

PUBLIC DISCLOSURE

June 1, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**OCTC Bank
RSSD No. 176101**

**212 Dolson Avenue
Middletown, New York 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 (“OCTC”) is rated **“Satisfactory.”**

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

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

The satisfactory performance of OCTC 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.
- OCTC’s loan-to-deposit ratio was reasonable.
- The distribution of loans to borrowers of different income levels and businesses of different sizes reflects reasonable penetration.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The overall level of community development loans, qualified investments and community development services demonstrates adequate responsiveness to community development needs in the assessment area.

DESCRIPTION OF INSTITUTION

OCTC is a New York State-chartered bank headquartered in Middletown, New York. It is a full service retail bank, with eight branches located in Orange County and one branch in Dutchess County. OCTC has not opened or closed any branches since the previous evaluation.

While OCTC offers a range of consumer and commercial financial services, OCTC specializes in small business commercial banking. As of March 31, 2015, OCTC had total assets of \$765.9 million, net loans and leases of \$337.4 million and total domestic deposits of \$589.5 million. Commercial mortgage and commercial and industrial lending represents 80.1 percent (\$276.6 million) of the bank's loan portfolio. Loans secured by one- to four-family residential properties comprised only 19.2 percent or \$66.2 million of OCTC's loan portfolio.

OCTC's market is highly competitive with branches of numerous local, regional, and national banks, mortgage companies and other financial institutions operating in its assessment area. OCTC's primary local bank competitors include: Rhinebeck Savings Bank, The Berkshire Bank, and Mahopac National Bank.

Based on deposits reported to the Federal Deposit Insurance Corporation ("FDIC") on June 30, 2014, OCTC has the 5th largest deposit market share (8.7 percent) in Orange County where the bank conducts the majority of its business.

OCTC's previous CRA examination was conducted as of April 3, 2012, using the Federal Institution Examination Council ("FFIEC") Intermediate Small Institution Examination Procedures. The prior examination resulted in an overall rating of "Satisfactory". There are no financial or legal factors preventing OCTC from serving the credit needs in its assessment area.

DESCRIPTION OF ASSESSMENT AREA

OCTC's assessment area consists of all of Orange County, NY and a portion of Dutchess County, NY, both located in the New York MSA 39100 (Poughkeepsie-Newburgh-Middletown). The assessment area also includes one tract of Sullivan County, NY, located in a non-MSA area, consisting of a portion of the town of Mamakating, NY. The assessment area has 94 census tracts, of which 79 are in Orange County, 14 are in Dutchess County, and one tract is in Sullivan County. Since the non-MSA portion of Sullivan County does not extend substantially beyond the boundaries of MSA 39100, the areas were combined into one assessment area for analysis, in accordance with FFIEC CRA examination procedures.

The assessment area contains seven low-income tracts, 17 moderate-income tracts, 48 middle-income, 21 upper-income tracts and one tract with unknown-income.

OCTC's assessment area is in compliance with the requirements of Section 228.41 of Regulation BB and does not arbitrarily exclude low- and moderate-income ("LMI") geographies. See Appendix B for a map illustrating OCTC's assessment area.

SCOPE OF EXAMINATION

Procedures

OCTC was examined using the FFIEC's Intermediate Small Institution Examination Procedures, which consist of a lending test and a community development test.

Products

The universe of HMDA-related loans (home purchase and refinance loans) and a sample of small business loans were analyzed. Loan samples were selected using the Federal Reserve Board of Governors' sampling procedures. Small business data and the 2011-2014 HMDA loans were verified during an on-site verification review.

Home improvement and multi-family loans were not analyzed during this examination because OCTC's retail product strategies resulted in low volumes that would not affect the overall conclusions if these products were included.

Examination Period

All HMDA-related and a sample small business loans originated from January 1, 2011 through December 31, 2014 were analyzed. Loans, investments, philanthropic grants, and services provided between January 1, 2012 and March 31, 2015 were evaluated as qualifying community development activities.

Lending Distribution Analysis

The borrower and geographic loan distribution analyses were based on loan activity conducted in OCTC's assessment area. The bank's lending performance in 2011 was compared to 2000 Census demographic data, while its performance in 2012, 2013, and 2014 was compared to 2010 Census demographic data.

To analyze the borrower characteristics of HMDA-related lending, the proportion of originations to LMI borrowers was compared to the proportion of LMI families residing in the assessment area. Income estimates from the U.S. Department of Housing and Urban Development ("HUD") were used to categorize borrower income. For small business lending, the proportion of loans made to businesses with gross annual revenues ("GAR") of \$1 million or less, based on Dun and Bradstreet data, was compared to the proportion of all such businesses located in the assessment area. The size of the small business loans was also used as a proxy to identify lending to businesses with GAR of \$1 million or less.

To evaluate the geographic distribution, the proportion of HMDA-related loan originations was compared with the proportion of owner-occupied housing units located in LMI geographies in the assessment area. For small business loans, the analysis compared the proportion of loan originations with the proportion of businesses located in LMI geographies.

OCTC's HMDA-related lending performance in 2011, 2012 and 2013 was also compared respectively to the 2011, 2012, and 2013 performance of the aggregate of all lenders in the

assessment area subject to HMDA reporting. The aggregate data for 2014 was not publicly available; therefore, consideration of OCTC's performance in 2014 compared to 2014 aggregate was used for internal analysis only.

Community Contacts

Examiners conducted interviews with four community development organizations in order to gain an understanding of local credit needs.

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 (2010 Census), the U.S. Department of Housing and Urban Development ("HUD"), U.S. Department of Labor, and the New York State Department of Labor.

Demographic Characteristics

OCTC's assessment area consists of all of Orange County as well as portions of Dutchess and Sullivan Counties. According to the 2010 Census, the population of the assessment area is 426,880, which represents a nine percent increase since the 2000 Census. Of the assessment area population 7.9 percent resides in low-income geographies, 15.6 percent in moderate-income geographies, 50.3 percent in middle-income geographies, and 26.2 percent in upper-income geographies.

The assessment area consists of 94 census tracts, which includes seven low-income tracts and 17 moderate-income tracts. The LMI areas of the assessment area are located in the cities of Middletown and Newburgh.

Exhibit I provides a summary of demographic information related to OCTC's assessment area.

Income Characteristics

According to the 2010 Census data, the assessment area has 20.8 percent of families that are low-income, 17.9 percent that are moderate-income, and 7.2 percent of families living below the poverty level. The estimated 2014 HUD-adjusted median family income ("MFI") for Orange County was \$83,100, which represents only a slight increase since the prior exam, when the MFI for the assessment area was \$80,868 per the 2010 census.

Housing Characteristics

OCTC's assessment area has 157,629 housing units, 64.9 percent of which are owner-occupied, according to the 2010 Census. Of the owner-occupied units in the assessment area, 2.4 percent are located in low-income census tracts and 12.0 percent are in moderate-income census tracts. The remaining housing in the assessment area consists of rental housing (27.1 percent) and

vacant properties 8.0 percent). The 2010 census estimated that the median age of the housing stock in assessment area is 42 years.

Housing in the assessment area is generally affordable, although affordable housing remains a pressing need, according to community contacts. The median housing value of an existing single-family home in the assessment area was \$309,354 in 2010, approximately four times the median family income of the assessment area per the 2010 Census (\$80,868). In comparison, the median sales price for a single family home in New York State was \$303,900 in 2010. Rents are relatively affordable in the assessment area in relation to the median family income of the assessment area. The 2010 Census put median gross rent for the assessment area at \$1,047, compared to median gross rent of \$977 for New York State.

Exhibit I 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	7	7.4	6,166	5.9	2,703	43.8	21,540	20.8	
Moderate-income	17	18.1	15,124	14.6	2,052	13.6	18,584	17.9	
Middle-income	48	51.1	54,026	52.1	2,066	3.8	22,751	21.9	
Upper-income	21	22.3	28,355	27.4	629	2.2	40,796	39.4	
Unknown-income	1	1.1	0	0.0	0	0.0	0	0.0	
Total Assessment Area	94	100.0	103,671	100.0	7,450	7.2	103,671	100.0	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied		Rental		Vacant			
		#	%	%	#	%	#	%	
Low-income	9,255	2,453	2.4	26.5	5,496	59.4	1,306	14.1	
Moderate-income	26,427	12,311	12.0	46.6	11,504	43.5	2,612	9.9	
Middle-income	81,628	55,904	54.7	68.5	19,695	24.1	6,029	7.4	
Upper-income	40,319	31,570	30.9	78.3	6,058	15.0	2,691	6.7	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	157,629	102,238	100.0	64.9	42,753	27.1	12,638	8.0	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low-income	1,212	5.9	1,076	5.8	81	7.0	55	6.3	
Moderate-income	3,044	14.9	2,681	14.6	186	16.1	177	20.3	
Middle-income	10,976	53.7	9,891	53.8	631	54.6	454	52.2	
Upper-income	5,190	25.4	4,749	25.8	257	22.3	184	21.1	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	20,422	100.0	18,397	100.0	1,155	100.0	870	100.0	
Percentage of Total Businesses:				90.1		5.7		4.3	

Labor, Employment and Economic Characteristics

Orange County’s major employment industries are healthcare, education, and retail, with the top employers being Orange Regional Medical Center, St. Luke’s Cornwall Hospital, West Point Military Academy, and C&S Wholesale Grocers, Inc. As of 2013, there were 20,422 businesses operating in the assessment area, of which 5.9 percent were in low-income areas and 14.9 percent were in moderate-income areas.

Orange County has most recently shown improvement in employment opportunities between 2012 and 2014. The annual unemployment rate for Orange County decreased from 8.2 percent in

2012 to 5.7 percent in 2014, compared to New York State unemployment rates of 8.5 percent in 2012 and 6.3 percent in 2014.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

OCTC's record of meeting the credit needs of its assessment area through its lending performance is rated satisfactory. The bank is primarily a small business lender; therefore, significant weight was placed on small business lending activity. OCTC originated a substantial majority of its loans within its assessment area and its loan-to-deposit ratio was reasonable. The overall distribution of its loans among borrowers of different income levels and businesses of different sizes was reasonable. The geographic distribution of loans also reflected reasonable penetration throughout the bank's assessment area.

LOAN-TO-DEPOSIT RATIO

OCTC's loan-to-deposit ratio was reasonable given the bank's size, financial condition, and the credit needs of its assessment area. OCTC's average loan-to-deposit ratio for the 16 quarters between January 1, 2011 and December 31, 2014 was 62.0 percent, based on information contained in its Consolidated Report of Condition and Income. This ratio was below the national peer average of 75.0 percent for similarly-sized banks and similar to an average of 62.9 percent for four similarly-situated banks with branches located in OCTC's assessment area during the evaluation period. OCTC's average LTD ratio decreased from the prior CRA examination period when the bank had an average LTD ratio of 73.0 percent.

LENDING IN ASSESSMENT AREA

OCTC originated a substantial majority of its loans in its assessment area. Overall, 90.4 percent of the loans evaluated during this examination period were originated in the assessment area. OCTC originated 88.4 percent of its HMDA-related loans to individuals residing in the bank's assessment area. Of the small business loans, 91.6 percent were extended to small businesses located in the assessment area. See Exhibit II for details of the bank's lending inside and outside of the assessment area.

Exhibit II

Orange County Trust Company

Lending inside and Outside the Assessment Area

January 1, 2011-December 31, 2014

Loan Type - Description	Inside				Outside				Total			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
CV - Home Purchase - Conventional	53	89.8	7028	89.6	6	10.2	817	10.4	59	100.0	7845	100.0
HI - Home Improvement	11	91.7	1735	92.7	1	8.3	136	7.3	12	100.0	1871	100.0
RF - Refinancing	17	85.0	3076	72.2	3	15.0	1183	27.8	20	100.0	4259	100.0
MF - Multi-Family Housing	3	75.0	2,733	40.3	1	25.0	4,050	59.7	4	100.0	6,783	100.0
Total HMDA related	84	88.4	14,572	70.2	11	11.6	6,186	29.8	95	100.0	20,758	100.0
Total Small Bus. related	141	91.6	35,488	87.4	13	8.4	5,095	12.6	154	100.0	40,583	100.0
TOTAL LOANS	225	90.4	50,060	81.6	24	9.6	11,281	18.4	249	100.0	61,341	100.0

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

OCTC's overall distribution of HMDA-related and small business loans in its assessment area reflected reasonable penetration among individuals of different income levels and businesses of different sizes. See Exhibit III for details of the bank's 2013 loan distribution by borrower income and business revenue size. An analysis of the lending in each loan category follows:

Home Purchase Loans

OCTC's distribution of home purchase loans to LMI borrowers was reasonable, based on adequate home purchase lending to low-income borrowers and poor lending to moderate-income borrowers. In 2013, OCTC did not originate a home purchase loan to low-income borrowers, compared to 20.8 percent of low-income families residing in the assessment area. The bank's percentage of 2013 home purchase lending to low-income borrowers was below the aggregate, which originated 5.8 percent of its home purchase loans to low-income borrowers in 2013. The bank's 2011 lending is similar to 2013 lending; however, OCTC's 2012 and 2014 home purchase lending to low-income borrowers included a loan to a low-income borrower. Although the bank originated very few home purchase loans to low-income borrowers, it is noted that the bank is not primarily a residential real estate lender. The bank does not offer FHA loans which typically make home purchase loans easier to qualify for lower income borrowers by requiring a lower down payment.

OCTC originated 16.7 percent of its home purchase loans to moderate-income borrowers in 2013, compared to 17.9 percent of moderate-income families residing in the area. Home purchase lending to moderate-income borrowers was slightly below the aggregate, which originated 21.4 percent of its home purchase loans to moderate-income borrowers in 2013. OCTC's 2011 home purchase lending to moderate-income borrowers was in line with 2013

lending. However, 2012 and 2014 home purchase lending to moderate-income borrowers was less favorable than its lending in 2013.

Refinance Loans

OCTC's distribution of refinance loans to LMI borrowers was poor, based on poor refinance lending to low- and moderate-income borrowers. In the exam period, OCTC did not originate refinance loans to low- or moderate-income borrowers, compared to 21 percent of low-income families residing in the assessment area. The aggregate originated 6 percent and 15.8 percent of its refinance loans to low- and moderate-income borrowers respectively in 2013.

While the bank did not make refinance loans to low- and moderate- income borrowers in the exam period, the volume was very limited as the bank does not have mortgage lending as a strong focus.

Small Business Loans

OCTC's distribution of loans to businesses of different sizes was reasonable. In 2013, OCTC made 44.6 percent of its small business loans to businesses with GAR of \$1 million or less, compared to 90 percent of such businesses operating in the assessment area. OCTC's performance was similar to the aggregate, which reported 44.7 percent of its loans to small businesses with GAR of \$1 million or less.

Of the bank's total small business loans made in 2013, 32.0 percent were in amounts of \$100 thousand or less, which was significantly below the aggregate's 95.2 percent of small business loans in amounts of \$100 thousand or less. The comparison of loans in the amount of \$100 thousand dollars or less is skewed as the aggregate includes large national credit card lenders which are typically offered in smaller dollar amounts.

OCTC's 2011, 2012 and 2014 small business lending was comparable to its lending in 2013.

EXHIBIT III
ORANGE COUNTY TRUST

2013 AGGREGATE COMPARISON LOAN DISTRIBUTION TABLE

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	6.4%	6.3%	0	0.0%	0.0%	5.8%	3.2%
Moderate	5	41.7%	11.0%	8.8%	6.1%	2	16.7%	7.7%	21.4%	16.5%
Middle	5	41.7%	17.4%	53.8%	51.8%	0	0.0%	0.0%	30.2%	30.1%
Upper	2	16.7%	71.6%	31.0%	35.8%	7	58.3%	81.8%	32.8%	40.3%
Unknown	0	0.0%	0.0%	0.0%	0.0%	3	25.0%	10.5%	9.9%	10.0%
Total	12	100.0%	100.0%	100.0%	100.0%	12	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	3.7%	3.8%	0	0.0%	0.0%	6.0%	3.5%
Moderate	2	33.3%	18.5%	8.5%	6.3%	0	0.0%	0.0%	15.8%	10.9%
Middle	2	33.3%	34.1%	55.3%	58.7%	0	0.0%	0.0%	26.5%	22.1%
Upper	2	33.3%	47.4%	32.5%	33.2%	6	100.0%	100.0%	38.8%	42.1%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	12.8%	21.4%
Total	6	100.0%	100.0%	100.0%	100.0%	6	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	1.3%	2.5%	0	0.0%	0.0%	12.0%	8.2%
Moderate	0	0.0%	0.0%	9.7%	5.7%	0	0.0%	0.0%	20.1%	16.9%
Middle	2	100.0%	100.0%	60.2%	57.6%	1	50.0%	48.4%	30.1%	28.8%
Upper	0	0.0%	0.0%	28.8%	34.3%	0	0.0%	0.0%	32.4%	37.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	50.0%	51.6%	5.4%	8.9%
Total	2	100.0%	100.0%	100.0%	100.0%	2	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	6.1%	0.2%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	24.2%	16.8%	0	0.0%	0.0%	0.0%	0.0%
Middle	1	100.0%	100.0%	57.6%	74.3%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	12.1%	8.7%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	100.0%	100.0%	100.0%	100.0%
Total	1	100.0%	100.0%	100.0%	100.0%	1	100.0%	100.0%	100.0%	100.0%
HMDA Totals										
Low	0	0.0%	0.0%	4.9%	4.8%	0	0.0%	0.0%	6.1%	3.2%
Moderate	7	33.3%	10.0%	8.8%	6.7%	2	9.5%	4.2%	18.5%	13.0%
Middle	10	47.6%	40.6%	54.8%	55.3%	1	4.8%	1.5%	28.3%	24.8%
Upper	4	19.0%	49.3%	31.6%	33.2%	13	61.9%	66.5%	35.6%	39.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	5	23.8%	27.8%	11.6%	19.8%
Total	21	100.0%	100.0%	100.0%	100.0%	21	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
By Tract Income										
	#	Bank		Aggregate						
		%	% \$(000s)	%	% \$(000s)					
Low	0	0.0%	0.0%	0.0%	0.0%					
Moderate	5	8.9%	9.6%	10.9%	11.6%					
Middle	31	55.4%	58.5%	46.8%	54.9%					
Upper	20	35.7%	31.9%	24.4%	23.7%					
Unknown	0	0.0%	0.0%	0.0%	0.0%					
Tract Unknown	0	0.0%	0.0%	2.5%	1.4%					
Total	56	100.0%	100.0%	100.0%	100.0%					
By Revenue										
\$1 Million or Less	21	44.6%		40.7%		44.7%		35.8%		
By Loan Size										
\$100,000 or less	18	32.1%		8.7%		95.2%		40.5%		
\$100,001-\$250,000	16	28.6%		20.2%		2.5%		15.2%		
\$250,001-\$1 Million	22	39.3%		71.2%		2.3%		44.3%		
Total	56	100.0%		100.0%		100.0%		100.0%		

Originations and Purchases

ORANGE COUNTY ASSESSMENT AREA

GEOGRAPHIC DISTRIBUTION OF LOANS

OCTC's overall geographic distribution of HMDA-related and small business loans reflected reasonable dispersion throughout the assessment area. To derive overall geographic distribution rating, OCTC's performance in moderate-income areas was more heavily weighted than its performance in low-income areas as opportunities to lend in low-income areas were limited. See Exhibit III for details of the bank's 2013 loan distribution by tract income. An analysis of the lending distribution in each loan category follows:

Home Purchase Loans

OCTC's distribution of home purchase loans in the LMI areas of its assessment area was excellent, based on poor home purchase lending in low-income geographies and excellent lending in moderate-income geographies. Due to the limited amount of owner-occupied housing in low-income census tracts, significant weight was given to performance in moderate-income census tracts. In 2013, OCTC did not originate any home purchase loans in low-income geographies, compared to 2.4 percent of owner-occupied housing units located in low-income geographies in the assessment area. OCTC's performance was significantly below the aggregate, which made 6.4 percent of its home purchase loans in low-income geographies in 2013. OCTC's 2011, 2012, and 2014 home purchase lending in low-income geographies was comparable to that of 2013.

OCTC originated 41.7 percent of its home purchase loans in moderate-income geographies in 2013, compared to 12.0 percent of owner-occupied housing units located in moderate-income geographies in the assessment area. OCTC's performance was significantly above the aggregate, which made 8.8 percent of its home purchase loans in moderate-income geographies in 2013. OCTC's 2011 and 2012 home purchase lending in moderate-income geographies was comparable to 2012 performance while 2014 was less favorable.

Refinance Loans

OCTC's distribution of refinance loans in the LMI areas of its assessment area was excellent, based on poor refinance lending in low-income geographies and excellent refinance lending in moderate-income geographies. Similar to home purchase loans, due to the low percentage of owner-occupied housing in low-income geographies, more significant weight was placed on performance in moderate-income geographies. In 2013, OCTC did not originate any refinance loans in low-income areas, compared to 2.4 percent of owner-occupied housing units located in low-income geographies in the assessment area. OCTC's performance was significantly below the aggregate, which made 3.7 percent of its refinance loans in low-income geographies in 2013. OCTC's 2011, 2012, and 2014 refinance lending in low-income geographies was comparable to 2013.

OCTC originated 2 of its 6 (33.3 percent) refinance loans in moderate-income areas in 2013, compared to 12 percent of owner-occupied housing units located in moderate-income geographies in the assessment area. OCTC's performance was significantly above the aggregate, which made 8.5 percent of its refinance loans in moderate-income geographies in 2013. OCTC's 2011 and 2012 refinance lending in moderate-income geographies was comparable to 2013, while its lending in 2014 was less favorable.

Small Business Loans

OCTC's distribution of small business loans in the LMI areas of its assessment area was reasonable, based on poor small business lending in low-income geographies and reasonable small business lending in moderate-income geographies. In 2013, OCTC did not originate any of its small business loans in low-income areas, compared to 5.8 percent of businesses in the assessment area operating in low-income geographies. OCTC's performance was significantly below the aggregate, which made 15.4 percent of its small business loans in low-income geographies in 2013. However, it is noted that aggregate data includes credit card lenders which skews the data with a high volume of small business credit cards in the low income census tracts. OCTC's 2011, 2012 and 2014 small business lending in low-income geographies was comparable to its lending in 2013. Per comments noted by several community contacts, the city of Newburgh, which is comprised of the low-income census tracts in the assessment area, is very depressed and does not have significant demand for small business activity. Therefore, the bank's small business lending activity in low-income census tracts is reasonable.

In 2013, OCTC originated 8.9 percent of its small business loans in moderate-income areas, compared to 10.9 percent of businesses in the assessment area operating in moderate-income geographies. OCTC's performance was slightly below the aggregate, which made 10.9 percent of its small business loans in moderate-income geographies in 2013. OCTC's 2011 and 2012 small business lending in moderate-income geographies was more favorable when compared to its lending in 2013 while its 2014 small business lending was less favorable.

RESPONSE TO COMPLAINTS

OCTC received one complaint relating to the bank's CRA performance during the examination period which it placed in the public file in accordance with the requirements of the regulation. The bank's response was timely and adequately addressed the CRA concerns noted in the complaint.

COMMUNITY DEVELOPMENT TEST

OCTC's performance under the community development test is rated satisfactory. OCTC demonstrated overall adequate responsiveness to the community development needs of its assessment area through making community development loans, qualified investments, and community development services. This assessment also considered OCTC's capacity and the need and availability of opportunities for community development in the assessment area. The

bank was determined to have met the needs of its assessment area; therefore, community development activities outside of the assessment area were also considered.

During the examination period, OCTC made a total of \$21.6 million in community development loans and qualified investments, of which approximately 42 percent were made in OCTC's assessment area. New community development loans and qualified investments made during this exam period totaled \$21.4 million or nearly 100 percent. On an annualized basis, OCTC's total community development efforts in terms of dollar volume decreased by 48 percent compared to the prior examination. While there was a substantial decrease in community development activity relative to the prior exam, this amount of community development activity is more consistent with the bank's community development performance in the previous years and is in line with similarly situated banks in the area. See Exhibit IV below for details of the bank's community development loans and qualified investments.

Exhibit IV										
Orange County Trust Company										
January 1, 2012 to March 31, 2015										
Community Development Loans & Qualified Investments (combined)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize and Stabilize		Total	
	#	(\$000s)	#	(\$000s)	#	(\$000s)	#	(\$000s)	#	(\$000s)
MSA	2	5,000	36	3,980	2	10.5	0	0	40	8,990
Broader Statewide	4	7,442	2	5,000	13	195	0	0	19	12,637
Total CD loans and Investments	6	12,442	38	8,980	15	204.4	0	0	59	21,627

Of the bank's total community development loans and qualified investments in terms of dollar volume, 58.0 percent targeted affordable housing efforts and 42.0 percent targeted community services. Communication with community contacts identified affordable housing as a primary assessment area need.

When compared to five similarly-situated banks operating in the assessment area, OCTC's annualized community development loans and qualified investments as a percent of average assets, as a percent of deposits, and as a percentage tier one capital was comparable to its peers.

OCTC provided a significant number of community development services in its assessment area. OCTC operates eight branches, of which three are located in LMI areas. Eighteen of OCTC's officers, directors, and employees served on boards or committees of 28 non-profit organizations located during this examination period, compared to 23 officer or employees serving on the boards and committees of community development organizations during the prior examination.

Community Development Loans

OCTC made \$21.3 million in community development loans. Of this total dollar amount of community development loans, 58.0 percent financed affordable housing projects and 42.0 percent financed organizations providing community services to LMI individuals. Each of the community development loans was a new commitment originated since the prior CRA evaluation.

Examples of OCTC's community development loans include:

- A \$4.0 million construction loan to assist in building a 78-unit affordable housing apartment building.
- A \$1.0 million mortgage to upgrade and renovate an affordable housing apartment complex.
- A \$700 thousand line of credit that will provide operating funds for a family health care facility that serves majority LMI patients.

Community Development Investments

OCTC made \$300 thousand in qualified investments in the assessment area. In terms of dollar amount, 68.0 percent of the investments were dedicated to economic development. A total of 26 percent of qualified investments represented new investments made since the prior CRA evaluation; however, it is noted that opportunities for qualified investments are limited.

OCTC's qualified investments primarily funded the Federal Home Loan Bank of New York's Affordable Housing Program. In 2013 the program created 1,988 affordable housing units in New York State. Of the total qualified investments, OCTC made \$42 thousand in charitable donations to organizations located throughout the assessment area for a community development purpose.

Community Development Services

Examples of OCTC's community development services include:

- An executive of the bank provided financial expertise in a speaking engagement with an economic development organization that offers training on running a business

- An executive of the bank provided financial technical assistance through board membership of an economic development organization that focuses on job growth in Orange County.
- An OCTC employee provided financial technical assistance through board membership of a non-profit organization that provides services to LMI individuals.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

OCTC is in compliance with the substantive provisions of the anti-discrimination laws and regulations. No evidence of discriminatory or other illegal credit practices was identified as being inconsistent with helping to meet community credit needs.

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 LMI 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 percent of the area median income, or a median family income that is less than 50 percent, in the case of 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 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, 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 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

CRA APPENDIX B MAPS OF THE ASSESSMENT AREA

ORANGE COUNTY, NY ASSESSMENT AREA

