



**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, 2014

Institution: Orange County Trust Company
212 Dolson Avenue
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 County Trust Company (“OCTC”) 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, 2014.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of 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 OCTC's performance according to the intermediate small bank performance criteria pursuant to Part 76.7 and Part 76.12 of the General Regulations of the Superintendent ("GRS"). The assessment period included calendar years 2011, 2012, 2013 and 2014. DFS assigns OCTC a rating of "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:** "Needs to Improve"

OCTC's average LTD ratio was less than reasonable considering its size, business strategy, financial condition, and peer group's activity. During the current evaluation period, OCTC's average LTD ratio was 13.3% lower than the peer group's ratio of 75.4%.

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

During the evaluation period, totaling small business and HMDA-reportable lending, OCTC originated 93.5% by number, and 90.3% by dollar value of its loans within the assessment area. This substantial majority is an excellent concentration of lending inside of OCTC's assessment area.

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

The distribution of loans based on borrower characteristics demonstrated reasonable rates of lending to LMI borrowers and businesses with revenues of \$1 million or less. During the evaluation period, the distribution of OCTC's HMDA-reportable lending underperformed the aggregate's lending; OCTC's small business lending, however, was slightly above the aggregate's average rate of lending to businesses with revenues of \$1 million or less, both in terms of number and dollar value of small business loans.

- **Geographic Distribution of Loans:** "Satisfactory"

OCTC's loans in LMI census tracts demonstrated a reasonable distribution of lending. During the evaluation period OCTC's lending rates in LMI geographies for HMDA-reportable loans were 31.3% by number and 18.3% by dollar value, which exceeded the aggregate's rates of 12.3% and 10.9% by number and dollar value, respectively. However, small business lending didn't compare as favorably as HMDA lending in LMI geographies. OCTC's average small business lending rates were 14.2% by number

of loans and 14.7% by dollar value. Those rates were less than the aggregate's rates of 24.9% and 22.3%, respectively.

- **Action Taken in Response to Written Complaints with Respect to CRA: "Not Rated"**

Since the prior CRA evaluation, as of December 31, 2010, DFS did not receive any written complaints regarding OCTC's CRA performance.

Community Development Test: "Satisfactory"

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

- **Community Development Loans:** "Satisfactory"

During the evaluation period OCTC originated 18 new community development loans totaling \$30.7 million or 1.2% of average total assets which was 0.7% lower than the prior evaluation period's 1.9%. There were no outstanding community development loans from the prior evaluation period. OCTC demonstrated a reasonable level of community development lending over the course of the evaluation period.

- **Community Development Qualified Investments:** "Satisfactory"

During the evaluation period OCTC did not make any new community development investments; however, it had eight outstanding investments totaling \$104,250 from prior evaluation periods. In addition, OCTC made community development grants in the amount of \$194,856. This demonstrated a reasonable level of community development investments over the course of the evaluation period.

- **Community Development Services:** "Satisfactory"

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

- **Innovative or Complex Practices:**

During the evaluation period, OCTC made limited use of innovative or complex lending and investment practices.

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

OCTC demonstrated a reasonable level of responsiveness to credit and community development needs through its qualified community development lending,

investments and services. In addition, OCTC offered flexible lending products and a basic checking account with no monthly maintenance fee, free online banking and a bill pay service.

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 County Trust Company (“OCTC”) opened in 1892 on North Street in Middletown, New York, under the name of Orange County Trust and Safe Deposit Company. The name was then changed to Orange County Trust Company in 1905.

OCTC has nine branches. In 2012 the parent company, Orange County Bancorp, Inc. acquired Hudson Valley Investment Advisors which added to OCTC’s trust and estate capabilities.

OCTC offers individual and commercial deposit services (including personal and business checking), loan products and services, savings accounts, short-term lines of credit, equipment financing and investment management services. Additionally, OCTC offers online banking, bank by mail and remote deposit capture.

Per the Consolidated Report of Condition (the “Call Report”) as of December 31, 2014 filed with the Federal Deposit Insurance Corporation, OCTC reported total assets of \$715.6 million, of which \$331.8 million were net loans and lease finance receivables. It also reported total deposits of \$539.2 million, resulting in a loan-to-deposit (“LTD”) ratio of 61.5%. According to the latest available comparative deposit data as of June 30, 2014, OCTC obtained a market share of 4.6% or \$535.7 million in deposits in a market of \$11.7 billion inside its market, ranking it 9th among 31 deposit-taking institutions in the assessment area.

The following is a summary of OCTC’s loan portfolio, based on Schedule RC-C of OCTC’s Call Reports as of December 31, 2011, 2012, 2013 and 2014.

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2011		2012		2013		2014	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage	73,168	25.0	69,455	23.2	69,025	21.4	65,450	19.4
Commercial & Industrial	62,813	21.4	68,960	23.0	74,641	23.1	88,719	26.4
Commercial Mortgage	128,212	43.8	130,264	43.4	142,247	44.1	148,235	44.0
Multifamily Mortgages	5,384	1.8	9,435	3.1	9,962	3.1	9,708	2.9
Consumer	486	0.2	401	0.1	414	0.1	419	0.1
Construction	21,251	7.3	20,190	6.7	25,157	7.8	23,006	6.8
Other	1,621	0.6	1,250	0.4	1,199	0.4	1,025	0.3
Total Gross Loans	292,935		299,955		322,645		336,562	

As illustrated in the above table, OCTC is primarily a commercial lender, with 70.4% of its outstanding loans in commercial mortgages and commercial and industrial loans

as of December 31, 2014. Residential mortgage lending represented 22.3% of total gross loans.

OCTC operates nine banking offices. Eight are in Orange County, and one is in Dutchess County. Supplementing the banking offices is a deposit-taking automated teller machine (“ATM”) network at eight of the branches. Saturday banking hours from 9 AM to 12 PM are offered at eight of the branches.

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

Assessment Area

OCTC’s assessment area is comprised of Orange County, and portions of Sullivan and Dutchess counties. There are 94 census tracts in the area, of which five are low-income, 13 are moderate-income, 26 are middle-income, 49 are upper-income census tracts. One census tract has no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Dutchess*	1	0	3	9	1	14	21.4
Orange	0	5	10	17	47	79	19.0
Sullivan*	0	0	0	0	1	1	0.0
Total	1	5	13	26	49	94	19.1

* Partial County

Demographic & Economic Data

Population and Income

The assessment area had a population of 426,880 during the evaluation period. About 10.8% of the population were over the age of 65 and 23.2% were under the age of sixteen.

Of the 103,671 families in the assessment area, 16.8% were low-income, 14.6% were moderate-income, 19.4% were middle-income and 49.2% were upper-income families. There were 144,991 households in the assessment area, of which 8.4% had income below the poverty level, and 1.7% were on public assistance.

The weighted average median family income in the assessment area was \$82,283. The U.S. Department of Housing and Urban Development’s estimated median family income for the area was \$72,048 in 2014.

Housing Characteristics

There were 157,629 housing units within the assessment area, of which 82.0% were one-to-four family units, and 14.9% were multifamily units. A majority, or 64.9%, of the area's housing units were owner-occupied, while 27.1% were rental units. Of the 102,238 owner-occupied housing units, 8.9% were in LMI census tracts while 91.1% were in middle- and upper-income census tracts. The median age of the housing stock was 46 years, and the median home value in the assessment area was \$302,710.

Business Characteristics

There were 28,205 non-farm businesses in the assessment area. Of these businesses, 74.0% reported revenues of less than or equal to \$1 million, 4.3% reported revenues of more than \$1 million, and 22.1% did not report revenues. Of all the businesses in the assessment area, 83.1% were businesses with less than fifty employees, and 90.6% operated from a single location. The largest industries in the area were services (44.0%), retail trade (14.9%), and construction (9.3%), while 9.6% of businesses in the assessment area were not classified.

Unemployment Rates

According to the New York State Department of Labor, the average unemployment rate for New York State was 6.3% for the year of 2014, a 24.1% decrease from 2011. Both statewide and countywide unemployment rates declined during the 4-year evaluation period. Sullivan County had the highest 4-year average unemployment rate at 8.2%, while Dutchess County had the lowest rate at 6.8%.

Assessment Area Unemployment Rate				
Year	Statewide	Orange	Dutchess	Sullivan
2011	8.3	7.7	7.5	8.9
2012	8.5	7.9	7.8	9.1
2013	7.7	6.8	6.6	8.2
2014	6.3	5.5	5.3	6.7
Average 4-year	7.7	7.0	6.8	8.2

Community Information

To enhance the Department's insight into the credit needs in OCTC's assessment area, examiners interviewed an officer of a nonprofit organization based in Orange County which serves the entire county. The officer stated that economic and demographic characteristics varied throughout the county. Some areas are middle- and upper- income and some are LMI geographies. The official deemed local financial institutions' involvement in the assessment to be sufficient. This organization deemed OCTC specifically to be sufficiently involved in its community.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated OCTC under the intermediate small bank performance standards, in accordance with Parts 76.7 and 76.12 of the General Regulations of the Superintendent, 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 by borrower characteristics;*
- 4. Geographic distribution of loans; and*
- 5. Action taken in response to written complaints regarding CRA*

The community development test includes:

- Community development lending;*
- Community development investments;*
- Community development services;*
- Innovative or complex practices; and*
- 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*

DFS derived statistics employed in this evaluation from various sources. OCTC 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 calculated loan-to-deposit ratios from information shown in the bank's Uniform Bank Performance Report submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business demographic data used in this report 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 were used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2011, 2012, 2013 and 2014.

Examiners considered OCTC's small business and HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test noted above. Small business lending was given greater weight in this evaluation since it represented 91.1% by dollar value of OCTC's total HMDA-reportable and small business lending inside its assessment area.

At its **prior** Performance Evaluation as of December 31, 2010, DFS assigned OCTC a rating of "2" reflecting a "Satisfactory" record of helping to meet community credit needs.

Current CRA Rating: "Satisfactory"

Lending Test: "Satisfactory"

OCTC's small business and HMDA-reportable activities were reasonable in light of aggregate and/or peer group activity and the demographic characteristics of the assessment area.

Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities: "Needs to Improve"

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

During the current evaluation period, OCTC's average LTD ratio of 62.1% was 13.3% lower than the peer group's ratio of 75.4%. In the first quarter of 2011, OCTC's LTD ratio was 9.4% lower than that of its peers. This gap did not go below 9% anytime during the evaluation period; instead, it increased to 16.8% by the fourth quarter of 2014.

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

Loan-to-Deposit Ratios																	
	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Avg.
Bank	67.0	66.2	64.9	64.3	59.7	57.6	58.2	61.4	59.3	62.7	62.1	64.2	60.5	61.6	63.1	61.5	62.1
Peer	76.4	76.6	75.8	75.0	73.2	74.2	74.4	73.9	73.1	74.8	75.1	75.8	74.8	76.9	77.6	78.3	75.4

Assessment Area Concentration: "Outstanding"

During the evaluation period, OCTC originated 93.5% by number and 90.3% by dollar value of its total HMDA-reportable and small business loans within its assessment area. This substantial majority was an excellent concentration of lending inside of OCTC's assessment area.

HMDA-Reportable Loans:

OCTC originated 87.4% by number and 68.4% by dollar value of its loans within the assessment area, demonstrating a reasonable concentration of lending.

Small Business Loans:

OCTC originated 94.5% by number, and 93.2% by dollar value of its small business loans within the assessment area, demonstrating an excellent concentration of lending in the assessment area.

The following table shows the percentages of OCTC's total HMDA-reportable and small business 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										
2011	22	81.5%	5	18.5%	27	3,009	75.8%	959	24.2%	3,968
2012	20	83.3%	4	16.7%	24	3,724	45.1%	4,525	54.9%	8,249
2013	21	87.5%	3	12.5%	24	4,888	82.1%	1,067	17.9%	5,955
2014	20	100.0%	-	0.0%	20	2,586	100.0%	-	0.0%	2,586
Subtotal	83	87.4%	12	12.6%	95	14,207	68.4%	6,551	31.6%	20,758
Small Business										
2011	124	95.4%	6	4.6%	130	24,681	89.5%	2,909	10.5%	27,590
2012	142	94.0%	9	6.0%	151	34,382	96.5%	1,260	3.5%	35,642
2013	181	93.8%	12	6.2%	193	49,725	92.1%	4,290	7.9%	54,015
2014	151	95.0%	8	5.0%	159	36,044	94.3%	2,168	5.7%	38,212
Subtotal	598	94.5%	35	5.5%	633	144,832	93.2%	10,627	6.8%	155,459
Grand Total	681	93.5%	47	6.5%	728	159,039	90.3%	17,178	9.7%	176,217

Distribution by Borrower Characteristics: "Satisfactory"

OCTC's lending to small businesses with gross annual revenue of \$1 million or less was slightly above the aggregate rate both in number of loans and by dollar value. Although OCTC's HMDA lending underperformed the aggregate rates, its small business lending outperformed the aggregate rates. Since small business lending was given greater weight in this evaluation, OCTC's distribution by borrower characteristics was reasonable.

HMDA-Reportable Loans:

OCTC's HMDA-reportable lending demonstrated a poor rate of lending to LMI borrowers. During the evaluation period, OCTC's average rates of lending to LMI borrowers were

11.3% by number and 7.5% by dollar value of loans, which were substantially lower than the aggregate's lending rates of 24.5% and 17.4%, respectively.

The following table provides a summary of OCTC's HMDA-reportable lending distribution by borrower income.

Distribution of 1 - 4 Family Loans by Borrower Income									
2011									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	292	6.4%	33,463	3.7%	20.5%
Moderate	2	9.1%	243	8.1%	933	20.5%	144,847	15.9%	18.1%
LMI	2	9.1%	243	8.1%	1,225	26.9%	178,310	19.5%	38.6%
Middle	2	9.1%	233	7.7%	1,405	30.9%	275,791	30.2%	24.0%
Upper	7	31.8%	1,557	51.7%	1,769	38.9%	428,749	47.0%	37.4%
Unknown	11	50.0%	976	32.4%	148	3.3%	30,135	3.3%	
Total	22		3,009		4,547		912,985		
2012									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	5.6%	75	3.8%	412	6.2%	49,415	3.6%	20.8%
Moderate	2	11.1%	160	8.0%	1,270	19.0%	200,320	14.6%	17.9%
LMI	3	16.7%	235	11.8%	1,682	25.1%	249,735	18.2%	38.7%
Middle	3	16.7%	331	16.6%	2,065	30.8%	406,775	29.6%	21.9%
Upper	8	44.4%	711	35.7%	2,678	40.0%	653,687	47.5%	39.4%
Unknown	4	22.2%	714	35.9%	271	4.0%	65,231	4.7%	
Total	18		1,991		6,696		1,375,428		
2013									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	438	6.6%	54,109	4.0%	20.8%
Moderate	2	10.0%	204	5.2%	1,299	19.6%	204,007	15.0%	17.9%
LMI	2	10.0%	204	5.2%	1,737	26.2%	258,116	19.0%	38.7%
Middle	1	5.0%	75	1.9%	2,017	30.4%	392,591	28.9%	21.9%
Upper	13	65.0%	3,250	83.6%	2,600	39.2%	643,152	47.3%	39.4%
Unknown	4	20.0%	359	9.2%	287	4.3%	66,877	4.9%	
Total	20		3,888		6,641		1,360,736		
2014									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	5.0%	100	3.9%	154	3.3%	15,718	1.6%	16.4%
Moderate	1	5.0%	78	3.0%	707	15.3%	101,759	10.6%	13.8%
LMI	2	10.0%	178	6.9%	861	18.6%	117,477	12.2%	30.2%
Middle	5	25.0%	500	19.3%	1,170	25.3%	216,427	22.4%	18.9%
Upper	11	55.0%	1,552	60.0%	2,477	53.5%	601,825	62.4%	50.8%
Unknown	2	10.0%	356	13.8%	121	2.6%	28,525	3.0%	
Total	20		2,586		4,629		964,254		
TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	2.5%	175	1.5%	1,296	5.8%	152,705	3.3%	
Moderate	7	8.8%	685	6.0%	4,209	18.7%	650,933	14.1%	
LMI	9	11.3%	860	7.5%	5,505	24.5%	803,638	17.4%	
Middle	11	13.8%	1,139	9.9%	6,657	29.6%	1,291,584	28.0%	
Upper	39	48.8%	7,070	61.6%	9,524	42.3%	2,327,413	50.4%	
Unknown	21	26.3%	2,405	21.0%	827	3.7%	190,768	4.1%	
Total	80		11,474		22,513		4,613,403		

Small Business Loans:

The distribution of small business loans based on the revenue size of the business demonstrated a reasonable rate of lending among small businesses with gross annual revenue of \$1 million or less.

OCTC's average rate of lending to businesses with gross annual revenue of \$1 million or less was 44.0% by number and 36.1% by dollar value. OCTC slightly outperformed the aggregate's rate of lending by 1.8% by number of loans and 0.5% by dollar value.

The following table provides a summary of OCTC's small business lending distribution by revenue size of the small business during the evaluation period.

Distribution of Small Business Lending by Revenue Size of Business									
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	65	52.4%	10,966	44.4%	2,243	37.5%	47,682	32.4%	69.0%
Rev. > \$1MM	54	43.5%	12,699	51.5%		0.0%			2.9%
Rev. Unknown	5	4.0%	1,016	4.1%		0.0%			28.1%
Total	124		24,681		5,979		147,346		
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	64	45.1%	12,135	35.3%	2,751	40.1%	58,714	36.2%	72.8%
Rev. > \$1MM	54	38.0%	14,258	41.5%					3.5%
Rev. Unknown	24	16.9%	7,989	23.2%					23.7%
Total	142		34,382		6,853		162,196		
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	71	39.2%	17,933	36.1%	2,851	46.5%	65,637	37.8%	73.8%
Rev. > \$1MM	84	46.4%	25,632	51.5%					3.8%
Rev. Unknown	26	14.4%	6,160	12.4%					22.3%
Total	181		49,725		6,126		173,777		
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	63	41.7%	11,318	31.4%	3,247	44.4%	73,586	35.5%	73.8%
Rev. > \$1MM	72	47.7%	20,578	57.1%					4.3%
Rev. Unknown	16	10.6%	4,148	11.5%					22.1%
Total	151		36,044		7,307		207,406		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	263	44.0%	52,352	36.1%	11,092	42.2%	245,619	35.6%	
Rev. > \$1MM	264	44.1%	73,167	50.5%	-		-		
Rev. Unknown	71	11.9%	19,313	13.3%	-		-		
Total	598		144,832		26,265		690,725		

Geographic Distribution of Loans: "Satisfactory"

OCTC's loans in census tracts of varying income levels demonstrated a reasonable distribution of lending. During the evaluation period, OCTC's rates of HMDA-reportable lending in LMI census tracts exceeded the aggregate's rates, while the rates of small business lending were lower than the aggregate's rates.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans demonstrated a reasonable rate of lending in LMI census tracts.

OCTC extended 31.3% by number and 18.3% by dollar value of its loans to individuals in LMI census tracts. By comparison, this exceeded the aggregate's lending of 12.3% by number and 10.9% by dollar value.

The following table provides a summary of the OCTC'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									
2011									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	216	4.8%	41317	4.5%	2.4%
Moderate	11	50.0%	983	32.7%	375	8.2%	61231	6.7%	10.2%
LMI	11	50.0%	983	32.7%	591	13.0%	102,548	11.2%	12.7%
Middle	8	36.4%	766	25.5%	2,662	58.5%	497497	54.5%	61.8%
Upper	3	13.6%	1,260	41.9%	1294	28.5%	312,940	34.3%	25.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	22		3,009		4,547		912,985		100.0%
2012									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	217	3.2%	48201	3.5%	2.4%
Moderate	8	40.0%	1119	30.0%	557	8.3%	84573	6.1%	12.0%
LMI	8	40.0%	1,119	30.0%	774	11.6%	132,774	9.7%	14.4%
Middle	9	45.0%	2212	59.4%	3628	54.2%	714163	51.9%	54.7%
Upper	3	15.0%	393	10.6%	2294	34.3%	528,491	38.4%	30.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	20		3,724		6,696		1,375,428		100.0%
2013									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	350	5.2%	77766	5.5%	2.4%
Moderate	7	33.3%	491	10.0%	585	8.7%	98614	6.9%	12.0%
LMI	7	33.3%	491	10.0%	935	14.0%	176,380	12.4%	14.4%
Middle	10	47.6%	1986	40.6%	3627	54.2%	740327	52.1%	54.7%
Upper	4	19.0%	2,411	49.3%	2126	31.8%	503,628	35.5%	30.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	21		4,888		6,688		1,420,335		100.0%
2014									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	219	4.7%	55918	5.6%	1.7%
Moderate	0	0.0%	0	0.0%	271	5.8%	44494	4.4%	7.3%
LMI	0	0.0%	0	0.0%	490	10.5%	100,412	10.0%	9.0%
Middle	11	55.0%	1214	46.9%	1153	24.7%	219427	21.8%	24.9%
Upper	9	45.0%	1,372	53.1%	3028	64.8%	687,235	68.2%	66.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	20		2,586		4,671		1,007,074		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,002	4.4%	223,202	4.7%	
Moderate	26	31.3%	2,593	18.3%	1,788	7.9%	288,912	6.1%	
LMI	26	31.3%	2,593	18.3%	2,790	12.3%	512,114	10.9%	
Middle	38	45.8%	6,178	43.5%	11,070	49.0%	2,171,414	46.0%	
Upper	19	22.9%	5,436	38.3%	8,742	38.7%	2,032,294	43.1%	
Unknown	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Total	83		14,207		22,602		4,715,822		

Small Business Loans:

The distribution of small business loans among census tracts of varying income levels demonstrated less than reasonable rates of lending.

OCTC originated 14.2% by number and 14.7% by dollar value of its small business loans in LMI census tracts, while the aggregate's rates were 24.9% and 22.3%, respectively, demonstrating OCTC's poor geographic distribution of loans.

The following table provides a summary of OCTC's small business lending distribution based on the income level of the geography.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	3.2%	1,340	5.4%	621	10.4%	10,733	7.3%	8.2%
Moderate	24	19.4%	6,942	28.1%	567	9.5%	21,156	14.4%	13.0%
LMI	28	22.6%	8,282	33.6%	1,188	19.9%	31,889	21.6%	21.2%
Middle	76	61.3%	12,206	49.5%	3,238	54.2%	76,105	51.7%	57.8%
Upper	20	16.1%	4,193	17.0%	1,553	26.0%	39,352	26.7%	21.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	124		24,681		5,979		147,346		
2012									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.7%	600	1.7%	828	12.1%	12,278	7.6%	6.9%
Moderate	24	16.9%	3,312	9.6%	797	11.6%	26,711	16.5%	14.1%
LMI	25	17.6%	3,912	11.4%	1,625	23.7%	38,989	24.0%	21.0%
Middle	89	62.7%	22,942	66.7%	3,360	49.0%	82,865	51.1%	52.4%
Upper	28	19.7%	7,528	21.9%	1,868	27.3%	40,342	24.9%	26.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	142		34,382		6,853		162,196		
2013									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.6%	50	0.1%	967	15.8%	14,781	8.5%	6.8%
Moderate	22	12.2%	7,092	14.3%	689	11.2%	20,306	11.7%	14.3%
LMI	23	12.7%	7,142	14.4%	1,656	27.0%	35,087	20.2%	21.1%
Middle	100	55.2%	30,489	61.3%	2,943	48.0%	97,136	55.9%	52.7%
Upper	58	32.0%	12,094	24.3%	1,527	24.9%	41,554	23.9%	26.1%
Unknown		0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	181		49,725		6,126		173,777		
2014									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,416	19.4%	23,317	11.2%	6.1%
Moderate	9	6.0%	1,990	5.5%	648	8.9%	24,974	12.0%	10.3%
LMI	9	6.0%	1,990	5.5%	2,064	28.2%	48,291	23.3%	16.4%
Middle	36	23.8%	8,169	22.7%	1,387	19.0%	56,527	27.3%	17.6%
Upper	106	70.2%	25,885	71.8%	3,856	52.8%	102,588	49.5%	66.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	151		36,044		7,307		207,406		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	1.0%	1,990	1.4%	3,832	14.6%	61,109	8.8%	
Moderate	79	13.2%	19,336	13.4%	2,701	10.3%	93,147	13.5%	
LMI	85	14.2%	21,326	14.7%	6,533	24.9%	154,256	22.3%	
Middle	301	50.3%	73,806	51.0%	10,928	41.6%	312,633	45.3%	
Upper	212	35.5%	49,700	34.3%	8,804	33.5%	223,836	32.4%	
Unknown	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Total	598		144,832		26,265		690,725		

Action Taken In Response to Written Complaints with Respect to CRA: "Not Rated"

Since the prior CRA evaluation, as of December 31, 2013, DFS did not receive any written complaints regarding OCTC's CRA performance.

Community Development Test: “Satisfactory”

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

During the evaluation period, OCTC originated 18 new community development loans totaling \$ 30.7 million and had no loans outstanding from prior evaluation periods. OCTC made no community development investments but had eight investments totaling \$104,250 outstanding from prior evaluation periods. Additionally, OCTC made \$194,856 in community development grants during the period.

OCTC’s officers and staff demonstrated a reasonable level of community service by providing leadership, financial and technical assistance to community based organizations, as board and committee members. On April 25, 2011 OCTC opened a branch in Dutchess County, its first in that county. No branches were closed during the evaluation period. All of OCTC’s branches provide reasonable hours and services to residents of the assessment area.

A more detailed description OCTC’s community development activity follows.

Community Development Lending: “Satisfactory”

During the evaluation period, OCTC originated 18 new community development loans totaling \$30.7 million and had no loans outstanding from prior evaluation periods. OCTC’s community development lending ratio amounted to 1.2% of its average total assets, which was 0.7% lower than the prior evaluation period’s 1.9%. Overall, OCTC demonstrated a reasonable level of community development lending for the evaluation period.

Community Development Loans				
	Current Period		Prior Period	
Purpose	# of Loans	\$000	# of Loans	\$000
Affordable Housing	9	26,513	0	0
Economic Development				
Community Services	9	4,168		
Revitalize & stabilize				
Total	18	30,681	0	0

Examples of OCTC’s community development loans are as follows:

Affordable Housing:

- OCTC extended a \$4.8 million construction loan for an 85-unit one bedroom senior

apartment building targeted at low-income seniors in New Windsor, NY.

OCTC extended a \$4.0 million construction loan for a 78-unit apartment complex. Eighty percent of the units will be leased to low-income individuals, and 20% will be leased to disabled individuals.

Community Service:

- OCTC extended a \$210,000 letter of credit to a nonprofit organization that operates various programs such as a detoxification facility, housing and job placement services for LMI individuals, and a 24/7 crisis hotline.

Community Development Investments: “Satisfactory”

OCTC did not make any new community development investments during the evaluation period; however, it had eight investments totaling \$104,250 outstanding from prior evaluation periods. OCTC made 52 community development grants totaling \$194,856. This demonstrated a reasonable level of community development investments and grants over the course of the evaluation period.

Below are highlights of OCTC’s community development investments and grants:

- OCTC continues to hold eight community development investments for \$104,000 that are Community Preservation Corporation (“CPC”) notes. The purpose of the CPC is to aid in the construction and rehabilitation of LMI housing.
- OCTC donated \$5,000 to a nonprofit organization that provides emergency housing to homeless families as well as alcohol and drug abused individuals.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing				
Economic Development				
Revitalize and Stabilize				
Community Services			8	104
Total	0	0	8	104
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	4	63		
Community Services	48	131		
Economic Development				
Revitalize and Stabilize				
Total	52	194		

Community Development Services: “Satisfactory”

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

Below are some examples of OCTC’s qualified community development services.

Affordable Housing:

- An OCTC officer is a member of the board of directors of a nonprofit organization that provides food, clothing, and housing to low-income families in Dutchess County.

Economic Development:

- An OCTC officer is a board member of a nonprofit organization whose primary purpose is economic development and job growth in Orange County.
- An OCTC officer was the president of the board of directors and secretary of the Town of Montgomery Chamber of Commerce, which supports economic development throughout the community.

Community Service:

- An OCTC officer serves on the finance committee of an independent living organization whose mission is to enhance the quality of life for persons with disabilities.

Innovative or Complex Practices:

During the evaluation period, OCTC made limited use of innovative or complex lending and investment practices such as the Federal Home Loan Bank of New York’s Affordable Housing Program, including the First Home Club, a first-time homebuyer assistance program.

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

OCTC’s board of directors review the CRA compliance policy no less than annually. In addition, the CRA officer reports on the status of the CRA program at OCTC’s quarterly

Compliance Committee meeting.

Discrimination and other illegal practices

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

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

Record of opening and closing offices and providing services at offices

On April 25, 2011 OCTC opened its first branch in Dutchess County. The branch is in Fishkill, located in a middle-income census tract. No branches were closed during the evaluation period.

All branches provide full access to banking services during business hours. Their lobby hours are Monday to Wednesday 9:00 AM to 4:00 PM, Thursday and Friday 9:00 AM to 5:30 PM and Saturday 9:00 AM to 12:00 PM. Drive-up hours are Monday to Wednesday 9:00 AM to 5:00 PM, Thursday to Friday 8:30 AM to 6:00 PM, and Saturday 8:30 to 12:00 PM.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Dutchess					3	3	0%
Orange	-	-	2	4		6	33%
Sullivan							
Total	0	0	2	4	3	9	22%

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.

OCTC's management, senior officers and members of the board of trustees actively participate as members of committees or on the boards of directors of various community groups. Some of these organizations are economic development corporations, bankers associations, local rotaries, hospital foundations, various local

chambers of commerce, and various community-based nonprofit organizations.

- *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.*

OCTC markets all its products and services in the community through local and regional newspapers. In addition, OCTC markets and communicates its flexible lending programs through its involvement with a local housing corporation and memberships or affiliations with various civic, community and nonprofit organizations.

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 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 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.