The Adirondack Trust Company

2024 ANNUAL REPORT

ADIRONDACK
TRUST COMPANY

Directors

GUY ALONGE, III

DR. MARC CONNER

SUSAN LAW DAKE

MARY C. GAVIN

JOHN T. HEDBRING

DOUGLASS M. MABEE

DOUGLASS T. MABEE

J. THOMAS ROOHAN, JR.

BRIAN A. STRAUGHTER, Ed.D

STEPHEN F. SULLIVAN

STEPHAN R. von SCHENK

CHARLES V. WAIT

CHARLES V. WAIT, JR.

Senior Management Team

CHARLES V. WAIT
Chairman of the Board

CHARLES V. WAIT, JR., ESQ.
President & CEO

JACK ARNOLD, CPA
Executive Vice President,
Chief Administrative Officer,
Chief Financial Officer
& Treasurer

MICHAEL S. BRODT
Senior Vice President

ROBERT F. LOUGHRAN
Senior Vice President

BRYAN M. BOOTH
Senior Vice President

EDWARD P. HART, III
Senior Vice President

ELLEN BRODIE
Vice President

ANDREW R. FERRARA
Vice President

ANGELA M. KEDIK
Vice President

EDWARD M. LENZ
Vice President

KELLEY H. PELUSO
Vice President

TODD SILVA
Vice President

MICHAEL J. O'CONNELL
Executive Vice President

KATHLEEN M. MacAREVEY
Corporate Secretary & Executive Assistant

MATTHEW P. D'ABATE
Senior Vice President

PATRICK B. REILLY
Senior Vice President

BRIAN C. FAY, CMA
Senior Vice President

BOBBI JO LUCAS
Senior Vice President

EDWARD M. CONNELL, ESQ.
Vice President

MATTHEW C. HARRISON
Vice President

DEAN A. KOLLIGIAN
Vice President

MICHAEL D. MURRAY
Vice President

SUSANNE M. ROGAN
Vice President

SAMER TAKI
Vice President

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MICHELLE MUIR
Vice President - Audit

SARA SPYCHALSKI
Vice President - Compliance

A Note to Our Stockholders

The Galápagos Islands are a small group of volcanic islands near the equator, approximately 560 miles west of the mainland of South America. These islands are known for their wildlife, particularly the giant tortoises after which they were named (the word galápago means turtle in some Iberian dialects). Less well known are the 18 species of finches that also call the Galápagos home, and which helped to inspire Charles Darwin's theory of evolution.

These finches share many similarities with their mainland American counterparts, a fact that Darwin, in his diary of his voyage to the islands on the H.M.S. Beagle, took special notice of.[1] Later, in his book *On the Origin of Species*, Darwin wondered why, if these species had been created on the Galápagos, they would bear such a strong resemblance to mainland finches.[2] He suspected that the Galápagos finches had actually arrived in the Galápagos from America and had subsequently diverged from their mainland ancestors—an insight that led him to conclude that the variation in the birds was due to subsequent modification, rather than original creation, an important example of his theory of natural selection at work.[3]

Darwin's core insight—that adaptation and change are a consequence of selective survival—changed the way we thought about the natural world. The idea that adaptation and change are necessary for survival can also be applied to the business world. Businesses as well as species must adapt to changing circumstances in order to survive.

This past year, your Bank made changes designed to help it adapt to an ever-changing world, enabling it to continue to grow. For example, we added a new product, Zelle®, which allows our customers to transfer money between your Bank and any bank in the Zelle® network at the touch of a button. Since its introduction in April 2024, we have had nearly $2 million in transactions and have

1. Charles Darwin, Voyage of the Beagle 276 (Janet Brown and Michael Neve, eds.,1989).
2. Charles Darwin, The Origin of Species 385-386 (Random House 1979).
3. *Id.* at 390.

added more than 1,400 users. We also implemented new customer relationship management software that will allow us to better serve our customers and grow our customer base, particularly in conjunction with our new sales initiative. Finally, we created a new sales training program to educate and prepare the next generation of salespeople.

In 2024, your Bank's core businesses grew. Amsure posted record revenue of nearly $20 million. Having outgrown its current space, Amsure now occupies the Woodlawn Building, which, as I noted in last year's report, has been renovated. The new building is now welcoming customers, and I encourage you to visit.

Our Wealth Management Department also grew significantly, with record revenue of $4.2 million and assets under management reaching a new record of $939 million at year-end. We grew deposits this year by more than 10 percent, to a new year-end record of $1.5 billion, and loans grew by 5 percent, reaching a new record of $995 million.

Change always comes with challenge as well as opportunity, and this year was no exception. Part of our efforts to grow our deposit base came with increased interest expenses of $7.2 million, which led to an 11 percent reduction in net income as growth in deposit costs continued to outpace growth in loan revenue. Despite this, your Bank earned a 7.8 percent return on your equity and increased your equity by 12 percent overall. Moreover, in 2024, short-term interest rates began to ease, and the yield curve inversion ended. This normalization of the yield curve may reduce the margin pressure we have lately been experiencing. Boosted by the running of the Belmont Stakes this past summer in Saratoga, our local economy is performing very well. We look forward to continuing to take advantage of opportunities to both change for the better and to help our community to do so.

As important as adaptation and change are, an often overlooked element of evolution is the stability of certain very helpful characteristics over time. For example, while Darwin noted that particular characteristics, such as beak shape, differed amongst the finch species,[4] their overall characteristics remained similar, even after migrating to the Galápagos. These core characteristics enabled the finches to survive and prosper in a new environment. Natural selection made the necessary changes while leaving the core of the finches intact.

In business, stable characteristics manifest as core values. We feel that the best way to overcome the challenges posed by a changing environment is to remain loyal to our core values of customer service, financial prudence, and community support. These values are essential to our success as an organization, and, this year, we were rewarded for our commitment to them by being recognized as one of the *Albany Business Review*'s Best Places to Work and as one of America's Best Regional Banks of 2025 by *Newsweek*. *Newsweek*'s criteria for the best 500 banks included measures of safety and soundness as well as an independent customer satisfaction survey.

On the theme of change, one other item bears mentioning. In early 2025, Jack Arnold, our Chief Financial Officer, retired. Jack served The Adirondack Trust Company for two decades and has been instrumental in many of the positive changes we have made over the years. We thank Jack for his service, and we are confident that his successor, Brian Fay, will help us achieve new heights. Thank you for your support.

Sincerely,

Charles V. Wait, Jr.

President and Chief Executive Officer

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1. *See* Darwin, Voyage of the Beagle, *supra* note 1, at 276.

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Financial Narrative

New records were achieved in year-end total assets and deposits. Other records achieved this year included total loans, Insurance Agency revenue, and Wealth Management revenue. Consolidated total assets of $1.7 billion and total deposits of $1.5 billion were up 6.3 percent and 10.2 percent, respectively. Total loans of $995 million were up 5.0 percent, a new record. Investments were down $62.8 million, due primarily to sales, maturities, and paydowns during the year. The short-term advance from the Federal Home Loan Bank of New York of $52 million in the third quarter of 2023 was taken as an abundance of caution due to the looming threat of a government shutdown at that time. This advance matured in March 2024.

Net income of $12 million in 2024 was down 10.9 percent compared to last year, as the continued increase in interest expense outpaced growth in interest income. Despite these conditions, we achieved a new revenue record for our Insurance Agency, with total revenue of just under $20 million. Other increases in non-interest income included record revenue from our Trust & Wealth Management division and our BOLI (Bank Owned Life Insurance) program. We did not add to our loan loss reserve in 2024.

Non-interest expenses were up 4.2 percent, primarily due to increased compensation and benefits expense and data-processing fees, as we continue our strategy to grow our Insurance Agency team, invest in the ongoing advancement of our technology platforms, and actively enhance our data-security systems.

Return on average assets and equity was 0.76 percent and 7.8 percent, respectively.

Respectfully submitted,

Jack Arnold, CPA

Executive Vice President, Chief Administrative Officer,
Chief Financial Officer, and Treasurer

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Assets

	As of December 31, 2024	2023
ASSETS		
Cash and due from banks	$197,859,330.95	$88,369,495.84
Securities:		
Obligations of U.S. government	340,522,797.33	393,676,849.11
Obligations of federal agencies	24,754,926.53	27,349,554.39
Obligations of state and municipal subdivisions	14,850,662.80	15,854,483.15
Corporate	32,654,796.26	36,467,578.36
Other securities	1,376,149.12	3,629,899.12
Loans:		
Commercial loans	696,199,183.32	676,880,983.66
Residential loans	285,713,785.22	256,491,112.73
Other loans	12,712,637.98	13,652,913.32
Allowance for credit losses	(19,972,998.64)	(20,003,899.53)
Bank premises, furniture and fixtures, net	37,555,602.03	33,110,701.93
Goodwill and other intangibles, net	20,242,817.76	18,754,983.47
Accrued interest receivable	4,283,603.91	4,725,859.38
Pension funded status	17,678,335.00	12,577,053.00
Pre-paid expenses	2,296,305.81	1,859,616.76
Other assets	45,618,274.14	48,712,886.96
TOTAL ASSETS	$1,714,346,209.52	$1,612,110,071.65

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Liabilities and Stockholders' Equity

	As of December 31, 2024	2023
LIABILITIES		
Demand deposits	$390,658,515.94	$406,912,345.25
Savings deposits	818,052,953.04	736,911,385.37
Time deposits	309,245,979.62	233,542,881.57
Total deposits	1,517,957,448.60	1,377,366,612.19
Repurchase agreements and other borrowings	2,489,244.56	55,681,534.57
Accrued expenses	11,639,069.12	11,256,450.43
Other liabilities	16,719,691.24	20,541,860.02
TOTAL LIABILITIES	1,548,805,453.52	1,464,846,457.21
STOCKHOLDERS' EQUITY		
Common stock ($50 par value per share; 80,000 shares authorized, 76,912 and 76,899 shares issued, respectively)	3,845,600.00	3,844,950.00
Surplus	7,479,367.00	7,453,510.00
Retained earnings	171,358,349.17	163,809,852.79
Accumulated other comprehensive loss	(17,142,560.17)	(27,844,698.35)
TOTAL STOCKHOLDERS' EQUITY	165,540,756.00	147,263,614.44
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,714,346,209.52	$1,612,110,071.65

Statements of Income

	For the years ended December 31, 2024	2023
Interest and dividend income:		
Interest and fees on loans	$47,303,834.14	$41,686,485.45
Interest and dividends on securities	6,402,830.29	7,019,229.54
Other interest income	3,732,757.49	3,333,003.45
Total interest and dividend income	57,439,421.92	52,038,718.44
Interest expense:		
Deposits and escrow accounts	19,261,125.30	12,045,559.71
Net interest income	38,178,296.62	39,993,158.73
Provision for credit losses	82,026.00	0.00
Net interest income after provision for credit losses	38,096,270.62	39,993,158.73
Non-interest income:		
Commissions and fees from insurance sales	19,946,812.80	18,249,743.31
Trust service fees	4,170,945.99	3,713,855.56
Service charges on deposits	799,631.17	798,636.73
Net gains from loan sales	46,589.31	50,420.48
Net losses from securities transactions	(823,327.50)	0.00
Other income	4,448,952.85	3,843,193.37
Total non-interest income	28,589,604.62	26,655,849.45
Non-interest expense:		
Compensation and benefits	32,161,104.35	30,981,825.94
Premises and equipment, net	4,665,716.46	4,868,303.28
Data processing	5,878,873.14	5,308,477.43
Other professional services	1,891,701.53	1,709,820.78
Other expenses	6,863,405.94	6,503,549.62
Total non-interest expense	51,460,801.42	49,371,977.05
Income before income tax expense	15,225,073.82	17,277,031.13
Income tax expense	3,196,830.44	3,784,772.11
Net Income	$12,028,243.38	$13,492,259.02
Net Income per common share	$156.41	$175.48

Changes In Allowance For Credit Losses

	For the years ended December 31, 2024	2023
Beginning allowance for credit losses on loans	$20,003,899.53	$20,697,776.29
Recoveries credited	82,286.74	5,740.69
Provision for credit losses	0.00	0.00
Losses charged	(113,187.63)	(11,823.45)
Reclassified allowance for credit losses on off-balance sheet exposure	0.00	(687,794.00)
Ending allowance for credit losses on loans	$19,972,998.64	$20,003,899.53
Beginning allowance for credit losses on off-balance sheet exposure	$654,310.00	$0.00
Provision for credit losses	82,026.00	(33,484.00)
Reclassified allowance for credit losses on off-balance sheet exposure	0.00	687,794.00
Ending allowance for credit losses on off-balance sheet exposure	$736,336.00	$654,310.00

Changes In Stockholders' Equity

	For the years ended December 31, 2024	2023
Balance at beginning of year	$147,263,614.44	$126,421,293.19
Net Income	12,028,243.38	13,492,259.02
Issued 13 and 13 shares common stock, respectively	26,507.00	26,832.00
Cash dividends declared	(4,479,747.00)	(4,402,097.25)
Change in unrealized loss on securities available for sale, net of tax	7,312,400.13	10,056,576.47
Change in pension and post retirement benefit plans funded status, net of tax	3,389,738.05	1,668,751.01
Balance at end of year	$165,540,756.00	$147,263,614.44

ADIRONDACK
TRUST COMPANY

MAIN OFFICE

473 Broadway
Saratoga Springs, New York
(518) 584-5844

BRANCH OFFICES

BALLSTON SPA
224 Church Avenue
Ballston Spa

EXIT 11
322 Ruhle Road
Ballston Lake

Exit 15
3017 Route 50
Wilton

EXIT 18
79 Main Street
Queensbury

LAKE GEORGE
350 Canada Street
Lake George

MALTA
2510 Route 9
Malta

MILTON
162 Northline Road
Milton

PRESTWICK CHASE
100 Saratoga Boulevard
Saratoga Springs

QUEENSBURY
376 Bay Road
Queensbury

SOUTH BROADWAY
112 South Broadway
Saratoga Springs

WEST CHURCH
315 Church Street
Saratoga Springs

WILTON
650 Maple Avenue
Wilton

ADIRONDACK
WEALTH MANAGEMENT

A Division of Adirondack Trust Company

OFFICES

MAIN OFFICE
31 Church Street
Saratoga Springs, New York

EXIT 18
79 Main Street
Queensbury

Adirondack Wealth Management takes pride in providing financial solutions to individuals, families, corporations, and nonprofit institutions. As trusted advisors, our financial planning, investment management, and trust and estate professionals are committed to helping our clients build wealth and achieve their financial goals. It is our philosophy that the delivery of financial planning and investment-management services begins and ends with the client. We believe that highly personalized communication with each of our clients is paramount to providing financial solutions and having a successful long-term relationship.

AMSURE®

INSURANCE OFFICES

SARATOGA SPRINGS
31 Woodlawn Avenue
Saratoga Springs, New York

ALBANY
12 Computer Drive West
Albany

For over half a century, Amsure has developed customized insurance solutions for a diverse range of business clients, nonprofit organizations, individuals, and families. As a local company, we take the time to develop insurance solutions that are based on the relationship with our clients. We work to understand their needs and tailor an insurance program that protects each client while managing their cost.

Notes:

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Photograph by Tom Stock

Adirondack Trust Company and Amsure Staff at Main Office Branch

December 2024

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