

# **PUBLIC DISCLOSURE**

April 4, 2005

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Adirondack Trust Company  
RSSD No. 645317

473 Broadway  
Saratoga Springs, New York 12866

Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York 10045

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

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** Adirondack Trust Company is rated "**OUTSTANDING.**"

*The following table indicates the performance level of the institution with respect to the lending, investment and service tests.*

PERFORMANCE LEVELS	ADIRONDACK TRUST COMPANY		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding	<b>X</b>	<b>X</b>	<b>X</b>
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

The major factors supporting the institution's rating include:

- The number of home purchase, refinance, and small business loan originations showed excellent responsiveness to credit needs in the assessment area.
- The distribution of loans to individuals of different income levels and businesses of different sizes was good.
- The overall distribution of loans among geographies of different income levels was good.
- The bank had excellent levels of community development loans and qualified investments.
- The bank's service delivery systems were readily accessible to geographies and individuals of different income levels in its assessment area.

## DESCRIPTION OF INSTITUTION

<b>Total assets</b>	<b>\$583 million</b>
<b>Net loans &amp; leases</b>	<b>\$341 million</b>
<b>Total domestic deposits</b>	<b>\$510 million</b>
<b>Number of branches</b>	<b>10</b>
<b>Headquarters</b>	<b>Saratoga Springs, NY</b>
<b>Bank holding company</b>	<b>473 Broadway Holdings Corporation</b>

\*As of December 31, 2004

Headquartered in Saratoga Springs, New York, Adirondack Trust Company (“Adirondack”) is the sole subsidiary of 473 Broadway Holding Corporation, a bank holding company. Real estate loans represented \$222 million of the net loans and leases, of which 40% was extended for one- to four-family residential units.

Adirondack offers various consumer and commercial loan products, deposit products and trust services. The loan products include residential mortgages, consumer loans and small business loans. The bank’s ten retail branches are located throughout the central portion of Saratoga County and a small portion of southeastern Warren County in northeastern New York State.

Based on deposits reported to the Federal Deposit Insurance Corporation (“FDIC”) on June 30, 2004, Adirondack has the largest deposit market share in Saratoga County, with almost 21% of the county’s deposits. In Warren County, Adirondack is ranked eighth, with less than 1% of the county’s deposits.

Adirondack’s assessment area consists of portions of Saratoga County (MSA 0160) and Warren County (MSA 2975) that are contiguous. As Adirondack’s assessment area in Warren County consists only of a small portion of the county and its boundaries do not substantially extend beyond the boundaries of MSA 0160 it has been consolidated with Adirondack’s assessment area in Saratoga County for analytical purposes. A description of the assessment area follows:

**MSA 0160 (Albany-Schenectady-Troy, NY)**, consisting of portions of Saratoga County that include the municipalities of Saratoga, Saratoga Springs, Stillwater, Malta, Ballston, Milton, Greenfield, Wilton, Northumberland and Moreau.

**MSA 2975 (Glens Falls, NY)**, consisting of a small portion of Warren County that includes the municipalities of Glens Falls, Glen Falls North, and West Glen Falls.

Warren County was added to the bank’s assessment area in May 2002 when the bank opened a branch in Glens Falls, New York. Additional assessment area data can be found in Exhibit 1 located on the next page. See page BB22 for a map illustrating the bank’s assessment area.

<b>EXHIBIT 1 : Adirondack Trust Company Summary of Key Assessment Area Data</b>			
<b>2000 Census</b>			
Assessment Area Data	MSA 0160	MSA 2975	Totals
<b>Total Population</b>	<b>121,007</b>	<b>29,403</b>	<b>150,410</b>
Population % of AA population	80%	20%	100%
<b>Families</b>	<b>31,723</b>	<b>7,627</b>	<b>39,350</b>
Families % of AA families	81%	19%	100%
<b>Total Census Tracts</b>	<b>26</b>	<b>7</b>	<b>33</b>
Tracts % AA tracts	79%	21%	100%
<b>LMI tracts</b>	<b>3</b>	<b>2</b>	<b>5</b>
LMI tracts % all AA LMI tracts	60%	40%	100%
<b>Total Owner-Occupied Units</b>	<b>33,162</b>	<b>7,322</b>	<b>40,484</b>
Units % of AA units	82%	18%	100%
<b>Business Establishments***</b>	<b>4,358</b>	<b>1,462</b>	<b>5,820</b>
Bus. est. % AA bus. est.	75%	25%	100%
<b>Number of Branches *</b>	<b>9</b>	<b>1</b>	<b>10</b>
Branches % all branches	90%	10%	100%
<b>Branches in LMI tracts</b>	<b>0</b>	<b>0</b>	<b>0</b>
LMI branches % AA LMI branches	0%	0%	0%
<b>Branch Deposits (\$'000s)*</b>	<b>516,198</b>	<b>1,649</b>	<b>517,847</b>
Deposits % AA deposits	100%	0%	100%
Deposit Market Share (%)/ Rank in Market	20.68%/1	.14%/8	n/a
<b>Home Purchase Originations**</b>	<b>100</b>	<b>0</b>	<b>100</b>
HP originations % AA orig.	100%	0%	100%
<b>Refinance Originations**</b>	<b>422</b>	<b>4</b>	<b>426</b>
Refi orig. % AA orig.	99%	1%	100%
<b>Small Business Originations**</b>	<b>648</b>	<b>4</b>	<b>652</b>
SB orig. % AA orig.	99%	1%	100%
<b>Combined Loan Totals</b>	<b>1,170</b>	<b>8</b>	<b>1,178</b>
% of AA Orig.	99%	1%	100%
* Source: Federal Deposit Insurance Corporation ("FDIC") Summary of deposit data as of 6/30/2004			
** Originations include originations and loans purchased between January 1, 2003 and December 31, 2003			
***Source: 2004 Dun & Bradstreet Data.			

The assessment area is in compliance with the requirements of Section 228.41 of Regulation BB and does not arbitrarily exclude low- and moderate-income ("LMI") geographies.

Adirondack's previous CRA examination was conducted as of January 27, 2003, and resulted in an overall rating of "outstanding." There are no financial or legal factors that would keep Adirondack from fulfilling its responsibility under CRA.

## SCOPE OF EXAMINATION

### *Procedures*

Adirondack's assessment area was reviewed using the Federal Financial Institutions Examination Council's *Interagency CRA Procedures for Large Retail Financial Institutions*.

### *Products*

Loan products evaluated include home purchase, refinance, small business and other loans qualifying as community development loans. The mortgage loans included in the evaluation were reported under HMDA and the small business loans evaluated were reported under CRA.

Examiners verified the integrity of the bank's HMDA-related and small business loan data reported in 2003 and 2004. Adirondack also extends home improvement loans and multifamily loans. These loan types were not analyzed during this examination because the bank's retail product strategies resulted in low volumes that would not affect the overall conclusions. Multifamily loans qualifying as community development loans were considered in the evaluation of community development lending. No other consumer loan products were presented by the bank for CRA evaluation consideration.

### *Examination Period*

HMDA-related and small business loans originated between January 1, 2003, and December 31, 2004, were evaluated. Examiners also reviewed activities pertaining to the service test, community development loans, and qualified investments for the period October 1, 2002 through December 31, 2004.

### *Lending Distribution Analysis*

Because of a change in CRA and HMDA reporting requirements, a separate analysis of 2003 and 2004 data was used for the evaluation of geographic and borrower distribution. In accordance with the reporting requirements, loans from January 1, 2003, through December 31, 2003, were reported and evaluated using the assessment area definitions issued by the Office of Management and Budget ("OMB") through December 31, 2003. Loans originated from January 1, 2004, through December 31, 2004, were reported and analyzed using the new OMB assessment area definitions. Only loans in Adirondack's assessment areas were included in the analysis of geographic and borrower distribution.

To evaluate the geographic distribution of HMDA-related loans, the proportion of loan originations was compared with the proportion of owner-occupied housing units in low- and moderate-income ("LMI") and non-LMI geographies. For small business loans, the analysis

compared the proportion of loan originations with the proportion of businesses located in LMI and non-LMI geographies.

In order to analyze the borrower characteristics of HMDA-related loans, the proportion of originations to LMI borrowers was compared with the proportion of LMI families in the assessment area. Income estimates from the U.S. Department of Housing and Urban Development (“HUD”) were used to categorize borrower income. HUD-adjusted median family income figures for 2003 were used to categorize borrower income level for 2003 loans and 2004 HUD-adjusted median family income data were used to categorize 2004 loans. The amount of the business loan was also used as a proxy to identify lending to small businesses.

HMDA-related and small business loan performance was compared with the aggregate of all lenders in Adirondack’s assessment area subject to HMDA and/or CRA small business loan reporting. For both HMDA-related and small business lending, 2003 lending patterns were compared with the 2003 aggregate to evaluate bank performance. Aggregate information was not available for 2004 at the time of the examination. Therefore, the lending activity, geographic distribution and borrower characteristics analyses focused on the bank’s 2003 performance. The analyses also placed more weight on the bank’s small business lending activity as it is a larger percentage of the bank’s lending activity in accordance with Adirondack’s retail strategy.

Examiners also contacted or reviewed information from two community development organizations in order to gain an understanding of community credit needs.

## **PERFORMANCE CONTEXT**

The financial marketplace in which Adirondack operates is very competitive, with many non-bank financial institutions competing with local bank lenders. Some of the primary bank competitors include Charter One Bank, National Association (“N.A.”), Ballston Spa National Bank, Fleet National Bank, Glens Falls National Bank, Keybank, N.A., Trustco Bank, and Banknorth N.A.

### *Demographic Characteristics*

Saratoga County is a growing area. According to the 2000 Census, the population has increased by 11% to 201,000 since 1990 in contrast to the overall growth in MSA 0160 (Albany-Schenectady-Troy, NY) of less than 1%. The median age of the Saratoga County population is slightly higher than that of New York State, with the elderly concentrated in rural areas. The 2000 Census puts the county’s median age at 37 years compared with 36 years for the state. The percentage of the population aged 65 and older is 12% in Saratoga County and 13% in New York State. In this market, the older population is less likely to need home purchase mortgages, but more likely to need home improvement loans.

Exhibit 2 on the following page provides a summary of demographic information related to Adirondack’s assessment area:

<b>EXHIBIT 2</b>								
<b>Assessment Area Demographics</b>								
<b>Adirondack Trust Company - 2003 Census Data</b>								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	6,559	16.7
Moderate-income	5	15.2	2,985	7.6	333	11.2	7,490	19.0
Middle-income	22	66.7	28,246	71.8	1,406	5.0	9,612	24.4
Upper-income	5	15.2	8,119	20.6	251	3.1	15,689	39.9
Unknown-income	1	3.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>33</b>	<b>100.0</b>	<b>39,350</b>	<b>100.0</b>	<b>1,990</b>	<b>5.1</b>	<b>39,350</b>	<b>100.0</b>
	Housing Units by Tract	<b>Housing Types by Tract</b>						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	6,032	2,479	6.1	41.1	3,118	51.7	435	7.2
Middle-income	45,305	29,803	73.6	65.8	12,331	27.2	3,171	7.0
Upper-income	12,221	8,202	20.3	67.1	3,265	26.7	754	6.2
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>63,558</b>	<b>40,484</b>	<b>100.0</b>	<b>63.7</b>	<b>18,714</b>	<b>29.4</b>	<b>4,360</b>	<b>6.9</b>
	Total Businesses by Tract	<b>Businesses by Tract &amp; Revenue Size</b>						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	639	11.0	534	10.6	70	14.0	35	13.1
Middle-income	4,086	70.2	3,552	70.3	342	68.5	192	71.6
Upper-income	1,094	18.8	966	19.1	87	17.4	41	15.3
Unknown-income	1	0.0	1	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>5,820</b>	<b>100.0</b>	<b>5,053</b>	<b>100.0</b>	<b>499</b>	<b>100.0</b>	<b>268</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>86.8</b>			<b>8.6</b>	<b>4.6</b>

Income Characteristics

As indicated in the chart below, MSA 0160, which contains Saratoga County, has a higher median family income compared with MSA 2975, which contains Warren County. The HUD adjusted median family income for the assessment area is as follows:

Area	2003 HUD Median Family Income	2004 HUD Median Family Income
MSA 0160	\$59,800	\$62,600
MSA 2975	\$49,800	\$49,900



### Housing Characteristics

The 2000 Census indicates that almost 65% of the housing units in Saratoga County are owner-occupied, 25% are rentals and 10% are vacant. In Glens Falls, 44% of the housing units are owner-occupied, 48% are rentals, and 8% are vacant. The low number of owner-occupied housing units in Glens Falls, combined with the relatively lower incomes and the higher poverty rate, would impede homeownership potential. In Saratoga Springs, the lack of affordable housing also impedes homeownership.

Median Home Sales Prices		
Area	2003	2004
Saratoga County	\$176,450	\$208,000
Warren County	\$130,000	\$154,638

Source: NYS Association of Realtors

As shown in the table at left, the median sales price of existing single-family homes in Saratoga County area totaled \$176,450 in 2003 and increased to \$208,000 in 2004. Likewise the median sales in Warren County also increased significantly.

According to community contacts, affordable housing is becoming an increasingly important issue in Saratoga Springs. Because of the relative wealth of the city, real estate developers are building more expensive properties, making it difficult for LMI families to find homes for purchase. Affordable rental units are also difficult to find because of the summer racing/tourist season, which extends from June through September, and the students of Skidmore College occupy much of the rental housing from September through May.

LMI families who cannot find affordable housing in Saratoga Springs look in the less expensive outlying areas. However, contacts noted that housing in the rural areas of Saratoga County is very old and sometimes run down. Some elderly homeowners cannot afford necessary home repairs and consequently some houses are in a less sellable condition. In Saratoga County, 32% of the homes were built in 1940 or earlier. The public transportation is also limited. Most LMI individuals need an automobile to get to their place of employment.

### Labor, Employment and Economic Characteristics

Saratoga County enjoys a diverse economy that includes retail, manufacturing, technology, sports and recreation, and tourism. Tourism is a major industry in Saratoga, and the city benefits from its relative proximity to New York City (about a three-hour drive). Saratoga County also benefits from its proximity to the New York State's capital as well as to a number of leading universities. This enables the region to attract firms that take advantage of academic research and the concentration of skilled workers.

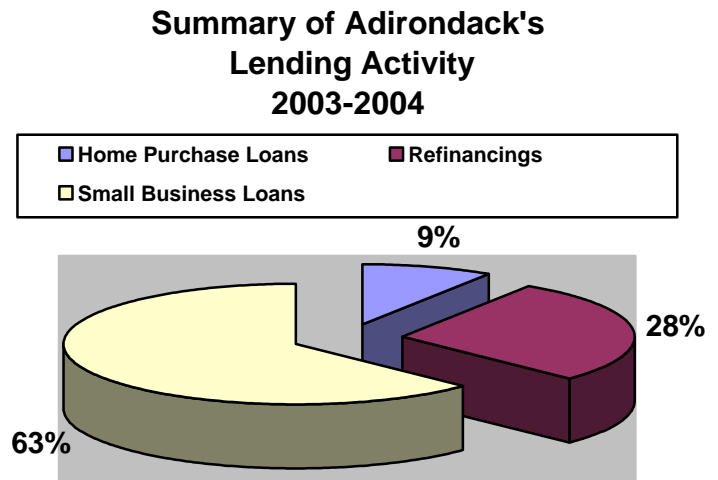
Unemployment is relatively low in Saratoga County. The New York State Department of Labor reported an average 2004 unemployment rate of 3.8%. Unemployment is seasonal, peaking, in the winter months as the year-to-date high was 4.9% in January 2004 and reducing to 3.2% in August 2004 due to tourism and the horse racing industries. Warren County had a 2004 average unemployment rate of 4.9%.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Adirondack's record of meeting the credit needs of its assessment area through its lending activities was outstanding. Retail lending activity and community development lending activity showed excellent performance while the geographic and borrower distribution of loans was good.

**Lending Activity:** Lending activity reflected an excellent response to the assessment area's credit needs. The bank originated 1,844 home purchase, refinance, and small business loans totaling approximately \$191 million during the examination period. In particular, the bank offered and originated a significant volume of loans to the small business community. The chart at the right shows the breakdown by product.



Adirondack's overall lending activity compares favorably with similarly situated lenders and the aggregate lending in the assessment area. Adirondack was the second largest (the top lender was a national credit card company) small business lender in Saratoga County in 2003, with a market share of almost 18% of the number of loans. In 2003, Adirondack ranked second in volume for refinance lending, with a market shares of 6% and ranked 11<sup>th</sup> in home purchase lending with a market share of 3%.

**Assessment Area Concentration:** Approximately 90% of all lending activity was originated in its assessment area, demonstrating a strong commitment to local communities as shown in Exhibit 3 below:

<b>EXHIBIT 3</b>								
<b>Lending Inside and Outside the Assessment Area</b>								
<b>2003-2004</b>								
	Inside				Outside			
	#	%	\$('000s)	%	#	%	\$('000s)	%
HMDA Home Purchase	171	89	24,107	91	22	11	2,902	9
HMDA Refinancings	502	94	67,924	93	33	6	4,870	7
<b>Total HMDA-related</b>	<b>673</b>	<b>92</b>	<b>92,031</b>	<b>92</b>	<b>55</b>	<b>8</b>	<b>7,772</b>	<b>8</b>
<b>Total Small Business</b>	<b>1,171</b>	<b>89</b>	<b>99,343</b>	<b>89</b>	<b>147</b>	<b>11</b>	<b>15,921</b>	<b>11</b>
<b>TOTAL LOANS</b>	<b>1,844</b>	<b>90</b>	<b>191,374</b>	<b>89</b>	<b>202</b>	<b>10</b>	<b>23,693</b>	<b>11</b>

**Geographic Distribution:** The overall geographic distribution of HMDA-related and small business loans reflected good loan penetration in the moderate-income geographies within the bank's assessment area. Home purchase and small business lending distribution was excellent while the distribution of refinance lending was poor.

#### Home Purchase Loans

Adirondack's distribution of home purchase loans in moderate-income geographies was excellent compared with both the level of owner-occupied housing units as well as the aggregate of all HMDA-reporting lenders. The bank's percentage of lending in moderate-income census tracts was similar to the percentage of owner-occupied units in moderate-income census tracts and the percentage of lending in moderate-income census tracts originated by the aggregate of lenders.

#### Refinance Loans

The distribution of refinancings in moderate-income geographies was poor when compared with both the level of owner-occupied housing units and the aggregate of all HMDA-reporting lenders. Adirondack's percentage of lending in moderate-income census tracts was significantly below both the percentage of owner-occupied units in moderate-income census tracts and the percentage of lending in moderate-income census tracts originated by the aggregate of lenders.

#### Small Business Loans

The overall geographic distribution of small business loans across moderate-income geographies was excellent compared with both the level of businesses and the aggregate of all small business lending reporters. The bank's percentage of lending in moderate-income census tracts was similar to the percentage of businesses located in moderate-income census tracts, as well as the percentage of lending in moderate-income census tracts originated by the aggregate of lenders.

**Distribution by Borrower Income and Revenue Size of the Business:** The overall distribution of loans among borrowers of different income levels and businesses of different sizes was good based on adequate distribution of HMDA-related loans and good distribution of loans to small businesses.

Adirondack's lending to low-income borrowers was considered adequate in relation to the housing costs in the assessment area as detailed in the performance context section of this report. The performance of the aggregate of lenders in the market also reflected the difficulties of home mortgage lending to low-income borrowers in the assessment area.

The following table summarizes the bank's performance with respect to low- and moderate-income borrowers:

Lending to Low and Moderate-income Borrowers Adirondack 2003 Performance				
Product	Low-Income Borrowers		Moderate-Income Borrowers	
	Bank Performance	Aggregate Comparison 2003	Bank Performance	Aggregate Comparison 2003
Home Purchase	Adequate	Slightly Below	Good	Slightly Below
Refinance	Adequate	Significantly Above	Adequate	Similar To

Lending to Businesses of Different Sizes

Overall distribution of small business loans to businesses with GAR of \$1 million or less was good in comparison to the number of business establishments with GAR of \$1 million or less. Adirondack significantly outperformed the aggregate of small business lenders in lending to such businesses.

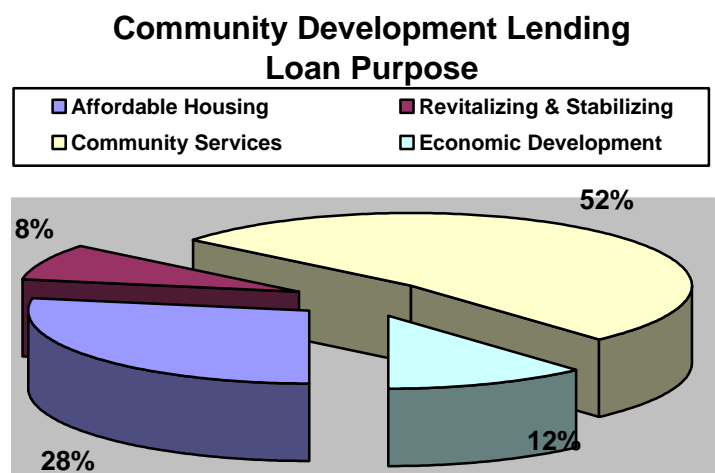
Of all small business loans reported, 78% were for \$100,000 or less, with an average loan amount of \$31 thousand, an amount that would typically meet the credit needs of smaller businesses. Adirondack performed slightly below the aggregate of small business lenders in lending to businesses in amounts of \$100,000 or less.

**Community Development Lending:** The bank’s community development lending was excellent and totaled \$5.5 million. As depicted in the chart to the right, community development loans targeted community services and affordable housing.

Community contacts identified affordable housing as a critical need in this assessment area with high housing costs. The creation of affordable housing, however, depends largely on subsidy programs and partnerships with affordable housing producers, which are few in this assessment area.

Examples of community development included:

- A construction loan to renovate an existing building into 4 units of low-income senior housing.

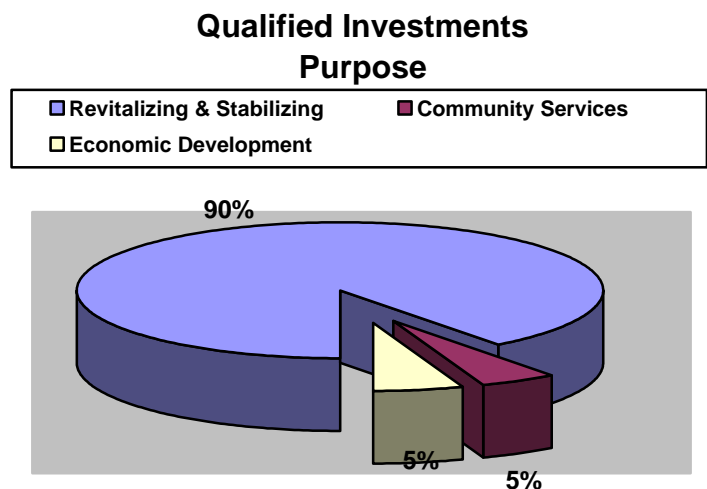


- Construction loans to develop 16 units of affordable housing selling between \$89,900 and \$99,900.
- A building loan to an organization that provides counseling and advocacy services for children who have been neglected and abused in Saratoga County.

## INVESTMENT TEST

Adirondack's performance under the investment test is rated outstanding. The bank demonstrated excellent responsiveness for an institution of its size and in comparison with similarly situated banks in the assessment area. Qualified investments totaled nearly \$12.5 million, compared with \$6 million at the previous examination. Also included in this total are over \$128 thousand in statewide and regional investments and \$1.5 million in qualified investments outside of its assessment area but within New York State. Investments initiated during this examination period totaled \$10.6 million or 85% of the total qualified investments. For additional details, see Table 8 on page 20.

As depicted in the chart at right, investments were concentrated in revitalizing and stabilizing LMI geographies through municipal bonds that provided for infrastructure improvements to these geographies. A small amount of the investments involved grants in support of community services and economic development including an equity investment in a Small Business Investment Corporation that provides capital to high technology companies in the capital district.



## SERVICE TEST

The bank's performance under the service test is rated outstanding.

**Retail Services:** Adirondack's branches were readily accessible to the community and services were tailored to the convenience and needs of all portions of the assessment area. Of the ten branch locations, none were located in LMI census tracts. However, four or (40%) of the branches were located in areas adjacent to LMI census tracts and helped provide a full range of retail services to these LMI geographies. This compares favorably with the percentage of the population (18%) residing in LMI geographies in the assessment area. During the examination period, two branch offices were opened in middle-income census tracts.

The same full range of retail and commercial deposit and loan services were offered at all branch offices, except trust services, which are only offered at the main branch. Normal banking hours are 9 a.m. to 3 p.m., with extended evening and weekend hours available in nine of the ten branch locations.

**Community Development Services:** Adirondack is a leader in providing community development services. Bank management was proactive in providing technical assistance for the support of community development activities. Bank officers, employees and directors actively participated in a financial capacity with numerous non-profit organizations that benefited low- and moderate-income individuals and small businesses throughout Saratoga County and the capital district. Management and staff served as directors, advisors or committee members to 25 organizations throughout the bank's assessment area. Examples of these organizations and activities include:

- One bank officer is a member of the board of directors and serves as treasurer for the Shelters of Saratoga, a men's homeless shelter that provides low-income housing.
- A bank director serves as a board chairman and an officer serves as a member of the Board of Directors for the Saratoga Springs Workforce Housing Trust Fund, a municipal trust fund established to help fund projects to create affordable housing.
- One bank officer is a member of the board of directors and one bank officer serves on the budget committee of the Franklin Community Center, which operates a food pantry and provides affordable housing, and clothing to low- and moderate individuals.
- One bank officer is a member of the board of directors and serves as treasurer of the Raymond Watkins Seniors Computer Center, which provides free computer access to senior citizens. It is located in a subsidized and low-income senior housing complex.
- Adirondack's president is a director and past chairman and two officers serve on the regional loan committee of the New York Business Development Corporation, an economic development loan fund that makes loans to small businesses across New York State.
- One bank officer is a member of the board of directors and serves on the loan committee of the City of Saratoga Springs - Office of Community Development City-Wide Housing Revolving Loan Program, which provides low-cost home improvement loans.
- One officer serves as a member of the board of directors of the Saratoga Economic Development Fund, which provides loans to small businesses that do not qualify for traditional bank or SBA financing.

The bank also serviced loans at no charge for the Saratoga Community Religious Institutions Loan Program. This organization provides no-interest loans to help fund a borrower's initial rental deposit and first month's rent for formerly homeless or persons re-entering the housing market. The bank administers the Saratoga Entrepreneurial Fund, Inc. for the Saratoga Economic Development Corporation, providing servicing, computer facilities, and staff. It also administers the City of Saratoga Springs Revolving Loan Fund providing its computer facilities and staff at no cost to service the fund's loans.

Adirondack also participated in over 28 financial education seminars, homebuyer presentations, and other types of events directly attributable to helping LMI individuals and families, and small businesses throughout the assessment area. These events provide direct information, technical assistance, and training sessions to LMI individuals, community organizations, small businesses, and housing agencies.

### **COMPLIANCE WITH ANTIDISCRIMINATION LAWS**

No credit practices were identified that violated the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity Act (Regulation B), the Fair Housing Act, the Home Mortgage Disclosure Act (Regulation C).

## CRA APPENDIX A

### GLOSSARY

**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 metropolitan area/assessment area.

**Census tract:** 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 statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**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 (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.



**Home Mortgage Disclosure Act (“HMDA”):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**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 metropolitan area/assessment area.

**Metropolitan area (“MA”):** Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”) or consolidated metropolitan statistical area (“CMSA”) as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in "loans to small farms" as defined in the instructions for preparation of the Call Report. These loans have original amounts of \$500 thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

**CRA APPENDIX B  
CRA CORE TABLES**

**Table 1. Lending Volume**

LENDING VOLUME		Geography: ADIRONDACK TRUST						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
Metropolitan Area/ Assessment Area ("AA")	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		CD Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Adirondack	100.00	512	71,290	652	51,175	0	0	61	5,555	1,239	128,020	100.00

\* Loan data of January 1, 2003 through December 31, 2003. Rated area refers to the state rating area.

\*\* The evaluation period for community development loans is from October 1, 2002 to December 31, 2004.

\*\*\* Deposit data as of June 30, 2003. Rated area refers to the state rating area.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE ("HP")		Geography: ADIRONDACK TRUST						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003						
Metropolitan Area/ Assessment Area	Total HP Loans		Low-Income Geographies		Mod-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner- Occupied Units***	% Bank Loans	% Owner- Occupied Units***	% Bank Loans	% Owner- Occupied Units***	% Bank Loans	% Owner- Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
<b>Full Review:</b>														
Adirondack	100	100.00	0.00	0.00	6.12	6.00	73.62	73.00	20.26	21.00	0.00	5.94	71.91	22.15

\* Based on 2003 Aggregate HMDA Data only.

\*\* Home purchase loans originated in the MSA/AA as a percentage of all home purchase loans originated in the rated area.

\*\*\* Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 2000 Census information.

**Table 3. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: ADIRONDACK TRUST								Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
Metropolitan Area/ Assessment Area	Total Refinancings		Low-Income Geographies		Mod-Income Geographies		Mid-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
<b>Full Review:</b>														
Adirondack	426	100.00	0.00	0.00	6.12	0.23	73.62	75.59	20.26	23.94	0.00	4.72	70.80	24.46

\* Based on 2003 Aggregate HMDA Data only.

\*\* Home mortgage refinance loans originated in the MSA/AA as a percentage of all home mortgage refinance loans originated in the rated area.

\*\*\* Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by number of owner-occupied housing units in the area based on 2000 Census information.

**Table 4. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: ADIRONDACK TRUST								Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
Metropolitan Area/ Assessment Area	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses***	% Bank Loans	% of Businesses*	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses**	% Bank Loans	Low	Mod	Mid	Upper
<b>Full Review:</b>														
Adirondack	652	100.00	0.00	0.00	10.98	10.58	70.21	70.09	18.80	19.33	0.00	11.10	68.16	20.74

\* Based on 2003 Aggregate Small Business Data only.

\*\* Small loans to businesses originated in the MSA/AA as a percentage of all small loans to businesses originated in the rated area.

\*\*\* Source Data - Dun and Bradstreet

**Table 5. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE ("HP")		Geography: ADIRONDACK TRUST								Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
Metropolitan Area/ Assessment Area	Total HP Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% Bank Loans***	% Families**	% Bank Loans****	% Families*	% Bank Loans****	% Families*	% Bank Loans****	Low	Mod	Mid	Upper
<b>Full Review:</b>														
Adirondack	100	100.00	16.67	4.00	19.03	17.00	24.43	24.00	39.87	51.00	4.85	20.73	24.81	36.27

\* Based on 2003 Aggregate HMDA Data only.

\*\* Percentage of families is based on the 2000 Census information.

\*\*\* Home purchase loans originated in the MSA/AA as a percentage of all home purchase loans originated in the rated area.

**Table 6. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: ADIRONDACK TRUST								Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
Metropolitan Area/ Assessment Area	Total Refinancings		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families*	% Bank Loans****	% Families*	% Bank Loans****	% Families*	% Bank Loans****	% Families*	% Bank Loans****	Low	Mod	Mid	Upper
<b>Full Review:</b>														
Adirondack	426	100.00	16.67	5.16	19.03	12.91	24.43	21.60	39.87	57.75	3.30	14.15	23.68	41.32

\* Based on 2003 Aggregate HMDA Data only.

\*\* Percentage of families is based on the 2000 Census information.

\*\*\* Home mortgage refinance loans originated in the MSA/AA as a percentage of all home mortgage refinance loans originated in the rated area.

**Table 7. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: ADIRONDACK TRUST				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003			
Metropolitan Area/ Assessment Area	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% Bank Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Revenues \$1 Million or Less
<b>Full Review:</b>									
Adirondack	652	100.00	86.82	54.45	509	101	42	4,792	1,726

\* Based on 2003 Aggregate Small Business Data only.

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

\*\*\* Businesses with gross annual revenues of \$1 million or less as a percentage of all businesses (Source Dun & Bradstreet-2003).

\*\*\*\* Small loans to businesses with gross annual revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses originated in the rated area.

**Table 8. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: ADIRONDACK TRUST				Evaluation Period: October 1, 2002 TO DECEMBER 31, 2004			
Metropolitan Area/ Assessment Area	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Adirondack	2	1,707	63	9,123	65	10,830	86.89	0	0
Statewide	6	127	3	2	9	129	1.03	0	0
Outside Assessment Area	0	0	14	1,505	14	1,505	12.07	0	0

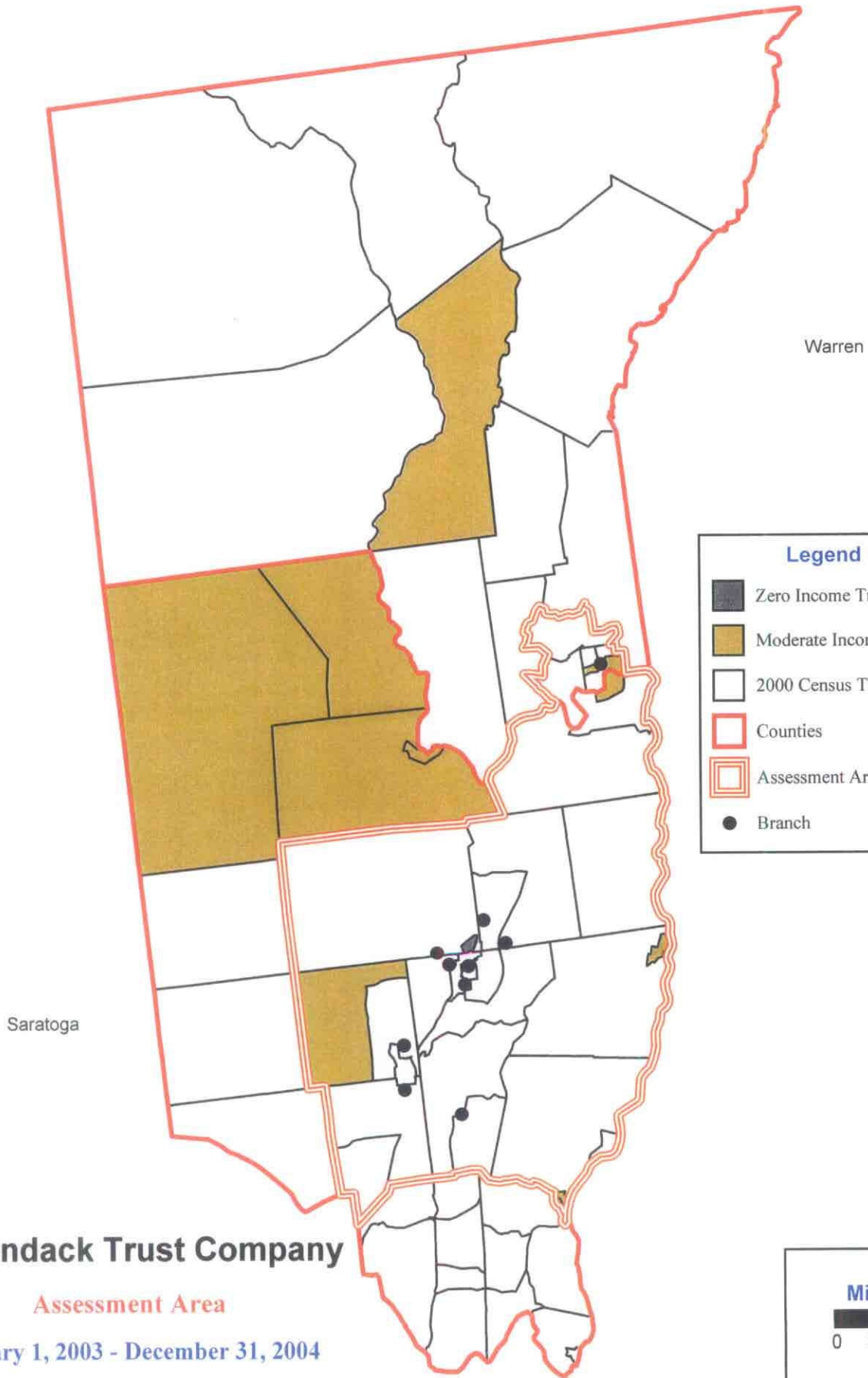
\* "Prior Period Investments" means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 9. Distribution of Branch Delivery System and Branch Openings/Closings**

BRANCH DISTRIBUTION AND BRANCH OPENINGS/CLOSINGS																	
Geography: ADIRONDACK TRUST Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004																	
Metropolitan Area/ Assessment Area	Deposits	Branches*						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	#	% of Rated Area Branches in AA	Location of Branches by Income of Geographies				# Open	# Closed	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper
<b>Full Review:</b>																	
Adirondack	100	10	100	0	0	9	1	2	0	0	0	2	0	0.00	8.23	72.63	19.13

\*As of December 31, 2004



Warren

Saratoga

**Legend**

- Zero Income Tracts
- Moderate Income Tracts
- 2000 Census Tracts
- Counties
- Assessment Area
- Branch

**Adirondack Trust Company**

**Assessment Area**

January 1, 2003 - December 31, 2004

