



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: June 30, 2018

Institution: Orange Bank & Trust Company
212 Dolson Ave
Middletown, NY 10940

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 Orange Bank & Trust Company (“OBTC” or the “Bank”), 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 June 30, 2018.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services 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 (“GRS”) 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 institutions’ 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 OBTC according to the intermediate small banking institution performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The assessment period included calendar years 2015, 2016, and 2017 for the lending test and the period January 1, 2015 through June 30, 2018 for the community development test. OBTC is rated “**Satisfactory**” or “2.” This rating means OBTC had a satisfactory record of helping to meet community credit needs.

The rating is based on the following factors:

Lending Test: “Satisfactory”

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

OBTC’s average loan-to-deposit (“LTD”) ratio was reasonable considering its size, business strategy, financial condition and peer group activity.

OBTC’s average LTD ratio of 65.7% for the evaluation period was below the peer’s average LTD ratio of 80.6%. The Bank’s LTD ratios were below its peer group’s ratios for all 12 quarters of the evaluation period.

OBTC’s LTD ratios were impacted by the Bank’s need to pledge securities against municipal deposits in all years of the current evaluation period, thereby rendering a sizable portion of its deposits unavailable for loan origination.

Assessment Area Concentration: “Satisfactory”

During the evaluation period, OBTC originated 86.8% by number and 78.9% by dollar value of its HMDA-reportable and small business loans within the assessment area. This majority of lending inside its assessment area reflects a reasonable concentration of lending within OBTC’s assessment area.

Distribution by Borrower Characteristics: “Satisfactory”

OBTC’s small business lending demonstrated a reasonable distribution of loans to businesses of different revenue sizes, while the distribution of HMDA-Reportable loans among individuals of different income levels was less than adequate.

Greater weight was given to OBTC’s small business lending as the bank is primarily a commercial lender and small business loans represented a significant majority of the bank’s lending during the evaluation period.

Geographic Distribution of Loans: “Needs to Improve”

OBTC’s origination of loans in census tracts of varying income levels demonstrated a less than adequate distribution of lending.

OBTC's small business lending distribution among census tracts of different income levels was less than adequate, while HMDA-reportable lending distribution among census tracts of different income levels was reasonable. Greater weight was given to small business lending as it represents a significant majority of the bank's lending during the evaluation period.

Action Taken in Response to Written Complaints with Respect to CRA: "N/A"

Neither DFS nor OBTC received any written complaints during the evaluation period regarding OBTC's CRA performance.

Community Development Test: "Satisfactory"

OBTC's community development performance demonstrated reasonable responsiveness to the community development needs of its assessment area through community development loans, investments and services, considering OBTC's capacity, and the need for and availability of opportunities for community development in its assessment area.

Community Development Lending: "Outstanding"

During the evaluation period, OBTC originated \$46.6 million in new community development loans and had \$191,000 outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

Qualified Investments: "Satisfactory"

During the evaluation period, OBTC made \$482,000 in new community development investments and had \$118,000 outstanding from prior evaluation periods. In addition, OBTC made \$144,000 in community development grants. This demonstrated a reasonable level of qualified investments over the course of the evaluation period.

Community Development Services: "Satisfactory"

OBTC demonstrated a reasonable level of community development services over the course of the evaluation period.

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 GRS Part 76.

PERFORMANCE CONTEXT

Institution Profile

Orange Bank & Trust Company (“OBTC”) opened in 1892 in Middletown, New York, under the name Orange County Trust and Safe Deposit Company. The name was changed to Orange County Trust Company in 1905. In 2016, the Bank’s name was changed again to Orange Bank & Trust Company. OBTC is a wholly-owned subsidiary of Orange County Bancorp, Inc., a Delaware corporation headquartered in Middletown, NY.

OBTC has thirteen branches, seven in Orange County, one in Rockland County, and five in Westchester County. The Bank recently expanded into both Rockland and Westchester counties.

While OBTC offers a wide range of consumer and commercial financial products and services, it specializes in banking for small businesses. Products and services offered include personal and business checking, loan products and services, savings accounts, short-term lines of credit, equipment financing, and investment management services. Additionally, OBTC offers online banking, bank by mail, and remote deposit capture.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2017, filed with the Federal Deposit Insurance Corporation (“FDIC”), OBTC reported total assets of \$951.9 million, of which \$568.6 million were net loans and lease financing receivables. It also reported total deposits of \$834.7 million, resulting in an LTD ratio of 68.1%. According to the latest available comparative deposit data, as of June 30, 2018, OBTC had a market share of 0.65%, or \$930.9 million, in a market of \$143.3 billion, ranking it 18th among 48 deposit-taking institutions in its assessment area which includes all or parts of Orange, Rockland, Westchester, Dutchess, and Sullivan counties.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2015, 2016, and 2017 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2015		2016		2017	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	69,494	15.6	83,250	15.4	90,111	15.6
Commercial & Industrial Loans	90,989	20.5	101,146	18.7	125,788	21.8
Commercial Mortgage Loans	180,947	40.7	218,800	40.4	225,783	39.1
Multifamily Mortgages	79,074	17.8	111,446	20.6	110,103	19.1
Consumer Loans	974	0.2	388	0.1	480	0.1
Agricultural Loans	377	0.1	346	0.1	313	0.1
Construction Loans	21,447	4.8	25,691	4.7	23,802	4.1
Obligations of States & Municipalities	0	0.0	0	0.0	0	0.0
Other Loans	1,069	0.2	799	0.1	784	0.1
Lease Financing	0	0.0	0	0.0	0	0.0
Total Gross Loans	444,371		541,866		577,164	

As illustrated in the above table, OBTC is primarily a commercial lender, with 60.9% of its loan portfolio in commercial & industrial and commercial mortgage loans, and another 19.1% in multifamily mortgages; 1-4 family residential mortgage loans made up only 15.6% of the Bank's portfolio. The dollar amount of 1-4 family residential loans, commercial & industrial loans, commercial mortgage loans, and multifamily mortgages increased since the prior evaluation period. The percentage composition of multifamily mortgages has increased significantly since the prior evaluation while that of commercial & industrial loans, commercial mortgage loans, and 1-4 family residential mortgage loans decreased.

OBTC operates 13 banking offices, seven of which are located in Orange County, one in Rockland County, and five in Westchester County. Six of the Bank's branches have ATMs to supplement traditional banking services; there are no offsite ATM's. Of the branches with ATMs, four are located in middle-income census tracts and two in upper-income tracts. Of the other branches, one is in a moderate-income census tract, two are in a middle-income census tracts, and four are in upper-income census tracts. The seven branches without ATMs, plus one other branch (located in an upper-income census tract), do not have Saturday hours.

Examiners did not find evidence of financial or legal impediments that had an adverse impact on OBTC's ability to meet the credit needs of its community.

Assessment Area

The Bank's assessment area is comprised of all of Orange, Rockland and Westchester counties, as well as portions of Sullivan and Dutchess counties. The assessment area has expanded to include all of Rockland and a part of Westchester County. This expansion added an additional 49 LMI census tracts to the assessment area.

There are 330 census tracts in the assessment area, of which 16 are low-income, 51 are moderate-income, 77 are middle-income, 182 are upper-income, and four have no income indicated. LMI census tracts represent 20.3% of all census tracts in the assessment area.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Dutchess*	1	1	2	14	1	19	15.8
Orange	0	5	11	19	44	79	20.3
Rockland	0	4	10	7	44	65	21.5
Sullivan*	0	0	0	0	1	1	0.0
Westchester*	3	6	28	37	92	166	20.5
Total	4	16	51	77	182	330	20.3

* Partial County

Demographic & Economic Data

The assessment area had a population of 1,479,119 during the examination period. About 14.2% of the population were over the age of 65 and 21.7% were under the age of sixteen.

Of the 352,985 families in the assessment area 18.1% were low-income, 12.6% were moderate-income, 15.5% were middle-income, and 53.8% were upper-income families. There were 504,042 households in the assessment area, of which 10.8% had income below the poverty level and 2.4% were on public assistance.

The weighted average median family income in the assessment area was \$103,318.

There were 547,236 housing units within the assessment area, of which 70.8% were 1-4 family units, and 28% were multifamily units. A majority (57.6%) of the area's housing units were owner-occupied, while 37.2% were rental units. Of the 315,196 owner-occupied housing units, 8.2% were in LMI census tracts while 91.8% were in middle- and upper-income census tracts. The median age of the housing stock was 60 years, and the median home value in the assessment area was \$407,251.

There were 105,113 non-farm businesses in the assessment area. Of these, 85.9% reported revenues of less than or equal to \$1 million, 6% reported revenues of more than \$1 million and 8.1% did not report their revenues. Of all the businesses in the assessment area, 97.2% were businesses with less than fifty employees while 90.8% operated from a single location. The largest industries in the assessment area were services (47.8%), retail trade (14%), finance, insurance, and real estate (8.7%); 7.5% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the unemployment rate for New York State for 2017 was 4.7%, a decrease from 5.3% in 2015. The New York State unemployment rate decreased in all three years of the evaluation period. All counties in the Bank’s assessment area had lower unemployment rates than New York State during each year of the evaluation period except Sullivan County. Dutchess County had the lowest rates throughout the period, followed by Rockland County and Westchester County.

Assessment Area Unemployment Rate						
	Statewide	Orange	Dutchess	Sullivan	Rockland	Westchester
2015	5.3	4.7	4.5	5.4	4.5	4.5
2016	4.8	4.3	4.2	4.8	4.2	4.3
2017	4.7	4.6	4.3	4.9	4.4	4.6
Average	4.9	4.5	4.3	5.0	4.4	4.5

Community Information

DFS examiners met with two nonprofit organizations that operate within the Bank’s assessment area. Both organizations have missions to serve LMI individuals and families, with one involved in initiatives to help the poor, hungry, and homeless, and the other focused on affordable housing and neighborhood revitalization.

The first interview was with the Chief Executive Officer and Chief Financial Officer of an organization serving primarily Orange County (it has recently branched out to Rockland, Dutchess, and Sullivan counties). Port Jervis, Newburgh, and parts of downtown Middletown were said to be areas with the most need of assistance. Economic conditions were said to be improving overall but the towns mentioned, except for downtown Middletown, were said to be still deteriorating. Major issues include lack of affordable housing, substandard housing, high taxes, lack of transportation, a need for better paying jobs and job training, and a lack of financial literacy. The need for special loan programs was mentioned, as well as the need for more community development activities, including support for nonprofit entities by the banking community overall.

The second interview was with the Executive Director, Operations Manager, and Family Services Manager for an organization focused specifically on the town and City

of Newburgh. Through this organization, low-income individuals can complete a hands-on and classroom training program, to ultimately qualify for the purchase of an affordable home built or repaired by the organization. The new homeowners are encouraged to continue to contribute to the community by helping other potential homeowners build and settle into new homes. The lack of wage growth was mentioned as an issue for many low- to moderate-income individuals. Property values and taxes are increasing as well as the cost of living in Orange County. Unemployment was declining up until 2016 but has since increased slightly in recent years. According to this organization, under-employment has been the biggest obstacle most residents face. The scarcity of viable transportation in Orange County adds to the difficulty of finding and maintaining employment.

OBTC was mentioned in both interviews as a contributor to the mission of each organization. Each has Bank employees serving on its Boards of Directors or on committees organized to further the goals of assisting low- to moderate-income individuals and families. OBTC also contributes to the organizations by providing loans, grants, and financial educational instructors.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated OBTC under the intermediate small bank performance standards in accordance with Sections 76.7 and 76.12 of the GRS, which consist 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 of loans 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.*

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

- 1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Evidence of 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.*

DFS derived statistics employed in this evaluation from various sources. OBTC submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and DFS used this information even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2015, 2016, and 2017 for the lending test and January 1, 2015 through June 30, 2018 for the community development test.

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

HMDA-reportable loan data evaluated in this performance evaluation represented actual originations. Small business loan data was extrapolated from a sample of 39, 52 and 40 small business loans for 2015, 2016 and 2017, respectively, resulting in a 90% confidence level.

In this evaluation greater weight was given to small business lending as by number of loans they represented 78.3% and by dollar value 75.7% of all loans made in the bank's assessment area.

OBTC is not required to report small business/small farm loan data; accordingly, OBTC's small business and small farm lending is not included in the aggregate data. The aggregate data are shown only for comparative purposes.

At its **prior** Performance Evaluation as of December 31, 2014 DFS assigned OBTC a rating of "2," reflecting a "Satisfactory" record of helping to meet the credit needs of OBTC's communities.

Current CRA Rating: "Satisfactory"

Lending Test: "Satisfactory"

OBTC's small business and HMDA-reportable lending activities were reasonable in light of OBTC's size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of the assessment area.

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

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

OBTC's average LTD ratio for the evaluation period was 65.7% which was considerably below its peer group ratio of 80.6%. The Bank's average LTD ratios were below its peer group's ratios for all 12 quarters of the evaluation period and ranged from a high of 74.8% in Q4 2016 to a low of 57.2% in Q1 2015. The peer group's ratios ranged from a high of 82.2% in Q4 2017 to a low of 77.4% in Q1 2015.

OBTC's LTD ratios were impacted by the Bank pledging securities for municipal deposits in all years of the evaluation period, thereby rendering a sizable portion of its deposits unavailable for loans.

OBTC's LTD ratio improved from 2015 to 2016 but declined in 2017, while the peer ratio improved throughout the evaluation period. The gap between the Bank's ratios and its peer's ratios declined slightly over the evaluation period.

The table below shows OBTC's LTD ratios in comparison with its peer group's ratios for the 12 quarters since the prior evaluation.

Loan-to-Deposit Ratios													
	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	Avg.
Bank	57.2	57.7	59.3	68.3	66.7	69.0	67.9	74.8	68.4	65.6	64.9	68.1	65.7
Peer	77.4	79.3	79.8	80.1	80.0	81.3	81.2	81.1	80.4	81.7	82.1	82.2	80.6

Assessment Area Concentration: “Satisfactory”

During the evaluation period, OBTC originated 86.8% by number and 78.9% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This majority of lending inside of its assessment area is a reasonable concentration of lending within OBTC’s assessment area.

Small Business Loans

During the evaluation period, OBTC originated 87.8% by number and 82% by dollar value of its small business loans within the assessment area. This substantial majority of lending inside of OBTC’s assessment area reflects an excellent concentration of lending within OBTC’s assessment area.

By number of loans, results were similar for each year of the evaluation period, ranging from a low of 84.6% in 2015 to a high of 90% in 2017. By dollar value, results ranged from a low of 62.3% in 2015 to a high of 92.4% in 2017.

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

HMDA-Reportable Loans

During the evaluation period, OBTC originated 82.7% by number and 70.5% by dollar value of its HMDA-reportable loans within its assessment area. This majority of lending inside of OBTC’s assessment area reflects a reasonable concentration of lending within OBTC’s assessment area.

Results varied considerably during the evaluation period, particularly in terms of dollar value. By number of loans, OBTC’s percentage of loans originated within the assessment area ranged from a high of 87.8% in 2016 to a low of 77.3% in 2017. By dollar value, OBTC’s percentage of loans originated within the assessment area ranged from a low of 44.6% in 2015 to a high of 93% in 2016.

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										
2015	45	83.3%	9	16.7%	54	9,514	44.6%	11,807	55.4%	21,321
2016	36	87.8%	5	12.2%	41	23,843	93.0%	1,788	7.0%	25,631
2017	34	77.3%	10	22.7%	44	14,559	69.4%	6,420	30.6%	20,979
Subtotal	115	82.7%	24	17.3%	139	47,916	70.5%	20,015	29.5%	67,931
Small Business										
2015	128	84.6%	23	15.4%	151	31,778	62.3%	19,230	37.7%	51,008
2016	176	88.5%	23	11.5%	199	48,465	86.2%	7,759	13.8%	56,224
2017	149	90.0%	17	10.0%	166	68,650	92.4%	5,646	7.6%	74,296
Subtotal	453	87.8%	63	12.2%	516	148,893	82.0%	32,635	18.0%	181,528
Grand Total	568	86.8%	87	13.2%	655	196,809	78.9%	52,650	21.1%	249,459

* DFS based its analysis of HMDA-reportable on actual loans, while it extrapolated its analysis of small business lending from a sample of 39, 52 and 40 small business loans for 2015, 2016 and 2017, respectively.

Distribution by Borrower Characteristics: “Satisfactory”

OBTC’s small business lending demonstrated a reasonable distribution of loans to businesses of different revenue sizes, while the distribution of HMDA-Reportable loans among individuals of different income levels was less than adequate.

Greater weight was given to OBTC’s small business lending as the bank is primarily a commercial lender and small business loans represented a significant majority of the bank’s lending during the evaluation period.

Small Business Loans

OBTC’s small business lending demonstrated a reasonable distribution of loans among businesses of different revenue sizes.

During the evaluation period, OBTC’s average rates of lending to businesses with gross annual revenues of \$1 million or less were 40% by number and 30% by dollar value of loans, which trailed the aggregate’s rates of 51.5% by number of loans and 36.3% by dollar value.

While OBTC’s overall rates of lending to small businesses with less than \$1 million in gross annual revenue trailed the aggregate’s rates, this was primarily due to the bank making fewer loans in the amount of \$0 to \$100 thousand dollars. The Bank’s lending rates to these businesses for loans ranging between \$100 to \$250 thousand and greater than \$250 thousand to less than \$1 million the Bank’s lending rates actually exceeded the aggregate’s rates.

Both OBTC’s and the aggregate’s rates of lending trailed the percentage of small businesses (business demographic) with gross annual revenue of \$1 million or less located in the assessment area, which ranged from 78.5% in 2015 to 85.9% in 2017.

According to the institution market share report for peer small business data OBTC (the bank is not required to report small business data) would have ranked in the top 25 small business lenders by number of small business loans originated for each year of the evaluation period. Trailing only large national banks, regional banks and a few local banks.

The following table provides a summary of the distribution of OBTC's small business loans by the revenue size of the business.

Distribution of Small Business Lending by Revenue Size of Business									
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	47	36.7%	7,372	23.2%	4,649	53.6%	94,121	38.2%	78.5%
Rev. > \$1MM	77	60.2%	22,721	71.5%	4,030		152,578		4.5%
Rev. Unknown	4	3.1%	1,684	5.3%					17.1%
Total	128		31,778		8,679		246,699		
2016									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	80	45.7%	16,430	33.9%	20,051	49.2%	400,869	34.7%	85.9%
Rev. > \$1MM	96	54.3%	32,035	66.1%	20,699		752,855		6.0%
Rev. Unknown	0	0.0%	0	0.0%					8.2%
Total	176		48,465		40,750		1,153,724		
2017									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	54	36.1%	20,801	30.3%	23,202	53.1%	460,133	37.3%	85.9%
Rev. > \$1MM	87	58.3%	46,888	68.3%	20,453		774,007		6.0%
Rev. Unknown	8	5.6%	961	1.4%					8.1%
Total	149		68,650		43,655		1,234,140		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	181	40.0%	44,603	30.0%		51.5%		36.3%	
Rev. > \$1MM	259	57.3%	101,645	68.3%					
Rev. Unknown	12	2.7%	2,645	1.8%					
Total	453		148,893						

HMDA-Reportable Loans

OBTC's HMDA-reportable lending demonstrated a less than adequate distribution of loans among borrowers of different income levels.

During the evaluation period, OBTC's average rates of lending to LMI borrowers were 1% by number and 0.4% by dollar value of loans, which were substantially lower than the aggregate's average lending rates of 11.2% and 4.9%, respectively. All three years of the evaluation period had similar results. OBTC originated only one 1-4 family loan to an LMI borrower during the evaluation period. Both the Bank's and the aggregate's average rates of lending to LMI borrowers were lower than in the prior evaluation period.

The bank is primarily a commercial lender and offers limited residential mortgage loan products. In the institution market share report for peer mortgage data OBTC ranked 32nd, 76th, and 80th for 2015, 2016 and 2017, respectively, among mortgage originators in its assessment area. The Bank's market is competitive and as the market share report shows dominated by large

mortgage bankers, national and regional banks and a few local banks that are primarily residential mortgage lender. The Bank's HMDA-reportable lending analysis was also impacted by the 21% of loans with borrower's income classified as unknown, compared to only 5% for the aggregate. The Bank made these loans to investors and commercial entities for which income is not required to be reported.

The following table provides a summary of the distribution of OBTC's 1-4 family loans by borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2015									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	197	3.5%	22,240	1.9%	16.8%
Moderate	1	2.2%	100	1.1%	808	14.5%	118,563	10.0%	14.9%
LMI	1	2.2%	100	1.1%	1,005	18.0%	140,803	11.9%	31.7%
Middle	6	13.3%	820	8.6%	1,447	26.0%	274,125	23.2%	19.7%
Upper	30	66.7%	6,648	69.9%	2,734	49.0%	676,859	57.3%	48.6%
Unknown	8	17.8%	1,946	20.5%	388	7.0%	89,749	7.6%	
Total	45		9,514		5,574		1,181,536		
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	366	1.8%	51,694	0.7%	16.4%
Moderate	0	0.0%	0	0.0%	1,676	8.3%	258,665	3.7%	12.8%
LMI	0	0.0%	0	0.0%	2,042	10.2%	310,359	4.4%	29.2%
Middle	4	16.0%	587	7.9%	3,708	18.4%	776,099	11.0%	16.4%
Upper	15	60.0%	5,790	77.9%	13,335	66.3%	5,594,433	79.2%	54.3%
Unknown	6	24.0%	1,056	14.2%	1,025	5.1%	379,166	5.4%	
Total	25		7,433		20,110		7,060,057		
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	364	1.8%	47,156	0.7%	18.1%
Moderate	0	0.0%	0	0.0%	1,727	8.6%	256,718	3.6%	12.6%
LMI	0	0.0%	0	0.0%	2,091	10.4%	303,874	4.3%	30.6%
Middle	4	13.3%	343	3.2%	3,869	19.2%	811,115	11.4%	15.5%
Upper	19	63.3%	6,638	61.0%	13,288	66.1%	5,662,041	79.8%	53.8%
Unknown	7	23.3%	3,894	35.8%	864	4.3%	321,906	4.5%	
Total	30		10,875		20,112		7,098,936		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	927	2.0%	121,090	0.8%	
Moderate	1	1.0%	100	0.4%	4,211	9.2%	633,946	4.1%	
LMI	1	1.0%	100	0.4%	5,138	11.2%	755,036	4.9%	
Middle	14	14.0%	1,750	6.3%	9,024	19.7%	1,861,339	12.1%	
Upper	64	64.0%	19,076	68.6%	29,357	64.1%	11,933,333	77.8%	
Unknown	21	21.0%	6,896	24.8%	2,277	5.0%	790,821	5.2%	
Total	100		27,822		45,796		15,340,529		

Geographic Distribution of Loans: "Needs to Improve"

OBTC's origination of loans in census tracts of varying income levels demonstrated a less than adequate distribution of lending.

OBTC's small business lending distribution among census tracts of different income levels was less than adequate, while HMDA-reportable lending distribution among census tracts of different

income levels was reasonable. Greater weight was given to small business lending as it represents a significant majority of the bank's lending during the evaluation period.

Small Business Loans

The distribution of OBTC's small business loans among census tracts of varying income levels was less than adequate.

OBTC originated 6.2% by number and 5.5% by dollar value of its small business loans in LMI census tracts significantly below the aggregate rates of 22.2% and 19.7%, respectively. The Bank's rates trailed the aggregate's rates for each year of the evaluation period, but rates were particularly low in 2016, as the Bank's rates of lending in LMI areas were 2.2% by number and 3.9% by dollar value of loans.

OBTC originated only four small business loan in low-income census tracts during the evaluation period. The Bank's lending in moderate- income census tracts also lagged the aggregate in all years of the evaluation period.

The Bank's lending rates in LMI census tracts were well below the percentage of small businesses (business demographics) located in LMI census tracts within OBTC's assessment area, which ranged from 15.9% to 18.3% for the evaluation period. The aggregate's rates exceeded the business demographics

The following table provides a summary of the distribution of OBTC's small business loans by the income level of the geography where the business was located.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2015									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	2,142	24.7%	35,946	14.6%	5.4%
Moderate	12	9.1%	2,796	8.8%	781	9.0%	28,940	11.7%	12.9%
LMI	12	9.1%	2,796	8.8%	2,923	33.7%	64,886	26.3%	18.3%
Middle	8	6.1%	2,447	7.7%	1,630	18.8%	64,737	26.2%	23.6%
Upper	108	84.8%	26,535	83.5%	4,126	47.5%	117,076	47.5%	58.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	128		31,778		8,679		246,699		
2016									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	2.2%	1,890	3.9%	3,590	8.8%	76,539	6.6%	3.4%
Moderate	0	0.0%	0	0.0%	4,385	10.8%	136,482	11.8%	12.5%
LMI	4	2.2%	1,890	3.9%	7,975	19.6%	213,021	18.5%	15.9%
Middle	54	30.4%	13,473	27.8%	8,287	20.3%	250,332	21.7%	21.3%
Upper	119	67.4%	33,102	68.3%	24,469	60.0%	690,124	59.8%	62.8%
Unknown	0	0.0%	0	0.0%	19	0.0%	247	0.0%	0.0%
Total	176		48,465		40,750		1,153,724		
2017									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	4,074	9.3%	77,638	6.3%	3.7%
Moderate	12	8.3%	3,433	5.0%	5,658	13.0%	164,079	13.3%	12.5%
LMI	12	8.3%	3,433	5.0%	9,732	22.3%	241,717	19.6%	16.2%
Middle	58	38.9%	37,414	54.5%	7,922	18.1%	273,547	22.2%	20.8%
Upper	79	52.8%	27,803	40.5%	25,990	59.5%	718,777	58.2%	63.0%
Unknown	0	0.0%	0	0.0%	11	0.0%	99	0.0%	0.0%
Total	149		68,650		43,655		1,234,140		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	0.9%	1,890	1.3%	9,806	10.5%	190,123	7.2%	
Moderate	24	5.3%	6,229	4.2%	10,824	11.6%	329,501	12.5%	
LMI	28	6.2%	8,119	5.5%	20,630	22.2%	519,624	19.7%	
Middle	119	26.4%	53,334	35.8%	17,839	19.2%	588,616	22.3%	
Upper	305	67.4%	87,439	58.7%	54,585	58.6%	1,525,977	57.9%	
Unknown	0	0.0%	0	0.0%	30	0.0%	346	0.0%	
Total	453		148,893		93,084		2,634,563		

HMDA-Reportable Loans

The distribution of OBTC's HMDA-reportable loans among census tracts of different income levels was reasonable.

OBTC originated 8.7% by number and 8.5% by dollar value of its loans to individuals in LMI census tracts, which slightly trailed the aggregate lending rate of 9.1% by number but exceeded the aggregate lending rate of 8.1% by dollar value. The Bank's lending rates by dollar value exceeded that of the aggregate in 2016 and 2017 but significantly underperformed the aggregate rates in 2015. The Bank's lending in LMI census tracts exceeded the demographics for those census tracts in years 2016 and 2017 of the evaluation period.

OBTC originated no HMDA-reportable loans in low-income census tracts for the entire period. However, the Bank's percentage of loans originated in moderate income census tracts exceeded the aggregate.

The following table provides a summary of the distribution of OBTC's HMDA-reportable loans by the income level of the geography where the property was located.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2015									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	208	3.7%	53,562	4.3%	1.6%
Moderate	2	4.4%	267	2.8%	378	6.7%	96,391	7.7%	7.8%
LMI	2	4.4%	267	2.8%	586	10.4%	149,953	12.1%	9.4%
Middle	14	31.1%	3,395	35.7%	1,480	26.2%	285,474	23.0%	26.2%
Upper	29	64.4%	5,852	61.5%	3,573	63.4%	808,386	65.0%	64.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Total	45		9,514		5,639		1,243,813		
2016									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	402	2.0%	140,225	1.8%	0.9%
Moderate	5	13.9%	2,167	9.1%	1,200	5.9%	368,774	4.7%	5.8%
LMI	5	13.9%	2,167	9.1%	1,602	7.9%	508,999	6.5%	6.7%
Middle	10	27.8%	8,745	36.7%	4,141	20.4%	1,481,374	19.0%	21.0%
Upper	21	58.3%	12,931	54.2%	14,592	71.8%	5,812,651	74.5%	72.3%
Unknown	0	0.0%	0	0.0%	1	0.0%	76	0.0%	
Total	36		23,843		20,336		7,803,100		
2017									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	370	1.8%	135,121	1.7%	0.9%
Moderate	3	8.8%	1,618	11.1%	1,678	8.2%	572,478	7.4%	7.4%
LMI	3	8.8%	1,618	11.1%	2,048	10.1%	707,599	9.1%	8.2%
Middle	9	26.5%	4,464	30.7%	4,280	21.0%	1,283,106	16.5%	20.8%
Upper	22	64.7%	8,477	58.2%	14,033	68.9%	5,769,002	74.3%	71.0%
Unknown	0	0.0%	0	0.0%	5	0.0%	1,105	0.0%	
Total	34		14,559		20,366		7,760,812		
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	980	2.1%	328,908	2.0%	
Moderate	10	8.7%	4,052	8.5%	3,256	7.0%	1,037,643	6.2%	
LMI	10	8.7%	4,052	8.5%	4,236	9.1%	1,366,551	8.1%	
Middle	33	28.7%	16,604	34.7%	9,901	21.4%	3,049,954	18.1%	
Upper	72	62.6%	27,260	56.9%	32,198	69.5%	12,390,039	73.7%	
Unknown	0	0.0%	0	0.0%	6	0.0%	1,181	0.0%	
Total	115		47,916		46,341		16,807,725		

Action Taken in Response to Written Complaints with Respect to CRA: “N/A”

Neither DFS nor OBTC received any written complaints during the evaluation period regarding OBTC’s CRA performance.

Community Development Test: “Satisfactory”

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

During the evaluation period, The Bank originated \$46.6 million in new community development loans and had \$191,000 outstanding from prior evaluation periods. OBTC made \$482,000 in new community development investments and had \$118,000 outstanding from prior evaluation periods. Additionally, OBTC made \$144,000 in new community development grants.

A more detailed description of OBTC’s community development activity follows.

Community Development Lending: “Outstanding”

During the evaluation period, OBTC originated \$46.6 million in new community development loans (an increase of more than 50% over the prior evaluation period) and had \$191,000 outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.¹

The majority, by dollar amount, of community development lending was for affordable housing projects in Orange, Rockland, and Westchester counties.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	5	32,222		
Economic Development				
Community Services	17	7,605	1	191
Revitalization/Stabilization	1	6,750		
Total	23	46,577	1	191

¹ For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the evaluation.

Below are highlights of OBTC's community development lending:

- In 2015, OBTC took a 95% participation of \$9.2 million in a construction loan for the purpose of constructing two three-story buildings in New Windsor, NY for rental to seniors, LMI individuals and people with special needs. The apartments have been approved by New York State to be rented to persons with incomes below the area median income ("AMI") level, as well as 15 units set aside to be rented to persons with developmental disabilities.
- In 2015, OBTC renewed a \$400,000 unsecured line-of-credit to an agency that provides programs and services, such as energy conservation, Head Start, and supportive housing, to help people who live in poverty in Orange County and the surrounding areas.
- In 2016, OBTC participated 90% or \$5.6 million in a construction loan for the purpose of constructing and renting 33 apartments in Rockland County. The apartments have been approved to be rented to persons with income below the AMI level, as well as nine units set aside for persons with developmental disabilities.
- In 2016, OBTC renewed a \$2 million unsecured working capital line-of-credit for a nonprofit healthcare organization in Newburgh, NY. The organization provides healthcare services to underserved populations, such as the homeless and those who do not have health insurance.
- In 2017, OBTC participated in the amount of \$11.4 million in a two-phase affordable housing project in Rockland County for low-income and developmentally disabled persons. The project meets the New York State Small Project Affordable Rental Construction Program eligibility requirements for LMI individuals and seniors.
- In 2018, OBTC participated in the amount of \$6 million in a construction loan to for a 73-unit, garden style apartment complex in Beacon, NY. The borrower will set aside 50 units with a preference for artists under the Federal LIHTC rents of 50% and 60% of AMI.
- In 2018, OBTC extended a \$2.7 million commercial construction mortgage to a social services organization in Rockland County. The organization provides services to senior citizens, the disadvantaged, single-parent families, at-risk teenagers, the unemployed, and handicapped persons.

Qualified Investments: "Satisfactory"

During the evaluation period, OBTC made \$482,000 in new community development investments and had \$118,000 outstanding from prior evaluation periods. In addition, OBTC made \$144,000 in community development grants. This demonstrated a reasonable level of qualified investments over the course of the evaluation period.

Community development investments were higher than the prior evaluation period. While the number of community development grants increased approximately 77%, the dollar value of such grants decreased 25% from the prior evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing			12	118
Economic Development	2	482		
Community Services				
Other (Please Specify)				
Total	2	482	12	118
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	4	4		
Economic Development	0	0		
Community Services	79	122		
Other (Please Specify)	9	18		
Total	92	144		

Below are highlights of OBTC's community development investments and grants:

Investments

- OBTC invested in a \$240,000 one-year certificate of deposit with a local CDFI within the assessment area in 2017. The Bank renewed this deposit in 2018 for the same term.

Grants

- OBTC donated a total of \$31,500 to a nonprofit organization from 2015 to 2018, the mission of which is to meet the needs of communities in which it serves with a continued emphasis on the underserved and those without access to healthcare. A significant portion of its patients are enrolled in federal or state health insurance programs such as Medicare and Medicaid.
- OBTC donated a total of \$20,870 from 2016 to 2018 to a local college, which promotes educational excellence, leadership and service to LMI students; 52% of 2016-2017 undergraduate enrollments received federal Pell grants.
- OBTC donated a total of \$17,252 from 2015 to 2018 to a local nonprofit organization which led a multiyear initiative to revitalize the urban centers throughout the Hudson Valley Region, where most of the communities selected have economic indicators (ex. poverty, unemployment rate) that are below the regional average.
- OBTC donated a total of \$16,000 from 2015 to 2018 to a nonprofit organization which supports charities focused on assisting young people who are disabled, ill or disadvantaged. Some of these charities are surrounded by LMI census tracts.

Community Development Services: “Satisfactory”

OBTC demonstrated a reasonable level of community development services over the course of the evaluation period.

Below are highlights of OBTC’s community development services:

- A member of management helped educate low- to moderate-income individuals and families through classes offered by a local non-profit organization about credit, banking, and savings techniques.
- Several employees gave seminars at a local senior affordable-housing apartment complex to help prevent elder financial abuse. Seminars focused on fraudulent methods used to scam elderly individuals.
- A member of the Bank’s board served as a board member for a local economic development corporation which serves the entirety of its assessment area and monitors economic indicators, and workforce limitations to improve conditions for small businesses and employees.
- Two members of OBTC management served as board members of a local organization tasked with training and guiding low-income families on how to purchase their first home through a homeownership program.

Innovativeness of Community Development Investments

OBTC did not use innovative investments to support community development.

Responsiveness to Community Development Needs

OBTC demonstrated a reasonable level of responsiveness to credit and community development needs.

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 CRA.

The CRA Officer provides CRA updates, including on loan production, training, community service, and other topics, on a quarterly basis at the compliance committee meeting. The minutes of the compliance committee meetings are then reported to the board of directors via the audit committee.

The CRA Policy and Program is approved annually by the board of directors. The most recent board approval of the CRA Policy and Program was in December 2017.

The CRA officer is responsible for CRA compliance.

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 examiners did not note evidence of practices by OBTC intended to discourage applications for the types of credit offered by OBTC.

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

DFS examiners did not note evidence by OBTC of prohibited, discriminatory or other illegal practices.

Record of opening and closing offices and providing services at offices

OBTC opened six offices in Westchester County and one in Rockland County. Two offices were opened in moderate-income census tracts which have since changed to middle- and upper-income census tracts. The Bank closed two offices in moderate-income tracts located in Orange and Westchester counties during the evaluation period. It also closed one office in a middle-income tract located in Dutchess County. One of the closed branches was a Westchester County branch that had opened during the evaluation period.

OBTC offers traditional banking services such as checking accounts, savings accounts, mortgage loans and consumer loans. Additionally, OBTC customers have access to 24-hour ATM's, online and mobile banking.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Orange			1	4	2	7	14%
Rockland					1	1	0%
Westchester*				1	4	5	0%
Total			1	5	7	13	8%

*Partial County

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.*

OBTC is involved in many community events and meetings to determine the needs of the community. Senior management and staff participate in the local community by serving on boards, committees and as volunteers with nonprofit organizations and trade associations

which include Chambers of Commerce, Council of Industry, Pattern for Progress, county partnerships, county and local IDAs, and economic development corporations.

- *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*

OBTC uses traditional marketing strategies, such as website advertising, advertisements in local newspapers, and social media. Additionally, OBTC utilizes Spanish language advertising and brochures, and Spanish speaking employees to reach out to its Spanish speaking residents of the community.

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

DFS examiners noted no other factors.

GLOSSARY

Aggregate Lending

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 clean up 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 Metropolitan Statistical Area ("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

Small Business Loan

A small business loan is a loan less than or equal to \$1 million.

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas where, according to the 2010 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 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.