



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street
New York, NY 10004-1417

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2006

Institution: The Adirondack Trust Company
473 Broadway
Saratoga Springs, NY 12866-0326

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of The Adirondack Trust Company (“ATC”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2006.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low and moderate income areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve record of meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.12. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document. g Board.

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating

ATC is rated "1," indicating an outstanding record of helping to meet community credit needs.

Lending Test: "Satisfactory"

- ATC's loan-to-deposit ("LTD") ratio is considered reasonable given its size, financial condition and assessment area credit needs. ATC's average LTD ratio for the eight consecutive quarters ended December 31, 2006, was 64.5%, lower than the peer group's 86.2%. It should be noted that ATC sold mortgage loans totaling \$43.2 million to the Federal National Mortgage Association during the evaluation period and had a significant deposit growth due to the introduction of a tiered money market account and a special 7-month CD.
- ATC extended a substantial majority of its loans in the assessment area. During the evaluation period, it originated 87.2% of its HMDA-reportable loans and 83.6% of its small business loans within its assessment area.
- ATC's geographic distribution of loans reflects a marginally reasonable penetration throughout the assessment area. In 2005, ATC's penetration rates in moderate-income areas were below the market aggregate's for both HMDA-reportable and small business loans.
- The distribution of ATC's loans reflects a reasonable penetration among businesses of different sizes and individuals of different income levels.

In 2006, ATC's penetration of HMDA-reportable loans among LMI borrowers improved significantly to 30.9% from 21.0% in 2005. Also, the rate of small business loans extended to businesses with revenues of \$1 million or less increased to 57.1% in 2006 from 52.5% in 2005.

The New York State Banking Department has not received any complaint about ATC with respect to CRA since the prior evaluation.

Community Development Test: "Outstanding"

- ATC's community development performance demonstrates an excellent responsiveness to the community development needs of its assessment area. As of the evaluation period, total qualified community development commitments aggregated \$10.7 million, of which \$9.1 million is new money. Total commitments increased 87.6%, from the \$5.7 million reported at the prior evaluation.

- During the evaluation period, ATC's qualified investment including grants totaled \$11.1 million, of which \$5.4 million is new money.
- ATC's officers, directors and staff provide technical assistance and a wide range of qualified services to community development organizations that promote affordable housing, economic development and community services throughout the assessment area.

This Evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution's Profile:

ATC is a state chartered commercial bank located in Saratoga Springs, in the Capital District Region of New York State. Founded in 1901, ATC is the largest independent community bank in Saratoga County. ATC operates ten offices in Saratoga Springs, Malta, Milton, Wilton and Glens Falls, offering a complete range of banking, loan, and investment management and trust services. During the evaluation period, ATC did not open or close any branch.

Per the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition ("Call Report") at December 31, 2006, ATC reported total assets of \$673.5 million. Of this total, \$365.6 million were net loans. Since the prior evaluation, ATC's total assets increased by \$90.4 million (15.5%) from \$583.1 million. ATC also reported deposits of \$593.6 million, resulting in a LTD ratio of 61.7%.

Based on the FDIC's deposit market share report as of June 30, 2006, ATC's home county (Saratoga) provided 98.8% of the bank's deposits. ATC ranked first out of 17 deposit-taking institutions in Saratoga County and eighth out of eight in Warren County with market shares of 20.68% and 0.54%, respectively.

Deposit Market Share as of June 30, 2006				
County	# Offices	Deposits \$000	Market Share	Rank
Saratoga	9	558,702	20.68%	1st out of 17
Warren	1	6,588	0.54%	8th out of 8
Total	10	565,290	14.43%	1st out of 17

As of December 31, 2006, ATC's loan portfolio totaled \$375 million, consisting primarily of commercial mortgages of \$128.1 million (34.1%), 1-4 family residential mortgages of \$98.7 million (26.3%), commercial and industrial loans of \$72.2 million (19.3%), and consumer loans of \$52.8 million (14.1%). Since the previous evaluation conducted as of December 31, 2004, ATC's lending increased modestly by 7.2% (\$25.3 million). The most significant contributors to the growth in lending were commercial mortgage loans which increased by 11.5% (\$13.2 million), consumer loans by 11.5% (\$5.4 million), and 1-4 family residential mortgages by 10.5% (\$9.4 million).

The following is a summary of ATC's lending portfolio during the last three years, based on Schedule RC-C of the Call Report:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2004		12/31/2005		12/31/2006	
	\$000	%	\$000	%	\$000	%
1-4 Family Residential Loans	89,340	25.5	92,247	25.3	98,711	26.3
Multifamily Loans	6,335	1.8	8,522	2.3	6,375	1.7
Commercial Mortgage Loans	114,812	32.8	112,443	30.8	128,059	34.1
Commercial & Industrial Loans	74,169	21.2	78,675	21.6	72,220	19.3
Consumer Loans	47,347	13.5	49,281	13.5	52,793	14.1
Construction Loans	11,021	3.2	17,123	4.7	10,938	2.9
Other Loans	6,701	1.9	6,305	1.7	5,939	1.6
Total Gross Loans	349,725	100.0	364,596	100.0	375,035	100.0

ATC participates in a government-sponsored or guaranteed lending program. During the evaluation period, ATC extended 37 SBA guaranteed loans to small business customers.

Home Mortgage Loans: In 2005, ATC ranked 15th by number and 11th by dollar volume among 229 lenders in the assessment area with a market share of 1.9% and 2.3%, respectively.

Small Business Loans: ATC's market share and ranking among financial institutions in the assessment area were not available.

At the prior CRA evaluation conducted by the Banking Department as of December 31, 2004, ATC received a rating of "1," reflecting an outstanding record of helping to meet community credit needs.

There are no known financial or legal impediments that adversely impacted ATC's ability to meet the credit needs of its community.

Assessment Area:

ATC has delineated portions of Saratoga and Warren counties as its assessment area. Based on the 2000 U.S. Census, the assessment area consists of 33 census tracts, 7 (21.2%) of which are moderate-income, 20 (60.6%) are middle-income, 5 (15.2%) are upper-income and one (3%) is a zero-income tract. There were no changes to ATC's assessment area since the prior evaluation.

The following table shows the distribution of census tracts inside the assessment area:

Assessment Area - Distribution by Census Tracts Based On OMB Changes As Of 2004										
County	Moderate		Middle		Upper		NA		Total	
	#	%	#	%	#	%	#	%	#	%
Saratoga	5	19.2	16	61.5	4	15.4	1	3.9	26	100.0
Warren	2	28.6	4	57.1	1	14.3	0	0.0	7	100.0
Total	7	21.2	20	60.6	5	15.2	1	3.0	33	100.0

Details of Assessment Area:

Statistics Based on the 2000 U.S. Census

Unemployment

The U.S. Department of Labor reported an average unemployment rate of 3.6% in the bank's home county of Saratoga and 4.6% in Warren County in 2005, as compared to the New York State average unemployment rate of 5.0% in 2005. In 2006, average unemployment rates in Saratoga and Warren counties improved slightly to 3.5% and 4.5%, respectively, compared to and New York State's average of 4.5%.

Business Demographics

In 2006, the number of businesses in the assessment area grew to 11.5 thousand (10.7%) from 10.4 thousand at the prior year, of which 7.2 thousand (62.3%) reported revenues of \$1 million or less. The assessment area consists mainly of very small businesses, with 72.9% employing less than 50 persons. The largest sources of employment were services (36.6%), retail trade (16.2%), construction (8.1%), and finance, insurance & real estate (7.0%).

The following table shows the distribution of businesses by industry in each county comprising the assessment area during the evaluation period.

Distribution of Businesses Within Assessment Area								
Type	Saratoga County				Warren County			
	2005		2006		2005		2006	
	Count	% of Total	Count	% of Total	Count	% of Total	Count	% of Total
Agriculture, Forestry & Fishing	243	3.13	252	2.89	42	1.60	45	1.62
Mining	3	0.04	6	0.07	2	0.08	2	0.07
Construction	740	9.53	770	8.82	163	6.22	165	5.95
Manufacturing	288	3.71	287	3.29	94	3.59	91	3.28
Communication	229	2.95	226	2.59	69	2.63	70	2.53
Wholesale Trade	227	2.92	236	2.70	81	3.09	80	2.89
Retail Trade	1,326	17.07	1,363	15.62	506	19.31	498	17.97
Finance, Insurance & Real Estate	494	6.36	580	6.65	209	7.98	226	8.16
Services	2,936	37.80	3,063	35.09	1,106	42.21	1,141	41.18
Public Administration	122	1.57	113	1.29	31	1.18	30	1.08
Non-Classified Establishments	1,159	14.92	1,832	20.99	317	12.10	423	15.27
Total	7,767	100.00	8,728	100.00	2,620	100.00	2,771	100.00

The assessment area appears reasonable based upon the location of branches and its lending patterns. There is no evidence that LMI areas were arbitrarily excluded.

CHART # 1

ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY																					
COUNTY	Total Population**	Age 65 and over		Age 16 and less		Median Family Income(MFI)	HUD MSA MFI	# of Households	# of HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
Saratoga**	121,007	13,845	11.4	26,897	22.2	55,960	66,200	46,809	3,206	7.0	31,723	5,396	17.0	6,310	19.9	7,771	24.5	12,246	38.6	1,997	17.1
Warren**	29,403	4,394	14.9	6,357	21.6	47,286	53,700	12,465	1,254	10.0	7,627	1,366	17.9	1,374	18.0	1,850	24.3	3,037	39.8	545	19.9
TOTAL A/A*	150,410	18,239	12.1	33,254	22.1	54,278	63,548	59,274	4,460	7.5	39,350	6,762	17.18	7,684	19.5	9,621	24.4	15,283	38.8	2,542	17.6

* Assessment Area

** Partial county

CHART # 2

ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY																			
COUNTY	Total	1-4 family		Multifamily		Owner-Occupied		O-O Units in		O-O Units in		O-O Units in		O-O Units in		Rental		Vacant/	
	Housing Units	Units		Units		Units (O-O)		Low-income Tracts	Mod-income Tracts	Mid-income Tracts	Upp-income Tracts	Units		Boarded-up Units					
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%		
Saratoga**	50,272	45,629	90.8	4,643	9.0	33,162	66.0	0	0.0	3,585	10.8	23,517	70.9	6,060	18.3	14,863	30.0	3,486	7.0
Warren**	13,286	11,256	84.7	2,030	15.0	7,322	55.1	0	0.0	629	8.6	4,551	62.2	2,142	29.3	5,569	42.0	874	7.0
TOTAL A/A*	63,558	56,885	89.5	6,673	10.5	40,484	63.7	0	0.0	4,214	10.4	28,068	69.3	8,202	20.3	20,432	32.1	4,360	6.9

* Assessment Area

** Partial County

CHART # 3

BUSINESS DEMOGRAPHICS BY COUNTY											
COUNTY AND ASSESSMENT AREA(A/A)	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Businesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
Saratoga*	8,728	5,435	62.3	397	4.5	2,896	33.2	6,273	72	7,874	90.2
Warren*	2,771	1,734	62.6	156	5.6	881	31.8	2,105	76	2,336	84.3
Total	11,499	7,169	62.3	553	4.8	3,777	32.9	8,378	73	10,210	88.8

*Partial County

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Banking Department assesses an intermediate small bank's CRA performance under the Lending and Community Development test. The lending test is evaluated according to the following criteria: (1) Loan-to-Deposit Ratio and Other Lending-Related Activities; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Distribution by Borrower Characteristics; and (5) Action Taken in Response to Written Complaints Regarding CRA. The community development test is evaluated according to the following criteria: (1) Community Development Loans; (2) Qualified Investments; and (3) Community Development Services. These two tests are pursuant to Part 76.11 and 76.12 of the General Regulations of the Banking Board.

The evaluation period covers 2005 and 2006. The 2005 aggregate loan data was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCI Corporation's CRA Wiz® software. The demographic data referenced in this evaluation were obtained from the 2000 U.S. Census. Updated median family income ("MFI") figures for 2005 and 2006 were obtained from the U.S. Department of Housing and Urban Development ("HUD").

Examiners considered small business and HMDA-reportable loans in evaluating factors (2), (3), and (4), of the lending test noted above. In its evaluation of small business loans, the examiners reviewed a sample of 80 out of 607 loans for 2005 and 63 out of 486 for 2006.

I. Lending Test: "Satisfactory"

Loan-to-Deposit Ratio ("LTD"): "Satisfactory"

ATC's LTD ratio is reasonable considering its size, financial condition and the credit needs of the assessment area.

ATC's average LTD ratio for the eight consecutive quarters ending December 31, 2006, is 64.5%, well below the peer group's average of 86.2%¹. As illustrated in the table below, ATC's LTD ratios declined in 2006 after showing a steady improvement in 2005.

Loan-to-Deposit Ratios									
	2005 (Q1)	2005 (Q2)	2005 (Q3)	2005 (Q4)	2006 (Q1)	2006 (Q2)	2006 (Q3)	2006 (Q4)	Average LTD
Bank	64.16	67.66	67.34	67.71	62.89	65.10	59.19	61.65	64.46
Peer	84.87	86.00	85.89	85.43	85.54	87.00	87.60	86.83	86.15

¹These ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") prepared by the Federal Deposit Insurance Corporation ("FDIC"). The bank's peer group includes all insured commercial banks having assets between \$300 million and \$1 billion. The UBPR peer group is a national peer group and includes banks that may be operating in very different economic environments.

During the evaluation period, ATC sold 252 mortgage loans with an aggregate value of \$43.2 million to the Federal National Mortgage Association (“FNMA”).

Assessment Area Concentration: “Outstanding”

ATC extended a substantial majority of its small business and HMDA-reportable loans inside the assessment area.

During the evaluation period, based on number of loans, 86.0% of ATC’s small business and HMDA-reportable loans were extended inside the assessment area. Based on dollar volume, the ratio was 83.0% inside the assessment area. At the previous evaluation period, the ratios were 90.1% and 89.2%, respectively.

The table below illustrates the distribution of loans originated inside and outside of the assessment area for 2005 and 2006:

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Category or Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable Loans										
2005	143	85.6	24	14.4	167	24,548	85.2	4,254	14.8	28,802
2006	149	88.7	19	11.3	168	19,831	81.2	4,580	18.8	24,411
Sub-total	292	87.2	43	12.8	335	44,379	83.4	8,834	16.6	53,213
Small Business Loans										
2005	80	87.0	12	13.0	92	7,701	76.0	2,433	24.0	10,134
2006	63	79.7	16	20.3	79	5,445	91.3	520	8.7	5,965
Sub-total	143	83.6	28	16.4	171	13,146	81.7	2,953	18.3	16,099
Total	435	86.0	71	14.0	506	57,525	83.0	11,787	17.0	69,312

Geographic Distribution of Loans: “Satisfactory”

ATC’s geographic distribution of loans reflects a poor penetration throughout the assessment area. Aggregate HMDA-reportable and small business loans data for 2006 were not available at the time of this writing.

HMDA-reportable Loans:

In 2005, ATC extended 2.8% of its HMDA-reportable loans in moderate-income areas. This is significantly below the market aggregate’s ratio of 9.8%. ATC’s LMI penetration ratio is also slightly below the prior year’s ratio of 4.4%.

During 2006 however, ATC’s moderate-income area penetration rates improved to 5.4% but ATC did not extend any loans in low-income areas.

The table below illustrates the distribution of HMDA-reportable loans by geography

income level for 2005 and 2006.

Distribution of HMDA- Reportable Loans by Geography Income Level*								
2005								
Geography	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	-	-	-	-	-	-	-	-
Moderate	4	2.8	304	1.2	745	9.8	69,920	6.6
Middle	112	78.3	17,190	70.0	5,373	70.7	730,513	68.5
Upper	27	18.9	7,054	28.7	1,483	19.5	266,242	25.0
N/A	-	-	-	-	-	-	-	-
Total	143	100.0	24,548	100.0	7,601	100.0	1,066,675	100.0
2006								
Geography	Bank							
	#	%	\$000	%				
Low	-	-	-	-				
Moderate	8	5.4	562	2.8				
Middle	112	75.2	15,249	76.9				
Upper	29	19.5	4,020	20.3				
N/A	-	-	-	-				
Total	149	100.0	19,831	100.0				

* Geography income level is based upon 1990 Census data on median family income figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA median, moderate-income is 50% to <80% of the MSA median income, middle-income is 80% to <120% and upper-income is at least 120%.

Small Business Loans:

In 2005, based on a sample of 80 small business loans originated by ATC in its assessment area, 8.8% were extended in moderate-income areas. Although this was an improvement from the prior year's ratio of 5.6%, it is below the market aggregate's moderate-income penetration ratio of 12.2%.

In 2006, based on a sample of the 63 small business loans originated by ATC in its assessment area, the ratio extended in moderate-income areas fell significantly to 3.2%.

The table below illustrates the distribution of small business loans by geography income-level for 2005 and 2006:

Distribution of Small Business Loans by Geography Income Level								
2005								
Geography	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	-	-	-	-	-	-	-	-
Moderate	7	8.8	535	6.9	501	12.2	15,178	12.5
Middle	56	70.0	4,394	57.1	2,671	65.1	84,436	69.4
Upper	17	21.3	2,772	36.0	931	22.7	22,003	18.1
N/A	-	-	-	-	-	-	-	-
Total	80	100.0	7,701	100.0	4,103	100.0	121,617	100.0
2006								
Geography	Bank							
	#	%	\$000	%				
Low	-	-	-	-				
Moderate	2	3.2	71	1.3				
Middle	45	71.4	4,369	80.2				
Upper	16	25.4	1,005	18.5				
N/A	-	-	-	-				
Total	63	100.0	5,445	100.0				

* Geography income level is based upon 1990 Census data on median family income figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA median, moderate-income is 50% to <80% of the MSA median income, middle-income is 80% to <120% and upper-income is at least 120%.

Distribution by Borrower's Characteristics: "Satisfactory"

ATC's distribution of loans reflects a reasonable penetration among customers of different income levels and businesses of different sizes, given the product lines offered.

HMDA-reportable Loans:

In 2005, of the total HMDA-reportable loans originated by ATC within the assessment area, 21.0% were extended to LMI borrowers. This is 4.2 percentage points below the market aggregate's LMI penetration ratio and 5.8 percentage points lower than its prior year's. However, ATC's LMI penetration ratio improved significantly to 30.9% in 2006.

The table below illustrates the distribution of HMDA reportable loans by borrower income level for 2005 and 2006:

Distribution of HMDA- Reportable Loans by Borrower Income Level								
2005								
Borrower Income	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	9	6.3	703	2.9	411	5.4	28,451	2.7
Moderate	21	14.7	2,156	8.8	1,506	19.8	152,144	14.3
Middle	31	21.7	4,524	18.4	2,232	29.4	280,763	26.3
Upper	68	47.6	13,955	56.8	3,136	41.3	558,647	52.4
N/A	14	9.8	3,210	13.1	316	4.2	46,670	4.4
Total	143	100.0	24,548	100.0	7,601	100.0	1,066,675	100.0
2006								
Borrower Income	Bank							
	#	%	\$000	%				
Low	12	8.1	571	2.9				
Moderate	34	22.8	2,747	13.9				
Middle	28	18.8	2,824	14.2				
Upper	67	45.0	12,101	61.0				
N/A	8	5.4	1,588	8.0				
Total	149	100.0	19,831	100.0				

* Borrower income level is based upon the Department of Housing and Urban Development's annual estimate of median family income ("MFI") figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA MFI, moderate-income is 50% to <80%, middle-income is 80% to <120%, and upper-income is at least 120%.

Small Business Loans:

In 2005, ATC extended 52.5% of its small business loans to businesses with gross annual revenues of \$1 million or less. This compares favorably to the market aggregate's lending ratio of 44.8%. In 2006, at 57.1%, ATC continued to extend a reasonable volume of loans to small businesses.

The following chart illustrates the distribution of small business loans by business revenue and by loan size during the evaluation period:

Distribution of Small Business Loans by Revenues and Loan Size								
2005								
Revenues	Bank				Aggregate			
	#	%	\$ 000	%	#	%	\$ 000	%
\$1 million or less	42	52.5	3,878	42.7	1,839	44.8	45,326	37.3
Over \$1 million	26	32.5	3,404	37.5	0		0	
Unknown	12	15.0	1,804	19.9	0		0	0.0
Total	80	100.0	9,086	100.0	4,103	44.8	121,617	37.3
2006								
Revenues	Bank							
	#	%	\$ 000	%	#	%	\$ 000	%
\$1 million or less	36	57.1	3,976	73.0				
Over \$1 million	17	27.0	1,075	19.7				
Unknown	10	15.9	394	7.2				
Total	63	100.0	5,445	100.0				

II. Community Development Test: "Outstanding"

ATC's community development performance demonstrates an excellent responsiveness to the community development needs of its assessment area through community development lending and qualified investments.

Community Development Loans

ATC is a leader in making qualified community development loans. During the evaluation period, ATC's commitments totaled \$10.7 million, 84.8% (\$9.1 million) of which is new money. This current level of lending represents a significant increase over the \$5.7 million reported at the prior evaluation.

ATC's community development commitments include loans and credit facilities to non-profit organizations and local economic development entities that support affordable housing, economic development, revitalization and stabilization, and community service.

- During the evaluation period, ATC provided a \$476 thousand loan to Shelters of Saratoga Housing Development, a non-profit organization that provides food, clothing and shelter to homeless people in Saratoga, Warren and Washington counties, including grant assistance to low-income homeowners for repairs of owner-occupied houses.
- During the evaluation period, ATC granted a \$940 thousand loan to NYSARC, Inc., Saratoga County chapter, a not-for-profit organization that serves individuals with intellectual and other developmental disabilities and their families.

The chart below summarizes ATC’s community development lending activities during the evaluation period:

Community Development Loans (\$000s)						
Location	Affordable Housing	Economic Development	Community Service	Revitalize & Stabilize	New Money	Total Commitment
MSA 10580	3,682	662	5,930	335	3,957.8	10,609
MSA 24020	72					72
Statewide	13					13
Total	3,767	662	5,930	335	3,957.8	10,694

Qualified Investments

ATC’s level of qualified community development investments reflects an excellent responsiveness to the credit needs of the assessment area. During the evaluation period, ATC qualified investments including grants of \$134 thousand totaled \$11.1 million, of which \$5.4 million was new money. Of these investments, \$11.6 thousand were for affordable housing, \$60 thousand were for community services, \$764.4 thousand were for economic development, and \$10.2 million were for revitalization and stabilization. Below are some examples of ATC’s qualified investments:

- A \$3.4 million investment in General Obligation Serial Bonds issued by the City of Saratoga Springs. The bonds were issued for the following projects: police department building repairs, City Hall Exterior improvements, parking lot and infrastructure improvements, which include MI census tracts.
- A \$1.2 million investment in various serial bonds issued by the County of Schenectady, New York. The funds were used to purchase a building in moderate income tract.
- A \$100,000 investment in public improvement serial bonds issued by the City of Watervliet, New York. The bonds are directed towards city infrastructure, purchase of property and equipment upgrades to fire and police department.

Community Development Services

ATC is a leader in providing community development services. ATC’s management provides technical assistance to organizations and programs that promote affordable housing, economic development and community services throughout the assessment area. Below are some of the community development services provided by ATC’s directors, officers and employees:

- The president/CEO serves on the board of Saratoga County Industrial Development Authority.

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- A director of ATC is the chair and a board member of Saratoga Springs Work Force Housing Trust Fund and an executive committee member of the Work Force Housing Partnership of Saratoga County.
 - The CRA officer is the chair of the City of Saratoga Springs Community Development Citizens Advisory Committee, a regional loan committee member of the New York Business Development Corporation, an underwriting volunteer at the Saratoga Springs Revolving Economic Development Loan Fund, a board member and treasurer of the William B. Reed Foundation of the Alcohol & Substance Abuse Prevention Project, a board member of Domestic Violence and Rape Crisis Services of Saratoga County, and a regional loan committee member of the Statewide Zone Capital Corporation.
 - The executive vice president is a board member of Statewide Zone Capital Corporation.
 - The chief financial officer and a vice president are board members of Transitional Services Association Inc.
 - A vice president is a board member of Big Brothers Big Sisters of the Southern Adirondacks.

Action Taken in Response to Written Complaints with Respect to CRA

Since the prior CRA evaluation as of December 31, 2004, neither ATC nor the New York State Banking Department has received any written complaints regarding the ATC's CRA performance.

- **Discrimination or Other Illegal Practices**

Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.

No practices intended to discourage applications for the types of credit offered by the institution were noted.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance report concurrent with this assessment indicates a satisfactory performance in terms of adherence to antidiscrimination or other applicable laws and regulations. No evidence of prohibited discrimination or other illegal credit practices was noted.

- **Process Factors**

Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to

communicate with members of its community regarding the credit services being provided by the banking institution.

ATC ascertains the credit needs of its assessment area through active involvement by its directors, officers and employees with various community organizations. ATC's officers meet with officials of civic, religious, neighborhood and not-for-profit organizations to discuss the credit needs of the community. These organizations include New York Business Development Corporation, City of Saratoga Springs Office of Community development, Shelters of Saratoga Housing Development Fund Corporation and Tri-County United Way.

ATC participates in a wide variety of meetings and seminars to keep up to date with events that affect the market and credit needs of the community.

The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.

ATC uses a variety of media to advertise and inform the community about its product and credit services. It advertises primarily through print media such as Ballston Journal, Saratoga Today, Business Review Capital Region. ATC also advertises on local radio stations and television.

The extent of participation by the banking institution's board of directors/trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The board of directors reviews and approves ATC's CRA statement annually. The most recent CRA statement was approved on August 2, 2007. Also, the board of directors reviews a wide variety of CRA related materials in its regular meetings.

VI. Other Factors

Other factors that in the judgment of the Superintendent and Banking Board, bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

None noted.

GLOSSARY

Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

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- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
 - Organizations engaged in affordable housing rehabilitation and construction;
 - Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
 - Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
 - Projects eligible for low-income housing tax credits;
 - State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
 - Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
 - Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A "community development service" is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM "Training Machines" available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;

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- ❖ Developing secondary market vehicles or programs;
 - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - ❖ Furnishing financial services training for staff and management;
 - ❖ Contributing accounting/bookkeeping services; and
 - ❖ Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all

instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that depicts the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans to LMI geographies or borrowers.

Small Business Loans

Loans to businesses with original amounts of \$1 million or less.