

PUBLIC DISCLOSURE

April 23, 2007

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

The following table indicates the performance level of the institution with respect to the lending and community development tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS	
	Lending Test	Community Development Test
Outstanding		X
Satisfactory	X	
Needs to Improve		
Substantial Noncompliance		

The outstanding performance of Adirondack Trust Company ("Adirondack") is based on the following performance criteria:

- The level of community development loans, qualified investments, and community development services demonstrates excellent responsiveness to community development credit needs in the assessment area.
- The bank's loan-to-deposit ratio was reasonable.
- A substantial majority of loans were made in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of loans to borrowers of different incomes and businesses of different sizes was reasonable.

SCOPE OF EXAMINATION

Procedures

Adirondack's assessment area was reviewed using the Federal Financial Institutions Examination Council's Intermediate Small Bank CRA Examination Procedures. This was the first time Adirondack was examined under the intermediate small bank procedures. The intermediate small bank examination procedures became effective August 1, 2005.

Products

Loan products analyzed during this examination were home purchase, refinance, home improvement, small business loans and other loans qualifying as community development loans. The mortgage loans included in the evaluation were reported under HMDA.

Loans analyzed were selected using the Board of Governors' sampling procedures. Examiners verified the integrity of the bank's HMDA-related and small business loan data. Consumer loans were not analyzed during this examination because the bank's retail product strategies resulted in low volumes.

Examiners also conducted interviews with two community development organizations in order to gain an understanding of local credit needs. Both community contacts focused on economic development as well as affordable housing and community development services for low or moderate-income ("LMI") individuals.

Examination Period

HMDA-related and small business loans originated between January 1, 2005, and December 31, 2006, were evaluated. Examiners also reviewed activities pertaining to community development during the same period.

Lending Distribution Analysis

Only loans in Adirondack's assessment area were included in the analysis of geographic and borrower distribution. Comparisons were made with the most recent performance data available (2005) for the aggregate of all loan reporters in the assessment area.

To evaluate the geographic distribution of HMDA-related loans, the proportion of loan originations was compared with the proportion of owner-occupied housing units located in moderate-income and non-moderate-income geographies. For small business loans, the analysis compared the proportion of loan originations with the proportion of businesses located in moderate-income and non-moderate-income 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. The size of the small business loan was also used as a proxy to identify lending to businesses with gross annual revenues of \$1 million or less.

DESCRIPTION OF INSTITUTION*

Total assets	\$674 million
Net loans & leases	\$366 million
Total domestic deposits	\$594 million
Number of branches	10
Headquarters	Saratoga Springs, NY
Bank holding company	473 Broadway Holdings Corporation

*As of December 31, 2006

Adirondack Trust Company is the sole subsidiary of 473 Broadway Holding Corporation, a bank holding company. Real estate loans represented \$244 million of the net loans and leases, of which 40% were secured by one- to four-family residential properties.

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. Adirondack'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, 2006, 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.

DESCRIPTION OF ASSESSMENT AREA

Adirondack's assessment area consists of portions of Saratoga County (MSA 10580) and Warren County (MSA 24020) that are contiguous. Warren County was added to the assessment area in May 2002, when the bank opened a branch in Glens Falls, New York. 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 10580, it has been consolidated with Adirondack's assessment area in Saratoga County for analytical purposes. A description of the assessment area follows:

MSA 10580 (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 24020 (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.

Adirondack's assessment area is predominately rural. There are no low-income census tracts. 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 April 4, 2005, 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.

The assessment area and number of branches remains unchanged since the previous examination. Additional assessment area data can be found in Exhibit 1 below. See page BB17 for a map illustrating the bank's assessment area.

EXHIBIT 1: Adirondack Trust Company Summary of Key Assessment Area Data 2000 Census			
Assessment Area Data	MSA 10580	MSA 24020	Totals
Total Population	121,007	29,403	150,410
Population % of AA Population	80%	20%	100%
Families	31,723	7,627	39,350
Families % of AA Families	81%	19%	100%
Total Census Tracts	26	7	33
Tracts % of AA families	79%	21%	100%
LMI Tracts	5	2	7
LMI tracts % all LMI tracts	71%	29%	100%
Total Owner-Occupied Units	33,162	7,322	40,484
Units % of AA Units	82%	18%	100%
Busines Establishments**	4,222	1,426	5,648
Business Est. % AA business establishments	75%	25%	100%
Number of Branches*	9	1	10
Branches % all branches	90%	10%	100%
Branches in LMI tracts	0%	0%	0%
LMI branches % AA LMI branches	0%	0%	0%
Branch Deposits (\$'000s)*	558,702	6,588	565,290
Deposits % AA desposits	99%	1%	100%
Deposit Market Share (%)/Rank in Market	20.68/1	.54/8	n/a
*Source: Federal Deposit Insurance Corporation ("FDIC") Summary of desposit data as of 6/30/2006			
**Source: 2005 Dun and Bradstreet Data.			

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of Census, The New York State Department of Labor, the U.S. Department of Housing and Urban Development ("HUD"), the National Association of Realtors, and the Federal Reserve Bank of New York District Profiles.

Adirondack's market is highly competitive with branches of numerous local, regional and multinational banks, mortgage companies, and other financial institutions operating in the assessment area. Adirondack's primary bank competitors include Ballston Spa National Bank, Glens Falls National Bank and Trust Company, Trustco Bank and Saratoga National Bank.

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 10580 (Albany-Schenectady-Troy, NY) of less than 1%. The median age of the Saratoga County population, 37 years, is slightly higher than that of New York State, at 36 years old, with the elderly concentrated in rural areas. 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 loans, but more likely to need home improvement loans.

According to the 2000 Census, 13% of the assessment area population resides in moderate-income geographies while 68% resides in middle-income geographies and 19% in upper-income geographies. Exhibit 2 on the next page provides a summary of demographic information related to Adirondack's assessment area.

Income Characteristics

As indicated in the chart below, MSA 10580, which contains Saratoga County, has a higher median family income compared with MSA 24020, which contains Warren County. The HUD adjusted median family incomes for the assessment area are:

Area	2005 HUD Median Family Income	2006 HUD Median Family Income
MSA 10580	\$64,600	\$66,200
MSA 24020	\$52,600	\$53,700

Housing Characteristics

The 2000 Census indicates that almost 64% of the housing units in the assessment area are owner-occupied, of which 10% are located in moderate-income census tracts. The remaining housing consists of 29% rental housing and 7% are vacant. The median-family incomes for the Saratoga and Warren County MSAs compared to the median sales price of housing for 2006 were approximately 6 times what a low-income person could afford and approximately 4 times what a moderate-income person could afford. As such, housing was mostly unaffordable for low-income people.

EXHIBIT 2 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	0	0.0	6,666	16.9
Moderate-income	7	21.2	4,702	11.9	446	9.5	7,597	19.3
Middle-income	20	60.6	26,529	67.4	1,293	4.9	9,620	24.4
Upper-income	5	15.2	8,119	20.6	251	3.1	15,467	39.3
Unknown-income	1	3.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	33	100.0	39,350	100.0	1,990	5.1	39,350	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	8,676	4,215	10.4	48.6	3,868	44.6	593	6.8
Middle-income	42,661	28,067	69.3	65.8	11,581	27.1	3,013	7.1
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
Total Assessment Area	63,558	40,484	100.0	63.7	18,714	29.4	4,360	6.9
	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	0.0	0	0.0
Moderate-income	759	13.4	651	13.1	82	16.1	26	16.5
Middle-income	3,793	67.2	3,345	67.1	336	66.1	112	70.9
Upper-income	1,096	19.4	986	19.8	90	17.7	20	12.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	5,648	100.0	4,982	100.0	508	100.0	158	100.0
Percentage of Total Businesses:				88.2	9.0		2.8	

Median Home Sales Prices		
Area	2005	2006
MSA 10580	\$183,500	\$195,400
MSA 24020	\$153,100	\$161,600
Source: National Association of Realtors		

As shown in the table at left, the median sales price of existing single-family homes in the Saratoga MSA area totaled \$183,500 in 2005 and increased to \$195,400 in 2006. Likewise the median sales in the Warren County MSA also increased.

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. Community contacts also noted that the listing of Saratoga as one of the top places to live in the U.S. has also fueled sales to affluent persons moving into the County. 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, community 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, 43% of the homes were built in 1969 or earlier. The public transportation is also limited. Most LMI individuals need an automobile to get to their place of employment increasing their cost of living.

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 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.

In the region, the area's dominant industry is state government, which has helped cushion the area from downturns, such as the recession earlier this decade. Also, General Electric used to be headquartered in Schenectady and is still the largest employer in that county. The area still has a fairly solid high-technology base, and this has been a source of job growth as well. The capital region is now considered a leader in the development of nano-technology.

In Warren County, the primary manufacturing industry in and around Glens Falls are surgical and medical instruments and paper (based on its proximity to the Adirondack forest). In addition, tourism accounts for a large part of business-accommodations, food services, arts and recreation.

Unemployment is relatively low in Saratoga County. The New York State Department of Labor reported an average 2006 unemployment rate of 3.5%. Unemployment is seasonal, peaking, in the winter months as the year-to-date high was 4.3% in February 2006 and reducing to 2.9% in October 2006 due to tourism and the horse racing industries. Warren County had a 2006 average unemployment rate of 4.5%.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Adirondack's record of meeting the credit needs of its assessment area through its lending performance is rated satisfactory. Adirondack originated a substantial majority of its loans within its assessment area and its loan-to-deposit ratio was reasonable. The overall distribution of its loans among borrowers of different income levels and businesses of different sizes was reasonable. The geographic distribution of HMDA-related and small business loans also reflected reasonable penetration throughout the bank's assessment area.

Loan-to-Deposit Ratio

Adirondack's loan-to-deposit ratio was reasonable given the bank's size, financial condition, and the credit needs of its assessment area. The bank's average loan-to-deposit ratio for the eight most recent quarters ending December 31, 2006, was 64%, based on information contained in its *Consolidated Report of Condition and Income*. This ratio was below the national peer average of 86% for similarly sized banks and below, but closer to an average of 77% when compared with 3 similarly situated banks with branches in Adirondack's assessment area during the same time period.

Lending in Assessment Area

Adirondack originated a substantial majority of its loans in its assessment area. Of the 171 small business loans and 126 HMDA loans originated in 2005 and 2006, 143 or 84% of the small business loans and 112 or 89% of the HMDA loans were extended to businesses and individuals located in the bank's assessment area.

Geographic Distribution of Loans

The overall geographic distribution of HMDA-related and small business loans reflected reasonable loan penetration. Performance in the bank's assessment area is based on penetration in moderate-income census tracts as there are no low-income census tracts in the assessment area. An analysis of the lending distribution in each loan category follows:

HMDA-Related Loans

Adirondack's distribution of HMDA-related loans in moderate-income areas was reasonable when compared with the level of owner-occupied housing units as well as the aggregate of all HMDA-reporting lenders. 5% of the bank's HMDA-related loans were in moderate-income geographies compared to 10% of owner occupied-housing units and 10% of the market aggregate's lending located in moderate-income geographies.

Small Business Loans

Adirondack's distribution of small business loans in moderate-income geographies was reasonable when compared with the level of businesses as well as the aggregate of small business reporting lenders. 6% of the bank's small business loans were in moderate-income geographies compared to 13% of businesses and 12% of the aggregate's lending located in moderate-income geographies.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The overall borrower distribution of loans reflected satisfactory performance based on reasonable performance in HMDA-related lending to low and moderate-income borrowers. The distribution of loans to business of different sizes also reflected reasonable performance. An analysis of the lending distribution in each loan category follows:

HMDA-Related Loans

Performance overall in HMDA-related lending to moderate-income borrowers was reasonable. Adirondack extended 14% of loans to moderate-income borrowers compared with 19% of moderate-income families residing in the assessment area and 18% of market aggregate originations made to moderate-income borrowers.

Adirondack's HMDA-related distribution to low-income borrowers was reasonable. Adirondack extended 6% of loans to low-income borrowers compared to 17% of low-income families residing in the assessment area and 5% of aggregate originations made to low-income borrowers. The aggregate's performance supported the challenges in lending to low-income individuals as noted in the performance context section of this evaluation.

Lending to Businesses of Different Sizes

Overall the distribution of loans to businesses of different sizes was reasonable. The proportion of loans to businesses with gross annual revenues ("GAR") of \$1 million or less was 62% compared to 88% of such businesses located in the assessment area. Adirondack's performance was above the aggregate which reported 45% of its loans to such businesses.

Of Adirondack's small business loans, 70% were in amounts of \$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 underperformed the aggregate which originated 95% of its loans in amounts of \$100,000 or less.

Response to Complaints

No complaints were received by Adirondack relating to the bank's CRA performance, and no complaints relating to the CRA have been filed with the Federal Reserve Bank of New York since the previous examination.

COMMUNITY DEVELOPMENT TEST

Adirondack’s community development performance demonstrates excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering Adirondack’s capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans and Investments

Community Development Lending & Qualified Investments		
Purpose	#	\$(000s)
Affordable Housing	22	3,778
Community Services	92	5,990
Economic Development	22	1,426
Revitalize/Stabilization	22	10,550
Totals	158	21,744

Adirondack’s community development performance overall was outstanding, totaling \$22 million. Community development efforts consisted of \$10.7 million in community development loans and \$11.0 million in qualified investments. Adirondack’s performance was responsive to the credit needs identified by community contacts. As shown in the table to the left, the community development efforts primarily targeted

revitalization and stabilization activities and community services for LMI individuals.

Total community development loans and investments increased 21% from the last examination in terms of dollar volume. In addition, community development performance compared favorably with similarly situated banks. Adirondack ranked 1st out of 5 similarly situated banks in terms of community development loans and qualified investments within the Saratoga MSA as a percentage of the bank’s total assets, as well as a percent of assessment area deposits and Tier 1 capital.

Community Development Loans

Community development loans were primarily to non-profit organizations that provide social services to low-and moderate income individuals in the Saratoga MSA. Loans for affordable housing were the second largest loan category and focused on housing development, shelters, and transitional services within Saratoga County. 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 loans include:

- A construction loan to renovate an existing building into 4 units of low-income senior housing.
- A line of credit to help fund infrastructure costs associated with a subdivision to contain 328 lots to be sold for under \$210,000 in partnership with the State of New York

Mortgage Agency and The Community Preservation Corporation. The subdivision will be developed over several years into affordable housing.

- A line of credit to help fund operating expenses for an entity which provides sheltered living arrangements for emotionally disabled individuals.
- A term loan to fund costs associated a project to include the purchase and renovation of a commercial building, converted into a workshop providing employment for up to 75 low- and moderate-income individuals.

Qualified Investments

Qualified investments were responsive to the needs of the assessment area. 46% of qualified investments were made since the prior examination. The substantial majority of investments, 92%, were concentrated in revitalizing and stabilizing LMI geographies through municipal bonds that made infrastructure improvements to these geographies. A small amount of the investments involved grants in support of community development services and economic development.

Examples of qualified investments include:

- Public improvement serial bonds directed towards city infrastructure, purchase of property and equipment upgrades to fire and police departments within a moderate income census tract.
- A grant to underwrite all closing costs associated with a community development loan for low income housing.
- General Obligation Serial Bonds for several projects, including, police department building repairs, city hall exterior improvements, hub parking lot improvements, and West Side infrastructure improvements all located in moderate-income census tracts.
- A grant to a non-profit organization which provides numerous services including low-income housing and a food pantry.
- A donation to a federally designated community action agency whose mission is to provide service to low-income individuals operating the following programs: emergency food pantry; emergency services for families during crisis such as evictions and or utility shut-off; and a weatherization program which helps low-income home owners with energy conservation, insulation and furnace replacement.

Community Development Services

Adirondack is a leader in providing an excellent level of community development services, hosting educational seminars and offering technical assistance to various organizations that furnish community development services to LMI individuals. Management and staff served as directors, advisors or committee members to 35 organizations throughout the bank's assessment area. Examples of community development services include:

- A bank officer is a member of the board of directors and serves as treasurer for a men's homeless shelter that provides low-income housing.
- A bank director serves as a board chairman and a bank officer serves as a member of the board of directors for a municipal trust fund established to help fund projects to create affordable housing.
- A bank officer is a member of the board of directors and one bank officer serves on the grant committee for a community center which operates a food pantry and provides affordable housing, and clothing to low-and moderate income individuals.
- A bank officer serves a regional loan committee member for an economic development loan fund that makes loans to small businesses across New York State.
- A bank officer serves on the loan funding committee for a Saratoga Springs municipal organization that provides a revolving loan fund for affordable home improvement loans.
- A bank officer serves on the board of directors and committee for a youth shelter home that provides shelter, support, aftercare services to teenagers, emergency assistance and intervention services to low- and moderate-income individuals.
- Four officers serve as board members for an emergency shelter for victims of domestic violence and supportive services to prevent and/or alleviate homelessness.
- A bank officer serves as a board member for an organization which provides renovations to owner-occupied homes of low and moderate-income families. In addition, services are provided to elderly and disabled individuals.

Adirondack's officers and employees were also proactive in providing technical assistance for the support of community development activities. Examples include:

- The bank services loans at no charge and provides computing facilities and staff to a consortium of organizations which provide no-interest loans to help fund a borrower's initial rental deposit and first month's rent for formerly homeless persons or persons re-entering the housing market.
- The bank donates servicing, computer facilities and staff to an economic development fund that provides loans to assist individuals in establishing new business ventures.

In addition, Adirondack participated in over 25 financial education seminars, homebuyer presentations, and other types of events directly attributable to helping low and-moderate income individuals and families, and small businesses throughout the assessment area. These events provide direct information, technical assistance, and training sessions to low and-moderate income individuals, community organizations and small businesses.

The overall branch distribution provides adequate accessibility to the LMI population and geographies within the assessment area. In 2006, 50% of branches (5 of 10) in the assessment area were in census tracts adjacent to moderate-income geographies compared to 13% of the assessment area population residing in moderate-income geographies. Adirondack's branches provide a full range of financial services.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices, including the Equal Credit Opportunity Act and the Fair Housing Act, was identified as being inconsistent with helping to meet community credit needs.

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, relatively permanent statistical subdivision of a county or statistically equivalent entity delineated for data presentation purposes by a local group of census data users or the geographic staff of a regional census center in accordance with Census Bureau guidelines. Designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time they are established, census tracts generally contain between 1,000 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries are delineated with the intention of being stable over many decades, so they generally follow relatively permanent visible features. However, they may follow governmental unit boundaries and other invisible features in some instances; the boundary of a state or county (or statistically equivalent entity) is always a census tract boundary.

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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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: A family is a group of two or more people related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, and the disposition of the application (e.g., 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: A household consists of all the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group quarters.

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.

Metropolitan Statistical Area (“MSA”): A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core.

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.

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.

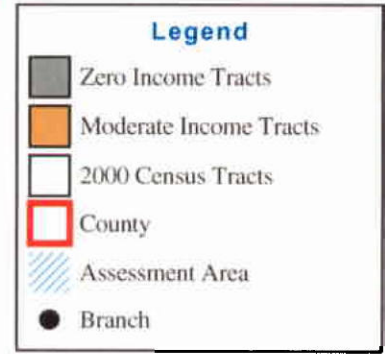
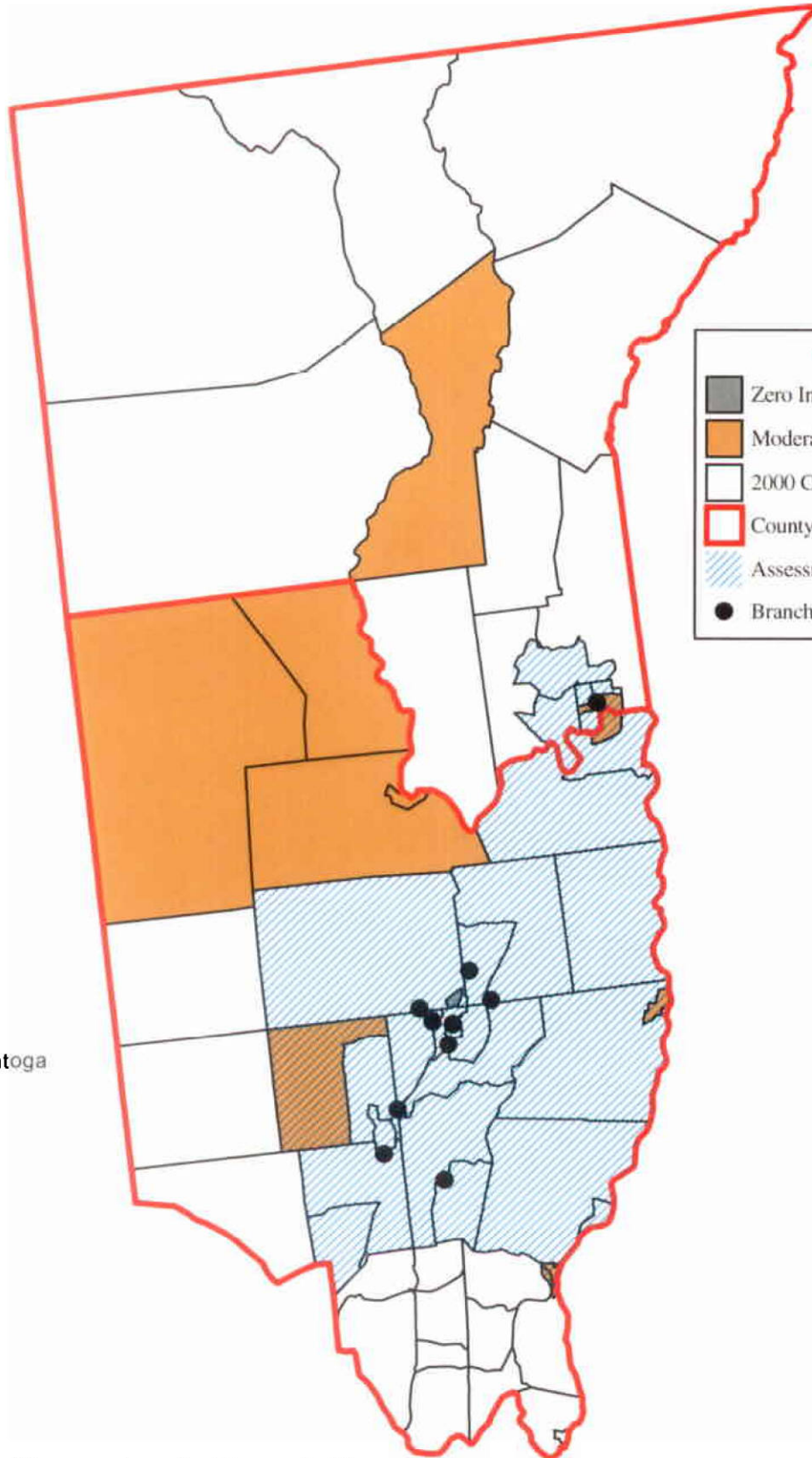
Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share or grant that has as its primary purpose community development.

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.

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.

Warren

Saratoga



Adirondack Trust Company

Assessment Area

January 1, 2005 - December 31, 2006

