

# **PUBLIC DISCLOSURE**

**January 27, 2003**

## **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	<u>ADIRONDACK TRUST COMPANY</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
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 follow:

- The volume and dollar amount of lending activity demonstrated excellent responsiveness to home mortgage loan and small business credit needs in the bank’s assessment area.
- Overall distribution of loans across geographies of different income levels was excellent.
- Distribution of loans among borrowers of different income levels was good.
- The bank had an excellent level of community development lending.
- The level of qualified investments was excellent.
- Delivery systems were readily available to individuals of different income levels within the bank’s assessment area.
- The bank was a leader in providing community development services.

## INSTITUTION

### DESCRIPTION OF INSTITUTION

Headquartered in Saratoga Springs, New York, Adirondack Trust Company ("Adirondack") is the sole subsidiary of 473 Broadway Holding Corporation, a bank holding company. As of September 30, 2002, the bank had total assets of \$553 million, net loans and leases of \$297 million, and total deposits of \$487 million. Real estate loans represented \$199 million of the net loans and leases, of which 46% 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 operates eight retail branches throughout the central portion of Saratoga County and a small portion of southeastern Warren County in northeastern New York State.

A description of the bank's single assessment area, which includes portions of two metropolitan statistical areas ("MSAs") in New York State, 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. Adirondack's predominantly rural assessment area consists of 33 census tracts; 28 are middle- and upper-income census tracts and 4 are moderate-income census tracts. There is one census tract that has no population and no owner-occupied housing units. A map illustrating the bank's assessment area is on page BB20.

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 February 5, 2001, 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

A full review of Adirondack's performance in its assessment area was conducted using the *Interagency Procedures and Guidelines for Large Retail Institutions*. The evaluation of the bank's performance covered the period of January 1, 2001, through September 30, 2002, and included home purchase loans, refinancings, home improvement loans and multifamily loans as reported under the Home Mortgage Disclosure Act ("HMDA"), together with small business

loans as reported under CRA. The evaluation placed more weight on the bank's small business lending activity as it is a larger percentage of the bank's leading activity in accordance with Adirondack's retail strategy.

In addition, community development loans, qualified investments made under the investment test, and service test activity were evaluated for the period of October 1, 2000, to September 30, 2002.

For evaluation of the geographic distribution of loans, geographies were classified on the basis of the Census Bureau's 1990 and 2000 Census data. The distribution of loans to borrowers of different income levels was determined based on 2001 estimated median family income data from the U.S. Department of Housing and Urban Development ("HUD").

HMDA-related and small business loan performance was compared with the most recent data related to the aggregate of all lenders in Adirondack's assessment area reporting loans under HMDA and small business loans under CRA. For HMDA-related lending, 2001 aggregate lending was compared with the bank's 2001 and 2002 lending performance. For small business lending, 2000 aggregate lending was compared with the bank's 2001 and 2002 lending performance.

Examiners met with three community contacts for this examination, including two community service nonprofit organizations and a research company that conducts studies on community issues such as affordable housing.

## PERFORMANCE CONTEXT

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

Based on deposits reported to the Federal Deposit Insurance Corporation ("FDIC") on June 30, 2002, Adirondack has the largest deposit market share in Saratoga County, with almost 22% of the county's deposits. In Warren County, Adirondack is ranked eighth, with only .01% of the county's deposits.

### 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.

### Income Characteristics

The 2002 HUD median family income for MSA 0160 (Albany-Schenectady-Troy, NY) is \$55,500 and \$45,300 for MSA 2975 (Glens Falls, NY). This represents an increase since 2001 when the HUD median incomes were \$53,000 for MSA 0160 and \$44,200 for MSA 2975.

According to the 2000 Census, the median family income in Saratoga County is \$58,213, and 4% of families have incomes below the poverty level. This represents a higher median income and lower family poverty rate than in MSA 0160 as a whole. This MSA has a median of \$54,304 and 7% of families are below the poverty level. In comparison, New York State is less wealthy, and significantly more families are below the poverty level. The state median family income is \$51,691, and 12% of families live below the poverty level.

The city of Glens Falls, located in Warren County, has a significantly lower median income of \$42,266 compared with both MSA 0160 and the state, and 12% of the families subsist below the poverty level.

### 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. In Saratoga Springs, the lack of affordable housing also impedes homeownership.

According to the New York State Association of Realtors, the median sales price of a home in Saratoga County as of October 2002 is \$165,000, an increase from \$150,000 in October 2001. The median sales price in Warren County is \$96,900, up from \$93,000 in October 2001. In comparison, the New York State median price for October 2002 is \$160,000 compared with the October 2001 median price of \$145,000.

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 to buy. Affordable rental units are also difficult to find because of the summer racing/tourist season, which extends from June through September, and the population of Skidmore College students, who 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.

Labor, Employment and Economic Characteristics

The recession that began in 2001 and intensified as a result of the September 11, 2001, terrorist attacks has had a minimal effect on the local economy. According to an FDIC Regional Perspectives report for the third quarter of 2002, MSA 0160 has experienced only sporadic job losses compared with other metropolitan areas in the New York region.

Tourism is a major industry in Saratoga, and the city has benefited from its relative proximity to New York City (about a three-hour drive). According to a Wall Street Journal article (October 26, 2001), the increase in tourism resulted from the search for vacation spots within driving distance of New York City. The article stated that by mid-October 2001, the city had reserved more than 40,000 rooms for the years 2002 through 2005, compared with the same period in 2000 when about half that number of rooms had been booked for future years.

Unemployment is relatively low in Saratoga County. The New York State Department of Labor reported an average 2001 unemployment rate of 3%. The unemployment rate for October 2002 is 2.7% with a year-to-date high of 4.6% in February 2002. Warren County had a 2001 unemployment rate of 4.8%, an October 2002 rate of 3.5%, and a high of 8% in February 2002. In comparison, the state overall has an annual unemployment rate of 4.9% for 2001, an October 2002 rate of 5.6% and a high of 6.5% in February, 2002.

The local economy consists mainly of very small businesses. According to 2000 Dun and Bradstreet data, 65% of businesses in the bank's assessment area employ between one and four persons and only 3% employ 50 or more. According to the 2000 Census, the service job sector is the largest employer in Saratoga County, accounting for almost 44% of jobs. The retail trade employs 12% of the labor force and manufacturing almost 11%. Local companies with a significant number of employees include State Farm Insurance, General Electric, International Paper, Target, Ball Metal Corporation and Flow Management Technologies.

New York State is helping to develop the local economy. The New York State Energy Research and Development Authority, the State University of New York at Albany, and the Saratoga Economic Development Corporation participate in a joint venture to create an "energy technology park" in Malta, located in Saratoga County. The park is expected to address the growing need for clean-energy and energy-efficient technologies and create high-paying technological jobs.

EXHIBIT 1 Assessment Area Demographics								
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	6,093	17
Moderate-income	4	12	3,394	9	344	10	6,952	19
Middle-income	25	76	29,546	81	1,405	5	10,108	27
Upper-income	3	9	3,783	10	150	4	13,570	37
NA*	1	3	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>33</b>	<b>100</b>	<b>36,723</b>	<b>100</b>	<b>1,899</b>	<b>5</b>	<b>36,723</b>	<b>100</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	6,042	3,086	9	51	2,472	41	484	8
Middle-income	44,946	28,558	81	64	12,848	29	3,540	8
Upper-income	5,733	3,592	10	63	1,596	28	545	10
NA*	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>56,721</b>	<b>35,236</b>	<b>100</b>	<b>62</b>	<b>16,916</b>	<b>30</b>	<b>4,569</b>	<b>8</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	624	10	528	9	57	12	39	9
Middle-income	4,663	74	3,995	74	336	73	332	77
Upper-income	1,011	16	879	17	70	15	62	14
Tract not reported	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>6,298</b>	<b>100</b>	<b>5,402</b>	<b>100</b>	<b>463</b>	<b>100</b>	<b>433</b>	<b>100</b>
	<b>Percentage of Total Businesses:</b>			<b>86</b>		<b>7</b>		<b>7</b>

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Adirondack's record of meeting the credit needs in the assessment area through its lending performance is rated "outstanding." The tables in Appendix D contain the facts and data used to evaluate the bank's lending test performance in the selected assessment areas. Lending activity is depicted in the Table 1, geographic distribution in Tables 2-6, and borrower characteristics are depicted in Tables 8-11.

**Lending Activity:** Lending activity reflected an excellent response to the assessment area's credit needs. In particular, the bank offered and originated a significant volume of loans to the small business community. During the examination period, Adirondack originated loans totaling

\* Indicates tracts for which income figures were not available.



\$142 million, as described in Exhibit 2 below. Small business lending accounted for 65% of the number and 55% of the dollar amount of all loans originated. Some of these small business loans were originated under the Small Business Administration (“SBA”) Low Doc, 7A and 504 Programs, and in conjunction with the New York Business Development Corporation.

Adirondack was the third largest small business lender in Saratoga County in 2000, with a market share of almost 10% of the number of loans and 23% of the dollar volume. (The top two lenders were national credit card companies.) In 2001, Adirondack was ranked sixth in volume for all HMDA-related lending, posting a market share of more than 4% of the number and 5% of the dollar amount of the loans in the assessment area.

EXHIBIT 2 Summary of Lending Activity January 1, 2001 – September 30, 2002				
Loan Type	#	%	\$ ('000s)	%
HMDA home purchase	182	12	\$23,245	17
HMDA refinancings	306	20	38,694	27
HMDA home improvement	53	3	357	0
HMDA multifamily	5	0	1,539	1
<b>Total HMDA-related</b>	<b>546</b>	<b>35</b>	<b>\$63,835</b>	<b>45</b>
<b>Total small business</b>	<b>1,020</b>	<b>65</b>	<b>\$77,841</b>	<b>55</b>
<b>TOTAL LOANS</b>	<b>1,566</b>	<b>100</b>	<b>\$141,676</b>	<b>100</b>

Adirondack originated a significant majority of loans in its assessment area as noted in Exhibit 3 below. Approximately 92% of all lending activity was originated in its assessment area, demonstrating a strong commitment to local communities.

EXHIBIT 3 Lending Inside and Outside the Assessment Area January 1, 2001 – September 30, 2002								
	Inside				Outside			
	#	%	\$('000s)	%	#	%	\$('000s)	%
HMDA home purchase	182	92	23,245	92	15	8	2,046	8
HMDA refinancings	306	93	38,694	93	24	7	2,714	7
HMDA home improvement	53	91	357	93	5	9	26	7
HMDA multifamily	5	100	1,539	100	0	0	0	0
<b>Total HMDA-related</b>	<b>546</b>	<b>93</b>	<b>63,835</b>	<b>93</b>	<b>44</b>	<b>7</b>	<b>4,786</b>	<b>7</b>
<b>Total small business</b>	<b>1020</b>	<b>91</b>	<b>77,841</b>	<b>92</b>	<b>97</b>	<b>9</b>	<b>6,588</b>	<b>8</b>
<b>TOTAL LOANS</b>	<b>1,566</b>	<b>92</b>	<b>141,676</b>	<b>93</b>	<b>141</b>	<b>8</b>	<b>11,374</b>	<b>7</b>

**Geographic Distribution:** The overall geographic distribution of HMDA-related and small business loans reflected excellent loan penetration in moderate-income geographies in the bank’s assessment area.

### Home Purchase Loans

Adirondack's distribution of home purchase loans in moderate-income areas 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 significantly exceeded 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.

### Home Improvement Loans

The overall distribution of home improvement lending was excellent compared with both the level of owner-occupied housing units and the aggregate of all HMDA-reporting lenders. The bank's percentage of lending in moderate-income census tracts significantly exceeded 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.

### Refinance Loans

The distribution of refinancings in moderate-income geographies was excellent 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 exceeded 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 significantly exceeded 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 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 excellent distribution of loans to small businesses.

### Home Purchase Loans

Adirondack's home purchase lending to moderate-income borrowers reflected good distribution. The percentage of lending to moderate-income borrowers was close to the percentage of moderate-income homeowner families in the assessment area and the performance of the aggregate of HMDA lenders. The bank's level of lending to low-income borrowers was adequate given the housing affordability issues faced by low-income borrowers in this assessment area. In

addition, the bank slightly exceeded the aggregate of HMDA lenders in the percentage of loans that were made to low-income borrowers.

### Refinancings

The bank's refinance lending to moderate-income borrowers reflected adequate distribution. The proportion of refinancings to moderate-income applicants closely reflected the level of moderate-income families, but was closer to (although below) the level of lending by the aggregate of HMDA lenders. Lending to low-income borrowers was adequate given the homeownership challenges faced by low-income borrowers in the assessment area and reflected the performance of the aggregate of all HMDA lenders, which was weak.

### Home Improvement Loans

Adirondack's distribution of home improvement loans to moderate-income borrowers was excellent. The proportion of loans to moderate-income borrowers exceeded both the proportion of moderate-income families in the assessment area and those loans extended by the aggregate of HMDA lenders. The distribution of loans to low-income borrowers was adequate given the homeownership challenges faced by low-income borrowers. Lending to low-income borrowers was proportionately less than the percentage of low-income families in the assessment area. The aggregate performed only slightly better.

### Small Business Loans

The bank's record of lending to businesses of different sizes in the assessment area was excellent. Adirondack significantly outperformed the aggregate of small business lenders in lending to businesses with gross annual revenues ("GAR") of \$1 million or less.

Of all small business loans reported, 82% were for \$100,000 or less, and loan size averaged \$70,000, an amount that would typically meet the credit needs of small businesses.

**Community Development Lending:** Adirondack's community development lending performance was excellent. During the examination period, the bank made community development loans totaling \$4.9 million, almost double the volume of such lending at the previous examination. The majority of loans (69%) were targeted to community development services. About 21% of the money lent went to economic development, and over 10% was used for affordable housing. Examples of loans include:

- A line of credit for \$350,000 to Alternatives in Mankind, a nonprofit provider of residential and support services to developmentally disabled, predominantly LMI individuals. In addition, seven loans totaling \$147,000 were made to help finance automobile purchases for client services visits.
- A line of credit for \$20,000 to Shelters of Saratoga, a nonprofit provider of housing to homeless people. In addition, two bridge loans totaling over \$11,000 were made to buy and renovate a property to be used as a four-unit apartment building for low-income senior housing.

- A line of credit for \$850,000 to the Saratoga Economic Development Corporation (“SEDC”) to finance costs associated with the development of the Luther Forest Technical Campus project. The project will create a campus-like setting designed to attract high technology manufacturers, as well as support businesses and services. An additional line of credit for \$100,000 was extended to SEDC for operating expenses. SEDC is a nonprofit consulting firm that provides economic development and small business services with the goal of creating jobs in Saratoga County.

## INVESTMENT TEST

Adirondack’s performance under the investment test is rated “outstanding” based on dollar volume and the bank’s responsiveness to the needs of the assessment area. Qualified investments during the examination period totaled \$6 million. Of the total qualified investments, 94% were targeted to revitalization and stabilization of LMI areas. Economic development investments made up 3% of the total and the remaining 3% was divided primarily between affordable housing and supportive services. Grant donations amounted to just over 2% of the total qualified investments and were targeted mostly to supportive services.

The investments primarily consisted of debt instruments and were considered responsive to the needs of the assessment area. The Saratoga Springs city government issued municipal obligations for activities targeted to revitalize and stabilize a moderate-income area in the city’s West Avenue corridor. In addition, the town government of Corinth, New York, issued general obligation bonds for the construction of schools in moderate-income census tracts.

## SERVICE TEST

The bank’s performance under the service test was rated “outstanding.”

**Retail Services:** Adirondack’s branches were readily accessible to the community and their services were tailored to the convenience and needs of all portions of the assessment area. Of the eight branch locations, one (13%) is located in an LMI census tract. This compares favorably with the percentage of the population (11%) residing in LMI geographies. During the examination period, one branch office was opened in a middle-income census tract in Glens Falls. This tract was adjacent to a moderate-income census tract.

A network of 14 24-hour automated teller machines (“ATMs”) offers an alternative system of delivering banking services in the assessment area. Eight of the ATMs are located in branch offices while six are located in various retail and commercial locations. Of the ATMs in branches, one was located in an LMI geography while three of the off-site ATMs (50%) were in LMI geographies.

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

**Community Development Services:** Adirondack is a leader in providing community development services. Many of the bank's directors, officers and employees participated in several seminars conducted by local community service organizations, including the Saratoga County Department of Social Services.

Also, bank management was proactive in providing technical assistance for the support of community development activities. Management and staff served as directors, advisors or committee members to 22 organizations throughout the bank's assessment area. These organizations include:

- Unlimited Potential, Inc. Provides community services to LMI individuals including vocational training.
- Shelters of Saratoga. Operates a men's homeless shelter located in a moderate-income geography.
- Saratoga Springs Community Renewal Committee. Promotes economic renewal on the west side of Saratoga Springs, which includes a moderate-income geography.
- Saratoga Center for the Family. Provides services to LMI families in crisis.
- Office of Abused Substances Intervention Services. Provides prevention services to LMI individuals.
- New York Business Development Corporation, an economic development loan fund.
- City of Saratoga Springs Office of Community Development City-Wide Housing Revolving Loan Program. Provides low-cost home improvement loans.
- The Saratoga Economic Development Fund. Provides loans to small businesses that do not qualify for bank or SBA financing.

The bank also serviced loans at no charge for the Saratoga Community Religious Institutions Loan Program ("SCRIP"). 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. During the examination period the program made 17 loans ranging from \$250 to \$750, and at this examination the bank was servicing 112 SCRIP loans with an outstanding balance of \$38,324.

The bank's South Broadway branch provides meeting facilities without charge to local community organizations, including a number of nonprofit groups that provide support services for LMI individuals.

## **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), and all relevant agency regulations pertaining to nondiscriminatory treatment of credit applicants.

## CRA APPENDIX A

### SCOPE OF EXAMINATION

The scope of the examination of Adirondack is discussed on page BB2.

## CRA APPENDIX B

### 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% tabulations, the count of households always equals the count of occupied housing units.

**Low-income:** Individual income that is less than 50% of the area median income, or a median family income that is less than 50%, 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 250,000 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% and less than 120% of the area median income, or a median family income that is at least 80% and less than 120%, in the case of a geography.

**Moderate-income:** Individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, 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% of the area median income, or a median family income that is more than 120%, in the case of a geography.

**CRA APPENDIX C**  
**CRA CORE TABLES**

**Table 1. Lending Volume**

LENDING VOLUME		Geography: ADIRONDACK TRUST COMPANY				Evaluation Period: JANUARY 1, 2001, TO SEPTEMBER 30, 2002						
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)	
Adirondack	100.00	546	63,835	1,020	77,841	0	0	37	4,861	1,603	146,537	100.00

\* Loan data as of December 31, 2002. Rated area refers to either the state or multistate metropolitan area ("MA") rating area.

\*\* The evaluation period for community development loans is from October 1, 2001, to September 30, 2002.

\*\*\* Deposit data as of September 30, 2002. Rated area refers to either the state, multistate MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE ("HP")		Geography: ADIRONDACK TRUST COMPANY						Evaluation Period: JANUARY 1, 2001, TO SEPTEMBER 30, 2002						
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*				
		% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper	
Adirondack	182	100.00	0.00	0.00	8.76	17.58	81.05	75.27	10.19	7.14	0.00	6.42	83.29	10.26

\* Based on 2001 Peer Mortgage Data: Northeast Region.

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

\*\*\* Percentage of owner-occupied units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT ("HI")		Geography: ADIRONDACK TRUST COMPANY						Evaluation Period: JANUARY 1, 2001, TO SEPTEMBER 30, 2002						
Metropolitan Area/ Assessment Area	Total HI Loans #	Low-Income Geographies		Mod-Income Geographies		Mid-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*				
		% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper	
Adirondack	53	100.00	0.00	0.00	8.76	16.98	81.05	81.13	10.19	1.89	0.00	9.91	79.52	10.57

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of owner-occupied units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE ("Refis")		Geography: ADIRONDACK TRUST COMPANY										Evaluation Period: JANUARY 1, 2001, TO SEPTEMBER 30, 2002			
Metropolitan Area/ Assessment Area	#	Total Refis		Low-Income Geographies		Mod-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
		% of Total**	% of MF Units***	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
Adirondack	306	100.00	0.00	0.00	0.00	8.76	11.11	81.05	81.70	10.19	7.19	0.00	6.52	81.35	12.14

\* Based on 2001 Peer Mortgage Data: Northeast Region.  
 \*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.  
 \*\*\* Percentage of owner-occupied units is the number of owner-occupied housing units in a particular geography divided by number of owner-occupied housing units in the area based on 1990 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY ("MF")		Geography: ADIRONDACK TRUST COMPANY										Evaluation Period: JANUARY 1, 2001, TO SEPTEMBER 30, 2002			
Metropolitan Area/ Assessment Area	#	Total MF Loans		Low-Income Geographies		Mod-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
		% of Total**	% of MF Units***	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	% Owner-Occupied Units***	% Bank Loans	Low	Mod	Mid	Upper
Adirondack	5	100.00	0.00	0.00	0.00	15.36	0.00	65.83	100.00	18.81	0.00	0.00	10.53	84.21	5.26

\* Based on 2001 Peer Mortgage Data: Northeast Region.  
 \*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.  
 \*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: ADIRONDACK TRUST COMPANY										Evaluation Period: JANUARY 1, 2001, TO SEPTEMBER 30, 2002			
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 MF Units***	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	Low	Mod	Mid	Upper
Adirondack	1,020	100.00	0.00	0.00	0.00	9.91	17.55	74.04	77.35	16.05	5.10	0.00	8.63	67.33	24.87

\* Based on 2000 Peer Small Business Data: U.S.&PR.  
 \*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.  
 \*\*\* Source Data - Dun and Bradstreet (2001).

**Table 8. Borrower Distribution of Home Purchase Loans**

Metropolitan Area/ Assessment Area		Geography: ADIRONDACK TRUST COMPANY				Evaluation Period: JANUARY 1, 2001, TO SEPTEMBER 30, 2002							
		Borrower Distribution: HOME PURCHASE ("HP")		Aggregate Lending Data*		Upper-Income Borrowers		Aggregate Lending Data*					
#	% of Total**	Low-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Low	Mid	Upper			
		% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****						
Adirondack	182	100.00	16.59	6.82	17.05	27.52	20.45	36.95	55.68	5.63	19.83	28.33	46.21

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.30% of loans originated and purchased by bank.

\*\*\* Percentage of families is based on the 1990 Census information.

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

**Table 9. Borrower Distribution of Home Improvement Loans**

Metropolitan Area/ Assessment Area		Geography: ADIRONDACK TRUST COMPANY				Evaluation Period: JANUARY 1, 2001, TO SEPTEMBER 30, 2002							
		Borrower Distribution: HOME IMPROVEMENT		Aggregate Lending Data*		Upper-Income Borrowers		Aggregate Lending Data*					
#	% of Total**	Low-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Low	Mid	Upper			
		% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****						
Adirondack	53	100.00	16.59	9.62	18.93	27.52	26.92	36.95	40.38	10.48	20.73	29.61	39.18

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.89% of loans originated and purchased by bank.

\*\*\* Percentage of families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Metropolitan Area/ Assessment Area		Geography: ADIRONDACK TRUST COMPANY				Evaluation Period: JANUARY 1, 2001, TO SEPTEMBER 30, 2002							
		Borrower Distribution: HOME MORTGAGE REFINANCE ("Refis")		Aggregate Lending Data*		Upper-Income Borrowers		Aggregate Lending Data*					
#	% of Total**	Low-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Low	Mid	Upper			
		% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****						
Adirondack	306	100.00	16.59	3.09	18.93	27.52	20.96	36.95	65.29	3.95	14.53	26.59	54.93

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 4.9% of loans originated and purchased by bank.

\*\*\* Percentage of families is based on the 1990 Census information.

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

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: ADIRONDACK TRUST COMPANY		Evaluation Period: JANUARY 1, 2001, TO SEPTEMBER 30, 2002			
Metropolitan Area/ Assessment Area	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Aggregate Lending Data*		
	#	% of Total**	% of Businesses***	% Bank Loans****	Loans by Original Amount Regardless of Business Size	Revenues \$1 Million or Less	
Adirondack	1,020	100.00	85.77	60.98	11.67	5,654	2,181

\* Based on 2000 Peer Small Business Data: US&PR.

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 14.12% of small loans to businesses originated and purchased by the bank.

**Table 14. Qualified Investments**

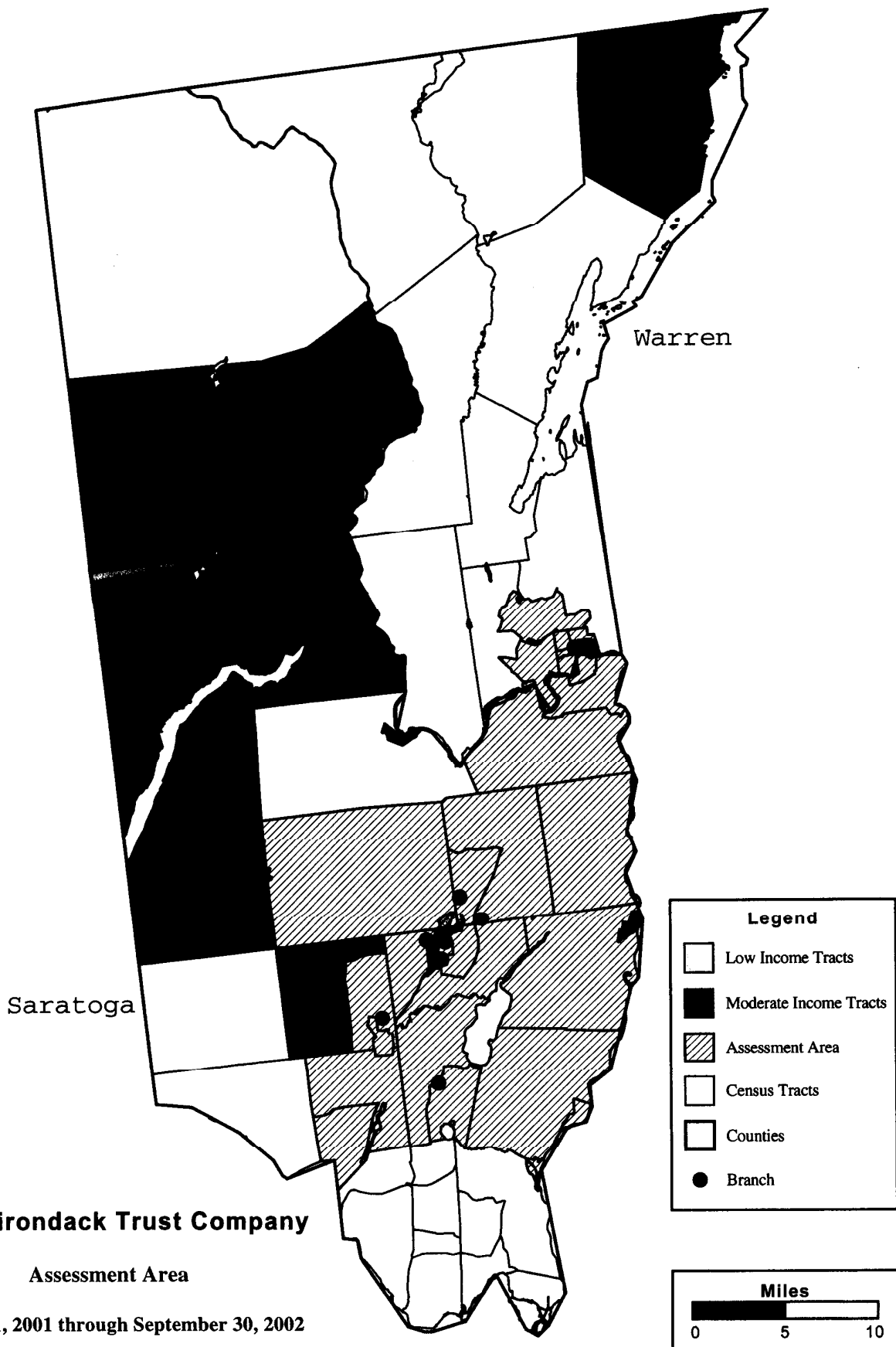
QUALIFIED INVESTMENTS		Geography: ADIRONDACK TRUST COMPANY		Evaluation Period: JANUARY 1, 2001, TO SEPTEMBER 30, 2002					
Metropolitan Area/ Assessment Area	Prior Period Investments*		Current Period Investments		Total Investments	Unfunded Commitments**			
	#	\$(000's)	#	\$(000's)	#	\$(000's)			
Adirondack	4	1,506	34	4,492	38	5,998	0.00	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS		Geography: ADIRONDACK TRUST COMPANY		Evaluation Period: JANUARY 1, 2001, TO SEPTEMBER 30, 2002											
Metropolitan Area/ Assessment Area	Deposits % of Rated Area in AA	Branches			Branch Openings/Closings			Population							
		# of Bank Branches	Location of Branches by Income of Geographies (%)		# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)								
			Low	Mod			Upper	Low	Mod	Upper					
Adirondack	100	8	100	0.00	12.5	87.5	0.00	1	0	0	0	0.00	10.94	79.46	9.60



**The Adirondack Trust Company**

Assessment Area

January 1, 2001 through September 30, 2002