PUBLIC DISCLOSURE

January 14, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Orange County Trust Company
RSSD No. 176101

212 Dolson Avenue
Middletown, NY 10940

FEDERAL RESERVE BANK OF NEW YORK

33 LIBERTY STREET
NEW YORK, NY 10045

NOTE: **This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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INSTITUTION'S CRA RATING: Orange County Trust Company ("Orange County") is rated "**SATISFACTORY**."

The following table indicates the performance level of the institution with respect to the lending and community development tests.

PERFORMANCE LEVELS	Lending Test	Community Development Test
Outstanding		
Satisfactory	X	X
Needs to Improve		
Substantial Noncompliance		

The satisfactory performance of Orange County with regard to the Community Reinvestment Act ("CRA") is based on the following performance criteria:

- A substantial majority of loans were made in the assessment area.
- The bank's loan-to-deposit ratio was reasonable.
- The overall distribution of loans to borrowers of different incomes and businesses of different sizes reflects reasonable penetration.
- The overall geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The level of community development loans, qualified investments and community development services demonstrates adequate responsiveness to community development needs in the assessment areas.

DESCRIPTION OF INSTITUTION

Orange County is a New York State-chartered bank headquartered in Middletown, New York. It is a retail bank, with five branches located in Orange County, New York. Three branches are located in Middletown and the other two branches are located in the towns of Montgomery and Vails Gate.

As of December 31, 2006, the bank had total assets of $450 million, gross loans and leases of $212 million and deposits of $261 million. Commercial mortgage and commercial and industrial lending represent 64% of the bank's loan portfolio. Loans secured by residential real estate comprise 30% of the loan portfolio. While the bank offers a range of consumer and commercial financial services, Orange County has shifted its strategic focus in recent years to specialize in small business commercial banking.

The following table shows the composition of the loan portfolio according to the Consolidated Report of Condition and Income:

LOAN TYPE	DOLLAR AMOUNT* ('000s)	PERCENT OF TOTAL
Commercial / Industrial & Non Farm Non Residential Real Estate	135,216	64
Construction & Land Development	5,774	2
Secured by 1-4 Family Residential Real Estate	63,292	30
Multifamily	3,797	2
Consumer & Credit Cards	1,531	1
Other	2,115	1
Total Gross Loans and Leases	**211,725**	**100**

*Data as of December 31, 2006

The bank's market is highly competitive with branches of numerous local, regional and multinational banks, mortgage companies and other financial institutions operating in its assessment area. Orange County's primary bank competitors include Manufacturers and Traders Trust Company, Key Bank, HSBC Bank, JP Morgan Chase Bank and Bank of America.

Orange County's previous CRA examination was dated September 6, 2005, and the bank received an overall rating of "Satisfactory" under the Federal Financial Institution Examination Council ("FFIEC") intermediate small bank examination procedures. There are no financial or legal factors preventing Orange County from serving credit needs in its assessment area.

DESCRIPTION OF ASSESSMENT AREA

Orange County's assessment area consists of all of Orange County, New York and one tract in Sullivan County, New York. The Orange County tracts are located in Metropolitan Statistical Area ("MSA") 39100 (Poughkeepsie-Newburgh-Middletown, NY). The Sullivan County tract is adjacent to Orange County and was combined with the Orange County tracts. The inclusion of the Sullivan County tract does not cause the assessment area to extend substantially beyond the boundary of the MSA. The assessment area was expanded since the prior evaluation to better reflect Orange County's lending patterns and incorporate areas for planned growth. The assessment area does not arbitrarily exclude low-or moderate-income ("LMI") geographies. A map illustrating Orange County's assessment area is on page BB15.

SCOPE OF EXAMINATION

Orange County's CRA performance was reviewed using the FFIEC intermediate small bank examination procedures, consisting of the lending and community development tests.

Retail loan products evaluated include home purchase, refinance, home improvement, and small business loans. A sample of HMDA-related and small business loans was analyzed. Loans for analysis were selected using the Board of Governors' sampling procedures and data was verified as part of the onsite exam. The loan sample review period covered January 1, 2005 through December 31, 2006, and included a sample of 77 HMDA-related loans and 137 small business loans. Community development activities occurring January 1, 2005 through December 31, 2006 were also reviewed.

Examiners also conducted interviews with three community development groups in order to gain an understanding of local credit needs. Community groups emphasized the need for affordable housing and economic development for LMI individuals.

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of Census, the New York State Department of Labor, the U.S. Department of Housing and Urban Development ("HUD") and the New York Association of Realtors.

Demographic Characteristics

According to the 2000 Census, the assessment area for Orange County contains 68 census tracts, including 5 low-income tracts and 14 moderate-income tracts. The LMI tracts are concentrated in the cities of Newburgh, Middletown, and Port Jervis. The low-income tracts contain 9% of the population and 7% of the businesses. The moderate-income tracts contain 15% of the population and 14% of businesses. Community groups have indicated that two of the low-income census tracts in the City of Newburgh are the poorest in the State of New York.

Income Characteristics

The HUD-adjusted median family income for the MSA was $73,400 in 2006 and $68,100 in 2005. Based on the 2000 Census, of the 68 census tracts included in the analysis, 19 or 28% are LMI. Eight percent of all families reside below the poverty level.

Housing Characteristics

The assessment area contains 125,646 housing units, of which 63% are owner-occupied. Thirteen percent of owner-occupied housing units are located in low- and moderate-income census tracts, representing 34% of total housing units in the low- and moderate-income census tracts. Demographic information from the 2000 Census estimated that the median age of the housing stock in the assessment area to be 56 years in low- and 49 years in moderate-income census tracts respectively. Given the age of the housing stock, community groups have stated that there is a need for home improvement and home rehabilitation loans.

Median Home Sales Prices		
Area	**2005**	**2006**
Orange County	$317,600	$320,000

Source: New York Association of Realtors

As shown in the table at left, the median sales price of existing single-family homes in Orange County was $317,600 as of December 2005, and increased to $320,000 as of December 2006. In 2006, the median sales price of homes in Orange County was 8.7 times the median family income of a low-income individual and 5.4 times the median family income of a moderate-income individual. Housing is, therefore, not affordable for low-income individuals without some form of subsidy, and may be difficult for moderate-income individuals. Community groups have indicated that the population in the assessment area was increasing, due in part, to the migration of individuals seeking relief from the higher cost of home ownership in New York City area. This migration has contributed to the increased housing costs over the last few years. The community groups also noted that there was a need for affordable multiple family housing.

Labor, Employment and Economic Characteristics

Unemployment rates remained relatively constant during the examination period. The trend in the unemployment rate reflects an improved economic climate in the Hudson Valley Region of New York State which, according to the New York State Department of Labor, is the fastest growing region in the state.

Average Annual Unemployment Rates		
Area	**2005**	**2006**
Orange County	4.3%	4.2%

The chart on the next page provides additional assessment area demographics.

Assessment Area Demographics								
Income Categories	**Tract Distribution**		**Families by Tract Income**		**Families < Poverty Level as % of Families by Tract**		**Families by Family Income**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low-income	5	7.4	5,837	6.7	2,526	43.3	17,654	20.3
Moderate-income	14	20.6	12,114	13.9	1,623	13.4	15,621	18.0
Middle-income	35	51.5	49,701	57.2	1,877	3.8	20,721	23.8
Upper-income	14	20.6	19,235	22.1	538	2.8	32,891	37.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**68**	**100.0**	**86,887**	**100.0**	**6,564**	**7.6**	**86,887**	**100.0**
	Housing Units by Tract	**Housing Types by Tract**						
		Owner-occupied			**Rental**		**Vacant**	
		#	**%**	**%**	**#**	**%**	**#**	**%**
Low-income	8,936	1,919	2.4	21.5	5,925	66.3	1,092	12.2
Moderate-income	20,101	8,087	10.2	40.2	10,633	52.9	1,381	6.9
Middle-income	70,703	48,751	61.8	69.0	18,178	25.7	3,774	5.3
Upper-income	25,906	20,187	25.6	77.9	3,671	14.2	2,048	7.9
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	**125,646**	**78,944**	**100.0**	**62.8**	**38,407**	**30.6**	**8,295**	**6.6**
	Total Businesses by Tract		**Businesses by Tract & Revenue Size**					
			Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low-income	901	6.6	807	6.6	69	6.3	25	5.6
Moderate-income	1,960	14.3	1,703	14.0	189	17.1	68	15.1
Middle-income	7,767	56.7	6,880	56.7	653	59.2	234	52.0
Upper-income	3,065	22.4	2,750	22.7	192	17.4	123	27.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**13,693**	**100.0**	**12,140**	**100.0**	**1,103**	**100.0**	**450**	**100.0**
	Percentage of Total Businesses:			**88.7**		**8.1**		**3.3**

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Orange County's record of meeting the credit needs of its assessment area through its lending performance is rated satisfactory. Orange County originated a substantial majority of its loans within its assessment area and its loan-to-deposit ratio was reasonable. The overall distribution of loans to borrowers of different incomes and businesses of different sizes was reasonable. The geographic distribution of loans reflects reasonable penetration throughout the bank's assessment area.

Loan-to-Deposit Ratio

Orange County's loan-to-deposit ratio was reasonable given the bank's size, financial condition, and the credit needs of its assessment area. The bank's average loan-to-deposit ratio for the eight most recent quarters ending December 31, 2006, was 72%, based on information contained in its Consolidated Report of Condition and Income. This ratio was below the national peer average of 86% for similarly-sized banks and an average of 75% for 5 similarly-sized banks located in the assessment area during the same time period.

Lending in Assessment Area

Orange County originated a substantial majority of its loans in its assessment area. Of the sampled 137 small business loans and 77 HMDA-related loans originated in 2005 and 2006, 136 or 99% of the small business loans, and 75 or 97% of the HMDA loans, were extended to businesses and individuals located in the bank's assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The overall distribution of borrowers reflects a reasonable penetration among individuals of different income levels and businesses of different sizes within the assessment area.

HMDA-related Loans

Performance overall in HMDA-related lending to borrowers of different income levels was satisfactory primarily based on reasonable performance with moderate-income borrowers. Fifteen percent of Orange County's HMDA-related lending was originated to moderate-income borrowers while 18% of all families in the assessment area are moderate-income. Performance in lending to low-income borrowers was poor, as 6% of Orange County's loans were originated to low-income borrowers while 20% of all families in the assessment area are low-income.

Orange County's performance was significantly above the aggregate in lending to low-income borrowers and slightly above the aggregate in lending to moderate-income borrowers as the aggregate reported 3% and 13% of their loans to low- and moderate-income borrowers.

Overall performance conclusions in HMDA-related lending to low- and moderate-income borrowers considered the housing affordability issues facing many low-income borrowers, as noted in the performance context section of this evaluation.

The table on the next page summarizes the bank's performance with respect to lending to low- and moderate-income borrowers.

Borrower Distribution of HMDA-Related Loans* January 1, 2005 – December 31, 2006	
LOW-INCOME: Less than 50% of Median Income	
Number	4
Percentage	5.5%
Amount ($)	$170,000
Percentage	2.3%
MODERATE-INCOME: At least 50% & less than 80% of Median Income	
Number	11
Percentage	15.1%
Amount ($)	$1,116,000
Percentage	14.8%
MIDDLE-INCOME: At least 80% & less than 120% of Median Income	
Number	20
Percentage	27.4%
Amount ($)	$2,298,000
Percentage	30.5%
UPPER-INCOME: 120% or more of Median Income	
Number	38
Percentage	52.0%
Amount ($)	$3,951,000
Percentage	52.4%

*Does not include 2 HMDA-related loans which did not report income.

Small Business Loans

Lending to businesses of different sizes was reasonable. Orange County originated 54% of its small business loans to businesses with gross annual revenues ("GAR") of $1 million dollars or less compared to 89% of all business establishments in Orange County's assessment area having GAR of $1,000,000 or less. In addition, 61 loans or 47% were in amounts $100,000 or less with an average loan size of $53,262, an amount reflecting the credit needs of smaller businesses. Performance is significantly above the aggregate, which reported 34% of its loans to businesses with GAR of $1,000,000 or less. However, performance is slightly weaker compared to the last examination when 62% of its small business loans went to businesses with GAR of $1 million dollars or less and 61% were in amounts of $100,000 or less.

The following table summarizes the bank's performance in lending to businesses of different sizes.

Distribution of Loans in Assessment Area by Size of Business[1]
January 1, 2005 – December 31, 2006

Number of loans to businesses	Number of loans to small businesses[2]	% of loans to small businesses	$ amount of loans to businesses	$ amount of loans to small businesses	% of $ amount of loans to small businesses
131	71	54%	$25,895,000	$9,866,000	38%

Geographic Distribution of Loans

The overall geographic distribution of HMDA-related and small business loans reflected reasonable loan penetration throughout Orange County's assessment area given the demographics of the bank's assessment area as discussed in the performance context section. Small business and HMDA-related loan penetration were considered reasonable.

HMDA-related Loans

The distribution of HMDA-related lending was reasonable**.** Of the 75 HMDA-related loans included in the sample and within the bank's assessment area, 1% were originated in low-income census tracts and 11% were originated in moderate-income census tracts compared to 2% and 10%, respectively, of owner-occupied housing units located in these tracts.

Performance was significantly below the aggregate in low-income census tracts and slightly below the aggregate in moderate-income census tracts which reported 5% and 14% of its loans in low- and moderate-income census tracts respectively.

Small Business Loans

The distribution of small business lending was reasonable**.** The distribution of small business loans in moderate-income census tracts was excellent compared with both the percentage of businesses located in moderate-income census tracts as well as the performance of the aggregate of all CRA-reporting lenders. Forty percent of the small business loans were originated in moderate-income census tracts compared to 14% of the businesses and 10% of the aggregate's lending located in moderate-income census tracts.

Small business performance in low-income census tracts was poor compared with both the percentage of businesses in low-income census tracts and the performance of the aggregate of all CRA-reporting lenders. One percent of the bank's small business loans were originated in low-income census tracts compared to 7% of the businesses and 8% of the aggregate's lending located in low-income census tracts.

[1] Businesses with gross annual revenues of $1 million or less.
[2] Does not include 5 small business loans which did not report income.

Response to Complaints

Orange County did not receive any complaints relating to the bank's CRA performance, and no complaints have been filed with the Federal Reserve Bank of New York since the previous examination.

COMMUNITY DEVELOPMENT TEST

Orange County's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of opportunities for community development in Orange County's assessment area. During the examination period, loans and qualified investments benefiting the assessment area totaled $3 million. Community development volume has increased substantially from the $2 million reported at the last exam. Community development efforts consist entirely of new obligations approved since the prior CRA examination.

Community development efforts were primarily directed at community service initiatives representing $2.9 million or 95% of community development dollar volume.

Examples of community development loans and qualified investments originated during the evaluation period include:

- A $1,500,000 line of credit to an organization which provides housing and rehabilitation services for people with mental and physical disabilities and also operates group homes.

- A $200,000 loan to an organization that acts as a Community Development Financial Institution ("CDFI"), providing a variety of services to LMI individuals. Services include training programs, such as welfare to work, home buyer's education, chemical dependency programs, and administration of affordable housing for low-income individuals.

- A $60,000 line of credit to a non-profit corporation that targets economic development by acting as a liaison between government and business. Activities of this non-profit have assisted in revitalizing the downtown moderate-income areas of Middletown.

Community Development Services

Orange County provided an adequate level of community development services in its assessment area. Bank officers and employees provided professional services to local organizations that provide technical assistance, economic development, affordable housing, credit counseling, and youth and scholarship programs to LMI individuals in the assessment area. Additionally, several bank personnel have made financial education presentations, including housing and small business lending seminars, to various groups in the assessment area.

Twelve bank officers serve on the boards and committees of 12 community development organizations, as described below:

- One officer is a member of the board of directors and the finance committee of an organization that provides scholarship assistance for low-income students.

- One officer serves as vice chairman of the board of directors of an organization which provides businesses with tax incentives and low cost financing for projects that benefit Orange County.

- One officer serves as chairman of the finance committee of a non-profit organization that provides a wide array of outpatient, educational, and support services for people with disabilities.

- One officer is vice president of an organization whose mission is to foster economic growth and development.

- One officer is treasurer and chairman of the finance committee of an organization whose mission is to enhance the quality of life for persons with disabilities.

In addition, the overall branch distribution provides excellent accessibility to the LMI population and geographies within the assessment area. One of five branches (20%) was located in a moderate-income census tract, providing needed financial services to this area. In comparison, 24% of the assessment area population resides in LMI census tracts.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations. No credit practices were identified as being inconsistent with helping to meet the credit needs of the assessment area.

CRA APPENDIX A

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small, relatively permanent statistical subdivision of a county or statistically equivalent entity delineated for data presentation purposes by a local group of census data users or the geographic staff of a regional census center in accordance with Census Bureau guidelines. Designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time they are established, census tracts generally contain between 1,000 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries are delineated with the intention of being stable over many decades, so they generally follow relatively permanent visible features. However, they may follow governmental unit boundaries and other invisible features in some instances. The boundary of a state or county (or statistically equivalent entity) is always a census tract boundary.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

(i) Low-or moderate-income geographies;
(ii) Designated disaster areas; or
(iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
a. Rates of poverty, unemployment, and population loss; or
b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: A family is a group of two or more people related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

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 statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

Household: A household consists of all the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group quarters.

Low-income: Individual income that is less than 50% of the area median income, or a median family income that is less than 50%, in the case of a geography.

Metropolitan Statistical Area ("MSA"): A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core.

Middle-income: Individual income that is at least 80% and less than 120% of the area median income, or a median family income that is at least 80% and less than 120%, in the case of a geography.

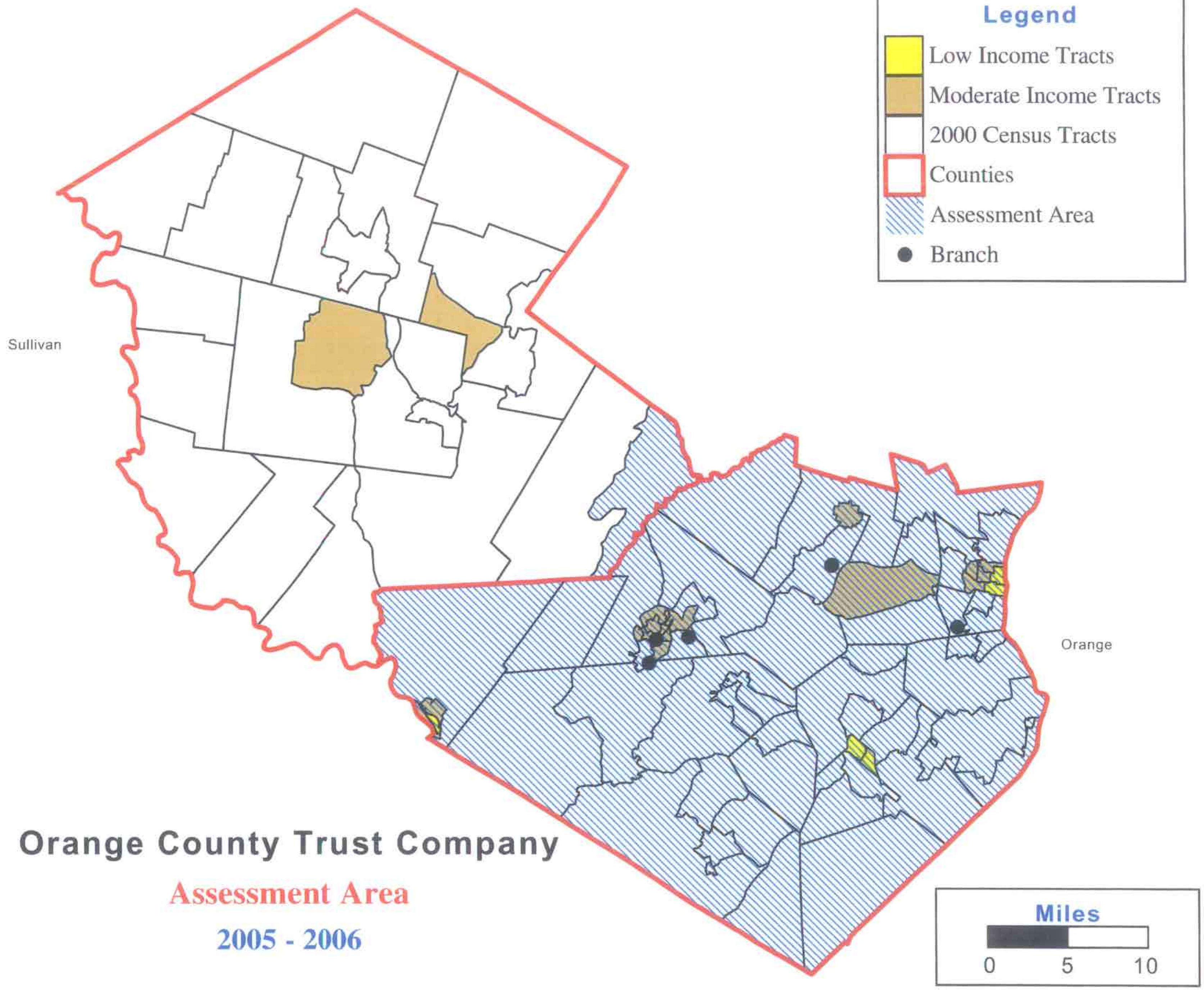
Moderate-income: Individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, in the case of a geography.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share or grant that has as its primary purpose community development.

Small loan(s) to business(es): A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (“Call Report”) and the Thrift Financial Reporting (“TFR”) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Upper-income: Individual income that is more than 120% of the area median income, or a median family income that is more than 120%, in the case of a geography.



Orange County Trust Company

Assessment Area

2005 - 2006