

# **PUBLIC DISCLOSURE**

November 5, 2018

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Orange Bank and Trust Company  
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.

## TABLE OF CONTENTS

Institution's CRA Rating .....	1
Scope of Examination .....	1
Description of Institution .....	3
Description of Assessment Area .....	4
Conclusions With Respect to Performance Tests .....	9
Appendices	
CRA Appendix A: Lending Tables .....	18
CRA Appendix B: Assessment Area Map .....	21
CRA Appendix C: Glossary .....	22

**INSTITUTION'S CRA RATING: This institution is rated: Satisfactory.**  
**The Lending Test is rated: Satisfactory.**  
**The Community Development Test is rated: Outstanding.**

The major factors supporting the Satisfactory performance rating for Orange Bank and Trust Company ("OBTC" or "bank") with regard to the Community Reinvestment Act ("CRA") include the following:

- A substantial majority of loans and other lending-related activities were in the assessment area;
- The loan-to-deposit ratio (considering seasonal variations and taking into account lending-related activities) was reasonable, given the bank's size, financial condition and assessment area credit needs;
- The geographic distribution of loans reflected reasonable dispersion throughout the assessment area;
- Reasonable penetration among individuals of different income (including low- and moderate-income) levels and businesses of different sizes;
- The bank's community development performance demonstrated excellent responsiveness to community development needs of its assessment area, through community development loans, qualified investments and community development services, considering the bank's capacity and the need and the availability of such opportunities for community development in the bank's assessment area;
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

## **SCOPE OF EXAMINATION**

### **Procedures**

OBTC was examined using the Federal Financial Institutions Examination Council's ("FFIEC") Interagency Intermediate Small Institution Examination Procedures. These procedures include a lending test, which evaluates the bank's record of meeting the credit needs of its assessment area through its lending activities, and a community development test, which evaluates the bank's responsiveness to community development needs in its assessment area.

As shown in the table below, the lending test evaluation covered the period from January 1, 2015 through December 31, 2017. The assessment period for OBTC’s community development activities was from January 1, 2015 through June 30, 2018.

<b>PERFORMANCE CRITERION</b>	<b>EVALUATION PERIOD</b>
Loan-to-Deposit Ratio	April 1, 2015 – September 30, 2018
Lending in Assessment Area	January 1, 2015 – December 31, 2017
Borrower Distribution of Loans	January 1, 2015 – December 31, 2017
Geographic Distribution of Loans	January 1, 2015 – December 31, 2017
Response to CRA Complaints	January 1, 2015– December 31, 2017
Community Development Activities	January 1, 2015 – June 30, 2018

### **Products**

Retail loan products evaluated include home purchase and refinance loans reported under the Home Mortgage Disclosure Act (“HMDA”). Examiners verified the integrity of the loan data as part of the evaluation. Home improvement and multifamily loans were excluded from the borrower and geographic distribution evaluations as the volume was insufficient for analysis.

In addition, a sample of 138 small business loans was selected for review. The loan sample was selected using the Board of Governors’ sampling procedures. Examiners also reviewed community development loans, qualified investments, and community development services.

### **Lending Distribution Analysis**

The analyses of borrower and geographic distributions were based on loans made in the assessment area during the review period. To analyze the borrower characteristics of HMDA-related loans, the proportion of originations to low- and moderate-income (“LMI”) borrowers was compared with the proportion of LMI families 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 loans, OBTC’s percentage of loans to businesses with gross annual revenues (“GAR”) of \$1 million or less was compared to the percentage of all such businesses in the assessment area as reported by Dun & Bradstreet (“D&B”). The size of the small business loan was also used as a proxy to identify lending to businesses with GAR of \$1 million or less.

To evaluate geographic distribution, the proportion of HMDA-related loan originations was compared to the proportion of owner-occupied housing units located in LMI geographies. For small business loans, the analysis compared the proportion of loan originations to the proportion of small businesses in LMI geographies as reported by D&B.

OBTC's performance was also compared to the 2017 aggregate loan data of HMDA and CRA small business reporting lenders with activity in the assessment area. Lending performance in 2015 and 2016 was evaluated for comparison to 2017 performance.

Peer data was used for the loan-to-deposit analysis. Similarly situated banks were selected based on the amount of deposits and number of branches. OBTC's loan-to-deposit performance was also compared to its national peer group. OBTC's performance in making community development loans and qualified investments was compared with similarly-situated banks in its assessment area.

### **Deriving Overall Conclusions**

In reaching a conclusion about OBTC's overall performance, small business lending was given the most significant weight due to the bank's business model focusing on primarily commercial lending. In addition, the small business CRA aggregate was adjusted in order to better compare the institution to similar local peer institutions.

### **Community Contacts**

In order to learn more about community credit needs, examiners conducted interviews with three non-profit organizations that are actively involved with affordable housing in the assessment area. Details from these interviews are presented within the performance context of the assessment area in this evaluation.

## **DESCRIPTION OF INSTITUTION**

Orange Bank and Trust Company, headquartered in Middletown, New York, is a full-service community bank with 13 branches in Orange, Rockland, Dutchess, and Westchester Counties in New York. The bank is a wholly-owned subsidiary of Orange County Bancorp Inc., a one-bank holding company. Established in 1892, OBTC was formerly known as Orange County Trust Company and adopted its new name in July of 2016. While OBTC offers a variety of consumer and commercial loan products, deposit products, and trust services, OBTC specializes in small business commercial lending.

As of September 30, 2018, OBTC's total assets were \$1.1 billion, with total deposits of \$952 million and gross total loans of \$684 million. The chart below shows the composition of OBTC's loan portfolio. As disclosed in its September 30, 2018 Consolidated Reports of Condition and Income, OBTC primarily provides commercial real estate lending.

<b>COMPOSITION OF LOAN PORTFOLIO</b>		
<b>Loan Type</b>	<b>9/30/2018</b>	
	<b>\$(000s)</b>	<b>Percent</b>
Construction and Development	33,191	4.9
Secured by One to Four Family Dwellings	94,328	13.8
Other Real Estate- Multifamily	128,335	18.8
Other Real Estate- Nonfarm Nonresidential	257,172	37.6
Commercial and Industrial	169,840	24.8
Agricultural	0	0.0
Loans to Individuals	746	0.1
All Other	49	0.1
<b>Total</b>	<b>684,021</b>	<b>100.0</b>
This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, banker's acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category.		

OBTC operates in a competitive market with numerous local, regional, and national banks operating in the bank's assessment area. Primary bank competitors in the market include JPMorgan Chase Bank, N.A., Sterling National Bank, Citibank, N.A., TD Bank, NA, Wells Fargo Bank, N.A., Manufacturers and Traders Trust Company, KeyBank N.A., and Bank of America, N.A. Local peer banks include Rhinebeck Bank, Ulster Savings Bank, Walden Savings Bank, Greater Hudson Bank, and Mahopac Bank. Based on deposits reported to the Federal Deposit Insurance Corporation (FDIC) on June 30, 2018, OBTC had the eighteenth largest deposit market share (0.66%) out of 47 banks in its MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA), assessment area.

OBTC's previous CRA evaluation was conducted as of June 1, 2015, using the FFIEC's Interagency Intermediate Small Institution Examination Procedures. The prior evaluation resulted in an overall Satisfactory rating. There were no financial or legal impediments that prevented OBTC from fulfilling its responsibility under CRA.

**DESCRIPTION OF ASSESSMENT AREA**

OBTC has one assessment area, MSA 35620 (New York-Newark-Jersey City, NY, NJ, PA), which consists of the following:

- MD 35614 (New York-Jersey City-White Plains, NY-NJ), consisting of Orange, Rockland and Westchester Counties, NY.
- MD 20524 (Dutchess County and Putnam County, NY), consisting of portions of Dutchess County.
- Non-Metropolitan Sullivan County, NY, consisting of portions of Sullivan County.

The assessment area delineation has expanded since the last examination by adding Westchester and Rockland Counties. The assessment area is in compliance with the requirements of Section 228.41 of Regulation BB and does not arbitrarily exclude LMI geographies. See Appendix C for a map illustrating OBTC’s assessment area.

## PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Census Bureau (“2010 Census”), the 2015 American Community Survey (ACS), the FFIEC, HUD, Dun & Bradstreet (D&B), U.S. Department of Labor, and New York State Department of Labor.

### Demographic Characteristics

According to the 2015 ACS the MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) assessment area had 387 census tracts, of which 17 were low-income, 55 were moderate-income, 85 were middle-income, 224 were upper-income, and six tracts had no income designation. Additionally, the population of the assessment area was 1,737,005. Of the assessment area population, 4.2% resided in low-income geographies, 14.6% in moderate-income geographies, 21.0% in middle-income geographies, 59.9% in upper-income geographies and 0.4% were in geographies of unknown income.

### Income Characteristics

Based on 2010 Census data, the MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) assessment area had 418,857 families, of which 17.0% were low-income, 12.2% were moderate-income, and 8.0% were families living below the poverty level. As shown in the table, the FFIEC adjusted median family income (“MFI”) for MD 35614 (New York-Newark-Jersey City, NY-NJ-PA) was \$73,700 in 2017 and \$97,100 in MD 20524 (Dutchess County and Putnam County, NY) and \$62,500 for New York State (Sullivan County).

FFIEC MEDIAN FAMILY INCOMES			
Area	2015	2016	2017
MD 35614	\$71,300	\$72,600	\$73,700
MD 20524	\$95,200	\$94,600	\$97,100
New York State	\$60,000	\$58,900	\$62,500

### Housing Characteristics

The MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) assessment area had 643,235 housing units, 59.4% of which were owner-occupied, according to the 2010 Census. Of the owner-occupied units in the assessment area 0.7% were located in low-income census tracts and 6.6% were in moderate-income census tracts. The very limited level of owner-occupied housing in low-income census tracts presented a challenge in making HMDA-related loans in those geographies. The remaining housing in the assessment area consisted of rental housing (32.8%) and vacant

properties (7.8%). The 2010 census estimated that the median age of the housing stock in assessment area was 60 years.

Housing in the MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) assessment area varies by county. Generally, counties closer to New York City are more expensive and least affordable, causing significant affordability issues for the LMI population. According to the 2015 ACS, housing values ranged from three times the income of a moderate-income borrower in

HOUSING AFFORDABILITY		
County	Median Family Income	Median Housing Value
Dutchess	\$89,486	\$275,600
Orange	\$85,312	\$262,500
Rockland	\$98,801	\$419,100
Westchester	\$108,108	\$506,900
New York State	\$71,913	\$283,400
Source: 2015 American Community Survey		

Dutchess County to a high of eight times the income of a moderate-income borrower in Westchester County. For low-income borrowers, median prices range from five times in Dutchess County to thirteen in Westchester County. According to community contacts, affordable housing remains a pressing need in the area.

**Labor, Employment and Economic Characteristics**

The four counties in OBTC’s assessment area are part of the seven counties that make up New York State’s Mid-Hudson region. Westchester, Rockland and Orange Counties are considered suburban with greater development near the Hudson River, Metro-North railroad stations and major roadways into New York City. Dutchess County is more sparsely populated with the exception of the city of Poughkeepsie<sup>1</sup>. Although much of the four counties in the region have higher than average incomes and property values, the area also has a relatively high cost of living.

Many of the residents of the four counties commute to New York City for employment. However the region is home to major corporations such as IBM, ITT Corporation, Mastercard, and Pepsi. Other private employers include hospitals, health care providers, major grocery retailers, and higher education institutions.

According to a recent article in the FRBNY’s Liberty Street Economics, downstate New York has experienced strong job growth in recent years, matching or exceeding the national pace. Employment in New York City

AVERAGE ANNUAL UNEMPLOYMENT RATES			
Area	2016	2017	2018
Dutchess County	4.2%	4.3%	3.8%
Orange County	4.3%	4.6%	4.1%
Rockland County	4.2%	4.4%	3.9%
Westchester County	4.3%	4.6%	4.1%
New York State	4.8%	4.7%	4.2%

<sup>1</sup> Mid-Hudson Region Economic Profile NYS Comptroller’s Office July 2016.



is up about 25 percent from its trough following the Great Recession, which is considerably more than the nationwide increase. As shown in the table above unemployment in the region has declined to its lowest level in years during the evaluation period.

Additional assessment area data can be found on the Assessment Area Demographics Report table on page 8.

### **Community Contacts**

Three community contacts were conducted for this evaluation, two in Orange County and one in Westchester County.

The two contacts in Orange County focused on affordable housing. One representative from a Middletown based not-for-profit stated that while economic conditions stabilized during the evaluation period, the jobs created are all for unskilled labor paying low wages and it is difficult to finance a decent living and pay transportation costs. The contact stated that cities and towns such as Newburgh, Port Jervis, and Monroe are continuing to deteriorate. Many residents also commute to New York City, which further drives up housing costs. The contact indicated affordable housing is a key issue.

A second contact was with a Newburgh based not-for-profit that rehabilitates homes in Newburgh. According to the contact, Newburgh once had the highest crime rate in New York State, but the crime rate has stabilized and is the lowest it has been in years. The city has increased its homeownership rate to 35%, but there are many abandoned properties and buildings that do not pay real estate taxes. Therefore, according to the contact, homeowners are forced to pay a larger share of property taxes when wages are not increasing. In addition, the city continues to have infrastructure problems as the water system is deteriorating.

A third contact in Westchester County was also with a not-for-profit that specializes in affordable housing. The contact indicated that while Westchester is one of the most affluent counties in the state, it has large pockets of poverty mainly in the cities of Yonkers and Mt. Vernon. The contact indicated a need for financial literacy training specifically targeted to LMI residents. The contact also indicated a need for more financing of affordable housing development.

### Assessment Area Demographics

Assessment Area: MSA 35620 - 2017

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	17	4.4	13,322	3.2	6,162	46.3	71,009	17.0
Moderate-income	55	14.2	55,297	13.2	11,558	20.9	51,046	12.2
Middle-income	85	22.0	85,514	20.4	7,515	8.8	62,740	15.0
Upper-income	224	57.9	264,724	63.2	8,068	3.0	234,062	55.9
Unknown-income	6	1.6	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>387</b>	<b>100.0</b>	<b>418,857</b>	<b>100.0</b>	<b>33,303</b>	<b>8.0</b>	<b>418,857</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	20,275	2,781	0.7	13.7	14,508	71.6	2,986	14.7
Moderate-income	94,409	25,019	6.6	26.5	58,400	61.9	10,990	11.6
Middle-income	144,198	71,847	18.8	49.8	61,448	42.6	10,903	7.6
Upper-income	384,311	282,293	73.9	73.5	76,704	20.0	25,314	6.6
Unknown-income	42	0	0.0	0.0	20	47.6	22	52.4
<b>Total Assessment Area</b>	<b>643,235</b>	<b>381,940</b>	<b>100.0</b>	<b>59.4</b>	<b>211,080</b>	<b>32.8</b>	<b>50,215</b>	<b>7.8</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#
Low-income	1,963	2.5	1,785	2.5	157	2.2	21	3.1
Moderate-income	9,223	11.8	8,297	11.8	862	12.2	64	9.5
Middle-income	14,828	18.9	13,214	18.7	1,497	21.1	117	17.4
Upper-income	52,339	66.8	47,303	67.0	4,566	64.5	470	69.9
Unknown-income	14	0.0	13	0.0	1	0.0	0	0.0
<b>Total Assessment Area</b>	<b>78,367</b>	<b>100.0</b>	<b>70,612</b>	<b>100.0</b>	<b>7,083</b>	<b>100.0</b>	<b>672</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>90.1</b>		<b>9.0</b>		<b>0.9</b>

Based on 2017 FFIEC Census Data and 2017 D&B Information.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

OBTC's overall record of meeting the credit needs of the MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) assessment area through lending performance was satisfactory. OBTC originated a substantial majority of its loans within its assessment area and its loan-to-deposit ratio was reasonable. Geographic distribution of HMDA-related and small business loans represented reasonable penetration among geographies of different income levels. The overall distribution of loans to borrowers of different incomes and businesses of different sizes was also reasonable.

The greatest weight based on volume by number and dollar was given to small business lending, followed by HMDA lending. Home improvement and multifamily loans were excluded from the borrower and geographic distribution evaluations as the volume was insufficient for analysis. In addition, OBTC's lending performance was compared to the 2017 aggregate of all lenders within the assessment area that were required to report HMDA and CRA small business data. Performance in 2016 was compared to aggregate data for 2016, while performance in 2015 was compared to aggregate data for 2015. The small business CRA aggregate was adjusted in order to better compare the institution to similar local peer institutions. See the Aggregate Comparison Loan Distribution tables in CRA Appendix A for details of OBTC's 2017, 2016 and 2015 loan distribution by geography as well as by borrower income and business revenue size.

### **Loan-to-Deposit Ratio**

OBTC's loan-to-deposit ratio was reasonable given the bank's size, financial condition, and the opportunities and the credit needs of its assessment area. OBTC's average loan-to-deposit ratio for the fifteen quarters between March 31, 2015 and September 30, 2018 was 66.4%, based on information contained in OBTC's Consolidated Report of Condition and Income. This ratio was below the national peer average of 81.8% for similarly-sized banks and below an average of 79.4% for six similarly-situated banks headquartered in the mid-Hudson region of New York State with branches in OBTC's assessment areas during the evaluation period. OBTC maintained \$132.6 million in municipal deposits that had securities pledged as collateral to the deposits which impacted the ratio.

### **Lending in the Assessment Area**

Orange Bank originated a majority of its loans, 87.5% by number and 78.5% by dollar amount, in its assessment area. The bank originated 88.4% of its HMDA-related loans and 88.4% of its small business loans by number within its assessment area, as shown in the following table.

<b>Lending Inside and Outside the Assessment Area</b>								
<b>Loan Type</b>	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>\$ (‘000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$ (‘000s)</b>	<b>%</b>
Home Purchase	47	90.4	12,665	78.5	5	9.6	3,477	21.5
Refinancing	53	86.9	16,021	85.9	8	13.1	2,619	14.1
Home Improvement	3	75.0	370	33.0	1	25.0	750	67.0
Multifamily	19	79.2	23,769	72.2	5	20.8	9,160	27.8
<b>Total HMDA</b>	<b>122</b>	<b>88.4</b>	<b>52,825</b>	<b>76.7</b>	<b>19</b>	<b>13.5</b>	<b>16,006</b>	<b>23.3</b>
Small Business	122	88.4	32,377	81.4	16	11.6	7,394	18.6
<b>All Loans</b>	<b>244</b>	<b>87.5</b>	<b>85,202</b>	<b>78.5</b>	<b>35</b>	<b>12.5</b>	<b>23,400</b>	<b>21.5</b>

### **Geographic Distribution of Loans**

OBTC’s geographic distribution of loans was reasonable based on reasonable penetration of geographies of different income levels, including LMI geographies, in its assessment area.

### **Geographic Distribution of Loans**

OBTC’s overall geographic distribution of loans reflects reasonable dispersion throughout the entire assessment area, including LMI census tracts. Both HMDA-related lending performance and small business performance was reasonable.

As shown in the table below, during the evaluation period OBTC originated loans in only 13.3% to 17.9% of the census tracts within the assessment area. Overall presence is weak as the assessment area contains four counties and OBTC’s presence is limited with its 13 branches. Opportunities for lending in low-income census tracts were limited. According to the 2010 Census data, approximately 3.2% of families resided in low-income tracts and 0.7% of owner-occupied housing units were in low-income tracts. The owner-occupancy rate for low-income tracts was 13.7% and 71.6% of all housing units were rental units. The poverty rate for low-income tracts was 46.3%. Opportunities for lending in moderate-income census tracts were also limited. Data from the 2010 Census also indicated that 6.6% of owner-occupied housing units were in moderate-income tracts and that 13.2% of all families resided in moderate-income tracts. The owner-occupancy rate for moderate-income tracts was 26.5% and 61.9% of all housing units were rental units. OBTC is also primarily a small business lender and does not have a consumer real estate product that allows for higher LTV lending. In light of these performance context factors, OBTC’s census tract penetration was reasonable overall.

MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA)			
Tract Income Levels	Number of Tracts	Tracts with no Loans	Penetration
<b>2017</b>			
Low	17	17	0.0%
Moderate	55	49	10.9%
Middle	85	69	18.8%
Upper	224	187	16.5%
Unknown	6	6	0.0%
Total Tracts	387	328	15.2%
<b>2016</b>			
Low	14	13	7.1%
Moderate	44	40	9.1%
Middle	85	69	18.8%
Upper	183	145	20.8%
Unknown	4	4	0.0%
Total Tracts	330	271	17.9%
<b>2015</b>			
Low	14	13	7.1%
Moderate	44	41	6.8%
Middle	85	71	16.5%
Upper	183	157	14.2%
Unknown	4	4	0.0%
Total Tracts	330	286	13.3%

### *Home Purchase Loans*

OBTC’s overall home purchase lending distribution was considered reasonable based on reasonable performance low-income geographies and reasonable performance in moderate-income geographies. Demographic and performance context challenges relating to the availability of owner-occupied housing in low-income census tracts in the assessment area limited the opportunities for home purchase loans. Performance of the aggregate was limited as there were only 247 loans in 2017 in low-income tracts. OBTC is also not a residential real estate lender and does not offer FHA products, which typically help lower-income borrowers qualify for a home purchase loan by requiring a lower down payment. OBTC did not make any home purchase loans in low-income census tracts during the three year evaluation period; however, only 0.7% of owner occupied housing units were located in low-income tracts.

OBTC’s performance in moderate-income geographies was reasonable. OBTC in 2017 did not originate any home purchase loans in moderate-income geographies; however, in 2016, it originated 13.3% by number and 2.2% by dollar and, in 2015, the bank originated 9.5% by number and 8.5% by dollar compared to the demographic of the 2010 Census, which indicated that 5.8% of owner-occupied housing units were located in moderate-income geographies in 2015 and 2016.

OBTC's performance in moderate-income geographies was below the market aggregate in 2017, which made 8.0% of its home purchase loans in moderate-income geographies by number and 5.8% by dollar in 2017; however, it exceeded the aggregate in 2015 and 2016 when the aggregate originated 5.7% by number and 4.2% by dollar volume in 2015 and 6.2% by number and 4.5% by dollar volume in 2016.

### *Refinance Loans*

OBTC's distribution of refinance loans in the LMI areas of its assessment area was poor, based on reasonable refinance lending in low-income geographies and poor distribution in moderate-income geographies. Demographic and performance context challenges relating to the availability of owner-occupied housing in low-income census tracts in the assessment area limited the opportunities for refinance loans as indicated by the performance of the aggregate, which made only 213 loans in 2017 in low-income geographies or 2.7% by number and 2.8% by dollar in these geographies. Only 0.7% of owner-occupied housing units are located in low-income geographies. OBTC did not make any refinance loans in low-income geographies during the evaluation period.

OBTC's refinance lending performance in moderate-income geographies in was poor based on excellent performance in 2017 and poor performance in 2015 and 2016. In 2017, OBTC made 10.0% of its refinance loans by number and 10.3% by dollar in moderate-income geographies while 6.6% of owner occupied housing units were in moderate-income geographies. Performance exceeded the aggregate which made 8.7% by number and 7.6% by dollar in moderate-income geographies. Performance in 2015 and 2016, however, was poor as OBTC did not originate any refinance loans in moderate-income geographies.

### *Small Business Loans*

OBTC's overall small business lending performance in LMI geographies was reasonable. OBTC's small business performance in low-income geographies was poor as OBTC did not make any small business loans in low-income geographies in 2015 or 2017. In 2016, performance was better as it made 2.1% by number and 3.8% by dollar volume. This compares to the 2.9% of business establishments that were in low-income geographies in 2016. Performance was below the adjusted aggregate, which made 4.1% by number and 3.1% by dollar in low-income geographies.

OBTC's small business performance in moderate-income geographies was reasonable as OBTC, in 2017, made 7.7% of its small business loans by number and 4.7% by dollar in moderate-income geographies compared to 11.8% of business establishments located in moderate-income census tracts. OBTC's performance in moderate-income census tracts was below the adjusted market aggregate, which had 11.9% of its small business loans by number and 12.1% by dollar in moderate-income census tracts. OBTC's performance in 2016 was below 2017's performance, as

OBTC did not make any small business loans in moderate-income geographies while 2015's performance was comparable to 2017's performance.

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

OBTC's performance in the assessment area relating to borrower distribution was reasonable overall based on poor penetration among individuals of all income levels (including LMI) and reasonable penetration among businesses of different sizes. In reaching conclusions about performance, consideration was given to performance context factors, such as the high cost of housing for LMI persons. As noted in the performance context section, the median housing value for the MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) in 2017 ranged from approximately three to eight times the income of moderate-income borrowers and five to thirteen times the income of low-income borrowers in the four counties that are included in the assessment area.

#### *Home Purchase Loans*

OBTC's overall distribution of home purchase loans to LMI borrowers was poor based on poor distribution to both low- and moderate-income borrowers. In 2017, OBTC did not originate a home purchase loan to low-income borrowers, compared to 17.0% of low-income families residing in the assessment area. The aggregate, however, originated 1.3% by number and 0.5% by dollar of its home purchase loans to low-income borrowers. OBTC's performance in 2015 and 2016 was comparable to 2017, as the bank did not make any home purchase loans to low-income borrowers. Although the bank did not originate any 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 loan qualification easier for lower income borrowers by requiring a lower down payment.

OBTC did not originate a home purchase loan to moderate-income borrowers in 2017, compared to the 12.2% of moderate-income families residing in the assessment area. The aggregate, however, made 8.6% by number and 3.5% by dollar to moderate-income borrowers. Performance in 2015 and 2016 was also poor as OBTC did not make any home purchase loan to moderate-income borrowers.

#### *Refinance Loans*

OBTC distribution of refinance loans to LMI borrowers was poor based on poor distribution to both low- and moderate-income borrowers. OBTC's distribution of refinance loans to low-income borrowers was poor. In 2017, OBTC did not originate a refinance loan to low-income borrowers, compared to 17.0% of low-income families residing in the assessment area. The aggregate, however, originated 2.3% by number and 1.0% by dollar of its refinance loans to low-income

borrowers. OBTC's performance in 2015 and 2016 was comparable to 2017, as the bank did not make any refinance loans to low-income borrowers.

OBTC's distribution of refinance loans to moderate-income borrowers was poor, as the bank did not originate a refinance loan to a moderate-income borrower in 2017 or 2016 while in 2015 it issued one. In 2017, 12.2% of all families in the assessment area were of moderate-income. OBTC's performance was below the market aggregate, which made 6.8% of its refinance loans to moderate-income borrowers by number and 3.4% by dollar. OBTC's 2016 and 2015 performance was also poor.

### *Small Business Loans*

The overall level of lending to small businesses was reasonable based on reasonable performance in 2016 and 2017 and poor performance in 2015. During 2017, OBTC made 38.5% of its small business loans to businesses with gross annual revenues of \$1 million or less by number and 31.3% by dollar while 90.1% of business establishments in the MSA had GAR of \$1 million or less. Performance was comparable to the adjusted aggregate, which made 35.5% of its loans to businesses with GAR of \$1 million or less by number and 31.3% by dollar. Performance in 2016 was comparable to 2017's performance, while 2015's performance was below.

During 2017, 38.5% of OBTC's loans were in amounts of \$100,000 or less, with an average loan size of \$256,000. OBTC's performance was below the adjusted aggregate, which originated 74.5% of its loans in amounts of \$100,000 or less. Performance in 2015 was comparable while 2016's performance was below 2017's performance.

### **Response to Complaints**

OBTC received no complaints relating to its CRA performance. Since the previous CRA evaluation, there were no CRA-related complaints filed with the Federal Reserve Bank of New York.

### **COMMUNITY DEVELOPMENT TEST**

OBTC's performance under the community development test was excellent. OBTC demonstrated excellent responsiveness to community development needs of its assessment area through community development loans, qualified investments, and community development services, given the bank's capacity and the need and availability of such opportunities in the assessment area.

During the evaluation period, OBTC's community development loans and qualified investments totaled \$51.3 million, of which \$47.4 million or 92.4% was made within the MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) assessment area. Additionally, community development



activity included \$3.9 million in community development loans and qualified investments that benefited the broader statewide/regional area, including the assessment area.

See the chart on the following page for details of the bank’s total community development loans and qualified investments.

Orange Bank and Trust Co.										
January 1, 2015 - June 30, 2018										
Community Development Loans and Qualified Investments (combined)										
Assessment Areas	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	(\$000s)	#	(\$000s)	#	(\$000s)	#	(\$000s)	#	(\$000s)
Total MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA)	19	26,343	112	7,841	2	480	3	12,751	136	47,415
Broader Statewide / Regional including AA	1	3,896	1	2	0	0	0	0	2	3,898
Total CD Loans and Qualified Investments	20	30,239	113	7,843	2	480	3	12,751	138	51,313

*Lending activity includes new loans and investments made during the examination period.*

In terms of dollar amount, affordable housing represented the majority of activity at 51.3% of total community development loans and qualified investment activity, while revitalization and stabilization represented 24.8%, community services represented 15.3% and economic development 0.9%. Community contacts identified affordable housing as a critical need throughout OBTC’s assessment area.

OBTC’s total community development loans and qualified investments increased 137.6% from the previous evaluation, where OBTC made \$21.6 million in community development loans and qualified investments. When compared to six similarly-situated banks, OBTC’s annualized community development loans and qualified investments, as a percent of average assets and as a percentage tier one capital, ranked third.

**Community Development Loans**

OBTC made \$46.6 million in community development loans, all of which were made within the MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) assessment area. Of the total of community development loans, 56.3% financed affordable housing and 27.4% financed the revitalization and stabilization of LMI geographies, and 16.3% financed community services. Community development loans increased 118.7% compared to the previous evaluation, where OBTC made \$21.3 million in community development loans. All of the community development loans represented new commitments originated since the prior CRA evaluation.

Examples of OBTC’s community development loans include:

- A \$2.7 million commercial mortgage for an office building that houses a community center in Rockland County. The community center operates as a social service agency that provides social and housing services, public health and education services, and workforce development to an LMI community. Funding is primarily through Title I and III funds from two school districts in Rockland County, which fund LMI schools.
- A \$2.0 million line of credit for working capital needs to a family health center which has a mission to provide high quality comprehensive primary and preventative care services. The organization operates with the following designations: Medically Underserved Area (MUA), Medically Underserved Population (MUP), and serving in a Health Professionals Shortage Area (HPSA). Funding is primarily through programs such as Medicaid.
- A 90% participation in a \$6.4 million construction loan with the Community Preservation Corp. to construct 40 one bedroom units of affordable housing for low-income adults over 55 and for developmentally disabled individuals. The construction loan is in Rockland County.
- A 95% participation in a \$9.2 million construction loan with the Community Preservation Corp. to construct 91 units of affordable rental housing for seniors, workforce housing, and for individuals with special needs. The housing is located in Orange County.

### **Community Development Investments**

OBTC made a total of \$4.7 million in qualified investments. The investments included \$3.9 million in a Section 108 HUD participation certificate that funds community block grants to municipalities for affordable housing construction. The certificate benefits the broader statewide or regional area that includes OBTC's assessment area. Also evaluated was a \$240,000 deposit in Spring Bank, a bank that serves the needs of low- and moderate-income communities in New York City. It has been designated a Community Development Financial Institution ("CDFI") by the U.S. Treasury Department. OBTC also made \$243,000 in charitable donations to community development organizations located throughout the MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) assessment area and included \$118,000 in prior period investments. Total qualified investments increased significantly from the \$300,000 reported in the previous evaluation.

### **Community Development Services**

OBTC provides an adequate level of community development services considering its asset size and the number of full time staff employed. A total of 31 bank employees provided over 773 hours of community development services since the last evaluation. A majority of bank personnel is involved with financial literacy programs and non-profit organizations. Bank employees serve in the capacity of financial experts, board members, and members of planning committees of

organizations. The bank services the area's needs, including those of low- to moderate-income individuals.

OBTC operated thirteen branches, of which one is located in an LMI area and provided similar hours and services.

Examples of OBTC's community development services include:

- OBTC sponsored numerous seminars to teach financial literacy to LMI students at schools located in a moderate-income area.
- An executive of the bank is a member of the Board of Directors and the Board's finance committee of a non-profit organization that serves children and young adults with disabilities. The majority of children served are LMI.
- An executive of the bank is Treasurer of an organization that works with individuals suffering from drug addiction that are primarily LMI individuals. The executive also works with middle- and high school students educating them about the dangers of drug addiction.
- An officer of the bank is Chairman of the Board of an organization whose mission is to enable and support charitable individuals and organizations in the community. Many of the organizations supported target LMI individuals and families.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

OBTC was in compliance with the substantive provisions of the anti-discrimination laws and regulations. No evidence of discriminatory or other illegal credit practice was identified as being inconsistent with helping to meet the credit needs of the assessment area.

**CRA Appendix A**

**2017 Aggregate Comparison Loan Distribution Table**

Assessment Area/Group: MSA 35620

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	Bank %	% \$(000s)	Aggregate %	% \$(000s)	#	Bank %	% \$(000s)	Aggregate %	% \$(000s)
	<b>Home Purchase</b>									
Low	0	0.0%	0.0%	1.2%	1.0%	0	0.0%	0.0%	1.3%	0.5%
Moderate	0	0.0%	0.0%	8.0%	5.8%	0	0.0%	0.0%	8.6%	3.5%
Middle	7	63.6%	52.6%	20.3%	13.6%	0	0.0%	0.0%	18.9%	11.0%
Upper	4	36.4%	47.4%	70.5%	79.6%	9	81.8%	98.2%	62.7%	76.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	18.2%	1.8%	8.4%	8.3%
<b>Total</b>	<b>11</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>11</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>Refinance</b>									
Low	0	0.0%	0.0%	2.7%	2.8%	0	0.0%	0.0%	2.3%	1.0%
Moderate	2	10.0%	10.3%	8.7%	7.6%	0	0.0%	0.0%	6.8%	3.4%
Middle	1	5.0%	0.8%	18.8%	14.3%	4	20.0%	4.5%	15.7%	10.7%
Upper	17	85.0%	88.9%	69.7%	75.3%	11	55.0%	46.0%	60.7%	70.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	5	25.0%	49.6%	14.4%	14.5%
<b>Total</b>	<b>20</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>20</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>Home Improvement</b>									
Low	0	0.0%	0.0%	0.9%	0.8%	0	0.0%	0.0%	2.4%	0.5%
Moderate	0	0.0%	0.0%	6.0%	4.4%	0	0.0%	0.0%	7.1%	2.3%
Middle	0	0.0%	0.0%	20.1%	11.2%	0	0.0%	0.0%	15.6%	8.4%
Upper	1	100.0%	100.0%	73.0%	83.6%	1	100.0%	100.0%	70.0%	75.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	4.9%	13.2%
<b>Total</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>Multi-Family</b>									
Low	0	0.0%	0.0%	12.2%	4.1%	0	0.0%	0.0%	0.0%	0.0%
Moderate	1	20.0%	20.3%	30.2%	19.7%	0	0.0%	0.0%	0.0%	0.0%
Middle	1	20.0%	54.9%	23.9%	41.4%	0	0.0%	0.0%	0.0%	0.0%
Upper	3	60.0%	24.7%	33.8%	34.9%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	5	100.0%	100.0%	100.0%	100.0%
<b>Total</b>	<b>5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>HMDA Totals</b>									
Low	0	0.0%	0.0%	1.6%	1.5%	0	0.0%	0.0%	1.6%	0.6%
Moderate	3	8.1%	10.1%	8.3%	7.1%	0	0.0%	0.0%	8.1%	3.2%
Middle	9	24.3%	27.8%	19.9%	15.5%	4	10.8%	2.1%	17.8%	10.2%
Upper	25	67.6%	62.1%	70.2%	75.9%	21	56.8%	48.4%	62.1%	70.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	12	32.4%	49.5%	10.5%	15.6%
<b>Total</b>	<b>37</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>37</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>SMALL BUSINESS</b>									
	<b>By Tract Income</b>									
	#	Bank		Aggregate						
		%	% \$(000s)	%	% \$(000s)	%	Aggregate		% \$(000s)	
Low	0	0.0%	0.0%	0.0%	0.0%	3.8%	1.8%			
Moderate	3	7.7%	4.7%	11.9%	12.1%					
Middle	15	38.5%	54.3%	22.9%	27.1%					
Upper	21	53.8%	41.0%	61.4%	59.0%					
Unknown	0	0.0%	0.0%	0.0%	0.0%					
Tract Unknown	0	0.0%	0.0%	0.1%	0.0%					
<b>Total</b>	<b>39</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>					
	<b>By Revenue</b>									
\$1 Million or Less	15	38.5%	31.3%	35.5%	28.7%					
	<b>By Loan Size</b>									
\$100,000 or less	15	38.5%	10.4%	74.5%	18.4%					
\$100,001-\$250,000	12	30.8%	23.0%	11.9%	17.1%					
\$250,001-\$1 Million	12	30.8%	66.6%	13.6%	64.5%					
<b>Total</b>	<b>39</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>					

Originations and Purchases

**2016 Aggregate Comparison Loan Distribution Table**  
 Assessment Area/Group: MSA 35620

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	Bank %	% \$(000s)	Aggregate %	Aggregate % \$(000s)	#	Bank %	% \$(000s)	Aggregate %	Aggregate % \$(000s)
<b>Home Purchase</b>										
Low	0	0.0%	0.0%	1.9%	1.5%	0	0.0%	0.0%	1.4%	0.6%
Moderate	2	13.3%	2.2%	6.2%	4.5%	0	0.0%	0.0%	9.3%	4.0%
Middle	4	26.7%	14.8%	20.9%	14.8%	1	6.7%	2.5%	20.0%	12.0%
Upper	9	60.0%	83.0%	71.1%	79.1%	9	60.0%	79.3%	60.9%	74.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	5	33.3%	18.2%	8.4%	8.6%
<b>Total</b>	<b>15</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>15</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	0	0.0%	0.0%	2.4%	2.4%	0	0.0%	0.0%	2.3%	1.1%
Moderate	0	0.0%	0.0%	5.6%	4.3%	0	0.0%	0.0%	5.6%	2.9%
Middle	2	20.0%	14.6%	20.3%	16.5%	3	30.0%	21.9%	13.8%	9.0%
Upper	8	80.0%	85.4%	71.7%	76.8%	6	60.0%	74.2%	59.8%	69.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	10.0%	3.9%	18.5%	17.4%
<b>Total</b>	<b>10</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>10</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	0	0.0%	0.0%	1.3%	1.3%	0	0.0%	0.0%	2.8%	1.0%
Moderate	0	0.0%	0.0%	5.9%	4.7%	0	0.0%	0.0%	7.8%	3.5%
Middle	0	0.0%	0.0%	20.8%	12.7%	0	0.0%	0.0%	15.6%	8.6%
Upper	0	0.0%	0.0%	72.0%	81.3%	0	0.0%	0.0%	69.2%	79.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	4.6%	7.2%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multi-Family</b>										
Low	0	0.0%	0.0%	9.8%	3.1%	0	0.0%	0.0%	0.0%	0.0%
Moderate	4	36.4%	13.0%	26.4%	10.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	2	18.2%	45.4%	29.5%	59.3%	0	0.0%	0.0%	0.0%	0.0%
Upper	5	45.5%	41.6%	34.2%	27.7%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	11	100.0%	100.0%	100.0%	100.0%
<b>Total</b>	<b>11</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>11</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HMDA Totals</b>										
Low	0	0.0%	0.0%	2.1%	1.9%	0	0.0%	0.0%	1.7%	0.7%
Moderate	6	16.7%	9.4%	6.1%	4.9%	0	0.0%	0.0%	8.1%	3.4%
Middle	8	22.2%	35.8%	20.8%	19.0%	4	11.1%	2.5%	17.8%	10.2%
Upper	22	61.1%	54.7%	71.0%	74.2%	15	41.7%	24.3%	60.4%	67.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	17	47.2%	73.3%	12.1%	18.6%
<b>Total</b>	<b>36</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>36</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
	#	Bank %	% \$(000s)	Aggregate %	Aggregate % \$(000s)					
Low	1	2.1%	3.8%	4.1%	3.1%					
Moderate	0	0.0%	0.0%	13.5%	13.3%					
Middle	14	29.8%	27.3%	26.5%	28.6%					
Upper	32	68.1%	68.9%	55.9%	55.0%					
Unknown	0	0.0%	0.0%	0.0%	0.0%					
Tract Unknown	0	0.0%	0.0%	0.0%	0.0%					
<b>Total</b>	<b>47</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>					
<b>By Revenue</b>										
\$1 Million or Less	21	44.7%	33.2%	46.7%	32.2%					
<b>By Loan Size</b>										
\$100,000 or less	11	23.4%	5.5%	76.3%	21.8%					
\$100,001-\$250,000	20	42.6%	28.7%	11.6%	18.1%					
\$250,001-\$1 Million	16	34.0%	65.8%	12.2%	60.1%					
<b>Total</b>	<b>47</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>					

Originations and Purchases

**2015 Aggregate Comparison Loan Distribution Table**  
Assessment Area/Group: MSA 35620

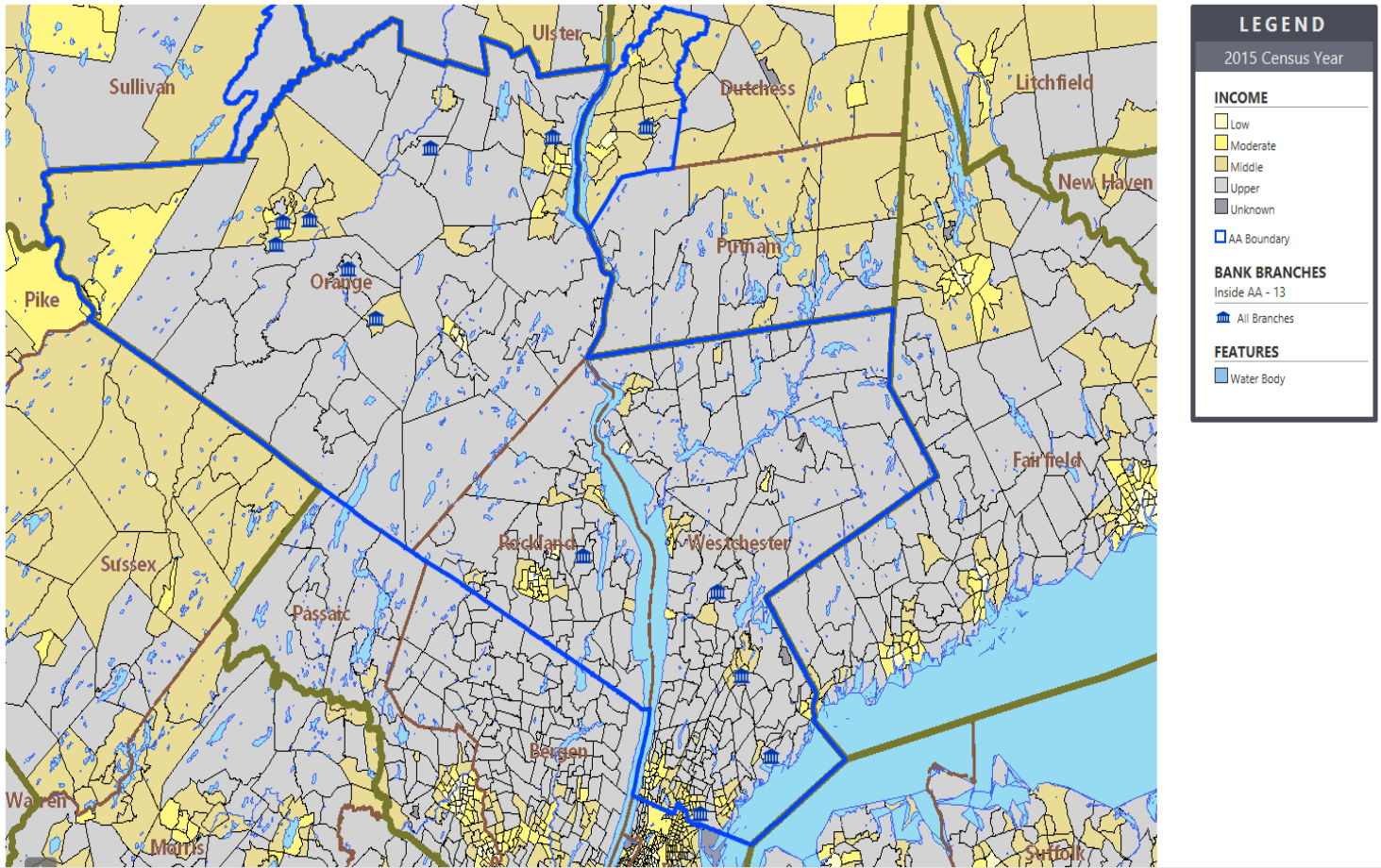
Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	Bank %	% \$(000s)	Aggregate %	% \$(000s)	#	Bank %	% \$(000s)	Aggregate %	% \$(000s)
<b>Home Purchase</b>										
Low	0	0.0%	0.0%	2.5%	2.0%	0	0.0%	0.0%	1.3%	0.4%
Moderate	2	9.5%	8.5%	5.7%	4.2%	0	0.0%	0.0%	8.1%	3.3%
Middle	9	42.9%	33.0%	20.0%	13.8%	2	9.5%	9.9%	18.1%	10.4%
Upper	10	47.6%	58.6%	71.8%	80.0%	12	57.1%	60.2%	60.9%	74.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	7	33.3%	29.9%	11.5%	11.3%
<b>Total</b>	<b>21</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>21</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	0	0.0%	0.0%	2.0%	1.8%	0	0.0%	0.0%	2.4%	1.2%
Moderate	0	0.0%	0.0%	5.5%	4.3%	1	4.3%	1.6%	6.1%	3.0%
Middle	6	26.1%	39.2%	19.2%	14.4%	4	17.4%	8.1%	13.4%	8.4%
Upper	17	73.9%	60.8%	73.3%	79.5%	16	69.6%	72.7%	57.4%	66.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	8.7%	17.6%	20.6%	20.9%
<b>Total</b>	<b>23</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>23</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	0	0.0%	0.0%	1.6%	1.3%	0	0.0%	0.0%	2.8%	0.3%
Moderate	0	0.0%	0.0%	5.1%	3.4%	0	0.0%	0.0%	8.3%	2.3%
Middle	0	0.0%	0.0%	19.6%	9.7%	0	0.0%	0.0%	15.7%	6.8%
Upper	2	100.0%	100.0%	73.7%	85.6%	2	100.0%	100.0%	67.1%	83.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	6.1%	6.6%
<b>Total</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multi-Family</b>										
Low	1	33.3%	10.6%	6.2%	1.5%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	31.5%	36.9%	0	0.0%	0.0%	0.0%	0.0%
Middle	2	66.7%	89.4%	29.0%	35.9%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	33.2%	25.8%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	3	100.0%	100.0%	100.0%	100.0%
<b>Total</b>	<b>3</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HMDA Totals</b>										
Low	1	2.0%	2.7%	2.4%	1.9%	0	0.0%	0.0%	1.7%	0.6%
Moderate	2	4.1%	2.1%	5.9%	6.8%	1	2.0%	0.8%	7.4%	2.9%
Middle	17	34.7%	49.9%	19.8%	15.6%	6	12.2%	6.3%	16.3%	9.0%
Upper	29	59.2%	45.3%	71.9%	75.8%	30	61.2%	51.5%	59.4%	66.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	12	24.5%	41.4%	15.1%	20.7%
<b>Total</b>	<b>49</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>49</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
	<b>#</b>	<b>Bank %</b>	<b>% \$(000s)</b>	<b>%</b>	<b>% \$(000s)</b>					
Low	0	0.0%	0.0%	2.6%	3.4%					
Moderate	3	8.3%	7.1%	10.8%	12.4%					
Middle	2	5.6%	6.2%	28.5%	31.2%					
Upper	31	86.1%	86.8%	58.1%	52.9%					
Unknown	0	0.0%	0.0%	0.0%	0.0%					
Tract Unknown	0	0.0%	0.0%	0.0%	0.0%					
<b>Total</b>	<b>36</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>					
<b>By Revenue</b>										
\$1 Million or Less	13	36.1%	29.3%	58.6%	36.7%					
<b>By Loan Size</b>										
\$100,000 or less	12	33.3%	8.9%	69.5%	13.3%					
\$100,001-\$250,000	12	33.3%	26.8%	10.8%	13.0%					
\$250,001-\$1 Million	12	33.3%	64.3%	19.7%	73.7%					
<b>Total</b>	<b>36</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>					

Originations and Purchases

### CRA Appendix B

#### Orange Bank & Trust Company

Assessment Area - 2017



## CRA Appendix C

### GLOSSARY

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All agencies have adopted the following language. 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 GAR of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies; or loans, investments or services that (i) Support, enable or facilitate projects or activities that meet eligible uses" criteria described in Section 2301c of the Housing and Economic Recovery Act of 2008 ("HERA"), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Urban and Development in accordance with the Neighborhood Stabilization program ("NSP"); (ii) Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by the grantees; (iii) Benefit low-, moderate- and middle-income individuals and geographies in the bank's assessment area(s) or geographies outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Development Financial Institution ("CDFI"):** A CDFI is an organization that has been certified by the U.S. Treasury as a provider of loans and services that assist specially funded institutions that revitalize LMI areas and assist LMI persons.

**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 people or more 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 refinancing of home improvement and home purchase loans.

**Household:** A household consists of all persons who occupy a housing unit. Persons not living in households are classified as living in 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 Area (“MA”):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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 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 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 geography.