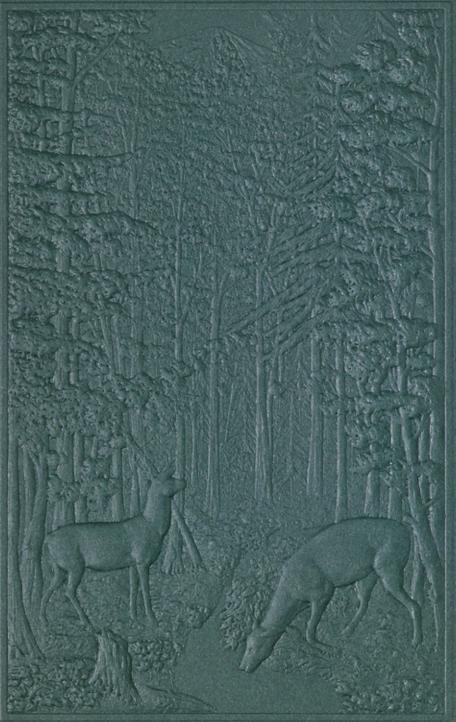
The Adirondack Trust Company



2004 ANNUAL REPORT



Directors

WALLACE W. ALLERDICE
SUSAN LAW DAKE
MICHAEL T. DENNIS
PHILIP A. GLOTZBACH
WILLARD E. GRANDE
THOMAS J. HEALY
JOHN T. HEDBRING
DOUGLASS M. MABEE
J. THOMAS ROOHAN, JR.
HARRY D. SNYDER
STEPHEN F. SULLIVAN
STEPHAN R. VON SCHENK
CHARLES V. WAIT
JANE A. WAIT

Officers

CHARLES V. WAIT Chairman, President & CEO

STEPHAN R. VON SCHENK Executive Vice President

JOHN M. FULLERTON Senior Vice President & Trust Officer

JOHN J. BOYD Vice President & Chief of Security

RICHARD J. FERGUSON Vice President

DOUGLASS M. MABEE Vice President

KELLEY H. PELUSO Vice President

DAVID W. ROBERTSON Vice President

NORMAN J. SMITH Vice President - Human Resources

ELLERY T. WILLARD, JR. Vice President

MICHAEL S. BRODT Assistant Vice President

JOHN D. CONROE Assistant Vice President

STEWART J. HATCH Assistant Vice President

DOUGLAS R. BLEYL Assistant Treasurer

SHARON L. CHARBONNEAU Assistant Treasurer - Compliance Officer

> LISA M. LENGYEL Assistant Treasurer

MARY B. McLAUGHLIN Assistant Treasurer

CHARLENE S. MUSOLFF Assistant Treasurer

MARCY J. THOMPSON Assistant Treasurer

LINDA A. WATTERS Assistant Treasurer DAVID W. BROWN Vice President & Treasurer

VIRGINIA A. CLARK Vice President

LUCILE M. LUCAS Vice President

GAIL PASTOR Vice President

EUGENE G. QUIRK Vice President - Insurance

D. ROBERT SCRIBNER Vice President

ROBERT E. WARD, JR. Vice President

JACK ARNOLD Comptroller

CAROL A. CATONE Assistant Vice President

EDWARD P. HART, III Assistant Vice President

MEREDITH L. RUMPF Assistant Vice President

JUDITH CASSIER Assistant Treasurer

MATTHEW P. D'ABATE Assistant Treasurer

> TAMRA L. LYNCH Assistant Treasurer

LYNN A. McTYGUE Assistant Treasurer

JO-ANN M. O'REILLY Assistant Treasurer

NEWMAN E. WAIT III Assistant Treasurer

JUDITH M. ZANELLA Assistant Treasurer

KATHLEEN M. STEVENS Executive Assistant & Corporate Secretary

* * * *

RICHARD F. CARMAN, JR. Vice President - Audit

A Note to Our Stockholders:

It is Monday, January 17th and it's cold. The ten minute walk to my office was brisk. Actually, the walk was a bit longer than ten minutes as I stopped to talk to a neighbor about shoveling snow and playing pool. The sun was bright even though very low in the sky, as is normal this time of year. As I passed 467 Broadway at 9:45 a.m., the sun lay hidden behind City Hall. I crossed Church Street and passed the bank on my way to Uncommon Grounds for a cup of coffee to take with me to the office. G. Willikers still has their fabulous Christmas window displays, including a life-size nutcracker and a gingerbread house the size of some of the smaller condos being built by Sonny Bonacio. The windows at Compton's are fogged on the inside from many patron's breath. A light dry snow still lays on the sidewalk and on the awnings of Bruegger's Bagel Shop and Craven Books. The sidewalks in front of the Roohan building and Eddie Bauer are clear, the result of their heated sidewalk systems, the only ones on Broadway.

Today is a bank holiday and it gives me a chance to work quietly on this year's annual report. The holiday is Martin Luther King, Jr. Day, and I reflect on times of change. And the scent of change is certainly in the air. Europeans have successfully landed the Huygens probe from the mother ship Cassini on Jupiter's moon Titan, a sign that their newfound unity is producing tangible results. China is rapidly growing in strength, economically and politically, and is joining the world community of nations. Afghanistan has just concluded the first free elections in their nation's history and Iraq will soon follow at the end of this month. Our nation is learning the hard way that there are limits to what we are able to accomplish when we act unilaterally. We are also learning, I hope, that our national inclination to be generous must be tempered by sound economics.

Saratoga Springs is changing too. Saratoga Raceway's VLT (video lottery terminal) experiment has been economically more successful than anyone imagined. Luxury condominiums are being built in our downtown along with new hotels, office buildings, retail space and parking garages. A new \$10 million dollar YMCA is being planned and The Ayco Company moved into their stunning new office building on Broadway. Your bank has purchased land from the City of Saratoga Springs, next to the location of the City's new parking garage. We have secured the necessary approvals to build a five story office building on the site, and expect to complete construction by early 2006.

Ironically, this success comes at a time when two of the engines of Saratoga's prosperity have fallen on hard times. The Saratoga Performing Arts Center and the New York Racing Association are both losing money, restructuring management, and redefining their business models. This process will continue to be painful for a time, but in the end, I remain confident that new, leaner organizations will emerge. In the case of the Saratoga Performing Arts Center, an invigorated board and management may see SPAC not as just a performance venue, but also as the catalyst for a broader international arts festival. In the case of the New York Racing Association, I believe that a new organization, capable of retaining and reinvesting profits will generate greater dividends for the people of the State, and for Saratoga. We look forward to supporting these efforts.

There was a changing of the guards this year, more so than normal. Vassar Curtis, Gail Pastor, and A. William Colonell retired as officers of your bank. Together they represented over 95 years of banking experience with The Adirondack Trust Company. Both Gail Pastor and Bill Colonell preceded me as employees of the bank. They helped to train me, not so easy a job, but a job they carried out with skill. Vassar served as Executive Vice President and ran the bank whenever I was absent. His ability, skill, and consideration for other officers and employees allowed me to leave the bank, knowing it was in capable hands.

We have eleven new officers, five of whom we hired from other institutions, and six of whom were promoted from within. Among the new officers is Vassar Curtis' replacement, Stephan von Schenk. Steve trained at Norstar Bank and then moved to Troy Savings Bank where he began their commercial lending division. We added two new commercial lenders, Stewart Hatch (also from Troy Savings Bank) and Ed Hart from Ballston Spa National Bank. Robert Ward joined us as Vice President of Marketing and Jack Arnold as Comptroller. Both of these positions are new to us, and both of the incumbents came from Troy Savings Bank. As noted above, six other individuals from our staff were promoted to officers this year, including Douglas Bleyl, Lisa Lengyel, Mary McLaughlin, Charlene Musolff, Kathleen Stevens, and Marcy Thompson.

In the spring of this year we purchased Wise Financial Services. With this acquisition, Adirondack Trust Company Financial Services Inc. will be among the top ten insurance agencies in the capital region.

We opened our ninth and tenth offices this year, one just south of Ballston Spa and the other at Prestwick Chase. Both are off to good starts. The financial results of your bank were a bit better than we expected. Trust assets increased by \$26 million. Written insurance premiums grew by 260% principally because of the aforementioned acquisition of Wise Financial Services. In line with our predictions, banking assets grew on average by five percent and interest rates remained low. However, net income was enhanced by better than expected growth in loan volume, continued modest net charge-offs, and increased other revenue. As a result, our net income fell by only five percent, much better than the 15 percent we were expecting. Accordingly the Board of Directors voted in favor of another special dividend.

It is with deep regret that I note the passing of a dear friend and colleague this year, Douglass W. Mabee. We have reprinted in the back of this report the motion passed at the Board of Directors meeting to commemorate his importance to this bank. I will only add, that he was a close personal friend and trusted advisor, and that without his support I would not have been able to enjoy the privilege of leading this great community institution.

I would personally like to thank the directors, employees, and shareholders of this fine institution. Your guidance, commitment and loyalty to our company has made The Adirondack Trust Company the outstanding organization that it is today.

It is as I said, a time of great change. Nations are changing, our hometown is changing, our bank is changing. It is comforting to me, as I conclude writing this year's annual report, to know that amidst this swirl of events, I can still enjoy the walk to work and back, and enjoy conversation with my neighbors along the way, and know that our bank will adapt to the changes that the future will bring.

Charles V. Wait

President









Comparative Statement of Condition

Assets

Liabilities - Capital

December 31,			December 31,		
	2004	2003		2004	2003
Cash and Due from Banks	\$13,983,712.64	19,328,636.88	LIABILITIES Demand Deposits	\$109,783,840.97 222,351,192.32 177,707,105.54	\$104,393,337.11 228,561,849.71 175,299,069.52
Securities: Obligations of U.S. Government Obligations of Federal Agencies	122,565,346.74 14,951,124.91	129,492,043.60 3,674,264.21	Other Liabilities TOTAL LIABILITIES	4,937,224.18 \$514,779,363.01	4,123,083.55 \$512,377,339.89
Obligations of State and Municipal Subdivisions Other Securities Federal Funds Sold Mortgage Loans Other Loans, Net Other Assets Bank Premises, Furniture and Fixtures	41,073,356.03 1,274,126.10 24,000,000.00 82,257,453.35 258,467,321.49 11,376,929.59 13,183,329.53	51,638,583.75 1,867,644.82 22,000,000.00 83,472,808.96 248,652,614.22 7,047,155.22 11,594,625.82	CAPITAL ACCOUNTS Common Stock (\$50 par value per share; 80,000 and 74,036 shares authorized, 75,050 and 74,036 shares issued respectively) Surplus	\$3,752,500.00 4,817,200.00 55,395,254.89 4,388,382.48	\$3,701,800.00 3,701,800.00 52,863,819.05 6,123,618.54
			TOTAL CAPITAL	\$68,353,337.37	\$66,391,037.59
TOTAL ASSETS	\$583,132,700.38	\$578,768,377.48	TOTAL LIABILITIES AND CAPITAL	\$583,132,700.38	\$578,768,377.48

Statement of Income

Operating Income:	2004	2003
Interest and Other Fees on Loans	\$20,807,661.66	20,731,299.96
Interest and Dividends:		
Securities of U.S. Government	4,825,431.07	4,871,236.69
Securities of Federal Agencies	97,570.56	152,116.84
Obligations of States and Municipal		
Subdivisions	1,283,249.52	1,243,721.68
Other Securities	80,575.19	125,840.33
Service Charges on Deposit Accounts	1,577,182.78	1,530,437.29
Securities Gains (Losses)	47,119.71	332,945.05
Gain on Sale of Loans	202,185.81	2,530,380.93
Other Operating Income	4,782,151.06	2,735,496.68
Total Operating Income	\$33,703,127.36	\$34,253,475.45
Operating Expenses: Salaries and Employee Benefits	\$9,993,862.00 4,083,824.65 1,844,806.96 1,501,098.28 345,845.59 5,190,896.48	\$8,443,131.35 5,248,434.69 1,528,169.17 1,312,751.26 1,429,485.66 4,831,091.53
Total Operating Expense	\$22,960,333.96	\$22,793,063.66
OPERATING EARNINGS BEFORE TAXES	\$10,742,793.40	\$11,460,411.79
PROVISION FOR APPLICABLE TAXES	(3,142,432.66)	(3,445,495.00)
NET INCOMEPER SHARE	\$7,600,360.74 \$101.27	\$8,014,916.79 \$108.26

Changes In Loan Reserves

	2004	2003
Balance at Beginning of Year	\$9,000,000.00 262,206.03 345,845.59	\$7,628,343.49 207,873.96 1,429,485.66
Balance before Deductions Losses Charged	\$9,608,051.62 608,051.62	\$9,265,703.11 265,703.11
Balance at End of Year	\$9,000,000.00	\$9,000,000.00

Changes In Capital Accounts

	2004	2003
Balance at Beginning of Year	\$66,391,037.59	\$64,234,366.74
Additions: Net Income	7,600,360.74	8,014,916.79
Securities Reserve Adjustment	(1,735,236.96) 1,166,100.00	(818,097.94)
Balance before Deductions	\$73,422,261.37	\$71,431,185.59
Deductions: Dividends Declared	(5,068,924.00)	(5,040,148.00)
Balance at End of Year	\$68,353,337.37	\$66,391,037.59

The following resolution proposed and written by Mr. Wait, moved by Mr. Grande, and seconded by Mr. Dennis was unanimously carried on May 5, 2004 and entered into the official minutes of the Board of Directors of The Adirondack Trust Company:

"The Board of Directors of The Adirondack Trust Company pauses in its' deliberations in honor of the memory of Douglass W. Mabee. Mr. Mabee was the third generation of his family to be associated with the bank. His grandfather was a founder, his father an officer and a director and his son Douglass M. Mabee continues the family tradition.

Mr. Mabee was a Vice President of The Adirondack Trust Company, a director of the bank for 45 years and served on the Board of 473 Broadway Holding Corporation until 1996, but he continued advising management and the Board until his death.

His wisdom, foresight, and character continually challenged management to maintain the highest standards in the conduct of the business of banking. His loyalty to the concept of a strong independent community bank saved this institution on more than one occasion from being subsumed by a larger organization. His support for The Adirondack Trust Company, the Saratoga Hospital, and the Bethesda Church was always strong, quiet, and sensitive to the needs of the community. Saratoga Springs is a much better community because of his care than it might otherwise have been.

We honor him, we will miss him, and we hope that future readers of these minutes will pause, just as we have done, to remember a man who was respected and loved by those who had the special pleasure of knowing him."



473 Broadway • Saratoga Springs, N.Y. (518) 584-5844

Branch Offices

Ballston Spa	Milton
220 Church Ave.	162 Northline Rd.
Ballston Spa	Ballston Spa
Exit 15	Prestwick Chase
3017 Route 50	100 Saratoga Blvd.

Wilton	Saratoga Springs		
Glens Falls	South Broadway		

	,
24 Maple St.	112 South Broadway
Glens Falls	Saratoga Springs

Malta	West Church
2510 Route 9	315 Church St.
Malta	Saratoga Springs

Wilton

650 Maple Ave. Wilton

www.adirondacktrust.com