

PUBLIC DISCLOSURE

August 22, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Adirondack Bank
RSSD No. 101671**

**185 Genesee Street
Utica, New York 13501**

FEDERAL RESERVE BANK OF NEW YORK

**33 LIBERTY STREET
NEW YORK, NY 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.

TABLE OF CONTENTS

Institution’s CRA Rating.....	BB1
Description of Institution	BB1
Description of Assessment Area	BB2
Scope of Examination	BB4
Conclusions with Respect to Performance Tests	BB5
Fair Lending or Other Illegal Credit Practices Review.....	BB7

MSA 46540 (Utica-Rome, NY) – Full Scope

Description of Operations	BB8
Performance Context.....	BB8
Conclusions with Respect to Performance Tests.....	BB10

Non-MSA Assessment Area (Clinton, Essex, Franklin, Fulton, Hamilton, Lewis, & Montgomery Counties, NY) – Full Scope

Description of Operations.....	BB17
Performance Context.....	BB17
Conclusions with Respect to Performance Tests.....	BB19

MSA 45060 (Syracuse, NY) – Limited Scope

Conclusions with Respect to Performance Tests	BB24
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Exhibits

Exhibit 1 - Summary of Key Assessment Area Data	BB3
Exhibit 2 - Assessment Area Demographics MSA 46540	BB9
Exhibit 3 – Assessment Area Demographics Non MSA Assessment Area.....	BB18

Appendices

CRA Appendix A: Glossary.....	BB26
CRA Appendix B: Map of Assessment Areas.....	BB29

INSTITUTION'S CRA RATING: Adirondack Bank (“Adirondack”) is rated **“Satisfactory.”**

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		
Satisfactory	X	X
Needs to Improve		
Substantial Noncompliance		

The satisfactory performance of Adirondack with regard to the Community Reinvestment Act (“CRA”) is based on the following performance criteria:

- A substantial majority of loans were made in the assessment areas.
- The distribution of loans to borrowers of different income levels and businesses of different sizes reflects reasonable penetration.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The bank’s loan-to-deposit ratio was reasonable.
- The overall level of community development loans, qualified investments and community development services demonstrates adequate responsiveness to community development needs in the assessment areas.

DESCRIPTION OF INSTITUTION

Headquartered in Utica, NY, Adirondack is the sole bank subsidiary of Adirondack Bancorp, Inc., a bank holding company. The bank operates 17 branches located in northern and central New York State. As of December 31, 2010, the bank had total assets of \$528 million, net loans and leases of \$309 million and total domestic deposits of \$419 million. Of the total net loans and leases, real estate loans totaled \$223 million. Of the total real estate loans, 56% (\$125 million) were secured by one- to four-family residential properties.

Adirondack is a full service commercial bank that offers a variety of credit products to consumers and businesses. Consumer products include residential mortgages (fixed and adjustable rate), automobile/RV/watercraft loans, credit cards, home equity loans and lines of credit, and unsecured personal loans. Commercial products include commercial mortgages, term loans, lines of credit, construction loans, business credit cards, letters of credit, and loans to small businesses.

The bank operates in a competitive market with branches of numerous local, regional, and international banks operating in the bank's assessment areas. Local peer banks include Oneida Savings Bank, Rome Savings Bank, First Niagara Bank, and NBT Bank N.A. Based on deposits reported to the Federal Deposit Insurance Corporation ("FDIC") on June 30, 2010, Adirondack has the fifth largest deposit market share (9%) in the Utica-Rome metropolitan statistical area ("MSA"), the assessment area where the bank conducts a majority of its business.

Adirondack's previous CRA examination was conducted as of August 24, 2009, using the Federal Financial Institutions Examination Council's ("FFIEC") Intermediate Small Bank Examination Procedures. The prior examination resulted in an overall rating of "satisfactory." There are no financial or legal factors that would prevent Adirondack from fulfilling its responsibility under CRA.

DESCRIPTION OF ASSESSMENT AREA

Adirondack has three assessment areas that are located in central and northern New York State. Adirondack's assessment area remained unchanged since its prior review, and consists of the following:

MSA 46540 (Utica-Rome, NY), which includes all of Herkimer County and Oneida County.

Non-MSA Area, which includes portions of Clinton, Essex, Franklin, Fulton, Hamilton, Lewis and Montgomery Counties.

MSA 45060 (Syracuse, NY), which includes a portion of Onondaga County, specifically the City of Syracuse, NY.

The combined assessment areas consist of 269 census tracts, of which 191 are middle- and upper-income tracts, 45 are moderate-income tracts, 31 are low-income tracts, and two are tracts with no income designation. Adirondack'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. Additional assessment area data can be found in Exhibit 1. See Appendix B for a map illustrating the bank's assessment areas.

Exhibit 1				
Summary of Key Assessment Area Data				
	MSA 46540	Non MSA	MSA 45060	TOTALS
Total Population	299,896	151,720	415,669	867,285
Population % of AA population	35%	17%	48%	100%
Families	76,588	37,606	104,084	218,278
Families % of AA families	35%	17%	48%	100%
Total Census Tracts	92	44	133	269
Tracts % AA tracts	34%	16%	49%	100%
LMI tracts	27	5	44	76
LMI tracts % all AA LMI tracts	36%	7%	58%	100%
Total Owner-Occupied Units	79,126	39,381	103,590	222,097
Units % of AA units	36%	18%	47%	100%
Business Establishments⁴	11,831	6,800	19,745	38,376
Bus. est. % AA bus. est.	31%	18%	51%	100%
Farm Establishments⁴	579	352	161	1,092
Bus. est. % AA bus. est.	53%	32%	15%	100%
Number of Branches³	12	4	1	17
Branches % all branches	71%	24%	5%	100%
Branches in LMI tracts	3	0	1	4
LMI branches % AA LMI branches	75%	0%	25%	100%
Branch Deposits (\$'000s)²	337,175	75,504	4,215	416,894
Deposits % AA deposits	81%	18%	1%	100%
Deposit Market Share (%)/ Rank in Market	8.85%/5	1.92%/11	.04%/21	
Home Purchase Originations¹	163	9	5	177
HP originations % AA orig.	92%	5%	3%	100%
Refinance Originations¹	305	63	3	371
RF originations % AA orig.	82%	17%	1%	100%
Home Improvement Originations¹	313	45	4	362
HI originations % AA orig.	86%	13%	1%	100%
Multi-Family¹	3	1	0	4
MF originations % AA orig.	75%	25%	0%	100%
Small Business Originations	199	27	29	255
SB orig. % AA orig.	78%	11%	11%	100%
Consumer Originations	1,164	148	30	1,342
Cons orig. % AA orig.	87%	11%	2%	100%
Combined Loan Totals	2,147	293	71	2,511
% of AA Orig.	85%	12%	3%	100%
1. Loans originated and purchased between January 1, 2009 and December 31, 2010- Universe of Data				
2. Source: Federal Deposit Insurance Corporation ("FDIC") Summary of deposit data as of 6/30/2010				
3. Number of branches as of 12/31/2010				
4. Source: 2009 Dun & Bradstreet				

SCOPE OF EXAMINATION

Procedures

Adirondack was examined using the Federal Financial Institutions Examination Council's ("FFIEC") Intermediate Small Institution Examination Procedures, which consist of a lending test and a community development test.

Products

Loan products included all HMDA-related loans (home purchase, home improvement, and refinance loans) and a sample of consumer loans and small business loans. The small business and consumer loan samples were selected using the Board of Governors' sampling procedures. The sample consisted of 127 small business loans and 179 consumer loans. Examiners verified the integrity of the bank's HMDA, consumer and small business loan data as part of the onsite examination.

Examination Period

HMDA-related, small business and consumer loan originations from January 1, 2009 through December 31, 2010 were analyzed. Examiners reviewed activities pertaining to the community development test for the same time period.

Full Scope Assessment Areas

MSA 46540 (Utica-Rome, NY) and the non-MSA assessment area were analyzed as full scope assessment areas since 99% of Adirondack's deposit activity and 97% of its loan activity occurred within these assessment areas. MSA 45060 (Syracuse, NY) was analyzed as a limited scope assessment area because only 1% of Adirondack's deposits and 3% of the bank's loan activity occurred in that area. In addition, only one of the bank's seventeen branches is located in MSA 45060 (Syracuse, NY).

Lending Distribution Analysis

Only loans in Adirondack's assessment areas were included in the analysis of geographic and borrower distribution. Performance in MSA 46540 (Utica-Rome, NY) was given the most weight in determining the overall rating because of the concentration of Adirondack's branches, branch deposits, and lending activity in that MSA. Adirondack made 85% of the bank's total loans, and generated 81% of its total deposits in MSA 46540 (Utica-Rome NY). 71% of Adirondack's total branches are located in MSA 46540 (Utica-Rome, NY). HMDA-related lending and small business lending performance for 2009 and 2010 was compared with the aggregate of all lenders in Adirondack's assessment areas subject to HMDA and/or CRA small business loan reporting. Aggregate lending data is not available for consumer loans and therefore no aggregate comparison could be made for that loan category.

To evaluate the geographic distribution of HMDA-related lending, the proportion of loan originations was compared to the proportion of owner-occupied housing units located in low- and moderate-income (“LMI”) geographies. To evaluate consumer loans, the proportion of Adirondack’s loan originations was compared to the proportion of households located in LMI geographies. For small business loans, the analysis compared the proportion of Adirondack’s loan originations to the proportion of businesses located in LMI geographies.

To analyze the borrower characteristics of HMDA-related loans, the proportion of Adirondack’s originations to LMI borrowers was compared with the proportion of LMI families residing in the assessment areas. Income estimates from the U.S. Department of Housing and Urban Development (“HUD”) were used to categorize borrower income. To evaluate consumer loans, the proportion of loan originations was compared to the proportion of LMI households located in the assessment area. For small business loans, Adirondack’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 areas. 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.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Adirondack’s record of meeting the credit needs of its assessment areas through its lending performance is rated satisfactory. Adirondack originated a substantial majority of its loans within its assessment areas 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 loans also reflected reasonable penetration throughout the bank’s assessment areas.

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 areas. Adirondack’s average loan-to-deposit ratio for the eight quarters between January 1, 2009 and December 31, 2010 was 74%, based on information contained in its *Consolidated Report of Condition and Income*. This ratio was somewhat below the national peer average of 83% for similarly-sized banks and below an average of 88% for four similarly-situated banks with branches located in Adirondack’s assessment areas during the evaluation period.

Lending in Assessment Areas

Adirondack originated a substantial majority of its loans in its assessment areas. Overall, 94% of the loans evaluated for this CRA examination were originated in the assessment areas. Adirondack originated 95% of its HMDA-related loans to individuals residing in the bank's assessment areas. Of the small business and consumer loans sampled for this evaluation, 93% and 92% respectively, were extended to small businesses and individuals in the bank's assessment areas.

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

Adirondack's overall lending penetration among borrowers of different income levels (including LMI individuals) and businesses of different sizes was reasonable based on reasonable performance in both MSA 46540 (Utica-Rome, NY) and the non-MSA assessment area.

Geographic Distribution of Loans

Adirondack's overall geographic distribution of loans reflected reasonable dispersion throughout the assessment areas in both MSA 46540 (Utica-Rome, NY) and the non-MSA assessment area.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

Adirondack demonstrated overall adequate responsiveness to the community development needs of its assessment areas through an adequate level of community development loans, qualified investments, and community development services. This conclusion considers Adirondack's capacity and the need and availability of opportunities for community development in Adirondack's assessment areas. The overall rating under the community development test is based primarily on Adirondack's community development performance in MSA 46540 (Utica-Rome, NY), from which 85% of the bank's total lending activity and 81% of its total deposit activity is derived. Performance was adequate in MSA 46540 (Utica-Rome, NY) while performance in the non-MSA assessment area was poor. The following chart depicts the number and dollar amount of community development loans and investments in the bank's assessment areas:

Community Development Loans and Qualified Investments										
ASSESSMENT AREA	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		TOTALS	
	#	(\$000s)	#	(\$000s)	#	(\$000s)	#	(\$000s)	#	(\$000s)
MSA 46540	1	\$0	93	\$4,939	1	\$3	3	\$1,225	98	\$6,167
MSA 45060	3	\$127	1	\$13	0	\$0	2	\$830	6	\$969
Non MSA	0	\$0	1	\$3	0	\$0	1	\$89	2	\$92
TOTAL	4	\$127	95	\$4,955	1	\$3	6	\$2,144	106	\$7,228

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations. No evidence of discriminatory or other illegal credit practices was identified as being inconsistent with helping to meet community credit needs.

METROPOLITAN AREA

FULL SCOPE REVIEW

MSA 46540 (UTICA-ROME, NY)

DESCRIPTION OF OPERATIONS

Adirondack's banking activities within its assessment areas were primarily conducted within MSA 46540. As of December 31, 2010, Adirondack operated 12 of 17 branches (71%) in this MSA. These branches generated \$337 million in deposits, which accounts for 81% of the bank's total branch deposits as of June 30, 2010. Of the bank's total number of HMDA loans (914) originated in the assessment areas during 2009 and 2010, 86% were originated in this MSA. Of its total number of consumer loans (1,342) originated in the assessment areas, 87% were originated in this MSA, and of its total number of small business loans originated in the assessment areas (255), 78% were originated in this MSA. For additional assessment area data, see Exhibits 1 and 2.

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 (2000 Census), U.S. Department of Labor, U.S. Department of Housing and Urban Development ("HUD"), New York State Association of Realtors ("NYSAR"), the New York State Department of Labor and the Federal Reserve Bank of New York's District Profile.

Demographic Characteristics

According to the 2000 Census, the Utica-Rome MSA contains 92 census tracts, which includes 10 low-income tracts and 17 moderate-income tracts. Most of the LMI tracts are in Oneida County, concentrated in the cities of Utica and Rome. The low-income tracts contain 8% of the businesses in the MSA, while the moderate-income tracts contain 12% of businesses.

The 2000 Census lists the MSA's population at 299,896. As of July 1, 2009, the population in the MSA decreased to 293,280. Both Oneida and Herkimer County's population has held steady over the past decade, following declines over the previous two decades. Oneida County, which includes both the cities of Utica and Rome, accounts for nearly 80% of the area's population. Herkimer County is more rural.

Income Characteristics

According to the 2000 Census data, the Utica-Rome MSA has 20% of families that are low-income, 18% of families that are moderate-income, and 10% of families living below the poverty level. The 2010 HUD-adjusted median family income for the Utica-Rome MSA is \$56,400, which represents a 1% increase over the 2009 median family income in the MSA.

EXHIBIT 2
Assessment Area Demographics
MSA 46540 UTICA-ROME, NY

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	10	10.9	3,873	5.1	1,416	36.6	15,196	19.8
Moderate-income	17	18.5	9,267	12.1	1,849	20.0	13,909	18.2
Middle-income	48	52.2	47,724	62.3	3,667	7.7	17,647	23.0
Upper-income	16	17.4	15,724	20.5	404	2.6	29,836	39.0
Unknown-income	1	1.1	0	0.0	0	0.00	0	0.0
Total Assessment Area	92	100.0	76,588	100.0	7,336	9.6	76,588	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	10,912	2,090	2.6	19.2	5,815	53.3	3,007	27.6
Moderate-income	19,195	7,415	9.4	38.6	9,109	47.5	2,671	13.9
Middle-income	81,823	51,688	65.3	63.2	18,123	22.1	12,012	14.7
Upper-income	22,895	17,931	22.7	78.3	4,055	17.7	909	4.0
Unknown-income	4	2	0.0	50.0	2	50.0	0	0.0
Total Assessment Area	134,829	79,126	100.0	58.7	37,104	27.5	18,599	13.8
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	978	8.3	792	7.5	96	14.5	90	13.3
Moderate-income	1,463	12.4	1,276	12.2	105	15.8	82	12.1
Middle-income	7,004	59.2	6,294	60.0	339	51.1	371	55.0
Upper-income	2,385	20.2	2,130	20.3	123	18.6	132	19.6
Unknown-income	1	0.0	1	0.0	0	0.0	0	0.0
Total Assessment Area	11,831	100.0	10,493	100.0	663	100.0	675	100.0
	Percentage of Total Businesses:			88.7	5.6	5.7		

Housing Characteristics

The Utica-Rome MSA has 134,829 housing units, of which 59% are owner-occupied, 27% are rental, and 14% are vacant, as of the 2000 Census. Of the total owner-occupied housing units, 12% are located in LMI census tracts. Housing in the Utica-Rome MSA is generally affordable. NYSAR reports the median sales prices for single family homes in Oneida County at \$103,900 in 2009 and \$110,000 in 2010. For Herkimer County, NYSAR reports the median sales prices for single family homes at \$81,757 in 2009 and \$86,960 in 2010. According to community contacts, housing prices have stabilized over the past few years. Rents are also relatively affordable in the MSA. The 2000 Census put median gross rent for the MSA at \$460, compared to median gross rent of \$672 for New York State.

Labor, Employment and Economic Characteristics

The annual unemployment rate for the Utica-Rome MSA was 7.7% in 2009 and 7.9% in 2010, which was below the New York state annual levels of 8.4% in 2009 and 8.6% in 2010. However, the area tends to have low-paying jobs. Manufacturing accounts for a relatively large share of the local economy. During the recent economic downturn, job losses in the MSA were less severe than nationally, however, thus far there has been no significant recovery in employment, particularly in the areas of manufacturing, logging, mining, construction, transportation and utilities. Nevertheless, education and health services and leisure and hospitality held up fairly well and have added jobs since the economic downturn which started in 2008.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Adirondack's overall record of lending in MSA 46540 was satisfactory based on reasonable lending to borrowers of different income levels and to businesses of different sizes and a reasonable geographic distribution of lending.

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

Adirondack's overall distribution of HMDA-related, consumer and small business loans in MSA 46540 reflected reasonable penetration among individuals of different income levels and businesses of different sizes. An analysis of the lending in each loan category follows:

Home Purchase Loans

Adirondack's overall distribution of home purchase loans to LMI borrowers in MSA 46540 was poor. Adirondack originated 5%, which represented only 3 home purchase loans, to low-income borrowers in 2010, compared to 20% of low-income families residing in the assessment area. The bank's home purchase lending to low-income borrowers was significantly below the aggregate, which originated 10% of its home purchase loans to low-income borrowers in 2010.

Adirondack's home purchase lending to moderate-income borrowers was 8% in 2010, compared to 18% of moderate-income families residing in the area. Home purchase lending to moderate-income borrowers was significantly below the aggregate, which originated 29% of its home purchase loans to moderate-income borrowers in 2010. The bank's performance in 2009, when compared to the proportion of LMI families residing in the assessment area and to the 2009 aggregate performance, was similar to 2010 performance for low-income borrowers but more favorable for moderate-income borrowers.

Refinance Loans

Adirondack's overall distribution of refinance loans to LMI borrowers in MSA 46540 was reasonable. Adirondack originated 2%, which represented only 2 refinance loans, to low-income borrowers in 2010, compared to 20% of low-income families residing in the assessment area.

The bank's refinance lending to low-income borrowers was significantly below the aggregate, which originated 5% of its refinance loans to low-income borrowers in 2010. Adirondack's refinance lending to moderate-income borrowers was 14% in 2010, compared to 18% of moderate-income families residing in the area. Refinance lending to moderate-income borrowers was similar to the aggregate, which originated 15% of its refinance purchase loans to moderate-income borrowers in 2010. The bank's performance in 2009, when compared to the proportion of LMI families residing in the assessment area and to the 2009 aggregate performance, was similar to 2010 performance.

Home Improvement Loans

Adirondack's overall distribution of home improvement loans to LMI borrowers in MSA 46540 was reasonable. Adirondack originated 9% of its home improvement loans to low-income borrowers in 2010, compared to 20% of low-income families residing in the assessment area. The bank's home improvement lending to low-income borrowers was below the aggregate, which originated 13% of its home improvement loans to low-income borrowers in 2010.

Adirondack's home improvement lending to moderate-income borrowers was 23% in 2010, compared to 18% of moderate-income families residing in the area. Home purchase lending to moderate-income borrowers was similar to the aggregate, which also originated 23% of its home improvement loans to moderate-income borrowers in 2010. The bank's performance in 2009, when compared to the proportion of LMI families residing in the assessment area and to the 2009 aggregate performance, was similar to 2010 performance.

Consumer Loans

Adirondack's overall distribution of consumer loans to LMI borrowers in MSA 46540 was excellent. Adirondack originated 23% of its consumer loans to low-income borrowers in 2010, compared to 24% of low-income households in the assessment area.

Adirondack's consumer lending to moderate-income borrowers was 21% in 2010, compared to 16% of moderate-income households in the area. The bank's performance in 2009, when compared to the proportion of LMI households residing in the assessment area, was comparable to 2010 performance.

Small Business Loans

Adirondack provided an excellent level of lending to small business borrowers with gross annual revenue (GAR) of \$1 million or less in MSA 46540. In 2010, the bank made 76% of its small business loans to these businesses, compared to the 89% of business establishments in the MSA with GAR of \$1 million or less. Performance was significantly above the aggregate which made 28% of its small business loans to businesses with GAR of \$1 million or less. The bank made 74% of its small business loans in amounts of \$100,000 or less, which was below the aggregate which made 93% of its small business loans in amounts of \$100,000 or less. The average loan size was \$96,000. Performance in 2009 was comparable to 2010.

Geographic Distribution of Loans

The overall distribution of HMDA-related, consumer, and small business loans reflected reasonable dispersion throughout MSA 46540. Performance in this assessment area is assessed based primarily on performance in moderate-income census tracts given the limited loan demand for loans in low-income census tracts as denoted by the very low volume of aggregate loans made in low-income census tracts. An analysis of the lending distribution in each loan category follows:

Home Purchase Loans

Adirondack's distribution of home purchase loans in the LMI areas of MSA 46540 was reasonable. In 2010, Adirondack made no home purchase loans in low-income geographies, compared to 3% of owner-occupied housing units located in low-income geographies. The bank's 2010 home purchase lending in low-income geographies was below the aggregate, which made 1% of its home purchase loans in low-income geographies. However, performance in low-income geographies was not significantly weighted as the aggregate made only 25 home purchase loans in low-income geographies, indicating limited lending opportunities and limited loan demand.

Adirondack made 6% of its home purchase loans in moderate-income geographies in 2010, compared to 9% of owner-occupied housing units located moderate-income geographies. The bank's 2010 home purchase performance in moderate-income geographies was below the aggregate, which made 10% of its home purchase loans in moderate-income geographies. The bank's performance in 2009, when compared to the percentages of owner-occupied housing units and to the 2009 aggregate performance, was comparable to 2010 performance in low-income geographies but stronger in moderate-income geographies.

Refinance Loans

Adirondack's distribution of refinance loans in LMI areas in MSA 46540 was poor. In 2010, Adirondack made no refinance loans in LMI geographies, compared to 3% of owner-occupied housing units located in low-income geographies and 9% of owner-occupied housing units located in moderate-income geographies. The bank's 2010 refinance lending in LMI geographies was below the aggregate, which made 1% of its refinance loans in low-income geographies and 5% of its refinance loans in moderate-income geographies. The aggregate made only 19 refinance loans in low-income geographies, indicating limited loan demand and lending opportunities in these areas. The bank's performance in 2009, when compared to the percentages of owner-occupied housing units and to the 2009 aggregate performance, was comparable to 2010 performance.

Home Improvement Loans

Adirondack's distribution of home improvement loans in LMI areas in MSA 46540 was reasonable. In 2010, Adirondack made 2%, which represented only 3 home improvement loans, in low-income geographies, compared to 3% of owner-occupied housing units located in low-income geographies.

The bank's 2010 home improvement lending in low-income geographies was slightly below the aggregate, which made 3% of its home improvement loans in low-income geographies. However, the aggregate made only 23 home improvement loans in low-income geographies, indicating limited lending opportunities and limited loan demand.

Adirondack made 7% of its home improvement loans in moderate-income geographies in 2010, compared to 9% owner-occupied housing units located moderate-income geographies. The bank's 2010 home improvement performance in moderate-income geographies was slightly below the aggregate, which made 9% of its home improvement loans in moderate-income geographies. The bank's performance in 2009, when compared to the percentages of owner-occupied housing units and to the 2009 aggregate performance, was comparable to 2010 performance.

Consumer Loans

Adirondack's distribution of consumer loans in LMI areas in MSA 46540 was poor. In 2010, Adirondack made no consumer loans in low-income geographies, compared to 24% of households in low-income geographies. The bank made 11% of its consumer loans in moderate-income geographies, compared to 16% of households in moderate-income geographies. The bank's performance in 2010, when compared to the level of households in LMI areas, was comparable to 2009 performance in low-income geographies but weaker in moderate-income geographies.

Small Business Loans

Adirondack's overall distribution of small business loans in LMI geographies of MSA 46540 was reasonable. Adirondack originated 4, or 8% of its small business loans in low-income geographies in 2010, similar to the demographics of the MSA, where 8% of all small businesses operate in low-income geographies. This performance was also similar to the aggregate's 8% of lending in low-income geographies.

Adirondack originated 6%, which represented only 3 small business loans, in moderate-income geographies in 2010, below the demographics of the MSA, where 12% of small businesses operate in moderate-income geographies. This performance was also below the aggregate's 12% of loans in moderate-income geographies. The bank's performance in 2009, when compared to the proportion of small businesses in the assessment area located in LMI geographies and to the 2009 aggregate, was weaker than 2010 performance.

2010 Aggregate Comparison Loan Distribution Table
Assessment Area: MSA 46540

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	1.0%	0.4%	3	4.8%	1.5%	9.5%	5.4%
Moderate	4	6.3%	4.5%	10.2%	6.2%	5	7.9%	7.3%	28.8%	22.4%
Middle	39	61.9%	55.4%	62.7%	60.1%	15	23.8%	16.7%	26.0%	25.4%
Upper	20	31.7%	40.1%	26.2%	33.3%	38	60.3%	71.6%	28.2%	39.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	3.2%	2.9%	7.5%	7.4%
Total	63	100.0%	100.0%	100.0%	100.0%	63	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	0.6%	0.2%	2	2.0%	0.6%	4.8%	2.4%
Moderate	0	0.0%	0.0%	5.4%	3.0%	14	14.3%	7.9%	15.1%	10.0%
Middle	69	70.4%	68.4%	63.5%	60.0%	18	18.4%	14.1%	24.6%	20.5%
Upper	29	29.6%	31.6%	30.6%	36.8%	63	64.3%	76.6%	49.8%	60.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	1.0%	0.8%	5.6%	6.6%
Total	98	100.0%	100.0%	100.0%	100.0%	98	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	3	2.2%	0.3%	2.7%	1.6%	13	9.4%	4.7%	13.2%	6.5%
Moderate	10	7.2%	2.8%	9.1%	5.6%	32	23.0%	11.5%	23.2%	15.8%
Middle	100	71.9%	77.0%	67.5%	63.7%	29	20.9%	11.5%	25.1%	21.2%
Upper	26	18.7%	19.9%	20.6%	29.1%	64	46.0%	71.9%	38.0%	55.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	0.7%	0.4%	0.5%	0.8%
Total	139	100.0%	100.0%	100.0%	100.0%	139	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	28.6%	67.5%	0	0.0%	0.0%	0.0%	0.0%
Middle	1	100.0%	100.0%	57.1%	28.2%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	14.3%	4.3%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	100.0%	100.0%	100.0%	100.0%
Total	1	100.0%	100.0%	100.0%	100.0%	1	100.0%	100.0%	100.0%	100.0%
HMDA Totals										
Low	3	1.0%	0.1%	1.0%	0.3%	18	6.0%	1.6%	7.7%	3.8%
Moderate	14	4.7%	1.9%	7.7%	4.9%	51	16.9%	8.4%	21.5%	15.5%
Middle	209	69.4%	66.3%	63.7%	59.9%	62	20.6%	14.3%	25.2%	22.5%
Upper	75	24.9%	31.8%	27.5%	34.8%	165	54.8%	73.8%	39.8%	50.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	5	1.7%	1.8%	5.8%	7.4%
Total	301	100.0%	100.0%	100.0%	100.0%	301	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
By Tract Income										
		Bank			Aggregate			Aggregate		
	#	%	% \$(000s)	%	% \$(000s)		%	% \$(000s)	%	% \$(000s)
Low	4	8.2%	13.7%	8.2%	15.1%		8.2%	15.1%		
Moderate	3	6.1%	11.7%	11.9%	12.2%		11.9%	12.2%		
Middle	23	46.9%	39.4%	53.0%	45.9%		53.0%	45.9%		
Upper	19	38.8%	35.2%	24.8%	25.2%		24.8%	25.2%		
Unknown	0	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%		
Tract Unknown	0	0.0%	0.0%	2.1%	1.6%		2.1%	1.6%		
Total	49	100.0%	100.0%	100.0%	100.0%		100.0%	100.0%		100.0%
By Revenue										
\$1 Million or Less	37	75.5%	58.1%	28.1%	35.7%					
By Loan Size										
\$100,000 or less	36	73.5%	31.2%	93.2%	37.0%					
\$100,001-\$250,000	7	14.3%	22.8%	4.2%	22.7%					
\$250,001-\$1 Million	6	12.2%	46.1%	2.6%	40.3%					
Total	49	100.0%	100.0%	100.0%	100.0%		100.0%	100.0%		100.0%

Originations and Purchases

COMMUNITY DEVELOPMENT TEST

Adirondack's community development performance in MSA 46540 (Utica-Rome, NY) demonstrated adequate responsiveness to the community development needs of the assessment area through community development loans, qualified investments and community development services. This assessment of Adirondack's performance considers the bank's capacity and the need and availability of such opportunities for community development in MSA 46540.

The bank's overall community development loans and investment activity totaled \$7,228,149. Community development activity was primarily targeted to MSA 46540, which received 85 percent, or \$6,167,000, of the bank's total community development loans and investments.

Community Development Loans

Community development loans in MSA 46540 totaled \$5.5 million, a significant increase to the \$1.5 million in community development lending noted at the prior evaluation. Adirondack's community development lending activity level compared favorably to four similarly-situated banks located in the Utica-Rome MSA.

Community development lending was focused on the provision of community services and was responsive to identified credit needs. Seventy-eight percent of community development loans in MSA 46540 went to community service activities while the balance went to revitalization and stabilization activities. Most of Adirondack's community development loans were to non-profit organizations that provide social services to LMI people. Examples of such loans include:

- A \$200,000 line of credit to an organization that assists individuals overcome homelessness and addictions by providing lodging, food, clothing and counseling. The organization is located in a low-income census tract.
- A \$75,000 line of credit to an organization that provides transitional housing for homeless veterans with permanent housing for disabled and elderly veterans. The organization is located in a low-income census tract.
- A \$1,100,000 commercial real estate mortgage loan to acquire office property and house businesses that will provide jobs to LMI persons. The property is located in a moderate-income census tract.
- A \$50,000 term loan to a home improvement facility that will provide jobs to LMI persons. The company is located in a moderate-income census tract.

Community Development Investments

Community development investments and donations in MSA 46540 totaled \$672,000, a significant increase from the total of \$42,000 in qualified investments noted at the prior evaluation. All community development investments were originated in the current period. Adirondack's community development investments compared favorably to four similarly-situated banks located in the Utica-Rome MSA.

Nearly all of Adirondack's community development investments were focused on the provision of community services and were responsive to identified credit needs. The majority of the bank's investments were made in MSA 46540. In addition, \$222 thousand of a total of \$239 thousand in community development donations were made to organizations which provide community development services in MSA 46540. Most of Adirondack's community development investments were to non-profit organizations that provide social services to LMI people. Adirondack's qualified investments consist of the following:

- Eight bonds totaling \$305,000 to support building improvements to a school district whose students are primarily low or moderate-income.
- A \$145,000 bond to provide essential services to a school district whose students are primarily low or moderate-income.

Community Development Services

Adirondack provided 14 community development services to twelve organizations in MSA 46540. Furthermore, 10 bank employees and 2 directors served on the boards and on board committees of 18 community development organizations in MSA 46540. Total community development services increased 100% compared to the prior evaluation. Examples include:

- One officer serves as chairperson of the fundraising committee for an organization that provides guidance and support to women business owners in the MSA.
- Two Adirondack employees serve (one as chairperson) on the Board of Directors for an organization that raises funds to renovate a hospital in a moderate-income census tract that provides services to LMI people.
- One officer serves on the board of an organization that provides subsidized housing assistance to low-income elderly and disabled people and their families. The organization is located in a low-income census tract.
- One officer serves on a committee of an organization that raises funds to promote business in the MSA. The organization is in a low-income census tract.

The availability of branches in LMI geographies in the MSA enhanced the delivery of financial services to LMI individuals. The overall branch distribution provides excellent accessibility to the LMI population and geographies within the assessment area. Three of the twelve branches (25%) are located in LMI census tracts compared to 19% of the assessment area population residing in LMI census tracts. The branches provide a full range of financial services to the individuals who reside in those geographies.

NON METROPOLITAN AREA

FULL SCOPE REVIEW

CLINTON, ESSEX, FRANKLIN, FULTON, HAMILTON, LEWIS AND MONTGOMERY COUNTIES, NY

DESCRIPTION OF OPERATIONS

As of December 31, 2010, Adirondack operated four branches in the seven counties that make up the non-MSA assessment area, representing 24% of its total 17 branches. These branches generated \$75 million in deposits and accounted for 18% of the bank's total branch deposits as of June 30, 2010. Of the bank's total loans originated in the assessment areas during 2009 and 2010, 13% of HMDA loans, 11% of consumer loans, and 11% of small business loans were originated in the non-MSA assessment area. For additional data, see Exhibits 1 and 3.

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 (2000 Census), the U.S. Department of Labor, the U.S. Department of Housing and Urban Development ("HUD"), the New York State Association of Realtors (NYSAR), and the New York State Department of Labor.

Demographic Characteristics

The non-MSA assessment area encompasses portions of seven contiguous counties located in northern New York State. These counties are primarily rural with towns and villages scattered across the assessment area. According to the 2000 Census, the non-MSA assessment area contains 44 census tracts, which include five moderate-income tracts, 35 middle-income tracts, three upper-income tracts, and one tract that has unknown income. The area has no low-income census tracts. Within the assessment area, three middle-income census tracts in Lewis County and four middle-income census tracts in Montgomery County meet the FFIEC definition of distressed non-metropolitan middle-income census tracts due to population losses. In addition, three middle-income census tracts in Hamilton County meet the FFIEC definition of underserved remote rural areas.

Income Characteristics

According to the 2000 Census, the area has 38% of families that are LMI and 10% of families living below the poverty level. The HUD-adjusted median family income in 2010 for the non-MSA assessment area ranges from a low of \$49,900 in Franklin County to a high of \$60,600 in Clinton County.

EXHIBIT 3								
Assessment Area Demographics								
NON-MSA ASSESSMENT AREA								
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	7,206	19.2
Moderate-income	5	11.4	3,685	9.8	778	21.1	7,012	18.6
Middle-income	35	79.5	30,714	81.7	2,725	8.9	8,521	22.7
Upper-income	3	6.8	3,207	8.5	160	5.0	14,867	39.5
Unknown-income	1	2.3	0	0.0	0	0.0	0	0.0
Total Assessment Area	44	100.0	37,606	100.0	3,663	9.7	37,606	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	7,131	3,184	8.0	44.7	3,048	42.7	899	12.6
Middle-income	65,082	32,671	83.0	50.2	14,526	22.3	17,885	27.5
Upper-income	4,981	3,526	9.0	70.8	1,093	21.9	362	7.3
Unknown-income	5	0	0.0	0.0	5	100.0	0	0.0
Total Assessment Area	77,199	39,381	100.0	51.0	18,672	24.2	19,146	24.8
	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	637	9.4	530	8.8	57	15.0	50	12.8
Middle-income	5,498	80.9	4,928	81.7	271	71.5	299	76.5
Upper-income	663	9.8	571	9.5	51	13.5	41	10.5
Unknown-income	2	0.0	1	0.0	0	0.0	1	0.3
Total Assessment Area	6,800	100.0	6,030	100.0	379	100.0	391	100.0
	Percentage of Total Businesses:			88.7	5.6		5.8	

Housing Characteristics

The assessment area contains 77,199 housing units, of which 51% are owner-occupied, 24% are rental, and 25% are vacant. Of the owner-occupied housing units, 8% are in moderate-income census tracts and represent 45% of total housing units in these census tracts. Demographic information from the 2000 census estimated that the median age of the housing stock throughout the assessment area was 46 years.

According to the NYSAR, the median sales price for a single family home in 2009 ranged from a low of \$89,000 in Franklin County to a high of \$146,000 in Essex County. In 2010, the median sales price ranged from a low of \$90,000 to a high of \$147,250 in the same counties. The median housing costs in the various counties comprising the non-MSA assessment area ranged from four to five times the median family income of a low-income borrower and from two to three times the income of a moderate-income borrower. Housing affordability therefore may be difficult for some low-income individuals in the area.

Labor, Employment and Economic Characteristics

In 2009, the unemployment rates within the seven counties of the non-MSA assessment area ranged from a low of 7.6% in Hamilton County to a high of 9.8% in Fulton County. In 2010, unemployment rates ranged from low of 8.4% in Hamilton County to a high of 10.2% in Clinton County. Unemployment in the non-MSA assessment area was generally higher than New York State's annual rates, which were 8.4% for 2009 and 8.6% for 2010. Dun and Bradstreet reports that the area has 6,800 businesses, of which 89% have GAR of \$1 million or less, indicating a need for small business lending.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Adirondack's overall record of lending in the non-MSA was satisfactory, based on reasonable lending to borrowers of different income levels and to businesses of different sizes and a reasonable geographic distribution of lending.

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

Adirondack's overall distribution of HMDA-related, consumer and small business loans in the non-MSA reflected reasonable penetration among individuals of different income levels and businesses of different sizes. An analysis of the lending in each loan category follows:

Home Purchase Loans

Adirondack's overall distribution of home purchase loans to LMI borrowers in the non-MSA assessment area was poor. Adirondack originated no home purchase loans to LMI borrowers in 2010, compared to 19% of low-income families and 19% of moderate-income families residing in the assessment area. The bank's home purchase lending to LMI borrowers was significantly below the aggregate, which originated 5% and 22% of its home purchase loans to low and moderate-income borrowers, respectively, in 2010. The bank's performance in 2009, when compared to the proportion of LMI families residing in the assessment area and to the 2009 aggregate performance, was comparable to 2010 performance.

Refinance Loans

Adirondack's overall distribution of refinance loans to LMI borrowers in the non-MSA assessment area was reasonable. Adirondack originated 7% of its refinance loans, which represented only one refinance loan, to low-income borrowers in 2010, compared to 19% of low-income families residing in the assessment area. The bank's refinance lending to low-income borrowers was significantly above the aggregate, which originated 4% of its refinance loans to low-income borrowers in 2010.

Adirondack's percentage of refinance lending to moderate-income borrowers was 14% in 2010, which represented only 2 refinance loans, compared to 19% of moderate-income families residing in the area. Refinance lending to moderate-income borrowers was above the aggregate, which originated 12% of its refinance loans to moderate-income borrowers in 2010. The bank's performance in 2009, when compared to the proportion of LMI families residing in the assessment area and to the 2009 aggregate performance, was comparable to 2010 performance.

Home Improvement Loans

Adirondack's overall distribution of home improvement loans to LMI borrowers in the non-MSA assessment area was reasonable. Adirondack originated 10%, which represented only 2 home improvement loans, to low-income borrowers in 2010, compared to 19% of low-income families residing in the assessment area. The bank's home improvement lending to low-income borrowers was slightly below the aggregate, which originated 13% of its home improvement loans to low-income borrowers in 2010.

Adirondack's percentage of home improvement lending to moderate-income borrowers was 35% in 2010, compared to 19% of moderate-income families residing in the area. Home improvement lending to moderate-income borrowers was significantly above the aggregate, which originated 22% of its home improvement loans to moderate-income borrowers in 2010. The bank's performance in 2009, when compared to the proportion of LMI families residing in the assessment area and to the 2009 aggregate performance, was comparable to 2010 performance.

Consumer Loans

Adirondack's overall distribution of consumer loans to LMI borrowers in the non-MSA assessment area was reasonable. Adirondack originated no consumer loans to low-income borrowers in 2010, compared to 25% of low-income households in the assessment area. Adirondack's percentage of consumer lending to moderate-income borrowers was 67% in 2010, which represented only 2 consumer loans, compared to 17% of moderate-income households in the area. The bank's performance in 2009, when compared to the proportion of LMI households residing in the assessment area, was comparable to 2010 performance.

Small Business Loans

Adirondack provided an excellent level of lending to small business borrowers with gross annual revenue (GAR) of \$1 million or less in the non-MSA assessment area. In 2010, the bank made 86% of its small business loans to these businesses, compared to the 89% of business establishments in the MSA with GAR of \$1 million or less. Performance was significantly above the aggregate which made 36% of its small business loans to businesses with GAR of \$1 million or less. The bank made 57% of its small business loans in amounts of \$100,000 or less, which was below the aggregate which made 89% of its small business loans in amounts of \$100,000 or less. The average loan size was \$101,000. Performance in 2010 was stronger than 2009.

Geographic Distribution of Loans

The overall distribution of HMDA-related, consumer and small business loans reflected reasonable dispersion throughout the non-MSA assessment area, when compared to the level of owner-occupied housing units as well as the performance of the aggregate. Since the non-MSA assessment area has no low-income tracts, the analysis of the lending distribution in each loan category was based only on lending performance in moderate-income geographies. In addition, the analysis considered the low level of demand for HMDA-related loans in moderate-income geographies as indicated by the very low levels of loans made by the aggregate in moderate-income geographies. An analysis of the lending distribution in each loan category follows:

Home Purchase Loans

Adirondack's distribution of home purchase loans in the moderate-income areas in the non-MSA assessment area was poor. In 2010, Adirondack made no home purchase loans in moderate-income geographies, compared to 8% of owner-occupied housing units located in moderate-income geographies. The bank's 2010 home purchase lending in moderate-income geographies was significantly below the aggregate, which made 8% of its home purchase loans in moderate-income geographies. However, the aggregate made only 89 home purchase loans in moderate-income geographies, indicating limited loan demand resulting in limited lending opportunities. The bank's performance in 2009, when compared to the percentages of owner-occupied housing units and to the 2009 aggregate performance, was comparable to 2010 performance.

Refinance Loans

Adirondack's distribution of refinance loans in the moderate-income areas in the non-MSA assessment area was reasonable. In 2010, Adirondack made 7% of its refinance loans, which represented only 1 refinance loan, in moderate-income geographies, compared to 8% of owner-occupied housing units located in moderate-income geographies. The bank's 2010 refinance lending in moderate-income geographies was significantly above the aggregate, which made 4% of its refinance loans in moderate-income geographies. The bank's performance in 2009, when compared to the percentages of owner-occupied housing units and to the 2009 aggregate performance, was weaker than 2010 performance.

Home Improvement Loans

Adirondack's distribution of home improvement loans in the moderate-income areas in the non-MSA assessment area was poor. In 2010, Adirondack made no home improvement loans in moderate-income geographies, compared to 8% of owner-occupied housing units located in moderate-income geographies. The bank's 2010 home improvement lending in moderate-income geographies was significantly below the aggregate, which made 3% of its home improvement loans in moderate-income geographies. However, the aggregate made only 11 home improvement loans in moderate-income geographies, indicating very limited loan demand. The bank's performance in 2009, when compared to the percentages of owner-occupied housing units and to the 2009 aggregate performance, was comparable to 2010 performance.

Consumer Loans

Adirondack's distribution of consumer loans in moderate-income areas in the non-MSA assessment area was poor. In 2010, Adirondack made no consumer loans in moderate-income geographies, compared to 17% of households in moderate-income geographies. The bank's performance in 2009, when compared to the level of households in LMI areas, was comparable to 2010 performance.

Small Business Loans

Adirondack's overall distribution of small business loans in moderate-income geographies in the non-MSA assessment area was excellent. Adirondack originated 14%, of its small business loans, which represented only 1 small business loan, in moderate-income geographies in 2010. This percentage was above the demographics of the MSA, where 9% of all small businesses operate in moderate-income geographies and also above the aggregate's percentage of 10%. The bank's performance in 2009, when compared to the proportion of small businesses in the assessment area located in LMI geographies and to the 2009 aggregate, was comparable to 2010 performance.

COMMUNITY DEVELOPMENT TEST

Adirondack demonstrated poor responsiveness to the community development needs of Non-MSA through the provision of community development loans, qualified investments and community development services, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area. Adirondack did not make any community development loans in the non-MSA. Adirondack made one community development investment totaling \$89,400 and one community development donation for \$2,500 in the non-MSA assessment area. The \$89,400 investment was a municipal bond to revitalize an underserved middle-income census tract. Adirondack provided a very limited number of community development services in the non-MSA assessment area, which consisted of a bank officer serving as an advisor to an organization that provides technical assistance to small businesses.

2010 Aggregate Comparison Loan Distribution Table
Assessment Area: Non MSA

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	5.0%	2.2%
Moderate	0	0.0%	0.0%	8.0%	4.4%	0	0.0%	0.0%	22.3%	13.9%
Middle	3	75.0%	63.9%	80.3%	82.3%	1	25.0%	36.1%	27.0%	23.3%
Upper	1	25.0%	36.1%	11.4%	13.1%	3	75.0%	63.9%	38.3%	52.9%
Unknown	0	0.0%	0.0%	0.3%	0.2%	0	0.0%	0.0%	7.4%	7.7%
Total	4	100.0%	100.0%	100.0%	100.0%	4	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	0.0%	0.0%	1	7.1%	6.3%	3.8%	2.0%
Moderate	1	7.1%	1.1%	3.9%	2.2%	2	14.3%	13.5%	11.7%	7.8%
Middle	12	85.7%	82.7%	83.5%	85.2%	3	21.4%	18.5%	23.4%	18.1%
Upper	1	7.1%	16.3%	12.5%	12.6%	7	50.0%	55.4%	51.5%	61.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	7.1%	6.3%	9.6%	10.6%
Total	14	100.0%	100.0%	100.0%	100.0%	14	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	0.0%	0.0%	2	10.0%	2.1%	12.8%	4.5%
Moderate	0	0.0%	0.0%	2.6%	2.2%	7	35.0%	33.7%	21.6%	12.6%
Middle	20	100.0%	100.0%	88.9%	92.1%	4	20.0%	26.3%	24.9%	23.1%
Upper	0	0.0%	0.0%	8.5%	5.7%	5	25.0%	26.5%	37.9%	57.3%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	10.0%	11.4%	2.8%	2.5%
Total	20	100.0%	100.0%	100.0%	100.0%	20	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	7.1%	3.6%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	85.7%	90.4%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	7.1%	6.0%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
HMDA Totals										
Low	0	0.0%	0.0%	0.0%	0.0%	3	7.9%	4.1%	5.6%	2.2%
Moderate	1	2.6%	0.6%	5.4%	3.2%	9	23.7%	14.4%	17.3%	10.5%
Middle	35	92.1%	81.8%	83.1%	84.4%	8	21.1%	24.0%	24.9%	20.3%
Upper	2	5.3%	17.5%	11.5%	12.3%	15	39.5%	51.7%	44.0%	56.8%
Unknown	0	0.0%	0.0%	0.1%	0.1%	3	7.9%	5.9%	8.2%	10.2%
Total	38	100.0%	100.0%	100.0%	100.0%	38	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
By Tract Income										
		Bank			Aggregate					
	#	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	
Low	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Moderate	1	14.3%	24.7%	9.6%	9.8%	71.4%	18.8%	0.0%	0.0%	
Middle	6	85.7%	75.3%	12.0%	18.8%	0.0%	0.0%			
Upper	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Unknown	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Tract Unknown	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Total	7	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%			
By Revenue										
\$1 Million or Less	6	85.7%	35.5%	43.9%						
By Loan Size										
\$100,000 or less	4	57.1%	14.3%	88.5%	31.2%					
\$100,001-\$250,000	2	28.6%	49.6%	6.9%	23.9%					
\$250,001-\$1 Million	1	14.3%	36.1%	4.6%	44.9%					
Total	7	100.0%	100.0%	100.0%	100.0%					

Originations and Purchases

METROPOLITAN AREA

MSA 45060 (SYRACUSE, NY)

(LIMITED REVIEW)

MSA	Lending Test	Community Development Test
MSA 45060 (Syracuse, NY)	Consistent	Consistent

2010 Aggregate Comparison Loan Distribution Table
Assessment Area: MSA 45060

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	2	40.0%	35.7%	2.3%	1.6%	0	0.0%	0.0%	10.4%	5.9%
Moderate	1	20.0%	5.1%	7.2%	4.1%	2	40.0%	35.7%	23.8%	18.3%
Middle	0	0.0%	0.0%	49.9%	44.9%	0	0.0%	0.0%	26.0%	25.8%
Upper	2	40.0%	59.2%	40.6%	49.5%	2	40.0%	59.2%	30.8%	42.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	20.0%	5.1%	9.0%	7.9%
<i>Total</i>	<i>5</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>5</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Refinance										
Low	0	0.0%	0.0%	1.2%	0.7%	0	0.0%	0.0%	5.9%	3.3%
Moderate	0	0.0%	0.0%	3.7%	2.0%	0	0.0%	0.0%	15.8%	10.9%
Middle	1	50.0%	72.6%	44.9%	39.2%	1	50.0%	27.4%	24.2%	20.7%
Upper	1	50.0%	27.4%	50.2%	58.1%	1	50.0%	72.6%	44.7%	54.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	9.4%	10.3%
<i>Total</i>	<i>2</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>2</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Home Improvement										
Low	0	0.0%	0.0%	2.7%	1.4%	0	0.0%	0.0%	8.7%	4.9%
Moderate	0	0.0%	0.0%	8.7%	5.5%	1	25.0%	0.8%	25.7%	16.1%
Middle	1	25.0%	31.9%	50.5%	42.2%	0	0.0%	0.0%	27.2%	23.2%
Upper	3	75.0%	68.1%	38.1%	50.9%	3	75.0%	99.2%	36.4%	50.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	2.0%	5.0%
<i>Total</i>	<i>4</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>4</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Multi-Family										
Low	0	0.0%	0.0%	24.1%	20.7%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	17.2%	6.8%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	51.7%	70.3%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	6.9%	2.3%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA Totals										
Low	2	18.2%	20.1%	1.9%	1.6%	0	0.0%	0.0%	8.3%	4.6%
Moderate	1	9.1%	2.9%	5.8%	3.2%	3	27.3%	20.3%	20.4%	14.5%
Middle	2	18.2%	21.3%	47.8%	42.9%	1	9.1%	4.9%	25.2%	22.9%
Upper	6	54.5%	55.8%	44.5%	52.2%	6	54.5%	71.9%	37.3%	46.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	9.1%	2.9%	8.8%	11.1%
<i>Total</i>	<i>11</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>11</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
SMALL BUSINESS										
By Tract Income										
		Bank			Aggregate					
	#	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	
Low	2	33.3%	67.7%	15.5%	18.5%					
Moderate	0	0.0%	0.0%	8.8%	6.7%					
Middle	3	50.0%	17.9%	45.2%	51.2%					
Upper	1	16.7%	14.3%	30.5%	23.5%					
Unknown	0	0.0%	0.0%	0.0%	0.0%					
Tract Unknown	0	0.0%	0.0%	0.0%	0.0%					
<i>Total</i>	<i>6</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>					
By Revenue										
\$1 Million or Less	2	33.3%	18.6%	24.2%	21.6%					
By Loan Size										
\$100,000 or less	4	66.7%	22.2%	89.5%	22.0%					
\$100,001-\$250,000	1	16.7%	14.3%	4.9%	16.8%					
\$250,001-\$1 Million	1	16.7%	63.5%	5.6%	61.2%					
<i>Total</i>	<i>6</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>					

Originations and Purchases

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 LMI 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 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.

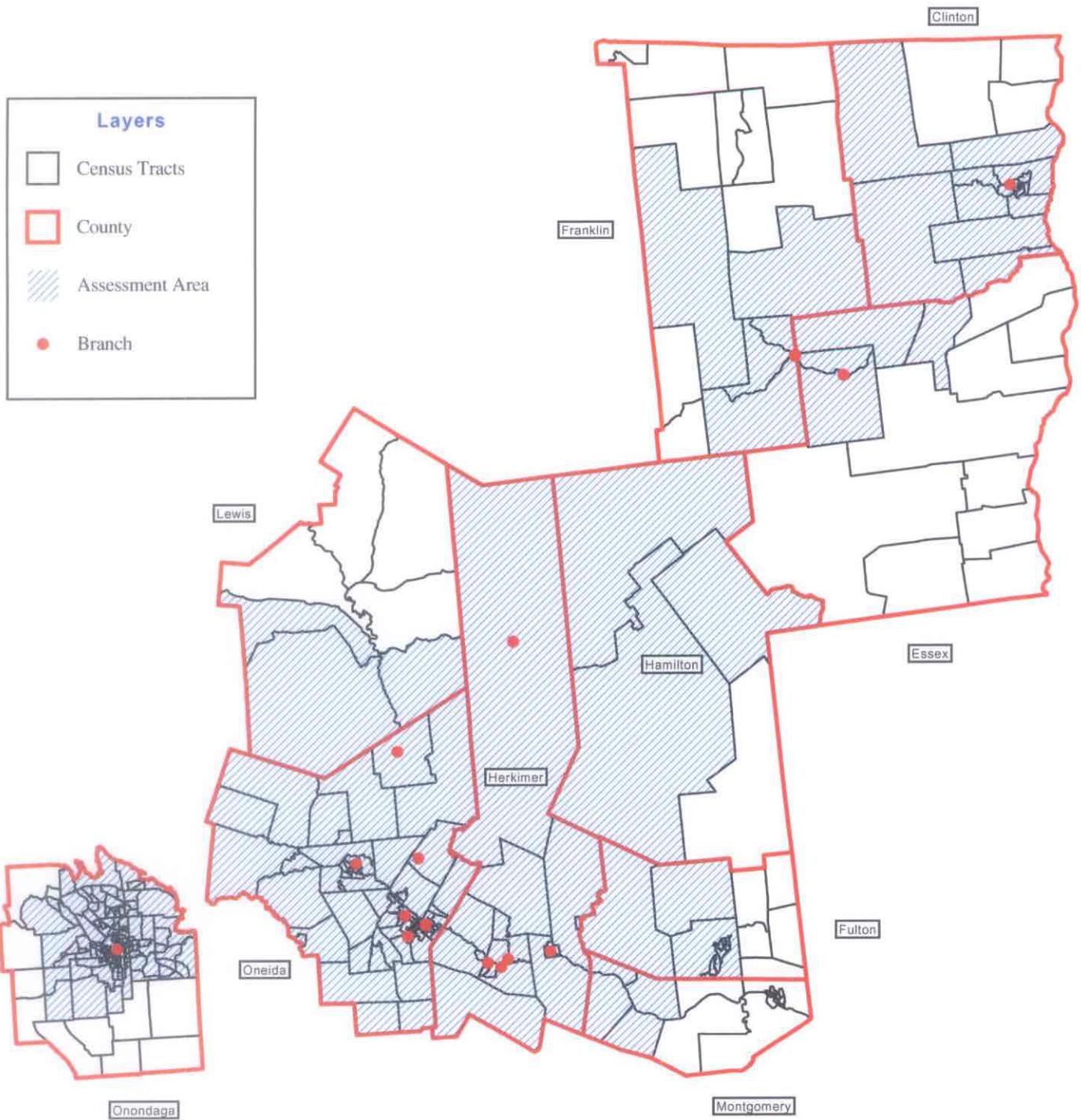
Small loan(s) to business(es): A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (“Call Report”) and the Thrift Financial Reporting (“TFR”) instructions. These loans have original amounts of \$1 million or less and typically are either secured 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.

Adirondack Bank

Assessment Area

January 1, 2009 - December 31, 2010



Layers

- Census Tracts
- County
- Assessment Area
- Branch

