



**NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2013

Institution: Oneida Savings Bank
182 Main Street
Oneida, New York 13421

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 Department of Financial Services 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 Oneida Savings Bank (“OSB”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2013.

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

Part 76 of the General Regulations of the Superintendent implements Section 28-b and further requires that the 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 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 in 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 (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated OSB according to the intermediate small bank performance criteria of Part 76.7 and Part 76.12 of the General Regulations of the Superintendent. This assessment period included calendar years 2010, 2011, 2012 and 2013. OSB is rated "2", indicating a "Satisfactory" record of helping to meet community credit needs.

The rating is based on the following factors:

Lending Test: "Satisfactory"

- **Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities:** "Satisfactory"

OSB's average LTD ratio was adequate considering its size, business strategy, financial condition and its peer group's activity.

During the evaluation period, OSB's average LTD ratio was 52.4% compared to its peer group's average of 82.0%. OSB's lower LTD was significantly diminished by its limited purpose bank subsidiary, which by charter is prevented from lending activities.

- **Assessment Area Concentration:** "Outstanding"

OSB originated 85.9% by number and 71.4 % by dollar value of its loans within its assessment area. This majority of lending inside of its assessment area is an excellent record of lending.

- **Distribution by Borrower Characteristics:** "Outstanding"

The distribution of OSB's loans by borrower income level demonstrated an excellent rate of lending to low- and moderate-income ("LMI") individuals. OSB's HMDA-reportable rate of lending to LMI individuals significantly exceeded its peer group (27.7% by number and 17.3% by dollar volume of loans, versus 5.3% and 3.1%, respectively, for the peer group).

- **Geographic Distribution of Loans:** "Needs to Improve"

OSB's HMDA-reportable loans by census-tract income level demonstrated a less than reasonable rate of lending into LMI areas.

Action Taken in Response to Written Complaints with Respect to CRA:

Since the prior CRA evaluation, as of December 31, 2009, neither OSB nor DFS has received any written complaints regarding OSB's CRA performance.

Community Development Test (Loans, Investments, Services): “Outstanding”

OSB’s community development performance demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, investments and services, considering OSB’s capacity and the need and availability of such opportunities for community development in its assessment area.

- **Community Development Loans: “Outstanding”**

During the evaluation period, OSB originated 39 loans totaling \$18.1 million in new community development loans and had \$3.2 million outstanding from prior evaluation periods. This was an excellent level of community development lending over the course of the evaluation period.

OSB increased its community development lending by 38.2% from the prior evaluation period, which totaled \$13.1 million.

- **Community Development Qualified Investments: “Needs to Improve”**

During the evaluation period, OSB did not make any new community development investments but had \$4.6 million outstanding from prior evaluation periods. In addition, OSB made \$218,000 in community development grants. This demonstrated a less than reasonable level of community development investments over the course of the evaluation period.

- **Community Development Services: “Outstanding”**

OSB demonstrated an excellent level of community development services over the course of the evaluation period.

OSB demonstrated an excellent level of community development services over the course of the evaluation period. OSB encourages staff engagement with nonprofit community based organizations. OSB executives and staff serve in varied capacities with numerous community development organizations that serve LMI individuals.

- **Responsiveness to Credit and Community Development Needs**

OSB demonstrated an excellent level of responsiveness to credit and community development needs, despite less than reasonable performance in making community development investments.

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

PERFORMANCE CONTEXT

Institution Profile:

Oneida Savings Bank (“OSB”) is a New York State chartered savings bank founded in 1866 and headquartered in Oneida, New York. In 1998 OSB converted from its original mutual form ownership to stock ownership. Since 1998 OSB has acquired banks and non-banks that offer insurance sales, financial services, employee benefits consulting and other risk management products and services. The acquisitions and internally grown entities include:

- The State Bank of Chittenango
- Bailey & Haskell Associates
- Oneida Wealth Management
- Oneida Preferred Funding
- Oneida Preferred Funding II, LLC

In 2010 OSB became a subsidiary of Oneida Financial Corp., which is 100% owned by public shareholders.

As per the Consolidated Report of Condition (the “Call Report”) as of December 31, 2013, filed with the Federal Deposit Insurance Corporation (“FDIC”), OSB reported total assets of \$742.5 million, of which \$335.7 million were net loans and lease finance receivables. Total deposits were \$643.0 million, resulting in a loan-to-deposit ratio of 52.2%. According to the latest available comparative deposit data as of June 30, 2013, OSB had a market share of 4.66%, or \$597.6 million in a market of \$12.8 billion, ranking it ninth among 22 deposit-taking institutions in the assessment area.

The following is a summary of the bank’s loan portfolio, based on Schedule RC-C of the bank’s December 31, 2010, December 31, 2011, December 31, 2012, and December 31, 2013 Call Reports.

Loan Type	2010		2011		2012		2013	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	133,644	46.4	135,463	46.9	154,257	49.0	169,446	50.0
Commercial & Industrial Loans	37,863	13.2	34,687	12.0	45,337	14.4	49,018	14.5
Commercial Mortgage Loans	63,552	22.1	65,795	22.8	65,467	20.8	70,155	20.7
Multifamily Mortgages	12,485	4.3	12,270	4.2	11,052	3.5	10,787	3.2
Farmland	396	0.1	470	0.2	327	0.1	530	0.2
Consumer Loans	36,050	12.5	34,425	11.9	30,091	9.6	29,241	8.6
Agricultural Loans	0	0.0	0	0.0	0	0.0	0	0.0
Construction Loans	3,706	1.3	5,391	1.9	7,324	2.3	9,165	2.7
Obligations of States & Municipalities	0	0.0	0	0.0	616	0.2	467	0.1
Other Loans	42	0.0	481	0.2	69	0.0	72	0.0
Lease Financing	0	0.0	0	0.0	0	0.0	0	0.0
Total Gross Loans	287,738		288,982		314,540		338,881	

As illustrated in the above chart, OSB is primarily a residential real estate lender, with 50.0% of its loan portfolio in residential mortgage loans, followed by commercial mortgages and commercial and industrial loans at 20.7% and 14.5%, respectively.

OSB operates 11 banking offices, of which seven are located in Oneida County and four are in Madison County. Five offices are in middle income census tracts, four in upper, one in moderate, none in low, and one unknown. All OSB offices offer ATMs, in addition to Morrisville College and an ATM kiosk in Bridgeport. OSB operates deposit-taking ATMs at the following locations: Morrisville, Bridgeport, Cazenovia, Vernon, Westmoreland and Camden.

There are no known financial or legal impediments that had an adverse impact on OSB's ability to meet the credit needs of its community.

Assessment Area:

OSB's assessment area is comprised of Madison County and parts of Oneida and Onondaga counties.

There are 43 census tracts in the area, of which none are low-income, six are moderate-income, 22 are middle-income, 14 are upper-income, and one had no income indicated.

Assessment Area Census Tracts by Income Level									
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	Dis- tressed & Under- served	LMI & Dis- tressed
Oneida*	1	0	4	8	5	18	22.2	0	22.2%
Onondaga*	0	0	0	3	6	9	0.0	0	0.0%
Madison	0	0	2	11	3	16	12.5	0	12.5%
Total	1	0	6	22	14	43	14.0	0	14.0%

* Partial County

Demographic & Economic Data:

The assessment area had a population of 176,638 during the examination period. About 15.2% of the population were over the age of 65 and 19.5% were under the age of sixteen.

Of the 46,337 families in the assessment area, 17.1% were low-income, 17.6% were moderate-income, 21.3% were middle-income and 43.8% were upper-income families. There were 68,678 households in the assessment area, of which 9.3% had income below the poverty level and 1.9 % were on public assistance.

The weighted average median family income within the assessment area was \$67,334.

There were 77,593 housing units within the assessment area, of which 83.4% were one- to four-family units, and 8.8% were multifamily units. A majority 66.1% of the area's housing units were owner-occupied, while 22.3% were rental units. Of the 51,324 owner-occupied housing units, 6.9% were in LMI census tracts while 93.0% were in middle- and upper-income census tracts. The median age of the housing stock was 52 years and the median home value in the assessment area was \$115,965.

There were 10,681 non-farm businesses in the assessment area. Of these, 74.6% were businesses with reported revenues of less than or equal to \$1 million, 4.4% reported revenues of more than \$1 million, and 20.9% did not report their revenues. Of all the businesses in the assessment area, 84.3% were businesses with less than fifty employees while 90.6% operated from a single location. The largest industries in the area were services at 45.1%, followed by retail trade at 13.5%, and construction at 7.5 %; approximately 9% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State fell from a high of 8.6% in 2010 to 7.7% in 2013. The unemployment rates in all three counties fell during the evaluation period, with Onondaga County reaching the lowest level at 7.0%

Assessment Area Unemployment Rate				
	New York State	Madison	Oneida	Onondaga
2010	8.6%	8.3%	7.9%	8.1%
2011	8.2%	8.3%	8.2%	7.8%
2012	8.5%	8.6%	8.5%	8.0%
2013	7.7%	7.8%	7.7%	7.0%

Community Information:

A community contact was interviewed as part of this evaluation. The contact represented a community based non-profit organization that works in partnership with local and county agencies.

This contact stated that many manufacturers have left, and increasingly the area is characterized by extreme wealth and extreme poverty. Lack of mass transportation, affordable housing, and high utility rates were especially burdensome to LMI individuals. The contact affirmed that banks in the area contribute to the community.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated OSB under the intermediate small banking institution performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Superintendent, which consists of the lending test and the community development test.

The lending test includes:

- 1. Loan-to-deposit ratio and other lending-related activities;*
- 2. Assessment area concentration;*
- 3. Distribution by borrower characteristics;*
- 4. Geographic distribution of loans; and*
- 5. Action taken in response to written complaints regarding CRA.*

The community development test includes:

- 1. Community development lending;*
- 2. Community development investments;*
- 3. Community development services; and*
- 4. Responsiveness to community development needs.*

The following factors were also considered in assessing the bank's record of performance:

- 1. Extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications;*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.*

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the examination process and on its Call Report submitted to the Federal Deposit Insurance Corporation ("FDIC"). Aggregate lending data were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data were obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the U.S. Department of Housing and Urban Development. Business demographic data used in this report were based on Dun & Bradstreet reports which are updated annually. Unemployment data were obtained from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis and were used even where the bank's assessment area includes partial counties.

The evaluation period included calendar years 2010, 2011, 2012 and 2013. For community development activities, the assessment period included the three quarters of

2013 ending September 30, 2013.

Examiners considered OSB's HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test noted above.

At OSB's request, only HMDA-reportable loans were evaluated.

HMDA-reportable loan data evaluated in this performance evaluation represented actual originations.

At its **prior** Performance Evaluation, as of December 31, 2009, the Department assigned a rating of "1" to OSB, reflecting an "Outstanding" record of helping to meet community credit needs.

Current CRA Rating: "Satisfactory"

Lending Test: "Satisfactory"

OSB's HMDA-reportable lending activities were reasonable in light of aggregate activity and that of its peer group, as well as the demographics of its assessment area.

Loan-to-Deposit Ratio and Other Lending-Related Activities: "Satisfactory"

OSB's average loan-to-deposit ("LTD") ratio was reasonable considering its size, business strategy, financial condition, and aggregate lending activity and that of its peer group.

As of December 31, 2013 OSB's LTD was 52.2%. OSB's average LTD ratio over the entire evaluation period of 52.4% was lower compared to its peer group average of 82.0%. OSB's peer group consists of a diverse array of financial institutions including large commercial banks, savings banks, and credit unions.

These ratios also included all deposits held in its limited-purpose commercial bank subsidiary, the State Bank of Chittenango ("SBC"), which by charter is limited to holding municipal deposits and may not engage in lending activities. Therefore, SBC is exempt from CRA evaluation.

The table below shows OSB's LTD ratios in comparison with the peer group's ratios for the 16 quarters since the prior evaluation.

Loan-to-Deposit Ratios																	
	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Avg.
OSB	57.9	55.8	52.5	50.5	48.5	50.8	51.0	51.4	48.2	52.2	52.7	54.2	51.8	54.3	54.5	52.2	52.4
Peer	85.7	84.1	82.7	82.1	81.6	80.9	80.0	80.4	80.6	81.2	81.7	81.8	80.8	82.0	82.3	83.4	82.0

Assessment Area Concentration: “Outstanding”

During the evaluation period, OSB originated 85.9% by number and 82.7% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area is an excellent record of lending.

The following table shows the percentages of OSB’s HMDA-reportable loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2010	384	84.2%	72	15.8%	456	40,275	80.6%	9,695	19.4%	49,970
2011	416	89.5%	49	10.5%	465	40,556	88.3%	5,352	11.7%	45,908
2012	523	84.9%	93	15.1%	616	53,184	80.5%	12,920	19.5%	66,104
2013	393	85.4%	67	14.6%	460	42,044	82.4%	8,964	17.6%	51,008
GrandTotal	1,716	85.9%	281	14.1%	1,997	176,059	82.7%	36,931	17.3%	212,990

Distribution by Borrower Characteristics: “Outstanding”

The distribution of OSB’s loans by borrower income level demonstrated an excellent rate of lending to LMI borrowers.

HMDA-Reportable Loans:

OSB’s HMDA-reportable lending demonstrated excellent lending penetration to LMI borrowers during the evaluation period. OSB outperformed its peer group by number and dollar value of HMDA-reportable loans to LMI individuals.

OSB’s lending market is highly competitive. OSB’s peer group is comprised of national and regional banks, and credit unions.

The following table provides a summary of the HMDA-reportable lending distribution based on borrower income.

Distribution of HMDA-Reportable Lending by Borrower Income									
2010									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	37	9.9%	1,581	4.0%	0	0.0%	0	0.0%	16.7%
Moderate	75	20.1%	5,577	14.1%	245	6.8%	15,073	3.8%	17.9%
LMI	112	30.0%	7,158	18.1%	245	6.8%	15,073	3.8%	34.6%
Middle	97	26.0%	9,062	22.9%	2,177	60.6%	215,098	53.8%	22.8%
Upper	156	41.8%	22,004	55.7%	1,170	32.6%	170,010	42.5%	42.4%
Unknown	8	2.1%	1,312	3.3%	0	0.0%	0	0.0%	
Total	373		39,536		3,592		400,181		
2011									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	38	9.3%	1,822	4.6%	2	0.1%	170	0.0%	16.7%
Moderate	75	18.4%	5,177	13.0%	190	5.2%	13,495	3.4%	17.9%
LMI	113	27.8%	6,999	17.6%	192	5.3%	13,665	3.4%	34.6%
Middle	97	23.8%	7,952	19.9%	2,183	60.3%	204,895	51.3%	22.8%
Upper	173	42.5%	22,493	56.4%	1,246	34.4%	180,958	45.3%	42.4%
Unknown	24	5.9%	2,431	6.1%	0	0.0%	0	0.0%	
Total	407		39,875		3,621		399,518		
2012									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	44	8.6%	2,256	4.4%	0	0.0%	0	0.0%	17.1%
Moderate	96	18.8%	7,157	13.9%	170	4.0%	10,125	2.1%	17.6%
LMI	140	27.5%	9,413	18.3%	170	4.0%	10,125	2.1%	34.7%
Middle	137	26.9%	12,050	23.5%	2,502	59.1%	247,212	52.1%	21.3%
Upper	210	41.2%	26,410	51.4%	1,558	36.8%	216,901	45.7%	43.8%
Unknown	23	4.5%	3,478	6.8%	0	0.0%	0	0.0%	
Total	510		51,351		4,230		474,238		
2013									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	30	7.9%	1,324	3.2%					
Moderate	61	16.0%	4,496	10.9%					
LMI	91	23.9%	5,820	14.1%					
Middle	94	24.7%	8,617	20.8%					
Upper	177	46.5%	24,903	60.2%					
Unknown	19	5.0%	2,027	4.9%					
Total	381		41,367						
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	149	8.9%	6,983	4.1%		0.0%		0.0%	
Moderate	307	18.4%	22,407	13.0%		5.3%		3.0%	
LMI	456	27.3%	29,390	17.1%		5.3%		3.1%	
Middle	425	25.4%	37,681	21.9%		60.0%		52.4%	
Upper	716	42.8%	95,810	55.7%		34.7%		44.6%	
Unknown	74	4.4%	9,248	5.4%		0.0%		0.0%	
Total	1,671		172,129						

Geographic Distribution of Loans: “Needs to Improve”

The distribution of OSB’s loans by census-tract income level demonstrated a less than reasonable rate of lending in LMI areas.

HMDA-Reportable Loans:

The distribution of OSB’s HMDA-reportable loans by census-tract income level demonstrated a less than reasonable rate of lending.

During the evaluation period OSB’s lending rates into LMI geographies for HMDA-reportable loans were lower than the lending rates of the aggregate of banks in the assessment area. For HMDA-reportable loans OSB’s lending rates were 3.8% and 2.8% by number and dollar value of loans respectively, while the aggregate’s rates were 5.4% and 3.3%.

Moreover, OSB made no loans in low-income geographies over the evaluation period. The aggregate’s rate of lending into low-income geographies by number of loans and dollar value was negligible over the evaluation period.

The following table provides a summary of OSB’s HMDA-reportable lending distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2010									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2.7%
Moderate	19	4.9%	1,151	2.9%	255	7.0%	18,389	4.5%	9.2%
LMI	19	4.9%	1,151	2.9%	255	7.0%	18,389	4.5%	11.9%
Middle	303	78.9%	29,944	74.3%	2,231	61.0%	218,455	53.6%	60.7%
Upper	62	16.1%	9,180	22.8%	1,173	32.1%	170,361	41.8%	27.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	384		40,275		3,659		407,205		
2011									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	2	0.1%	170	0.0%	2.7%
Moderate	18	4.3%	1,588	3.9%	197	5.3%	14,170	3.5%	9.2%
LMI	18	4.3%	1,588	3.9%	199	5.4%	14,340	3.5%	11.9%
Middle	320	76.9%	28,925	71.3%	2,264	61.0%	210,989	51.9%	60.7%
Upper	78	18.8%	10,043	24.8%	1,249	33.6%	181,408	44.6%	27.4%
Unknown	0	0.0%	0	0.0%		0.0%	0	0.0%	
Total	416		40,556		3,712		406,737		
2012									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2.7%
Moderate	12	2.3%	1,020	1.9%	175	4.0%	10,642	2.2%	9.2%
LMI	12	2.3%	1,020	1.9%	175	4.0%	10,642	2.2%	11.9%
Middle	401	76.7%	36,735	69.1%	2,601	59.9%	253,113	51.3%	60.7%
Upper	110	21.0%	15,429	29.0%	1,568	36.1%	229,361	46.5%	27.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	523		53,184		4,344		493,116		
2013									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%					
Moderate	17	4.3%	1,185	2.8%					
LMI	17	4.3%	1,185	2.8%			Data not available		
Middle	287	73.0%	29,998	71.3%					
Upper	89	22.6%	10,861	25.8%					
Unknown	0	0.0%	0	0.0%					
Total	393		42,044						
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		0.0%		0.0%	
Moderate	66	3.8%	4,944	2.8%		5.4%		3.3%	
LMI	66	3.8%	4,944	2.8%		5.4%		3.3%	
Middle	1,311	76.4%	125,602	71.3%		60.6%		52.2%	
Upper	339	19.8%	45,513	25.9%		34.1%		44.5%	
Unknown	0	0.0%	0	0.0%		0.0%		0.0%	
Total	1,716		176,059						

Action Taken in Response to Written Complaints with Respect to CRA:

Since the prior CRA evaluation, as of December 31, 2009, neither OSB nor the New York State Department of Financial Services received any written complaints regarding OSB's CRA performance.

Community Development Test: "Outstanding"

Despite less than reasonable performance in community development investments, OSB's overall community development performance demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, grants and services.

During the evaluation period OSB originated \$18.1 million in new community development loans and had \$3.2 million outstanding from prior evaluation periods. OSB made no new community development investments during the evaluation period but had \$4.6 million outstanding from prior evaluation periods. OSB made \$333,000 in community development grants.

A more detailed description of OSB's community development activity follows.

Community Development Lending: "Outstanding"

During the evaluation period, OSB originated \$18.1 million in new community development loans and had \$3.2 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

Compared to the prior evaluation period, OSB increased its community development lending by 38.2%, up from \$13.1 million.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	3	1,182	4	2,421
Community Services	32	16,132	9	676
Economic Development	4	800	4	78
Revitalize/Stabilize				
Total	39	18,114	17	3,175
Community Development Letters of Credit				
Purpose	This Evaluation Period		Not applicable	
	# of Loans	\$000		
Affordable Housing				
Community Services				
Economic Development				
Other	1	2,000		
Total	1	2,000		

Below are highlights of OSB's community development lending:

- In 2010 OSB originated a \$28,000 five year term loan to Heritage Farm, Inc., a community non-profit whose services include life skills programs for disabled LMI individuals in "day habilitation" and "community habilitation" initiatives.
- In 2012 OSB originated a \$114,000 one year term loan for the New York State Association of Regional Councils ("NYSARC"), Madison - Cortland Chapter, a non-profit organization that provides community development services to all age groups with developmental disabilities, many of whom are LMI individuals.
- In 2013 OSB originated a \$21,000 five year term loan to MESA of New York a drug and alcohol rehabilitation organization that provides services to LMI individuals.

Community Development Investments: "Needs to Improve"

During the evaluation period OSB did not make any new community development investments but had \$4.6 million outstanding from prior evaluation periods. OSB made \$333,000 in community development grants. This demonstrated a less than reasonable level of community development investments and grants over the course of the evaluation period.

The table below indicates OSB's investment and grant activity.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing				
Community Services				
Economic Development				
Revitalize/Stabilize			4	4,587
Total	0	0	4	4,587
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing				
Community Services				
Economic Development				
Other (Please Specify)	38	333		
Total	38	333		

Below are highlights of OSB's community development grants:

- In 2011 OSB donated \$10,000 to the Rome Hospital Foundation, which provides health and medical services to LMI individuals.
- In 2011 OSB donated \$15,000 to the Oneida Healthcare Center, which provides health and medical care to LMI individuals.
- In 2012 OSB donated \$18,000 to the Madison County Office for the Aging, which provided meals on wheels to LMI individuals.
- In 2013 OSB donated \$1,000 to the Rome Chapter Dollars for Scholars which provides 57% of its recipients with free or reduced cost lunches.

Community Development Services: "Outstanding"

OSB demonstrated an excellent level of community development services over the course of the evaluation period. OSB encourages staff engagement with non-profit community based organizations. OSB executives and staff serve in varied capacities with numerous community development organizations that serve LMI individuals.

Below are highlights of OSB's community development services.

- Michael R. Kallet serves on the finance committee of the Oneida Healthcare Center's Board of Directors and as a committee member of the Madison County NYS Rising Community Reconstruction Plan.
- Eric E. Stickels serves as a director at the Madison – Cortland Chapter NYSARC, Inc., which provides financial, fundraising, and technical assistance to developmentally disabled individuals who are typically LMI individuals.

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- Multiple other OSB officers and staff serve on a wide range of community development organizations such as Oneida Healthcare, Madison County Industrial Agency, United Way of Greater Oneida, and the Madison County Office of the Aging.
 - OSB has made numerous first-time homebuyer presentations with community groups throughout its assessment area during the evaluation period.

Responsiveness to Community Development Needs

Overall, OSB demonstrated an excellent level of responsiveness to credit and community development needs. Other than the level of community development investments, which declined, lending and services remained excellent.

Additional Factors

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

The directors of OSB continue to participate in formulating and evaluating policies in addition to the institutions performance in meeting the community's credit needs. OSB has a formal, written policy updated and amended as needed. All loans over a predetermined amount are reviewed by the board on a monthly basis.

In 1990 OSB formed a board-approved compliance council, whose principal responsibilities include monitoring CRA activities. A quarterly report includes CRA training, compliance monitoring and a lending self-assessment, which indicates the geographic distribution of mortgage originations. This is beneficial to OSB in determining the credit needs of its assessment area. In addition, annual CRA profile and HMDA analyses are performed and submitted to the audit committee of the board.

Discrimination and other illegal practices

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

DFS did not note any practices that were intended to discourage applications for the types of credit offered by the institution.

- *Evidence of prohibited discriminatory or other illegal credit practices.*

DFS did not note any evidence of prohibited discriminatory or other illegal practices.

Record of opening and closing offices and providing services at offices

OSB has both opened and closed offices during the evaluation period. In November 2011, OSB opened the Turin Road Office located at 7812 Turin Road in Rome, New York. In October 2012, OSB closed the office located at Bridgeport Plaza in Bridgeport, New York. The opening and closing of the branches has not had an adverse effect on the accessibility of its delivery systems, especially to LMI geographies or individuals. One branch is located in an LMI area, which is 9% of OSB's total branches.

Distribution of Branches Within the Assessment Area								
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %	LMI and Distressed or Underserved
Oneida	1		1	3	2	7	14%	14%
Madison				2	2	4	0%	0%
Total	1		1	5	4	11	9%	9%

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.

As noted previously in this evaluation, OSB's officers and staff members served on the boards and/or committees of various local community and non-profit organizations. OSB has affiliations with community groups whose missions are to improve the lives of the residents in OSB's assessment area. OSB has also conducted numerous first-time homebuyer seminars and conducted financial literacy presentations throughout its assessment area. These memberships, seminars and affiliations enable OSB to ascertain the credit needs of its community, especially the needs of LMI individuals and families.

- 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.

As noted above, OSB conducts first-time homebuyer and financial literacy seminars.

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

DFS noted no other factors.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

“Community development”:

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.

Community Development Loan

A loan that has 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 cleanup or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

Community Development Service

Service that has community development as its *primary purpose*, 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;
 - ❖ 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.

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 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.

Income Level

The income level for borrowers is based on household or family income. A geography's income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

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 where, according to the 2000 U.S. 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 cases 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

Individuals or persons 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 represents 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 in LMI geographies or to LMI borrowers.

Low-Income Housing Tax Credit (LIHTC)

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

New Markets Tax Credit (NMTC)

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Qualified Investment

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

- 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.