



## **PUBLIC SUMMARY**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF ORANGE BANK AND TRUST COMPANY**

**DECEMBER 31, 2023**

New York State Department of Financial Services  
Consumer Protection and Financial Enforcement Division  
One State Street, New York NY 10004

**Note: This Evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.**

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## I. - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Orange Bank and Trust Company (“OBTC” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This Evaluation represents the Department’s current assessment and rating of the Bank’s CRA performance based on an evaluation conducted as of December 31, 2023.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Superintendent (“GRS”) implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate institutions’ performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the Evaluation be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the end of this Evaluation.

## II. - OVERVIEW OF INSTITUTION’S PERFORMANCE

The Department evaluated OBTC according to the large banking institutions performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. In its prior CRA Performance Evaluation, OBTC was evaluated as an intermediate small banking institution. The evaluation period included calendar years 2018, 2019, 2020, 2021, and 2022 for lending activities and the period from July 1, 2018 to December 31, 2023 for the community development activities. The Department assigned OBTC a rating of “2” indicating a “Satisfactory” record of helping to meet community credit needs.

This rating is based on the following factors:

### **A. Lending Test: Low Satisfactory**

OBTC’s HMDA-reportable and small business lending activities were adequate considering OBTC’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

#### 1. Lending Activity:

OBTC’s lending levels were adequate considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

OBTC’s average LTD ratio of 71.5% for the evaluation period was below the peer’s average LTD ratio of 81.2%. The Bank’s LTD ratio trailed the peer group for all quarters in the evaluation period but showed significant improvement in the fourth quarter of 2022 at 79.2%.

#### 2. Assessment Area Concentration:

During the evaluation period, OBTC originated 88% by number and 82.8% by dollar value of its total HMDA-reportable and small business lending within the assessment area, demonstrating a good concentration of lending.

#### 3. Geographic Distributions of Loans:

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

The Bank’s distribution of small business loans in LMI census tracts demonstrated an adequate distribution of lending, while OBTC’s distribution of HMDA-reportable loans in LMI census tracts demonstrated an excellent distribution of lending. Greater weight was given to small business lending.

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### 4. Distribution by Borrower Characteristics:

OBTC's HMDA-reportable and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

The Bank's small business lending rates to small businesses with revenue of \$1 million or less demonstrated an adequate distribution of loans among businesses of different revenue sizes, while OBTC's HMDA-reportable lending rates to LMI borrowers demonstrated a poor distribution of loans among individuals of different income levels. Greater weight was given to the Bank's small business lending.

### 5. Community Development Lending:

During the evaluation period, OBTC originated \$115.8 million in new community development loans and had no outstanding loans from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

#### a. Flexible and/or Innovative Lending Practices:

OBTC made occasional use of flexible or innovative lending practices to support community development. The Bank offered various lending programs targeting first-time homebuyers and LMI borrowers. The Bank originated Small Business Administration ("SBA") backed Paycheck Protection Program ("PPP") loans that helped provide economic relief to small businesses adversely impacted by the COVID-19 pandemic.

## **B. Investment Test: Low Satisfactory**

### 1. Qualified Investments

During the evaluation period, OBTC made \$15.9 million in new qualified investments and had no outstanding investments from prior evaluation periods. In addition, OBTC made \$259,986 in qualified grants. This demonstrated an adequate level of qualified investments and grants over the course of the evaluation period.

### 2. Innovativeness of Qualified Investments:

OBTC made no use of innovative investments to support community development.

### 3. Responsiveness of Qualified Investments to Credit and Community Development Needs:

OBTC's qualified investments exhibited an adequate responsiveness to the assessment area's credit and community development needs.

**C. Service Test: Low Satisfactory**

**1. Retail Banking Services:**

OBTC has an adequate branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals. OBTC operates four branches in moderate-income census tracts. This represents 25% of the branch network and enhances the availability of banking services to low- and moderate-income individuals.

**2. Community Development Services:**

OBTC provided an adequate level of community development services. During the evaluation period, OBTC participated in 67 instances of community services through board memberships with nonprofit organizations and financial education or technical assistance that benefited adolescents, seniors, disabled persons, women, and small businesses.

*This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York Banking Law and GRS Part 76.*

**III. - PERFORMANCE CONTEXT**

**A. Institution Profile**

Established in 1892, OBTC is a full-service community bank headquartered in Middletown, New York. The Bank is a wholly owned subsidiary of Orange County Bancorp, Inc., a bank holding and a publicly traded company, which also owns Hudson Valley Investment Advisors, Inc., an affiliate of OBTC. Hudson Valley Investment Advisors, Inc. is an investment advisory firm offering investments services and investment management, trust services are offered through OBTC.

OBTC operates 15 full-service branches and one loan production office: seven branches are located in Orange County, two in Rockland County, one in Bronx County and five branches and a loan production office in Westchester County. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of six ATMs.

The Bank offers consumer and commercial credit and specializes in small business lending. Loan products include commercial real estate loans; short-term lines of credit: term loans, business credit cards; consumer loan products include residential mortgage loans; home equity loans and lines of credit; renovation and construction loans; consumer overdraft lines of credit; consumer credit cards and installment loans. OBTC offers a variety of deposit accounts including personal and business checking accounts, statement savings, money market accounts, certificates of deposit, and individual retirement accounts. In addition, services offered include online banking, mobile banking, bill pay, peer-to-peer payment and trust services.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2023, filed with the Federal Deposit Insurance Corporation (“FDIC”), OBTC reported total assets of \$ 2.5 billion, of which \$1.7 billion were net loans and lease financing receivables. It also reported total deposits of \$2 billion, resulting in an LTD ratio of 84.3%. According to the latest available comparative deposit data as of June 30, 2023, OBTC obtained a market share of 0.7%, or \$ 2.1 billion in a market of \$290.7 billion, ranking it 15<sup>th</sup> among 52 deposit-taking institutions in the assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2018, 2019, 2020, 2021 and December 31, 2022 Call Reports:

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<b>TOTAL GROSS LOANS OUTSTANDING</b>										
Loan Type	2018		2019		2020		2021		2022	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	95,725	13.0	109,669	12.3	126,173	11.0	130,573	10.1	146,917	9.4
Commercial & Industrial Loans	173,629	23.6	221,239	24.8	298,543	25.9	260,848	20.2	244,477	15.6
Commercial Mortgage Loans	281,513	38.2	339,187	38.1	476,396	41.4	616,301	47.7	798,457	50.9
Multifamily Mortgages	142,536	19.3	148,034	16.6	158,317	13.8	173,807	13.5	223,644	14.3
Consumer Loans	1,286	0.2	2,237	0.3	19,946	1.7	19,019	1.5	16,240	1.0
Agricultural Loans	278	0.0	480	0.1	2,541	0.2	3,932	0.3	3,825	0.2
Construction Loans	41,161	5.6	69,585	7.8	68,917	6.0	79,230	6.1	121,387	7.7
Obligations of States & Municipalities	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Other Loans	947	0.1	274	0.0	118	0.0	7,718	0.6	14,484	0.9
Lease Financing	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Gross Loans</b>	<b>737,075</b>		<b>890,705</b>		<b>1,150,951</b>		<b>1,291,428</b>		<b>1,569,431</b>	

As illustrated in the above table, OBTC is primarily a commercial lender with 66.5% of its gross loan portfolio in commercial loans as of December 31, 2022, comprised of 50.9% in commercial mortgage loans and 15.6% in commercial and industrial loans.

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

### **B. Assessment Area**

OBTC's assessment area consists of Orange, Rockland, and Westchester counties in their entirety, and portions of Bronx, Dutchess and Sullivan Counties.

There are 635 census tracts in the Bank's assessment area, of which 89 are low-income, 137 are moderate-income, 167 are middle-income, 227 are upper-income, and 15 are census tracts with no income indicated. Of the partial Bronx County's 201 census tracts, 139 are LMI census tracts (58 low-income and 81 moderate-income), which comprised a majority or 61.5% of the total LMI census tracts in the Bank's assessment area.

<b>Assessment Area Census Tracts by Income Level</b>							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx*	6	58	81	45	11	201	69.2
Dutchess*	2	0	1	15	1	19	5.3
Orange	0	10	17	47	18	92	29.3
Rockland	1	11	11	10	47	80	27.5
Sullivan*	0	0	0	1	1	2	0.0
Westchester	6	10	27	49	149	241	15.4
<b>Total</b>	<b>15</b>	<b>89</b>	<b>137</b>	<b>167</b>	<b>227</b>	<b>635</b>	<b>35.6</b>

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The number of census tracts in OBTC’s assessment area increased to 635 census tracts from the 330 census tracts in the prior evaluation due to the Bank’s expansion of its assessment area, as well as additions of census tracts due to the 2020 U.S. Census Bureau report.

In December 2017, OBTC expanded its assessment area by adding another 57 census tracts in Westchester County and including the county in its entirety in the Bank’s assessment area. In 2021, the Bank opened a branch in Bronx County and expanded its assessment area to include 201 census tracts, most of which are in the northern portions of Bronx County.

OBTC’s current assessment area also reflects 2022 census tract additions, which added a total of 47 census tracts to the Bank’s assessment area in 2022, as shown in the table below. In addition, various census tracts were reclassified in 2022 based on the 2020 U.S. Census Bureau data report, also shown in the table below.

The table below is a summary of the changes to OBTC’s assessment area due to the additions and reclassifications of census tracts in the Bank’s assessment area in 2022 based on the 2020 U.S. Census Bureau data report. The below table excludes Bronx County as the number of census tracts included in the Bank’s assessment area did not change due to the 2020 U.S. Census Bureau data report.

<b>2022 U.S. Census Report Changes, Additions and Reclassifications in OBTC's Assessment Area</b>						
County	N/A	Low	Mod	Middle	Upper	Additions
Dutchess*	1	-1	-1	1	0	0
Orange	0	5	6	28	-26	13
Rockland	1	7	1	3	3	15
Sullivan*	0	0	0	1	0	1
Westchester	1	3	1	9	4	18
<b>Total</b>						<b>47</b>

\*Partial County

### **C. Demographic & Economic Data**

The assessment area had a population of 2,645,722 during the evaluation period. Approximately 14.7% of the population were over the age of 65 and 23.8% were under the age of 16.

Of the 615,743 families in the assessment area 24.4% were low-income, 15.4% were moderate-income, 16.6% were middle-income and 43.6% were upper income. There were 899,985 households in the assessment area, of which 14.5% had income below the poverty level and 3.7% were on public assistance. The weighted average median family income in the assessment area was \$104,426.

There were 957,861 housing units within the assessment area, of which 59.3% were one- to four-family units and 40% were multifamily units. A majority 47.5% of the housing units were owner-occupied, 46.5% were rental-occupied units and 6% of units were vacant.

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Of the 454,542 owner-occupied housing units, 13.4% were in LMI census tracts while 86.2% were in middle- and upper-income census tracts. The median age of the housing stock was 65 years, and the median home value in the assessment area was \$404,876.

There were 287,356 non-farm businesses in the assessment area. Of these, 91.4% were businesses with reported revenues of less than or equal to \$1 million, 2.7% reported revenues of more than \$1 million and 5.9% did not report their revenues.

Of all the businesses in the assessment area, 97.5% were businesses with less than fifty employees while 94.8% operated from a single location. The largest industries in the area were services (35.8%); retail trade (11.3%); and finance (9.3%). 26.4% of businesses in the assessment area were not classified.

An analysis of the New York State Department of Labor unemployment data showed that the annual average unemployment rates for New York State and all counties in the Bank’s assessment area fluctuated significantly during the evaluation period, primarily due to the onset of the COVID-19 pandemic in early 2020. Bronx County had the highest annual unemployment rates for each year of the evaluation period, reaching double digit unemployment rates in years 2020 and 2021. By 2022, annual unemployment rates were lower than pre-COVID-19 unemployment rates for all counties except Bronx County in the Bank’s assessment area.

Assessment Area Unemployment Rate							
	Statewide	Bronx	Dutchess	Orange	Rockland	Sullivan	Westchester
<b>2018</b>	4.1	5.7	3.7	3.9	3.7	4.1	3.9
<b>2019</b>	3.9	5.4	3.4	3.6	3.4	3.8	3.6
<b>2020</b>	9.8	16.0	7.3	8.0	7.7	8.4	8.0
<b>2021</b>	7.1	13.9	4.5	4.8	4.5	4.9	4.8
<b>2022</b>	4.3	7.9	3.1	3.3	2.9	3.3	3.2
<b>Avg of Years Above</b>	<b>5.8</b>	<b>9.8</b>	<b>4.4</b>	<b>4.7</b>	<b>4.4</b>	<b>4.9</b>	<b>4.7</b>

### **D. Community Information**

DFS examiners conducted community contact interviews with representatives from two community nonprofit organizations to gain additional insight into the credit needs of the communities within the Bank’s assessment area.

The first interview was with the representative of a nonprofit organization serving Rockland County providing food, shelter, housing, and case management services to the homeless. The representative noted affordable housing as the primary need of their community. As home prices and rents remain high, many LMI individuals and families are unable to afford and/or meet the income requirements to qualify for a conventional home mortgage loans or find an affordable apartment to rent. In addition, local banks are perceived or unwilling to provide affordable banking services to LMI individuals who want to establish a bank account. Local banking institutions can

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address these needs through outreach programs, financial literacy seminars and affordable banking services targeting LMI individuals and families.

The second community contact interview was with a representative of a nonprofit organization that provides adult home and assisted living programs in Dutchess County. The representative noted the lack of affordable housing and credit repair programs for LMI individuals and families. The representative stated that housing has gotten expensive in Dutchess County creating barrier to homeownership for LMI individuals and seniors. The representative noted that there are opportunities for financial institutions to address these needs through special loan programs that fund affordable housing projects and home improvement loans or grants for emergency repairs. The representative stated that a few banks in the area offer banking products, programs or assistance that help nonprofit organizations to offer essential services and programs; however, other banks in the region may also have those type of products and programs but fail to properly advertise them or make the community aware of them.

**IV. - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

The Department evaluated OBTC under the large banking institutions performance criteria in accordance with Sections 76.7, 76.8, 76.9 and 76.10 of the GRS, which consist of the lending, investment, and service tests. DFS also considered the following factors in assessing the Bank's record of performance:

1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;
2. Any practices intended to discourage credit applications;
3. Evidence of prohibited discriminatory or other illegal credit practices;
4. Record of opening and closing offices and providing services at offices; and
5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.

Finally, the Evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which OBTC helps to meet the credit needs of its entire community.

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

DFS derived the demographic data referred to in this report from the 2020 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and DFS used this information even where the institution's assessment area includes partial counties.

The evaluation period included calendar years 2018, 2019, 2020, 2021, and 2022 for lending activities and the period from July 1, 2018 to December 31, 2023 for community development activities.

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

HMDA-reportable and small business loan data evaluated in this Evaluation represented actual originations. Examiners gave greater weight to OBTC's small business lending, as the Bank's small business loans represented 87% by number and 59.7% by dollar value of total HMDA-reportable and small business loans originated by the Bank in its assessment area during the evaluation period.

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In its prior Community Reinvestment Act Performance Evaluation as an intermediate small bank, as of December 31, 2018, DFS assigned OBTC a rating of “2,” or “Satisfactory” compliance with regulatory standards.

### **Current CRA Rating: Satisfactory**

#### **A. Lending Test: Low Satisfactory**

*The Bank’s lending performance was evaluated pursuant to the following criteria: (1) Lending Activity;*

- (2) Assessment Area Concentration;*
- (3) Geographic Distribution of Loans;*
- (4) Borrower Characteristics;*
- (5) Community Development Lending; and*
- (6) Flexible and/or Innovative Lending Practices.*

OBTC’s small business, HMDA-reportable activities were adequate considering OBTC’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of the assessment area.

#### 1. Lending Activity:

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

OBTC’s current average LTD ratio of 71.5% trailed the peer group’s average LTD ratio of 81.2%; however, the Bank’s current average LTD ratio represented an improvement from the average LTD ratio of 65.7% recorded at the prior evaluation.

The Bank’s average LTD ratio was impacted by OBTC’s holding of municipal deposits, which must be pledged against with securities limiting their availability for lending. The Bank’s municipal deposits averaged approximately 15% of total deposits during the evaluation period compared to approximately 9% for its peer group. In addition, the COVID-19 pandemic resulted in a large influx of deposits outpacing lending causing the LTD ratio to contract. As a result, the Bank’s LTD ratios fluctuated significantly during evaluation period, from a low of 62.7% in the first quarter of 2022 to a high of 80.8% in the fourth quarter of 2019.

The table below shows OBTC’s LTD ratios in comparison with the peer group’s ratios for the 20 quarters of this evaluation.

<b>Loan-to-Deposit Ratios</b>																					
	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020	2020	2020	2021	2021	2021	2021	2022	2022	2022	2022	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Bank	68.2	69.5	70.8	79.4	76.2	75.0	76.8	80.8	76.2	71.9	67.4	75.6	69.8	67.6	64.2	65.6	62.7	65.2	69.5	78.2	71.5
Peer	81.7	86.7	86.8	87.0	86.0	87.0	86.7	86.6	86.0	85.4	84.6	80.4	77.5	75.2	72.3	72.1	71.4	74.6	76.8	79.3	81.2

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### 2. Assessment Area Concentration:

During the evaluation period, OBTC originated 88% by number and 82.8% by dollar value of its total HMDA-reportable and small business loans within the assessment area.

This majority of lending inside of OBTC’s assessment area reflects a good concentration of lending.

#### *a. HMDA-Reportable Loans:*

During the evaluation period, OBTC originated 82.8% by number and 77.2% by dollar value of its HMDA-reportable loans within the assessment area.

This majority of lending inside of OBTC’s assessment area reflects a good concentration of lending.

#### *b. Small Business Loans:*

During the evaluation period, OBTC originated 88.9% by number and 87.1% by dollar value of its small business loans within the assessment area.

This substantial majority of lending inside of OBTC’s assessment area reflects an excellent concentration of lending.

<b>Distribution of Loans Inside and Outside of the Assessment Area</b>										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable</b>										
2018	61	82.4%	13	17.6%	74	48,869	73.8%	17,326	26.2%	66,195
2019	70	92.1%	6	7.9%	76	50,451	93.3%	3,606	6.7%	54,057
2020	60	75.0%	20	25.0%	80	31,972	51.2%	30,523	48.8%	62,495
2021	67	81.7%	15	18.3%	82	93,432	82.0%	20,514	18.0%	113,946
2022	65	83.3%	13	16.7%	78	76,276	81.8%	17,018	18.2%	93,294
Subtotal	323	82.8%	54	13.8%	390	301,000	77.2%	71,969	18.5%	389,987
<b>Small Business</b>										
2018	211	86.8%	32	13.2%	243	53,995	81.2%	12,515	18.8%	66,510
2019	269	87.9%	37	12.1%	306	74,346	86.0%	12,150	14.0%	86,496
2020	824	90.4%	88	9.6%	912	114,184	89.8%	12,957	10.2%	127,141
2021	618	87.5%	88	12.5%	706	114,993	86.9%	17,393	13.1%	132,386
2022	238	90.5%	25	9.5%	263	87,583	89.0%	10,797	11.0%	98,380
Subtotal	2,160	88.9%	245	10.1%	2,430	445,101	87.1%	65,812	12.9%	510,913
Grand Total	2,483	88.0%	299	10.6%	2,820	746,101	82.8%	137,781	15.3%	900,900

### 3. Geographic Distribution of Loans:

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

The Bank's distribution of small business loans in LMI census tracts demonstrated an adequate distribution of lending, while OBTC's distribution of HMDA-reportable loans in LMI census tracts demonstrated an excellent distribution of lending. Greater weight was given to small business lending.

#### a. HMDA-Reportable Loans:

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

During the evaluation period, OBTC's average rates of lending in LMI census tracts of 24.8% by number and 35.2% by dollar value of loans, were well above the aggregate's rates of lending of 10%, and 11.7%, respectively. The Bank's annual lending rates in LMI census tracts exceeded the aggregate's rates by number and dollar value of loans each year of the evaluation period except by dollar value in 2019. Furthermore, the Bank's lending rates by number and dollar value of loans increased significantly in 2022, reflecting the 139 or 61% increase in LMI census tracts in the Bank's assessment area resulting from the addition of parts of Bronx County.

The Bank's average lending rates in LMI also exceeded the percentage of owner-occupied housing units (ranging from 7.3% to 13.4%) located within the Bank's assessment area during the evaluation period.

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

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<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2018</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	3	4.9%	3,065	6.3%	636	2.1%	242,250	2.1%	0.7%
Moderate	11	18.0%	10,517	21.5%	2,118	7.0%	888,330	7.8%	6.6%
LMI	14	23.0%	13,582	27.8%	2,754	9.1%	1,130,580	9.9%	7.3%
Middle	14	23.0%	22,889	46.8%	5,475	18.1%	1,772,585	15.5%	18.8%
Upper	33	54.1%	12,398	25.4%	22,040	72.8%	8,531,530	74.6%	73.9%
Unknown	0	0.0%	0	0.0%	7	0.0%	1,545	0.0%	0.0%
<b>Total</b>	<b>61</b>		<b>48,869</b>		<b>30,276</b>		<b>11,436,240</b>		
<b>2019</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	1	1.4%	225	0.4%	1,008	3.1%	412,290	3.1%	1.1%
Moderate	10	14.3%	8,990	17.8%	2,151	6.5%	812,505	6.1%	6.7%
LMI	11	15.7%	9,215	18.3%	3,159	9.6%	1,224,795	9.1%	7.8%
Middle	31	44.3%	26,602	52.7%	7,563	22.9%	2,047,815	15.3%	23.2%
Upper	28	40.0%	14,634	29.0%	22,284	67.5%	10,137,720	75.6%	69.0%
Unknown	0	0.0%	0	0.0%	10	0.0%	1,930	0.0%	0.0%
<b>Total</b>	<b>70</b>		<b>50,451</b>		<b>33,016</b>		<b>13,412,260</b>		
<b>2020</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	7	11.7%	1,625	5.1%	1,409	2.9%	536,775	2.6%	1.1%
Moderate	9	15.0%	5,472	17.1%	2,610	5.4%	1,001,090	4.8%	6.7%
LMI	16	26.7%	7,097	22.2%	4,019	8.4%	1,537,865	7.4%	7.8%
Middle	19	31.7%	9,902	31.0%	10,258	21.3%	3,256,770	15.6%	23.2%
Upper	25	41.7%	14,973	46.8%	33,830	70.3%	16,093,800	77.0%	69.0%
Unknown	0	0.0%	0	0.0%	7	0.0%	1,575	0.0%	0.0%
<b>Total</b>	<b>60</b>		<b>31,972</b>		<b>48,114</b>		<b>20,890,010</b>		
<b>2021</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	4	6.0%	11,940	12.8%	1,638	2.8%	695,520	2.7%	1.1%
Moderate	13	19.4%	12,614	13.5%	3,724	6.5%	1,620,870	6.3%	6.7%
LMI	17	25.4%	24,554	26.3%	5,362	9.3%	2,316,390	8.9%	7.8%
Middle	27	40.3%	51,308	54.9%	12,916	22.4%	4,469,120	17.2%	23.3%
Upper	23	34.3%	17,570	18.8%	39,438	68.3%	19,126,440	73.8%	68.9%
Unknown	0	0.0%	0	0.0%	14	0.0%	3,080	0.0%	0.0%
<b>Total</b>	<b>67</b>		<b>93,432</b>		<b>57,730</b>		<b>25,915,030</b>		
<b>2022</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	9	13.8%	35,725	46.8%	1,763	4.8%	1,722,525	8.4%	2.7%
Moderate	13	20.0%	15,817	20.7%	3,590	9.8%	2,845,190	13.8%	10.7%
LMI	22	33.8%	51,542	67.6%	5,353	14.6%	4,567,715	22.2%	13.4%
Middle	32	49.2%	15,513	20.3%	10,329	28.1%	3,851,885	18.7%	29.3%
Upper	11	16.9%	9,221	12.1%	20,916	57.0%	12,119,270	58.8%	56.9%
Unknown	0	0.0%	0	0.0%	118	0.3%	76,520	0.4%	0.4%
<b>Total</b>	<b>65</b>		<b>76,276</b>		<b>36,716</b>		<b>20,615,390</b>		
<b>GRAND TOTAL</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	24	7.4%	52,580	17.5%	6,454	3.1%	3,609,360	3.9%	
Moderate	56	17.3%	53,410	17.7%	14,193	6.9%	7,167,985	7.8%	
LMI	80	24.8%	105,990	35.2%	20,647	10.0%	10,777,345	11.7%	
Middle	123	38.1%	126,214	41.9%	46,541	22.6%	15,398,175	16.7%	
Upper	120	37.2%	68,796	22.9%	138,508	67.3%	66,008,760	71.5%	
Unknown	-	0.0%	-	0.0%	156	0.1%	84,650	0.1%	
<b>Total</b>	<b>323</b>		<b>301,000</b>		<b>205,852</b>		<b>92,268,930</b>		

**b. Small Business Loans:**

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

For the evaluation period, OBTC’s average rate of small business lending in LMI census tracts of 16.9% by number of loans trailed the aggregate’s rate of 20.3%, but its average lending rate of 20.3% by dollar value of loans exceeded the aggregate’s rate of 18.7%. The Bank’s annual lending rates in LMI census tracts were comparable to the aggregate’s annual lending rates for most years of the evaluation period, except for 2022. While the Bank’s lending rates in LMI census tracts for 2022 were higher than prior years, they did not keep pace with the aggregate’s lending rates, indicating that the aggregate outperformed the Bank in lending in LMI census tracts in Bronx County, which was added to the Bank’s assessment area in 2021.

OBTC’s and the aggregate’s annual lending rates to small businesses in LMI census tracts for 2018 to 2021 exceeded the percentages (14.7% to 15.5%) of small businesses located in LMI census tracts within the Bank’s assessment area. However in 2022 the percentage of small businesses located in LMI census tracts almost doubled to 27.4% primarily due to the addition of parts of Bronx County and its 139 LMI census tracts; as a result, the Bank’s 2022 small businesses lending rates in LMI census tracts fell below the percentage of small businesses located in LMI census tract within the Bank’s assessment area.

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

## ORANGE BANK AND TRUST COMPANY – CRA PERFORMANCE EVALUATION

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2018</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Low	4	1.9%	1,294	2.4%	4,169	7.4%	93,118	5.9%	3.2%
Moderate	28	13.3%	9,227	17.1%	6,757	12.0%	202,567	12.8%	11.5%
LMI	32	15.2%	10,521	19.5%	10,926	19.5%	295,685	18.7%	14.7%
Middle	62	29.4%	14,707	27.2%	9,497	16.9%	301,614	19.1%	19.2%
Upper	117	55.5%	28,767	53.3%	35,704	63.6%	978,965	62.1%	66.1%
Unknown	0	0.0%	0	0.0%	11	0.0%	742	0.0%	0.1%
<b>Total</b>	<b>211</b>		<b>53,995</b>		<b>56,138</b>		<b>1,577,006</b>		
<b>2019</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Low	11	4.1%	2,735	3.7%	5,121	8.4%	122,492	7.6%	4.3%
Moderate	41	15.2%	11,773	15.8%	6,334	10.4%	173,783	10.8%	10.4%
LMI	52	19.3%	14,508	19.5%	11,455	18.8%	296,275	18.5%	14.7%
Middle	102	37.9%	26,348	35.4%	12,192	20.0%	348,270	21.7%	22.3%
Upper	115	42.8%	33,490	45.0%	37,192	61.1%	960,235	59.8%	62.9%
Unknown	0	0.0%	0	0.0%	16	0.0%	640	0.0%	0.1%
<b>Total</b>	<b>269</b>		<b>74,346</b>		<b>60,855</b>		<b>1,605,420</b>		
<b>2020</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Low	23	2.8%	4,739	4.2%	4,286	6.7%	133,943	4.6%	4.6%
Moderate	107	13.0%	15,249	13.4%	6,552	10.2%	302,746	10.3%	10.2%
LMI	130	15.8%	19,988	17.5%	10,838	16.8%	436,689	14.8%	14.8%
Middle	299	36.3%	42,454	37.2%	12,934	20.1%	624,747	21.2%	21.9%
Upper	395	47.9%	51,742	45.3%	40,555	63.0%	1,878,316	63.8%	63.2%
Unknown	0	0.0%	0	0.0%	27	0.0%	2,513	0.1%	0.1%
<b>Total</b>	<b>824</b>		<b>114,184</b>		<b>64,354</b>		<b>2,942,265</b>		
<b>2021</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Low	11	1.8%	3,733	3.2%	4,798	6.8%	130,510	5.4%	4.9%
Moderate	83	13.4%	20,826	18.1%	7,545	10.6%	268,466	11.1%	10.6%
LMI	94	15.2%	24,559	21.4%	12,343	17.4%	398,976	16.5%	15.5%
Middle	216	35.0%	37,139	32.3%	14,712	20.7%	532,959	22.0%	22.2%
Upper	308	49.8%	53,295	46.3%	43,825	61.8%	1,480,990	61.3%	62.2%
Unknown	0	0.0%	0	0.0%	46	0.1%	4,477	0.2%	0.1%
<b>Total</b>	<b>618</b>		<b>114,993</b>		<b>70,926</b>		<b>2,417,402</b>		
<b>2022</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Low	10	4.2%	4,992	5.7%	9,787	12.2%	266,789	13.3%	10.9%
Moderate	48	20.2%	15,855	18.1%	12,203	15.3%	274,270	13.6%	16.5%
LMI	58	24.4%	20,847	23.8%	21,990	27.5%	541,059	26.9%	27.4%
Middle	79	33.2%	30,508	34.8%	17,762	22.2%	438,381	21.8%	22.5%
Upper	100	42.0%	36,103	41.2%	39,435	49.3%	1,010,169	50.2%	49.4%
Unknown	1	0.4%	125	0.1%	756	0.9%	23,507	1.2%	0.7%
<b>Total</b>	<b>238</b>		<b>87,583</b>		<b>79,943</b>		<b>2,013,116</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Low	59	2.7%	17,493	3.9%	28,161	8.5%	746,852	7.1%	
Moderate	307	14.2%	72,930	16.4%	39,391	11.9%	1,221,832	11.6%	
LMI	366	16.9%	90,423	20.3%	67,552	20.3%	1,968,684	18.7%	
Middle	758	35.1%	151,156	34.0%	67,097	20.2%	2,245,971	21.3%	
Upper	1,035	47.9%	203,397	45.7%	196,711	59.2%	6,308,675	59.8%	
Unknown	1	0.0%	125	0.0%	856	0.3%	31,879	0.3%	
<b>Total</b>	<b>2,160</b>		<b>445,101</b>		<b>332,216</b>		<b>10,555,209</b>		

### 4. Distribution by Borrower Characteristics:

OBTC's HMDA-reportable and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

The Bank's small business lending rates to small businesses with revenue of \$1 million or less demonstrated an adequate distribution of loans among businesses of different revenue sizes, while OBTC's HMDA-reportable lending rates to LMI borrowers demonstrated a poor distribution of loans among individuals of different income levels. Greater weight was given to the Bank's small business lending.

#### a. One-to-four Family HMDA-Reportable Loans:

OBTC's one-to-four family HMDA-reportable lending demonstrated a poor distribution of loans among individuals of different income levels.

The Bank's average lending rates of one-to-four family HMDA-reportable loans to LMI borrowers were 5.2% by number and 1.9% by dollar value of loans, well below the aggregate's lending rates of 12.1% and 6%, respectively. Furthermore, OBTC's annual lending rates were well below the aggregate's rates for each year of the evaluation period except for 2019.

Both the Bank's and aggregate's average lending rates of one-to-four family HMDA-reportable loans to LMI borrowers were well below the percentages (29.1% to 39.8%) of LMI families living in the Bank's assessment area during the evaluation period.

The following table provides a summary of the distribution of OBTC's one-to-four family loans by borrower income.

## ORANGE BANK AND TRUST COMPANY – CRA PERFORMANCE EVALUATION

<b>Distribution of One-to-Four Family Loans by Borrower Income</b>									
<b>2018</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	657	2.2%	109,165	1.1%	16.9%
Moderate	1	2.4%	157	1.4%	2,513	8.4%	394,945	4.0%	12.2%
LMI	1	2.4%	157	1.4%	3,170	10.6%	504,110	5.1%	29.1%
Middle	5	11.9%	545	4.7%	5,327	17.8%	1,123,115	11.3%	15.0%
Upper	24	57.1%	7,472	64.9%	20,500	68.4%	7,919,490	79.4%	55.9%
Unknown	12	28.6%	3,333	29.0%	985	3.3%	433,615	4.3%	
<b>Total</b>	<b>42</b>		<b>11,507</b>		<b>29,982</b>		<b>9,980,330</b>		
<b>2019</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	1	1.8%	20	0.2%	969	3.0%	171,615	1.4%	16.9%
Moderate	6	10.7%	847	6.4%	3,075	9.4%	551,455	4.5%	12.2%
LMI	7	12.5%	867	6.6%	4,044	12.3%	723,070	5.9%	29.1%
Middle	7	12.5%	871	6.6%	6,142	18.7%	1,441,300	11.7%	15.0%
Upper	24	42.9%	6,530	49.6%	21,154	64.6%	9,523,590	77.4%	55.9%
Unknown	18	32.1%	4,893	37.2%	1,426	4.4%	622,980	5.1%	
<b>Total</b>	<b>56</b>		<b>13,161</b>		<b>32,766</b>		<b>12,310,940</b>		
<b>2020</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	956	2.0%	174,840	0.9%	16.9%
Moderate	0	0.0%	0	0.0%	3,963	8.3%	819,525	4.2%	12.3%
LMI	0	0.0%	0	0.0%	4,919	10.3%	994,365	5.1%	29.2%
Middle	9	18.0%	1,678	8.9%	8,576	17.9%	2,281,540	11.7%	15.0%
Upper	17	34.0%	5,921	31.4%	32,023	67.0%	15,096,205	77.6%	55.9%
Unknown	24	48.0%	11,244	59.7%	2,312	4.8%	1,077,410	5.5%	
<b>Total</b>	<b>50</b>		<b>18,843</b>		<b>47,830</b>		<b>19,449,520</b>		
<b>2021</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	1,283	2.2%	248,185	1.0%	16.9%
Moderate	1	2.4%	160	0.9%	5,342	9.3%	1,137,050	4.7%	12.3%
LMI	1	2.4%	160	0.9%	6,625	11.6%	1,385,235	5.8%	29.2%
Middle	3	7.3%	484	2.7%	11,182	19.5%	3,160,770	13.1%	15.0%
Upper	19	46.3%	8,376	46.7%	37,167	64.8%	18,377,605	76.4%	55.8%
Unknown	18	43.9%	8,908	49.7%	2,368	4.1%	1,132,160	4.7%	
<b>Total</b>	<b>41</b>		<b>17,928</b>		<b>57,342</b>		<b>24,055,770</b>		
<b>2022</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	1,358	3.8%	255,770	1.6%	24.4%
Moderate	3	7.3%	320	1.8%	4,646	12.9%	1,043,610	6.6%	15.4%
LMI	3	7.3%	320	1.8%	6,004	16.7%	1,299,380	8.3%	39.8%
Middle	4	9.8%	735	4.0%	7,646	21.3%	2,291,940	14.6%	16.6%
Upper	14	34.1%	7,685	42.2%	20,697	57.7%	11,225,895	71.4%	43.6%
Unknown	20	48.8%	9,484	52.0%	1,538	4.3%	895,760	5.7%	
<b>Total</b>	<b>41</b>		<b>18,224</b>		<b>35,885</b>		<b>15,712,975</b>		
<b>GRAND TOTAL</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	1	0.4%	20	0.0%	5,223	2.6%	959,575	1.2%	
Moderate	11	4.8%	1,484	1.9%	19,539	9.6%	3,946,585	4.8%	
LMI	12	5.2%	1,504	1.9%	24,762	12.1%	4,906,160	6.0%	
Middle	28	12.2%	4,313	5.4%	38,873	19.1%	10,298,665	12.6%	
Upper	98	42.6%	35,984	45.2%	131,541	64.5%	62,142,785	76.2%	
Unknown	92	40.0%	37,862	47.5%	8,629	4.2%	4,161,925	5.1%	
<b>Total</b>	<b>230</b>		<b>79,663</b>		<b>203,805</b>		<b>81,509,535</b>		

## ORANGE BANK AND TRUST COMPANY – CRA PERFORMANCE EVALUATION

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### b. Small Business Loans:

OBTC's small business lending demonstrated an adequate distribution of loans among businesses of different revenue sizes.

In 2020 and 2021 combined, OBTC originated 1,007 PPP loans totaling \$99 million within its assessment area. However, as PPP loans did not require the collecting and reporting of business revenue for approval under the program, therefore DFS excluded them from the analysis of the "Distribution of Small Business by Revenue Size of the Business" criterion, to avoid skewing the analysis.

OBTC's average rate of lending to businesses with gross annual revenues of \$1 million or less of 39.4% by number of loans trailed the aggregate's rate of 44.1%, but by dollar value of loans the Bank's rate of 36.6% exceeded the aggregate's rate of 28.1%. The Bank's annual lending rates by dollar value of loans exceeded the aggregate's annual rates for each year of the evaluation period except for 2018, while the aggregate's rates of lending by number of loans exceeded the Bank's annual lending rates for each year except for 2021.

OBTC's and the aggregate's lending rates to small businesses with annual revenue of \$1 million or less trailed the percentages (86.4% to 91.3%) of small businesses in the Bank's assessment area with annual revenue of \$1 million or less.

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

**ORANGE BANK AND TRUST COMPANY – CRA PERFORMANCE EVALUATION**

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2018</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. <= \$1MM	71	33.6%	14,821	27.4%	24,409	43.5%	518,242	32.9%	86.3%
Rev. > \$1MM	116	55.0%	33,295	61.7%					5.8%
Rev. Unknown	24	11.4%	5,879	10.9%					7.8%
<b>Total</b>	<b>211</b>		<b>53,995</b>		<b>56,138</b>		<b>1,577,006</b>		
<b>2019</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. <= \$1MM	98	36.4%	24,596	33.1%	27,971	46.0%	507,378	31.6%	87.6%
Rev. > \$1MM	151	56.1%	44,793	60.2%					5.1%
Rev. Unknown	20	7.4%	4,957	6.7%					7.3%
<b>Total</b>	<b>269</b>		<b>74,346</b>		<b>60,855</b>		<b>1,605,420</b>		
<b>2020</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. <= \$1MM	82	35.5%	18,752	31.5%	24,573	38.2%	662,986	22.5%	89.9%
Rev. > \$1MM	146	63.2%	40,293	67.8%					4.0%
Rev. Unknown	3	1.3%	397	0.7%					6.1%
<b>Total</b>	<b>231</b>		<b>59,442</b>		<b>64,354</b>		<b>2,942,265</b>		
<b>2021</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. <= \$1MM	94	46.1%	30,455	43.0%	29,825	42.1%	552,252	22.8%	90.6%
Rev. > \$1MM	109	53.4%	39,923	56.4%					3.2%
Rev. Unknown	1	0.5%	400	0.6%					6.2%
<b>Total</b>	<b>204</b>		<b>70,778</b>		<b>70,926</b>		<b>2,417,402</b>		
<b>2022</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. <= \$1MM	109	45.8%	38,184	43.6%	39,861	49.9%	727,349	36.1%	91.4%
Rev. > \$1MM	129	54.2%	49,399	56.4%					2.7%
Rev. Unknown	-	0.0%	0	0.0%					5.9%
<b>Total</b>	<b>238</b>		<b>87,583</b>		<b>79,943</b>		<b>2,013,116</b>		
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. <= \$1MM	454	39.4%	126,808	36.6%	146,639	44.1%	2,968,207	28.1%	
Rev. > \$1MM	651	56.5%	207,703	60.0%					
Rev. Unknown	48	4.2%	11,633	3.4%					
<b>Total</b>	<b>1,153</b>		<b>346,144</b>		<b>332,216</b>		<b>10,555,209</b>		

## ORANGE BANK AND TRUST COMPANY – CRA PERFORMANCE EVALUATION

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### 5. Community Development Lending:

During the evaluation period, OBTC originated \$115.8 million in new community development loans and had no loans outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

OBTC's level of community development lending for the current evaluation period (5.5 years) of \$21.1 million per year represented an increase from the \$13.3 million per year (total of \$46.6 million) approved at the prior evaluation period (3.5 years). Community development loans mainly supported organizations that provided community services to mostly LMI individuals or helped to revitalize and stabilize LMI communities.

<b>Community Development Loans</b>				
	<b>This Evaluation Period</b>		<b>Outstanding from Prior Evaluation Periods</b>	
<b>CD Investments</b>	<b>#</b>	<b>\$000</b>	<b>#</b>	<b>\$000</b>
Affordable Housing	3	7,907		
Economic Development				
Community Services	19	71,883		
Revitalization/Stabilization	11	36,010		
<b>Total</b>	<b>33</b>	<b>115,800</b>		

Below are highlights of OBTC's community development lending:

- OBTC refinanced a \$6 million commercial mortgage to a nonprofit healthcare organization located in Orange County. The organization provides healthcare services to any person that needs their services regardless of their ability to pay. A majority of the organization's patients were Medicaid recipients.
- OBTC originated a \$4 million line of credit to an organization that provides transitional housing and shelter services to homeless and at-risk individuals through its network of healthcare affiliates. The funds will be used to purchase real estate to be used for supportive housing.
- OBTC refinanced an existing \$1.3 million commercial mortgage for two multi-family properties with one building containing 16 residential rental units and the other building containing 13 residential rental units and two retail stores. All 29 rental units are rented below HUD fair market guidelines. The property is in a moderate-income census tract in Westchester County.
- OBTC refinanced an existing \$7.1 million commercial mortgage and originated a \$3.2 million line of credit that are both secured by two multifamily properties one with 57 residential units and the other with 15 residential units and 10 offices. The line of credit is to fund improvements to the property. The properties are located in a low-income census tract in Bronx County and are leased entirely to a nonprofit organization that provides transitional housing to homeless families. The nonprofit provides on-site social services, including job counseling, assistance in locating permanent housing and nutrition counseling.

## ORANGE BANK AND TRUST COMPANY – CRA PERFORMANCE EVALUATION

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- OBTC originated a \$13.4 million construction loan (\$5.3 million approved for CRA credit) to support the development of an eight-story, 43-unit apartment building of which 30% provide affordable housing with income restrictions of 80% of the area median income. The building also contains approximately 3,600 square feet (this is 10% of the buildings total square footage) of retail commercial space and is located in a moderate-income census tract in Bronx County.
- During 2020 and 2021, OBTC originated six PPP loans totaling \$12 million, that qualified as community development loans. The funds provided needed capital for businesses to meet essential expenses to weather the initial onset of the COVID-19 pandemic. These businesses were located in LMI census tracts in Bronx and Westchester counties.

### a. Flexible and/or Innovative Lending Practices:

OBTC made occasional use of flexible or innovative lending practices. During the evaluation period, the Bank offered the following lending products to assist first-time homebuyers and/or LMI homeowners with affordable home financing options.

- OBTC Community Mortgage – applicants cannot have an income that exceeds 80% of the Mortgage Revenue Bond Median Income, which is based on property location. The program features a loan to value of up to 85% with no private mortgage requirement, and a 25-basis point interest rate reduction on the mortgage loan.
- Federal Home Loan Bank New York (“FHLBNY”) Home Buyer Dream Program - provides a grant of up to \$19,500 to assist with down payment and/or closing cost, and up to \$500 towards homeownership counseling for eligible first-time homebuyers earning 80% or less of the area median income.

The Bank offered the following lending product to aid the credit needs of small businesses and support economic development:

- The U.S. Small Business Administration Paycheck Protection Program (“PPP”) – PPP loans were offered to aid small businesses in meeting their basic operational expenses such as rent, utilities and payroll during the economic hardship resulting from the COVID-19 pandemic. PPP loans offered below market interest rates, no origination fees, no collateral requirements and potential loan forgiveness.

## **B. Investment Test: Low Satisfactory**

### 1. Qualified Investments

During the evaluation period, OBTC made \$15.9 million in new qualified investments and had no investments outstanding from prior evaluation periods. In addition, OBTC made 105 qualified grants totaling \$259,986. This demonstrated an adequate level of qualified investments and grants over the course of the evaluation period.

## ORANGE BANK AND TRUST COMPANY – CRA PERFORMANCE EVALUATION

The Bank’s level of qualified investments made during the evaluation period of \$15.9 million represented a large increase from the \$600,000 in total qualified investments made at the prior evaluation period.

A substantial majority of OBTC’s qualified investments supported the community development purpose of affordable housing and consisted of mortgage-backed securities (“MBS”) totaling \$15.7 million secured by properties that provided affordable housing to LMI individuals and families.

<b>Community Development Investments and Grants</b>				
	<b>This Evaluation Period</b>		<b>Outstanding from Prior Evaluation Periods</b>	
<b>CD Investments</b>	<b>#</b>	<b>\$000</b>	<b>#</b>	<b>\$000</b>
Affordable Housing	11	15,664		
Economic Development	1	240		
Community Services				
Revitalization/Stabilization	0	0		
<b>Total</b>	<b>12</b>	<b>15,904</b>	<b>0</b>	<b>0</b>
<b>CD Grants</b>	<b>#</b>	<b>\$000</b>	<i>Not Applicable</i>	
Affordable Housing	4	2		
Economic Development	65	144		
Community Services	3	112		
Revitalization/Stabilization	3	2		
<b>Total</b>	<b>75</b>	<b>260</b>		

Below are highlights of OBTC’s qualified investments:

- OBTC invested \$8.9 million in Government National Mortgage Association and Federal National Mortgage Association MBS secured by residential mortgages in the Bank’s assessment area for borrowers whose incomes are below 80% of the area’s median family income.
- In 2021 and 2022, OBTC invested \$6.8 million in five Federal Home Loan Mortgage Corporation mortgage-backed securities. The securities were collateralized by 1-4 family home mortgage loans made to LMI borrowers located within the Bank’s assessment area.
- OBTC invested \$240,000 in a certified community development financial institution located in a low-income census tract. The institution provides community-focused banking services and products that support economic growth and revitalize and stabilize the area.

Below are highlights of OBTC’s qualified grants:

- OBTC donated \$45,000 to an organization in Orange County providing no-cost economic development support to small businesses through accessing federal and New York State capital funding and incentive programs, employment training, and marketing.
- OBTC made grants totaling \$14,900 during the evaluation period to an organization that promotes economic development for small businesses in Bronx County through financial support, tax and accounting incentives, and workforce services.

## ORANGE BANK AND TRUST COMPANY – CRA PERFORMANCE EVALUATION

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- OBTC donated a total of \$14,500 to a nonprofit organization during the evaluation period. The organization provides life-saving services that include shelter for women and children affected by domestic violence, sexual assault, and human trafficking in Rockland County.
- OBTC made grants totaling \$14,500 to a nonprofit foundation that collects donations that fund programs supporting veterans, homeless, and disadvantaged women and children in Orange and Sullivan counties.

### 2. Innovativeness of Qualified Investments:

OBTC made no use of innovative investments to support community development.

### 3. Responsiveness of Qualified Investments to Credit and Community Development Needs:

OBTC's qualified investments exhibited adequate responsiveness to the assessment area's credit and community development needs. Qualified investments primarily consisted of MBS that supported affordable housing for LMI individuals and families.

## **C. Service Test: Low Satisfactory**

The Department evaluated OBTC's retail service performance pursuant to the following criteria:

- (1) The current distribution of the banking institution's branches;
- (2) The institution's record of opening and closing branches;
- (3) The availability and effectiveness of alternative systems for delivering retail services; and
- (4) The range of services provided.

The Department evaluated OBTC's community development service performance pursuant to the following criteria:

- (1) The extent to which the banking institution provides community development services; and
- (2) The innovativeness and responsiveness of community development services.

### 1. Retail Banking Services:

OBTC has an adequate branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

#### *a. Current distribution of the banking institution's branches:*

OBTC has an adequate distribution of branches within its assessment area. As of the evaluation date the Bank operated 15 branches of which four or 27% are in LMI census tracts and eleven or 73% are in middle- and upper-income census tracts. In addition, the Bank maintains a loan production office in an upper-income census tract in White Plains, Westchester County.

## ORANGE BANK AND TRUST COMPANY – CRA PERFORMANCE EVALUATION

<b>Distribution of Branches within the Assessment Area</b>							
<b>County</b>	<b>N/A #</b>	<b>Low #</b>	<b>Moderate #</b>	<b>Middle #</b>	<b>Upper #</b>	<b>Total #</b>	<b>LMI %</b>
Bronx*	-	-	-	1	-	1	0%
Orange	-	-	3	4	-	7	43%
Westchester*	-	-	1	1	3	5	20%
Rockland	-	-	-	-	2	2	0%
<b>Total</b>	-	-	<b>4</b>	<b>6</b>	<b>5</b>	<b>15</b>	<b>27%</b>

\*Partial County

*b. Record of opening and closing branches:*

OBTC's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, including LMI geographies and/or LMI individuals.

During the evaluation period, OBTC opened four branches, two in middle- and upper-income tracts in Westchester County, one in middle-income tract in Bronx County, and one in Orange County in an upper-income census tract.

During the evaluation period, the Bank closed two branches, one in a middle-income census tract in Dutchess County and one in an upper-income census tract in Westchester County. The Bank also relocated a branch within the same middle-income census tract in the city of Goshen, Orange County.

*c. Availability and effectiveness of alternative systems for delivering retail services:*

OBTC's delivery systems are adequately accessible to portions of the Bank's assessment area, including LMI geographies and individuals.

The bank has six ATMs. All are deposit-taking and one is located each at six of the seven branches located in Orange County. Of the six onsite branch ATMs, two are in LMI census tracts and the only branch in Orange County without an ATM is in a moderate-income census tract. The remaining nine branches outside of Orange County do not have ATMs.

Alternative delivery systems available to customers of OTBC include online banking, mobile banking via smart phone or tablet, 24-hour telephone banking, electronic statements through email, night deposit drops, mail deposits, mobile phone check deposit, and remote deposit these alternative delivery systems of bank services provide consumers and businesses with convenient access to banking services and products.

*d. Range of services provided:*

OBTC's services meet the convenience and accessibility needs of its assessment area, including LMI geographies and individuals.

Branch hours are generally Monday through Friday from 9:00 AM to 4:00 PM. Six of the seven branches in Orange County offer extended hours on Thursday and Friday until 5:30 PM or 6:00 PM, none of the branches located outside of Orange County offer extended banking hours. Eight

## ORANGE BANK AND TRUST COMPANY – CRA PERFORMANCE EVALUATION

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branches, including all branches in Orange County and one branch in Rockland County, offer drive-through services, generally during the hours from 8:30 AM to 5:00 PM or 6:00 PM. OBTC also offers the following retail products that benefit LMI individuals and families and small businesses throughout its assessment area.

- OBTC’s Community Mortgage program and the Federal Home Loan Bank New York (“FHLBNY”) Home Buyer Dream Program – Both these programs are income restricted to 80% or below of area median income and offer a slight rate reduction or downpayment assistance. More program details are noted above in the community development lending section of the report.
- Business Checking and Power Checking – These two checking account types are available to small businesses, including start-up businesses. The Business checking and Power Checking accounts offer 100 transactions per month and 400 transactions per month free of charge, respectively. The monthly maintenance fees are \$15 on Business Checking and \$25 on Power Checking. These fees are waived if a balance of \$10,000 is maintained.
- Non-Profit Checking – A checking transaction account tailored for banking by non-profit organizations featuring no monthly account service charge.
- Business Power Line of Credit - This credit product can be accessed by small businesses to purchase equipment, working capital, or for seasonal inventory purchases. Lines of Credit range from loan amounts of \$10,000 to \$125,000 and feature low annual fees and no annual cleanup or renewal fees.

### 2. Community Development Services:

OBTC provided an adequate level of community development services. Bank employees participated in 67 instances of community development services during the evaluation period. Bank directors, executive officers, and employees served in various capacities as board and/or committee members of various community development organizations and/or participated in financial literacy programs for the elderly, youth and small businesses.

<b>Community Development Services</b>	
<b>Activity Type</b>	<b>Number of Activities</b>
On-Going Board & Committee Memberships	37
Technical Assistance	30
Seminars	
Credit Counseling/Financial Literacy	
<b>Total Community Development Services</b>	<b>67</b>

Below are highlights of OBTC’s community development services:

- A senior vice president of the Bank is a member of the board of two different organizations that both advocate and promote economic development, growth and opportunity for businesses operating in their area. Programs and services provided include educational programs, counseling and guidance to businesses and start-ups.

## ORANGE BANK AND TRUST COMPANY – CRA PERFORMANCE EVALUATION

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- A vice president serves as a board member of an organization located in Westchester County, which focuses on developing innovative permanent housing solutions for low-income and homeless families.
- An assistant vice president is a board member of an organization whose mission is to help young people, especially the ones with the most need, to reach their full potential and become productive and responsible individuals.
- A vice president serves as chairman of the board of an organization that assists small businesses with start-up development and growth.

### **D. Additional Factors**

The following factors were also considered in assessing OBTC's record of performance.

1. The extent of participation by the banking institution's board of directors or board of trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the CRA.

The CRA officer provides quarterly updates on the Bank's CRA program, including loan production, training, complaints, community service, and compliance with CRA regulatory requirements to the management compliance committee. The minutes of the management compliance committee and related reports are provided to the board's Audit & Risk Committee on a quarterly basis for review, which reports the findings to the board of directors. The Bank's CRA policy was most recently approved in January 2024.

2. Discrimination and other illegal practices

- *Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.*

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

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

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

3. Process Factors

- *Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.*

## ORANGE BANK AND TRUST COMPANY – CRA PERFORMANCE EVALUATION

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OBTC ascertains its community credit needs by participating in various community functions and events. Furthermore, members of management and staff serve on various boards and committees of local nonprofit organizations and chambers of commerce, which helps them to make the community aware of the credit services offered by the Bank.

- *The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution*

OBTC utilized marketing strategies, such as advertisements in local newspapers, website advertising, and social media focusing on customer relations rather than individual product offerings.

- *Action Taken in Response to Written Complaints with Respect to CRA*

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

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

OBTC also provided a series of relief measures to help its retail and business banking customers overcome financial hardship caused by the COVID-19 pandemic. These included refunding overdraft fees for clients, waiving early withdrawal penalties on time deposit accounts, increasing ATM withdrawal limits and making mobile deposits available upon request, waiving transaction fees on money market and savings accounts for 90 days, waiving late fees or over limit fees for credit cards, and waiving fees for its business clients for Remote Deposit Capture for 90 days.

The Bank, primarily through its Loan Emergency Assistance Program worked with borrowers who experienced financial hardship during the COVID-19 pandemic. The Bank negotiated accommodations or forbearance arrangements that temporarily reduced or deferred monthly payments due from borrowers. The accommodations were mostly for a three-to-six months period allowing customers to temporarily cease making principal and/or interest payments. As of March 31, 2021, the Bank had deferred loan payments of approximately \$340 million.

During the evaluation period, OBTC originated six community development loans totaling \$17.8 million in New York State but outside the Bank's assessment area; \$15.8 million were PPP loans to a business development corporation operating in Albany County, New York, and two loans totaling \$2 million were made to a nonprofit organization to fund the purchase of two properties. The organization provides behavioral health care and care management which promotes the emotional well-being, independence, and empowerment of individuals many of which are Medicaid recipients.

**V - GLOSSARY**

**Aggregate Lending**

“Aggregate lending” means the number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

**Banking Development District (“BDD”) Program**

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

**Community Development**

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, FDIC, and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

**Community Development Loan**

“Community development loan” means a loan that has its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving LMI persons (DFS multifamily industry letter [www.dfs.ny.gov/industry\\_guidance/industry\\_letters/il20141204\\_guidelines\\_bank\\_lending\\_multifamily\\_properties\\_cra\\_updated](http://www.dfs.ny.gov/industry_guidance/industry_letters/il20141204_guidelines_bank_lending_multifamily_properties_cra_updated) ) ;

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- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

### **Community Development Service**

“Community development service” means a service that has community development as its *primary purpose*, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
  - ❖ Serving on a loan review committee;
  - ❖ Developing loan application and underwriting standards;
  - ❖ Developing loan processing systems;
  - ❖ Developing secondary market vehicles or programs;
  - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
  - ❖ Furnishing financial services training for staff and management;
  - ❖ Contributing accounting/bookkeeping services; and
  - ❖ Assisting in fund raising, including soliciting or arranging investments.

**Community Development Financial Institution (“CDFI”)**

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

**Fair Market Rents (“FMRs”)**

Fair Market Rents are published and developed annually by the US Department of Housing and Urban Development (“HUD”) and used to determine rent payments for affordable housing projects such as Section 8 contracts in defined metropolitan statistical areas (“MSAs”) nationwide. For easy reference of annual FMRs in New York MSAs or counties, go to [www.huduser.gov/portal/datasets/fmr.html](http://www.huduser.gov/portal/datasets/fmr.html)

**Geography**

“Geography” means a census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (“HMDA”)**

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

**Income Level**

The income level for borrowers is based on household or family income. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

**LMI Geographies**

“LMI geographies” means those census tracts or block numbering areas where, according to the most current U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a MSA or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of Block Numbering Areas (“BNAs”) and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

**LMI Borrowers**

“LMI borrowers” means borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the Federal Financial Institutions Examination Council (“FFIEC”).

**LMI Individuals/Persons**

“LMI individuals” or “LMI persons” means individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by the FFIEC.

**LMI Penetration Rate**

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

**Low-Income Housing Tax Credit (“LIHTC”)**

LIHTC were created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low-income Americans. The tax credits provide a dollar-for-dollar reduction in a taxpayer’s federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

### **Minority Depository Institutions (“MDIs”)**

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to [FDIC.gov](http://FDIC.gov) (Minority Depository Institutions Program) including list of MDIs.

### **New Markets Tax Credit (“NMTC”)**

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (“CDEs”). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer’s investments to make qualified investments in low-income communities. The Fund is administered by the CDFI Fund, an agency of the United States Department of the Treasury.

### **Paycheck Protection Program (“PPP”) Loans**

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%. The program officially ended May 31, 2021.

### **Qualified Investment**

“Qualified investment” means a lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;

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- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

### **Small Business Loan**

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