 contribution for the nonqualified plan is \$396. Arrow makes contributions for its

3% stock dividend:

	Income (Numerator)	Shares (Denominator)	Per Share Amount
For the Three Months Ended June 30, 2011:			
Basic EPS	\$5,849	11,387	<u>\$.51</u>
Dilutive Effect of Stock Options	<u>---</u>	<u>12</u>	
Diluted EPS	<u>\$5,849</u>	<u>11,399</u>	<u>\$.51</u>
For the Three Months Ended June 30, 2010:			
Basic EPS	\$5,714	11,307	<u>\$.51</u>
Dilutive Effect of Stock Options	<u>---</u>	<u>37</u>	
Diluted EPS	<u>\$5,714</u>	<u>11,344</u>	<u>\$.50</u>
For the Six Months Ended June 30, 2011:			
Basic EPS	\$11,130	11,361	<u>\$.98</u>
Dilutive Effect of Stock Options	<u>---</u>	<u>17</u>	
Diluted EPS	<u>\$11,130</u>	<u>11,378</u>	<u>\$.98</u>
For the Six Months Ended June 30, 2010:			
Basic EPS	\$11,129	11,284	<u>\$.99</u>
Dilutive Effect of Stock Options	<u>---</u>	<u>39</u>	
Diluted EPS	<u>\$11,129</u>	<u>11,323</u>	<u>\$.98</u>

Fair Value Measures and Disclosures	3 Months Ended
	Jun. 30, 2011
Fair Value Measures and Disclosures	
Fair Value Disclosures [Text Block]	<p>9. <u>Fair Value Measurements and Disclosures (In Thousands)</u></p> <p>FASB ASC Subtopic 820-10 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP) and requires certain disclosures about fair value measurements. We do not have any nonfinancial assets or liabilities measured at fair value. The only assets or liabilities that Arrow measured at fair value on a recurring basis at June 30, 2011, December 31, 2010 and June 30, 2010 were securities available-for-sale. Arrow held no securities or liabilities for trading on such date.</p> <p>We determine the fair value of financial instruments under the following hierarchy:</p> <ul style="list-style-type: none"> • Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities; • Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; • Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement

Fair Value Measurements at Reporting Date Using:

<u>Description</u>	<u>Total</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
June 30, 2011:				
Securities Available-for Sale:				
U.S. Agency Securities	\$ 49,551	\$---	\$ 49,551	\$ ---
State and Municipal Obligations	90,700	---	90,700	---
Collateralized Mortgage Obligations	159,985	---	159,985	---
Mortgage-Backed Securities - Residential	208,044	---	208,044	---
Corporate and Other Debt Securities	1,345	---	1,028	317
Mutual Funds and Equity Securities	<u>1,469</u>	<u>215</u>	<u>1,254</u>	<u>---</u>
Total Securities Available-for-Sale	<u>\$511,094</u>	<u>\$215</u>	<u>\$510,562</u>	<u>\$317</u>
December 31, 2010:				
Securities Available-for Sale:				
U.S. Agency Securities	\$ 98,173	\$ ---	\$ 98,173	\$ ---
State and Municipal Obligations	89,528	---	89,528	---
Collateralized Mortgage Obligations	166,964	---	166,964	---
Mortgage-Backed Securities - Residential	159,926	---	159,926	---
Corporate and Other Debt Securities	1,417	---	1,134	283
Mutual Funds and Equity Securities	<u>1,356</u>	<u>421</u>	<u>935</u>	<u>---</u>
Total Securities Available-for-Sale	<u>\$517,364</u>	<u>\$421</u>	<u>\$516,660</u>	<u>\$283</u>
June 30, 2010:				
Securities Available-for Sale:				
U.S. Agency Securities	\$163,858	\$---	\$163,858	\$ ---
State and Municipal Obligations	18,953	---	18,953	---
Collateralized Mortgage Obligations	177,863	---	177,863	---
Mortgage-Backed Securities - Residential	84,552	---	84,552	---
Corporate and Other Debt Securities	1,433	---	1,119	314
Mutual Funds and Equity Securities	<u>1,208</u>	<u>---</u>	<u>1,208</u>	<u>---</u>
Total Securities Available-for-Sale	<u>\$447,867</u>	<u>\$---</u>	<u>\$447,553</u>	<u>\$314</u>

Fair value for securities available-for-sale was determined utilizing an independent bond pricing service for identical assets or significantly similar securities. The pricing service uses a variety of techniques to arrive at fair value including market maker bids, quotes and pricing models. Inputs to the pricing models include recent trades, benchmark interest rates, spreads and actual and projected cash flows. There were no assets or liabilities measured at fair value on a nonrecurring basis at June 30, 2011.

Level 3 securities available-for-sale at June 30, 2011, December 31, 2010 and June 30, 2010, in the table above, included one trust preferred pooled security. In our analysis of fair value, we determined that the market for this security was inactive. We reviewed the collateral within the pool and performed a discounted cash flow analysis using additional value estimates from

	<u>2011</u>	<u>2010</u>
Beginning Balance, January 1	\$283	\$305
Transfers In	---	---
Principal payment received	(2)	(3)
Purchases, issuances and settlements	---	---
Total net losses (realized/unrealized):		
Included in earnings	---	---
Included in earnings, as a result of other-than-temporary impairment	---	---
Included in other comprehensive income	<u>36</u>	<u>12</u>
Ending Balance, June 30	<u>\$317</u>	<u>\$314</u>
The amount of total losses for the year included in earnings attributable to the change in unrealized gains or losses relating to assets still held at period-end, as a result of other-than-temporary impairment	<u>\$---</u>	<u>\$---</u>

Other impaired assets which might have been included in this table include other real estate owned, mortgage servicing rights, goodwill and other intangible assets. Arrow evaluates each of these assets for impairment on a quarterly basis, with no impairment recognized for these assets at June 30, 2011, December 31, 2010 or June 30, 2010.

The following table presents a summary at June 30, 2011, December 31, 2010, and June 30, 2010 of the carrying amount and fair value of Arrow's financial instruments:

	<u>June 30, 2011</u>		<u>December 31, 2010</u>		<u>June 30, 2010</u>	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and Due from Banks	\$ 33,202	\$ 33,202	\$ 25,961	\$ 25,961	\$ 33,071	\$ 33,071
Interest-Bearing Deposits at Banks	24,118	24,118	5,118	5,118	6,701	6,701
Securities Available-for-Sale	511,094	511,094	517,364	517,364	447,867	447,867
Securities Held-to-Maturity	138,334	143,327	159,938	162,713	158,226	162,077
Other Investments	7,019	7,019	8,602	8,602	9,474	9,474
Net Loans	1,105,276	1,132,069	1,130,819	1,158,129	1,130,548	1,154,469
Non-Maturity Deposits	1,178,912	1,178,912	1,165,599	1,165,599	1,054,314	1,054,314
Time Deposits	362,947	371,578	368,405	377,224	384,709	395,146
Federal Funds Purchased and Securities Sold Under Agreements to Repurchase	60,361	60,361	51,581	51,581	60,847	60,847
Other Short-Term Borrowings	2,211	2,211	1,633	1,633	1,619	1,619
FHLBNY Advances	90,000	93,236	130,000	134,676	150,000	156,776
Junior Subordinated Obligations Issued to Unconsolidated Subsidiary Trusts	20,000	20,000	20,000	20,000	20,000	20,000
Accrued Interest Receivable	6,689	6,689	6,512	6,512	6,464	6,464
Accrued Interest Payable	1,549	1,549	1,957	1,957	2,094	2,094

experience with repayments for each loan classification, modified, as required, by an estimate of the effect of current economic and lending conditions. Fair value for nonperforming loans is generally based on recent external appraisals. If appraisals are not available, estimated cash flows are discounted using a rate commensurate with the risk associated with the estimated cash flows. Assumptions regarding credit risk, cash flows and discount rates are judgmentally determined using available market information and specific borrower information.

9. Fair Value Measurements and Disclosures, continued

The fair value of time deposits is based on the discounted value of contractual cash flows, except that the fair value is limited to the extent that the customer could redeem the certificate after imposition of a premature withdrawal penalty. The discount rates are estimated using the FHLBNY yield curve, which is considered representative of Arrow's time deposit rates.

The fair value of FHLBNY advances is estimated based on the discounted value of contractual cash flows. The discount rate is estimated using current rates on FHLBNY advances with similar maturities and call features.

Based on Arrow's capital adequacy, the book value of the outstanding trust preferred securities (Junior Subordinated Obligations Issued to Unconsolidated Subsidiary Trusts) are considered to approximate fair value since the interest rates are variable (indexed to LIBOR) and Arrow is well-capitalized.

Statement of Financial Position, Unclassified - Deposit Based Operations (USD \$) In Thousands	Jun. 30, 2011	Dec. 31, 2010	Jun. 30, 2010
Statement of Financial Position, Unclassified - Deposit Based Operations			
Other Real Estate and Repossessed Assets, Net	\$ 31	\$ 58	\$ 23

Statement of Cash Flows (USD \$) In Thousands	6 Months Ended	
	Jun. 30, 2011	Jun. 30, 2010
Statement of Cash Flows		
Payments for (Proceeds from) Loans Receivable	\$ 14,892	\$ (33,486)
Cash Acquired from Acquisition	\$ (3,487)	\$ 264

Statement of Cash Flows, Deposit Based Operations (USD \$) In Thousands	6 Months Ended	
	Jun. 30, 2011	Jun. 30, 2010
Statement of Cash Flows,		

Equity	3 Months Ended			
	Jun. 30, 2011			
Equity				
Comprehensive Income (Loss) Note [Text Block]	2. <u>Comprehensive Income (In Thousands)</u>			
	The following table presents the components, net of tax, of accumulated other comprehensive loss as of June 30, 2011, December 31, 2010, and June 30, 2010:			
		<u>June 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>	<u>June 30,</u> <u>2010</u>
	Retirement Plan Net Loss	\$(10,648)	\$(10,610)	\$(9,881)
	Retirement Plan Prior Service Cost	741	432	342
	Net Unrealized Securities Holding Gains	<u>6,924</u>	<u>3,755</u>	<u>7,857</u>
	Total Accumulated Other Comprehensive Loss	<u>\$ (2,983)</u>	<u>\$ (6,423)</u>	<u>\$ (1,682)</u>

Financial Services, Federal Home Loan Banks (USD \$) In Thousands	Jun. 30, 2011	Dec. 31, 2010	Jun. 30, 2010
Financial Services, Federal Home Loan Banks			
Federal Home Loan Bank Advances	\$ 90,000	\$ 130,000	\$ 150,000

ARROW FINANCIAL CORP (Filer) CIK: [0000717538](#) (see all company filings)

IRS No.: 222448962 | State of Incorp.: NY | Fiscal Year End: 1231
 Type: 10-Q | Act: 34 | File No.: [000-12507](#) | Film No.: 111017250
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