

PUBLIC DISCLOSURE

May 18, 2009

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 ("ATC") 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.
- A substantial majority of loans were made in the assessment area.
- The bank's loan-to-deposit ratio was reasonable.
- 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.

DESCRIPTION OF INSTITUTION

ATC, headquartered in Saratoga Springs, NY, is the sole subsidiary of 473 Broadway Holding Corporation, a bank holding company. The bank operates ten retail branches located throughout the central portion of Saratoga County and a small portion of southeastern Warren County in northeastern New York State.

ATC is a full service commercial bank that offers various consumer and commercial loan products, deposit products, and trust services. Loan products include residential mortgages, small business loans, and consumer loans. As of December 31, 2008, the bank had total assets of \$762 million, net loans and leases of \$396 million, total domestic deposits of \$667 million, and total real estate loans of \$252 million. Of the total real estate loans, 39% was secured by one- to four-family residential properties.

Based on deposits reported to the Federal Deposit Insurance Corporation (“FDIC”) on June 30, 2008, ATC has the largest (21%) deposit market share in Saratoga County. In Warren County, ATC is ranked ninth, with less than 1% of the market share.

ATC’s previous CRA examination was conducted as of April 23, 2007, and resulted in an overall rating of “outstanding.” There are no financial or legal factors that would keep ATC from fulfilling its responsibility under CRA.

DESCRIPTION OF ASSESSMENT AREA

ATC’s assessment area consists of portions of Saratoga County (MSA 10580) and Warren County (MSA 24020), which are contiguous. 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, Moreau, Town of Corinth, and Village of Corinth.

MSA 24020 (Glens Falls, NY), consisting of a small portion of Warren County that includes the municipalities of Glens Falls, Glen Falls North, West Glen Falls, Town of Queensbury, and Town of Lake George.

Since the prior examination, the bank’s assessment area was increased to include six additional census tracts. Added to the assessment area were two census tracts in Saratoga County (Town of Corinth and Village of Corinth) and four tracts in Warren County (Town of Queensbury and Town of Lake George).

ATC’s assessment area is predominantly rural and consists of 39 census tracts, of which 29 are middle- and upper-income tracts, 9 are moderate-income tracts, and one has no income designation. There are no low-income tracts in the bank’s assessment area. ATC’s 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.

Since ATC’s assessment area consists of only a small portion of Warren County and the assessment area’s boundaries do not extend substantially beyond the boundaries of Saratoga County, the portion of ATC’s assessment area in Warren County was consolidated with its assessment area in Saratoga County for analytical purposes.

Additional assessment area data can be found in Exhibit 1 on page BB4. See page BB17 for a map illustrating the bank’s assessment area.

SCOPE OF EXAMINATION

Procedures

ATC's CRA performance was evaluated using the Federal Financial Institutions Examination Council's Intermediate Small Bank CRA Examination Procedures.

Products

Loan products analyzed during this examination included home purchase, refinance, home improvement, small business, and other loans qualifying as community development. The real estate-related loans were reported under HMDA.

The analysis of ATC's CRA performance was conducted using a sample of the bank's HMDA and small business loans. The sample was selected in accordance with the Board of Governors' sampling procedures. Examiners verified the integrity of the bank's HMDA-related and small business loan data.

Examination Period

HMDA-related and small business loans originated between January 1, 2007 and December 31, 2008 were evaluated. Examiners also reviewed activities pertaining to community development during the same period.

Lending Distribution Analysis

The analysis of geographic and borrower distribution considered only the loans made in ATC's assessment area. The bank's performance was compared to the most recent performance data available for the aggregate of all loan reporters in the assessment area (2007).

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 geographies. For small business loans, the analysis compared the proportion of loan originations with the proportion of businesses located in moderate-income geographies. There are no low-income geographies in the assessment area.

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. For small business loans, the bank's percentage of loans to businesses with gross annual revenues ("GAR") of \$1 million or less was compared to the percentage of all such businesses in the assessment area. The size of the small business loan was also used as a proxy to identify lending to businesses with GAR of \$1 million or less.

Community Contacts

Examiners conducted interviews with two community development organizations in order to gain an understanding of local credit needs. Both community groups focused their efforts on economic development, affordable housing, and the provision of community development services for LMI individuals.

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, New York State Department of Labor, U.S. Department of Housing and Urban Development (“HUD”), and National Association of Realtors.

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	0	0.0	7,713	16.8
Moderate-income	9	23.1	6,403	13.9	579	9.0	8,825	19.2
Middle-income	22	56.4	28,393	61.8	1,396	4.9	11,133	24.2
Upper-income	7	17.9	11,161	24.3	308	2.8	18,286	39.8
Unknown-income	1	2.6	0	0.0	0	0.0	0	0.0
Total Assessment Area	39	100.0	45,957	100.0	2,283	5.0	45,957	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	11,480	5,967	12.5	52.0	4,447	38.7	1,066	9.3
Middle-income	47,066	30,186	63.4	64.1	12,259	26.0	4,621	9.8
Upper-income	16,969	11,454	24.1	67.5	3,816	22.5	1,699	10.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	75,515	47,607	100.0	63.0	20,522	27.2	7,386	9.8
	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	1,076	13.3	943	13.0	82	14.5	51	19.1
Middle-income	5,066	62.8	4,553	62.9	348	61.5	165	61.8
Upper-income	1,923	23.8	1,738	24.0	134	23.7	51	19.1
Unknown-income	3	0.0	1	0.0	2	0.4	0	0.0
Total Assessment Area	8,068	100.0	7,235	100.0	566	100.0	267	100.0
	Percentage of Total Businesses:			89.7		7.0		3.3

ATC's market is highly competitive with branches of local, regional and international banks, mortgage companies, and other financial institutions operating in the assessment area. ATC'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 county has a population of 201,000 and is estimated to have increased by eight percent to 217,000 as of December 2008. This growth is significant when compared to the population growth in the overall MSA 10580 (Albany-Schenectady-Troy, NY), which is estimated to have grown by 3% since the 2000 Census. The median age of the Saratoga County population is 38 years, which is slightly higher than that of New York State at 37 years old. The percentage of the population aged 65 and older is 12% in Saratoga County, compared to 13% of the overall population in New York State at age 65 and over.

According to the 2000 Census, 14% of the assessment area population resides in moderate-income geographies, while 63% resides in middle-income geographies and 23% in upper-income geographies. Exhibit 1 on page BB4 provides a summary of demographic information related to ATC's assessment area.

Income Characteristics

According to 2000 Census data, the assessment area has 17% of families that are low-income, 19% of families that are moderate-income, and 5% of families living below the poverty level. As indicated in the chart below, MSA 10580, which includes Saratoga County, has a higher median family income than MSA 24020, which includes Warren County. The HUD-adjusted median family incomes for the assessment area MSAs are noted in the following table:

Area	2007 HUD Median Family Income	2008 HUD Median Family Income
MSA 10580	\$66,300	\$70,600
MSA 24020	\$55,700	\$58,600

Housing Characteristics

The 2000 Census indicates that the assessment area has 75,515 housing units, of which 63% are owner-occupied. A total of 13% of owner-occupied units are located in moderate-income census tracts. The remaining housing in the assessment area consists of rental housing (27%) and vacant properties (10%).

Community contacts indicate that the area is relatively unaffordable for LMI persons in terms of housing and overall cost of living. The median sales price of homes in the Saratoga and Warren County MSAs compared to the median family incomes in 2008 showed that homes were priced at approximately 6 times what a low-income person could afford and approximately 3 times what a moderate-income person could afford.

Housing prices fell slightly as a result of the nationwide distress in the housing market. The National Association of Realtors reports that the 2007 median sales price of an existing single-family home in the Saratoga MSA was \$198,900, decreasing by less than 1% to \$197,900 in 2008. Likewise, the median sales price in the Warren County MSA also decreased from \$167,600 in 2007 to \$161,100 in 2008. According to community contacts, Saratoga County has been somewhat sheltered from the effects of the foreclosure crisis since most of the population in the area is middle to upper income.

While Saratoga County continues to be a relatively affluent community, affordable housing for LMI individuals residing in the area remains an important issue. Because of the housing prices of the city, it is difficult for LMI families to find affordable homes for purchase. Furthermore, the supply of affordable rental units is limited because of summer rentals for the high tourism and summer racing season, which extends from June through September, and rentals by students of Skidmore College, who consume much of the rental housing from September through May.

Labor, Employment and Economic Characteristics

Saratoga County enjoys a diverse economy that includes retail, manufacturing, technology, sports and recreation, and tourism. The city benefits from its relatively close proximity to New York City, Boston, and Montreal (approximately 175 miles equidistance). This location provides for an enhanced ground transportation system, so much so that five regional distribution centers are based in Saratoga County. 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 to cushion the area from economic downturn. The area also has a fairly solid high-technology base. The capital region is now considered a leader in the development of nano-technology. Currently, plans are in progress for the construction of a new semiconductor manufacturing plant to be located in Warren County, which is expected to employ over 1,450. The primary manufacturing industries in and around Glens Falls (Warren County) are surgical and medical instruments and paper based on its proximity to the Adirondack forest.

In addition, tourism is a major industry in Saratoga Springs, with tourism peaking during the summer months for the horse racing season. The city has a thriving business community with fine dining and world-class entertainment. Tourism accounts for a large part of the area businesses in providing accommodations, food services, arts, and recreation to area visitors.

Although statewide unemployment has increased during the examination period, it remains relatively low in Saratoga County. The New York State Department of Labor reported an average 2007 unemployment rate of 3.7% and a 2008 unemployment rate of 4.6%, compared to the 2008 New York Statewide unemployment rate of 5.4%. Unemployment in Saratoga County is seasonal, peaking in the winter months due to decreased tourism. Warren County had an average 2008 unemployment rate of 5.8%, which also increased from 2007.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

ATC's record of meeting the credit needs of its assessment area through its lending performance is rated satisfactory. ATC 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

ATC'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, 2008 was 60%, based on information contained in its *Consolidated Report of Condition and Income*. This ratio was below the national peer average of 89% for similarly-sized banks and below an average of 87% for four similarly-situated banks with branches in ATC's assessment area during the evaluation period.

Lending in Assessment Area

ATC originated a substantial majority of its loans in its assessment area. Of the sample of small business loans analyzed during this examination, 85% of the small business loans were extended to business establishments in the bank's assessment area. Of the sample of HMDA loans analyzed during this examination, 92% of the HMDA loans were extended to individuals residing in the bank's assessment area.

Geographic Distribution of Loans

The overall geographic distribution of HMDA-related and small business loans reflected reasonable dispersion throughout the bank's assessment area. 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. Small business lending distribution was stronger than the overall HMDA-related distribution. An analysis of the lending distribution in each loan category follows:

Home Purchase Loans

ATC's distribution of home purchase loans in moderate-income areas was poor when compared with the level of owner-occupied housing units as well as with the performance of the aggregate of all HMDA-reporting lenders. In 2007, the bank made 3% of its home purchase loans in moderate-income geographies, compared to 13% of owner occupied-housing units within moderate-income geographies. The bank's home purchase lending in moderate-income geographies was significantly below the market aggregate's lending, which made 13% of its home purchase loans in moderate-income geographies in 2007. The bank's performance in 2008 when compared to the level of owner-occupied housing units was similar.

Refinance Loans

ATC's distribution of refinance loans in moderate-income areas was adequate when compared with the level of owner-occupied housing units as well as with the performance of the aggregate of all HMDA-reporting lenders. In 2007, the bank made 7% of its refinance loans in moderate-income geographies, compared to 13% of owner occupied-housing units within moderate-income geographies. The bank's refinance lending in moderate-income geographies was significantly below the market aggregate's lending, which made 14% of its refinance loans in moderate-income geographies in 2007. The bank's performance in 2008 when compared to the level of owner-occupied housing units was less favorable.

Home Improvement Loans

ATC's distribution of home improvement loans in moderate-income areas was adequate when compared with the level of owner-occupied housing units as well as with the performance of the aggregate of all HMDA-reporting lenders. In 2007, the bank made 2% of its home improvement loans in moderate-income geographies, compared to 13% of owner occupied-housing units within moderate-income geographies. The bank's home improvement lending in moderate-income geographies was significantly below the market aggregate's lending, which made 13% of its home improvement loans in moderate-income geographies in 2007. The bank's performance in 2008 when compared to the level of owner-occupied housing units was more favorable at 11% of home improvement loans in moderate-income geographies.

Small Business Loans

ATC's distribution of small business loans in moderate-income geographies was good when compared with the level of businesses as well as with the aggregate of small business reporting lenders. The bank made 9% of its small business loans in moderate-income geographies, which was below the demographic of 13% of businesses located in moderate-income geographies. The bank's 2007 small business lending in moderate-income geographies was similar to the aggregate, which originated 10% of its small business loans in moderate-income geographies.

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

The overall distribution of HMDA-related and small business loans reflected reasonable penetration among individuals of different income levels and businesses of different sizes. An analysis of the lending distribution in each loan category follows:

Home Purchase Loans

ATC's distribution of home purchase loans to LMI borrowers was adequate. In 2007, the bank extended 6% of its home purchase loans to low-income borrowers, compared to 17% of low-income families residing in the assessment area. The bank's 2007 home purchase lending to low-income borrowers was significantly above the aggregate, which originated 3% of its home purchase loans to low-income borrowers. In 2007, ATC extended 9% of its home purchase loans to moderate-income borrowers, compared to 19% of moderate-income families residing in the

area. The bank's 2007 home purchase lending to moderate-income borrowers was below the aggregate, which originated 16% of its home purchase loans to moderate-income borrowers. Bank performance in 2008 was less favorable when compared to the number of low-income families residing in the area.

Refinance Loans

ATC's distribution of refinance loans to LMI borrowers was adequate. In 2007, the bank did not extend any refinance loans to low-income borrowers. The bank's 2007 refinance lending to low-income borrowers was significantly below the aggregate, which originated 5% of its refinance loans to low-income borrowers. In 2007, ATC extended 27% of its refinance loans to moderate-income borrowers, compared to 19% of moderate-income families residing in the area. The bank's 2007 refinance lending to moderate-income borrowers exceeded the aggregate, which originated 18% of its refinance loans to moderate-income borrowers. Bank performance in 2008 was less favorable when compared to the number of low-income families residing in the area.

Home Improvement Loans

ATC's distribution of home improvement loans to LMI borrowers was good. In 2007, the bank extended 14% of its home improvement loans to low-income borrowers, compared to 17% of low-income families residing in the area. The bank's 2007 home improvement lending to low-income borrowers was significantly above the aggregate, which originated 8% of its home purchase loans to low-income borrowers. In 2007, ATC extended 19% of its home improvement loans to moderate-income borrowers, compared to 19% of moderate-income families residing in the area. The bank's 2007 home improvement lending to moderate-income borrowers was comparable to the aggregate, which originated 20% of its home improvement loans to moderate-income borrowers. Bank performance in 2008 was more favorable when compared to number of low-income families residing in the area.

Lending to Businesses of Different Sizes

ATC's distribution of loans to businesses of different sizes was good. The proportion of loans to businesses with GAR of \$1 million or less was 35% in 2007, compared to 90% of such businesses located in the assessment area. ATC's 2007 performance was similar to the performance of the aggregate, which reported 36% of its loans to such businesses. ATC's performance in 2008 was similar.

Of ATC's small business loans, 85% in 2007 were in amounts of \$100,000 or less. The average small business loan size was \$36 thousand, an amount that would typically meet the credit needs of smaller businesses. The bank's percentage of 2007 small business loans in amounts of \$100,000 or less was below the aggregate, which originated 96% of its loans in amounts of \$100,000 or less.

Response to Complaints

ATC received no complaints relating to the bank’s CRA performance. Since the previous examination, there were no CRA-related or consumer complaints filed with the Federal Reserve Bank of New York.

COMMUNITY DEVELOPMENT TEST

ATC’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 ATC’s capacity and the need and availability of such opportunities for community development in the assessment area.

ATC is a leader in providing community development lending and investments. Community development loans and qualified investments totaled \$34.7 million, consisting of \$22.4 million in community development loans and \$12.3 million in qualified investments. ATC’s activity was responsive to the community development needs identified by community contacts. As shown in the table below, in terms of dollar volume, the bank’s efforts primarily targeted affordable housing and revitalization and stabilization activities.

Adirondack Trust Company Community Development Loans & Qualified Investments										
Loans and Investments	Affordable Housing		Community Services		Economic Development		Revitalize and Stabilize		Totals	
	#	(\$000s)	#	(\$000s)	#	(\$000s)	#	(\$000s)	#	(\$000s)
Loans	13	\$10,897	28	\$5,539	8	\$5,531	3	\$462	52	\$22,429
Investments	10	\$117	55	\$708	9	\$690	24	\$10,793	98	\$12,308
Total Loans and Investments	23	\$11,014	83	\$6,247	17	\$6,221	27	\$11,255	150	\$34,737

Total community development loans and investments increased by 60% from the last examination in terms of dollar volume. In addition, community development performance compared favorably with similarly-situated banks. ATC compared favorably with similarly-situated banks in terms of community development loans and qualified investments within Saratoga County and Warren County as a percentage of the bank’s total assets, as a percent of assessment area deposits, and as a percentage of Tier 1 capital.

Community Development Loans

Community development loans were responsive to the needs of the assessment area. Of the total community development loans, 90% represents new commitments, and 100% were made within the assessment area. In terms of dollar volume, community development loans were primarily originated to non-profit organizations that provide affordable housing to low-and moderate income individuals, focusing on housing development, shelters, and transitional housing services within Saratoga County. Community contacts identified affordable housing as a critical need in the assessment area, which has high housing costs. The creation of affordable housing, however,

depends largely on subsidy programs and partnerships with affordable housing developers, which have been challenging to obtain given the current economic environment. The next largest loan categories were loans to non-profit organizations that provided community services to LMI individuals and loans to encouraged economic development for LMI geographies.

Examples of community development loans include:

- A line of credit to help fund infrastructure costs associated with a subdivision that will comprise of 328 new homes 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 term loan to help fund the purchase of seven buildings, each with four two-bedroom apartments (28 units in total), to be rented as low-income housing. A total of 18 units will be converted to the Section 8 voucher program through HUD. The Saratoga Springs Housing Authority will manage the units to ensure that they remain low-income housing apartments.
- A term loan to renovate a formerly vacant department store to create 8,000 square feet of first floor retail space and 19 low-income apartments in the remaining 26,000 square feet.
- A line of credit to cover operating expenses for a not-for-profit organization that advocates for mentally handicapped individuals in Saratoga County. The organization provides 24-hour supervision and housing for up to 90 individuals within 14 homes of Saratoga County. The organization's programs are funded by Medicaid and a New York State grant.

Qualified Investments

Qualified investments were responsive to the needs of the assessment area. Of the total qualified investments, 31% represents new qualified investments, and 56% were made within the assessment area, whereas the remaining 44% met the needs of the broader statewide area. The substantial majority of investment dollars (88%) were concentrated in revitalizing and stabilizing LMI geographies through municipal bonds that made infrastructure improvements.

Examples of qualified investments include:

- An equity investment in a limited partnership that engages in private equity or debt investments to finance small businesses in Saratoga County. The limited partnership is licensed as a Small Business Administration Small Business Investment Company.
- A general obligation bond to finance the construction of a new elementary school that will be located in a moderate-income geography.
- A municipal bond used to fund the construction of a skilled nursing facility that will be primarily Medicare- and Medicaid-eligible.

Community Development Services

ATC remains a leader in providing community development services, primarily through the provision of technical assistance to various organizations that furnish community development services to LMI individuals and by hosting a variety of financial education seminars. Management and staff served as directors, advisors or committee members to over 50 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 homeless shelter.
- 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 another bank officer serves as treasurer and on the grant committee for a community center which operates a food pantry, provides affordable housing, and provides clothing to low-and moderate income individuals.
- A bank officer serves as a regional loan committee member for an economic development loan fund that makes small business loans 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 as a committee member for a youth shelter home that provides shelter, support, and aftercare services to teenagers, as well as emergency assistance and intervention services to low- and moderate-income individuals.
- Two bank 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 is a member of the board of directors and serves as treasurer for an organization that provides housing opportunities for low- and moderate-income individuals in rural communities and operates a transitional facility for homeless veterans.

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

- A bank officer chaired several public hearings to review grant applications for the Department of Housing and Urban Development Small Cities Community Development Block Grant for the City of Saratoga Springs.

- The bank donated servicing, computer facilities, and staff to an economic development fund that provides loans to assist individuals in establishing new business ventures.
- ATC participated in over 30 financial education, affordable housing, and small business seminars, training programs, foreclosure counseling, and other types of events directly targeted to helping LMI individuals and families and small businesses throughout the assessment area.

The overall branch distribution provides adequate accessibility to the LMI population and geographies within the assessment area. The bank's branches in the assessment area are all in close proximity to moderate-income geographies. All ATC's branches provide a full range of financial services.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank is in compliance with the substantial provisions of the antidiscrimination laws and regulations. No credit practices were identified as being inconsistent with helping to meet the credit needs of the assessment area.

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, 2007 - December 31, 2008

