



**NEW YORK STATE  
DEPARTMENT OF FINANCIAL SERVICES  
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2011

**Institution:** Country Bank  
200 East 42<sup>nd</sup> Street  
New York, NY 10017

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

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## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Country Bank (“CB”) prepared by the New York State Department of Financial Services (“Department”). The evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of *December 31, 2011*.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks 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 Banking Board implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

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

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

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

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## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

CB is evaluated according to the intermediate small bank performance criteria pursuant to Part 76.7 and Part 76.12 of the General Regulations of the Banking Board. This assessment period included calendar years 2010 and 2011. CB is rated "2" indicating a "Satisfactory" record of helping to meet community credit needs.

The rating is based on the following factors:

### **Lending Test:** "Satisfactory"

- **Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities:** "Satisfactory"

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

CB's average LTD ratio was reasonable considering its size, business strategy, financial condition, aggregate and peer group activity. CB's average LTD ratio for the 12 quarters since the prior evaluation was 81.3%, which was slightly higher than the peer group's ratio of 80.3%<sup>1</sup>.

- **Assessment Area Concentration:** "Satisfactory"

During the evaluation period, totaling HMDA-reportable and small business loans, CB originated 84.9% by number, and 70.9% by dollar value of its loans within the assessment area. This record of lending inside of CB's assessment area is a reasonable record of lending.

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

The distribution of loans based on borrower characteristics demonstrated an excellent penetration rate of lending among businesses of different revenue sizes and borrowers of different income levels. CB's small business loans penetration ratios exceeded the levels achieved by the peer group. CB's HMDA-reportable data was not analyzed for borrower characteristics because four of the six loans originated during the evaluation period were no income verification loans.

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

The distribution of loans based on lending in census tracts of varying income levels demonstrated a reasonable rate of lending.

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<sup>1</sup> These ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as prepared by the FDIC. The bank's peer group includes all insured commercial banks having assets between \$300 million and \$1 billion. The UBPR peer group is a national peer group and includes banks that may be operating in very different economic environments.

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### **Action Taken in Response to Written Complaints With Respect to CRA:**

Since the latest CRA evaluation as of December 31, 2009, neither CB nor DFS has received any written complaints regarding CB's CRA performance.

### **Community Development Test (Loans, Investments, Services): "Outstanding"**

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

- **Community Development Loans:** "Outstanding"

During the evaluation period, CB had 19 qualified community development loans totaling approximately \$50.2 million.

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

During the evaluation period, CB made \$3.6 million in community development investments all of which was new money and included \$36 thousands in the form of grants to the community.

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

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

### **Innovative or Complex Practices:**

CB demonstrated an adequate level of flexible community development practices.

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

CB demonstrated an excellent level of responsiveness to credit and community development needs.

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

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## PERFORMANCE CONTEXT

### Institution Profile:

Chartered in 1988, Country Bank (“CB”) is a commercial bank located in New York City. CB is a wholly owned subsidiary of Country Bank Holding Company, Inc.

As per the Consolidated Report of Condition (“Call Report”) as of December 31, 2011, filed with the Federal Deposit Insurance Corporation (“FDIC”), CB reported total assets of \$467.9 million, of which \$306.6 million were net loans and lease finance receivables. CB also reported total deposits of \$411.4 million, resulting in a loan-to-deposit ratio of 74.6%. According to the latest available comparative deposit data as of June 30, 2011, CB obtained a market share of 1.7% or \$177.7 million in a market of \$10.4 billion inside its market in the Bronx, ranking it 14<sup>th</sup> among 24 deposit-taking institutions in the Bronx. CB’s market share in the other counties where it had branches was lower. In New York County CB obtained a market share of 0.02% or \$154.9 million in a market of \$ 624.0 billion inside its market, ranking it 54<sup>th</sup> among 93 deposit-taking institutions in New York County. In Westchester County, CB obtained a market share of 0.14% or \$66.0 million in a market of \$46.5 billion inside its market, ranking it 32<sup>nd</sup> among 40 deposit-taking institutions in Westchester.

The following is a summary of CB’s loan portfolio, based on Schedule RC-C of CB’s Call Reports of December 31, Year 2009, December 31, 2010, and December 31, 2011:

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	12/31/2009		12/31/2010		12/31/2011	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	79,140	22.3	75,473	25.2	70,489	22.6
Commercial & Industrial Loans	14,195	4.0	12,624	4.2	11,090	3.5
Commercial Mortgage Loans	140,510	39.7	137,041	45.7	161,120	51.6
Multifamily Mortgages	58,714	16.6	44,017	14.7	42,075	13.5
Consumer Loans	200	0.1	146	0.0	133	0.0
Construction Loans	61,452	17.3	30,272	10.1	27,496	8.8
Other Loans	0	0.0	62	0.0	47	0.0
<b>Total Gross Loans</b>	<b>354,211</b>	<b>100</b>	<b>299,635</b>	<b>100</b>	<b>312,450</b>	<b>100</b>

As illustrated in the above chart, CB is primarily a commercial real estate lender, with 51.6% of its loan portfolio in commercial mortgage loans.

CB operates five banking offices, of which the main office and one branch are located in Manhattan, two branches are located in the Bronx, and one branch is located in the town of Scarsdale in Westchester County. These offices are located in upper-income census tracts with the exception of the one branch in the Bronx that is in a middle-

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income census tract. While its main office does not have an automated teller machine (“ATM”) due to its non-street level location, an ATM is located at each branch office.

*There are no known financial or legal impediments that adversely impacted CB’s ability to meet the credit needs of its community.*

**Assessment Area:**

CB’s assessment area is comprised of portions of five counties: New York and Westchester Counties in their entirety, and portions of Bronx, Kings, and Queens Counties.

There are 879 census tracts in the area, of which 130 are low-income, 231 are moderate-income, 143 are middle-income, 355 are upper-income and 20 are tracts with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx*	2	1	14	7	17	41	36.6
Kings*	2	61	104	40	37	244	67.6
New York	9	60	59	24	144	296	40.2
Queens*	3	4	33	33	4	77	48.1
Westchester	4	4	21	39	153	221	11.3
<b>Total</b>	<b>20</b>	<b>130</b>	<b>231</b>	<b>143</b>	<b>355</b>	<b>879</b>	<b>41.1</b>

*\*Partial county*

*The assessment area appears reasonable based upon the location of CB’s offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.*

**Demographic & Economic Data**

The assessment area had a population of 3.6 million during the examination period. About 12.0% of the population was over the age of 65 and 19.2% was under the age of 16.

Of the 812,070 families in the assessment area, 26.6% were low-income, 14.1% were moderate-income, 14.4% were middle-income and 44.9% were upper-income families. There were 1.5 million households in the assessment area, of which 16.8% had income below the poverty level and 6.0% were on public assistance.

The median family income within the assessment area was \$66,364. However, there was a wide variance in median family income among the five counties that comprise CB’s assessment area, with Westchester: \$89,228; New York: \$71,629; Bronx:

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\$50,900; Queens: \$39,380; and, Kings: \$38,443. The U.S. Department of Housing and Urban Development (“HUD”) estimated median family income for the area was \$67,400 in 2011.

There were 1,628,610 housing units within the assessment area, of which 27.3% were one- to four-family units, and 72.7% were multifamily units. A majority (66.5%) of the area’s housing units were rental units, while 27.4% were owner-occupied. Of the 445,359 owner occupied units 13.4% were in low- and moderate-income census tracts while 86.6% were in middle- and upper-income census tracts. The median age of the housing stock was 62 years and the median home value in the assessment area was \$297,221.

There were 510,541 non-farm businesses in the assessment area. Of these, 63.7% were businesses with reported revenues of less than or equal to \$1 million, 4.6% reported revenues of more than \$1 million and 31.8% did not report their revenues. Of all the businesses in the assessment area, 70.7% were businesses with less than fifty employees while 93.8% operated from a single location. The largest industries in the area were Services (41.2%), followed by retail trade (11.7%) and Finance, Insurance and Real Estate (9.0%) while 22.9% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State declined to 8.2% in 2011 from a high during the evaluation period of 8.6% in 2010. The Bronx had the highest average unemployment rate during the evaluation period, and was the only county to surpass the statewide rate in all three years. Westchester had the lowest average rate; lower than the statewide rate in every year. Only Bronx County had a higher average unemployment rate in 2011 than it had in 2009.

<b>Assessment Area Unemployment Rate</b>						
	Statewide	Bronx	Kings	New York	Queens	Westchester
2011	8.2	12.3	9.7	7.4	8.1	6.8
2010	8.6	12.7	10.3	8.1	8.7	7.3
2009	8.3	11.9	9.8	8.4	8.3	7.2

### **Community Information**

Representatives from two organizations were contacted to share information regarding the credit needs in CB’s assessment area. They had no concerns or adverse comments regarding banks in the area. CB was not mentioned in any negative context.

A community contact interview was conducted with the representatives of a New York City government agency, whose mission is to educate, empower, and protect New

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Yorkers with low-incomes, so they can build assets and make the most of their financial resources. These individuals identified the lack of safe and affordable financial products and services to help low and moderate households in New York City achieve financial stability as a major concern. A fundamental mismatch between the products offered by banks and what low income families really need was viewed as a primary deterrent for low income households to access banks. Instead, low income households conduct their transactional business from other financial service providers such as check cashers. It was further noted that unbanked households are highly concentrated in the lowest income communities in the Bronx, Brooklyn and Manhattan

The second community contact was the Executive Director of a local business association located in Westchester County. This interviewee indicated that most banks appear willing to lend to small businesses and to meet the banking and credit needs of the community. However, the interviewee also indicated that there was a need for more micro-financing to support small businesses.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*Country Bank ("CB") was evaluated under the intermediate small banking institution's performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Banking Board. CB's performance was evaluated according to the intermediate small bank performance criteria, which consists of the lending test and the community development test. The lending test includes:*

- 1. Loan-to-deposit ratio and other lending-related activities;*
- 2. Assessment area concentration;*
- 3. Distribution by borrower characteristics;*
- 4. Geographic distribution of loans; and*
- 5. Action taken in response to written complaints regarding CRA.*

*The community development test includes:*

- Community development lending;*
- Community development investments;*
- Community development services;*
- Innovative or complex practices; and*
- Responsiveness to community development needs.*

*The following factors were also considered in assessing the bank's record of performance:*

- 1. 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 Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.*

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the examination process and on its Call Report submitted to FDIC. Aggregate lending data was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data was obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

The demographic data referred to in this report was derived from the 2000 U.S. Census and the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report is based on Dun & Bradstreet reports which are updated annually. Unemployment data was obtained from the New York State

Department of Labor. Some non-specific bank data is only available on a county-wide basis, and was used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2009, 2010, and 2011.

Examiners considered CB's small business, and HMDA-reportable loans in evaluating factors (2) and (4) of the lending test as noted above. Only small business loans were considered when examiners evaluated factor (3) of the lending test.

Small business loan aggregate data is shown for comparative purposes. CB is not required to report this data. As such CB is not included in the aggregate data. As CB did not make any small farm loans, all analyses was based on small business lending only.

CB received a rating of "1" reflecting an "Outstanding" record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2008.

**Current CRA Rating: "Satisfactory"**

**Lending Test: "Satisfactory"**

CB's small business and HMDA-reportable lending activities were reasonable in light of aggregate and peer group activity and demographics.

**Loan-to-Deposit Ratio and other Lending-Related Activities: "Satisfactory"**

CB's average LTD ratio was reasonable considering its size, business strategy, financial condition, aggregate and peer group activity. CB's average LTD ratio for the 12 quarters of the evaluation period was 81.3%, which was slightly higher than the peer group's average ratio of 80.3%<sup>1</sup>.

The chart below shows CB's LTD ratios in comparison with the peer group's ratios for the 12 quarters since the prior evaluation.

<b>Loan-to-Deposit Ratios</b>													
	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	Avg.
Bank	87.5	82.5	88.5	91.7	89.3	84.4	79.8	75.6	73.8	71.6	76.7	74.6	81.3
Peer	86.8	86.0	84.8	82.6	80.9	80.4	79.7	78.9	76.5	76.6	75.9	75.1	80.3

<sup>1</sup> These ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as prepared by the FDIC. The bank's peer group includes all insured commercial banks having assets between \$300 million and \$1 billion. The UBPR peer group is a national peer group and includes banks that may be operating in very different economic environments.

Assessment Area Concentration: “Satisfactory”

During the evaluation period, totaling HMDA-reportable and small business loans, CB originated 84.9% by number, and 70.9% by dollar value of its loans within the assessment area. This record of lending inside of CB’s assessment area is a reasonable record of lending.

HMDA-Reportable Loans:

During the evaluation period, for HMDA-reportable lending, CB originated 73.7% by number, and 64.5% by dollar value of its loans within the assessment area. This majority of lending inside of its assessment area is a reasonable record of lending.

Small Business Loans:

During the evaluation period, for small business lending, CB originated 88.1% by number, and 81.2% by dollar value of its loans within the assessment area. This substantial majority of lending inside of its assessment area is an excellent record of lending.

The following table shows the percentages of the CB’s HMDA-reportable and small business loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable</b>										
2009	8	88.9%	1	11.1%	9	12,738	89.5%	1,500	10.5%	14,238
2010	4	57.1%	3	42.9%	7	3,875	36.1%	6,865	63.9%	10,740
2011	2	66.7%	1	33.3%	3	4,400	57.9%	3,200	42.1%	7,600
Subtotal	14	73.7%	5	26.3%	19	21,013	64.5%	11,565	35.5%	32,578
<b>Small Business</b>										
2009	18	100.0%	0	0.0%	18	5,769	100.0%	0	0.0%	5,769
2010	25	80.6%	6	19.4%	31	6,031	65.6%	3,158	34.4%	9,189
2011	16	88.9%	2	11.1%	18	4,608	88.0%	630	12.0%	5,238
Subtotal	59	88.1%	8	11.9%	67	16,408	81.2%	3,788	18.8%	20,196
Grand Total	73	84.9%	13	15.1%	86	37,421	70.9%	15,353	29.1%	52,774

Distribution by Borrower Characteristics: “Outstanding”

The distribution of small business loans based on borrower characteristics demonstrated an excellent rate of lending among businesses of different revenue sizes.

HMDA-Reportable Loans:

CB’s 1-4 family HMDA-reportable data was not analyzed or evaluated for borrower characteristics because four of the six loans originated during the evaluation period were no income verification loans. As a result, borrower income information was not

collected in those instances.

Small Business Loans:

CB's distribution of small business loans based on the revenue size of the business demonstrated an excellent rate of lending among businesses of different revenue sizes. During all three years that encompass the evaluation period, 100% of CB's small business loans were made to businesses with annual revenues of \$1 million or less, which is significantly greater than the average aggregate ratio of 22.2% for the same category of borrowers during the evaluation period.

The following chart provides a summary of the CB's small business lending distribution based on revenue size during the evaluation period:

Distribution of Small Business Lending by Revenue Size of Business									
2009									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	18	100.0%	5,769	100.0%	16,138	15.1%	634,041	20.8%	72.6%
Rev. > \$1MM		0.0%		0.0%					6.9%
Rev. Unknown		0.0%		0.0%					20.6%
<b>Total</b>	<b>18</b>	<b>100.0%</b>	<b>5,769</b>		<b>107,216</b>		<b>3,051,621</b>		<b>100.0%</b>
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	25	100.0%	6,031	100.0%	15,739	15.8%	575,904	20.5%	72.5%
Rev. > \$1MM		0.0%		0.0%					6.2%
Rev. Unknown		0.0%		0.0%					21.2%
<b>Total</b>	<b>25</b>	<b>100.0%</b>	<b>6,031</b>	<b>100.0%</b>	<b>99,459</b>		<b>2,810,676</b>		<b>100.0%</b>
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	16	100.0%	4,608	100.0%	41,420	33.5%	901,712	25.8%	63.7%
Rev. > \$1MM		0.0%		0.0%					4.6%
Rev. Unknown		0.0%		0.0%					31.8%
<b>Total</b>	<b>16</b>	<b>100.0%</b>	<b>4,608</b>	<b>100.0%</b>	<b>123,641</b>		<b>3,494,281</b>		<b>100.0%</b>
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. < = \$1MM	59	100.0%	16,408	100.0%		22.2%		22.6%	
Rev. > \$1MM	-	0.0%	-	0.0%					
Rev. Unknown	-		-	0.0%					
<b>Total</b>	<b>59</b>	<b>100.0%</b>	<b>16,408</b>	<b>100.0%</b>					

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### Geographic Distribution of Loans: “Satisfactory”

The distribution of loans based on lending in census tracts of various income levels demonstrated a reasonable rate of lending. Because CB originated a limited number of HMDA reportable loans during the examination period, this rating is based mainly on CB’s geographic distribution of small business loans.

### HMDA-Reportable Loans:

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated a reasonable rate of lending.

During the evaluation period, CB originated only 14 HMDA-reportable loans in its assessment area. In 2009, CB’s penetration rate of lending to low income census tracts of 12.5% by number of loans (one of eight loans) and 6.6% by dollar value exceeded the aggregate rates of 2.8% in both cases. CB’s penetration rate of lending to LMI census tracts in 2009 of 25% by number of loans (two of eight loans), and 11.5% by dollar value exceeded the aggregate ratios of 11.1% and 10.5%, respectively.

In 2010, CB’s penetration rate of lending to low-income census tracts of 25% by number of loans (one of four loans) and 22.6% by dollar value exceeded the aggregate rates of 3.3% and 3.0%, respectively. CB made no loans to moderate-income census tracts in 2010.

In 2011, CB made only two loans, both of which were in upper-income census tracts. No loans to LMI census tracts were made that year. Aggregate ratios reached 4.1% lending by number of loans and 1.3% by dollar value in LMI census tracts, respectively.

The following chart provides a summary of the CB HMDA-reportable lending distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2009									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	12.5%	840	6.6%	1,166	2.8%	535,387	2.8%	2.4%
Moderate	1	12.5%	625	4.9%	3,451	8.3%	1,462,928	7.7%	11.0%
LMI	2	25.0%	1,465	11.5%	4,617	11.1%	1,998,315	10.5%	13.4%
Middle	1	12.5%	776	6.1%	4,641	11.2%	1,752,136	9.2%	12.3%
Upper	5	62.5%	10,497	82.4%	32,207	77.6%	15,296,571	80.2%	74.3%
Unknown	0	0.0%	0	0.0%	33	0.1%	28,064	0.1%	
<b>Total</b>	<b>8</b>	<b>100.0%</b>	<b>12,738</b>	<b>100.0%</b>	<b>41,498</b>	<b>100.0%</b>	<b>19,075,086</b>	<b>100.0%</b>	<b>100.0%</b>
2010									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	25.0%	875	22.6%	1,354	3.3%	671,364	3.0%	2.4%
Moderate	0	0.0%	0	0.0%	3,723	9.2%	1,794,619	8.0%	11.0%
LMI	1	25.0%	875	22.6%	5,077	12.5%	2,465,983	10.9%	13.4%
Middle	2	50.0%	2,500	64.5%	4,547	11.2%	2,130,777	9.5%	12.3%
Upper	1	25.0%	500	12.9%	30,926	76.1%	17,846,117	79.2%	74.3%
Unknown	0	0.0%	0	0.0%	89	0.2%	83,785	0.4%	0.0%
<b>Total</b>	<b>4</b>	<b>100.0%</b>	<b>3,875</b>	<b>100.0%</b>	<b>40,639</b>	<b>100.0%</b>	<b>22,526,662</b>	<b>100.0%</b>	<b>100.0%</b>
2011									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	316	0.8%	60,000	0.3%	2.4%
Moderate	0	0.0%	0	0.0%	1,292	3.3%	199,861	1.0%	11.0%
LMI	0	0.0%	0	0.0%	1,608	4.1%	259,861	1.3%	13.4%
Middle	0	0.0%	0	0.0%	4,076	10.4%	872,575	4.2%	12.3%
Upper	2	100.0%	4,400	100.0%	32,309	82.2%	18,270,950	88.6%	74.3%
Unknown	0	0.0%	0	0.0%	1,334	3.4%	1,220,840	5.9%	
<b>Total</b>	<b>2</b>	<b>100.0%</b>	<b>4,400</b>	<b>100.0%</b>	<b>39,327</b>	<b>100.0%</b>	<b>20,624,226</b>	<b>100.0%</b>	<b>100.0%</b>
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	14.3%	1,715	8.2%		2.2%		2.0%	
Moderate	1	7.1%	625	3.0%		6.2%		5.6%	
LMI	3	21.4%	2,340	11.1%		8.4%		7.6%	
Middle	3	21.4%	3,276	15.6%		7.9%		7.6%	
Upper	8	57.1%	15,397	73.3%		82.4%		82.6%	
Unknown	0	0.0%	0	0.0%		1.3%		2.1%	
<b>Total</b>	<b>14</b>	<b>100.0%</b>	<b>21,013</b>	<b>100.0%</b>		<b>100.0%</b>		<b>100.0%</b>	

Small Business Loans:

The distribution of small business loans based on the income level of the geography of the business demonstrated a reasonable penetration rate of lending.

In 2009, CB's penetration rate of lending to low income census tracts of 5.6% by number of loans (one of eighteen loans) and 14.6% by dollar value exceeded the aggregate rates of 4.6% and 3.3%, respectively. CB's penetration rate of lending to LMI census tracts in 2009 of 22.2% by number of loans (four of eighteen loans), and 46.2%

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by dollar value exceeded the aggregate ratios of 16.0% and 15.4%, respectively.

In 2010, CB's penetration rate of lending to low income census tracts of 4.0% by number of loans (one of twenty-five loans) was in line with the aggregate rate of 4.1%, while its penetration rate of lending to low income census tracts by dollar value of 0.5% significantly trailed the aggregate rate of 3.5%. CB's penetration rate of lending to LMI census tracts in 2010 of 8.0% by number of loans (two of twenty-five loans), and 1.7% by dollar value both significantly trailed the aggregate ratios of 14.7% and 13.5%, respectively.

In 2011, CB made no small business loans in low-income census tracts and 12.5% (two of 16 loans) in LMI census tracts. Aggregate data indicates 4.8% lending by number of loans in low-income census tracts, and 16.6% in LMI census tracts. Aggregate ratios of lending by dollar value in low-income and LMI census tracts were 3.3% and 13.9%, respectively.

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

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2009									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	5.6%	840	14.6%	4,896	4.6%	101,202	3.3%	6.1%
Moderate	3	16.7%	1,825	31.6%	12,306	11.5%	367,607	12.0%	13.9%
LMI	4	22.2%	2,665	46.2%	17,202	16.0%	468,809	15.4%	20.0%
Middle	1	5.6%	300	5.2%	13,189	12.3%	420,368	13.8%	12.3%
Upper	12	66.7%	2,755	47.8%	75,411	70.3%	2,095,301	68.7%	66.2%
Unknown	1	5.6%	49	0.8%	1,414	1.3%	67,143	2.2%	1.5%
<b>Total</b>	<b>18</b>		<b>5,769</b>		<b>107,216</b>		<b>3,051,621</b>		
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	4.0%	30	0.5%	4,063	4.1%	99,768	3.5%	6.0%
Moderate	1	4.0%	75	1.2%	10,527	10.6%	279,449	9.9%	13.6%
LMI	2	8.0%	105	1.7%	14,590	14.7%	379,217	13.5%	19.6%
Middle	3	12.0%	2,015	33.4%	11,805	11.9%	376,338	13.4%	12.1%
Upper	19	76.0%	3,871	64.2%	71,477	71.9%	1,969,344	70.1%	66.8%
Unknown	1	4.0%	40	0.7%	1,587	1.6%	85,777	3.1%	1.5%
<b>Total</b>	<b>25</b>		<b>6,031</b>		<b>99,459</b>		<b>2,810,676</b>		
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	5,907	4.8%	116,982	3.3%	6.2%
Moderate	2	12.5%	838	18.2%	14,593	11.8%	368,199	10.5%	14.7%
LMI	2	12.5%	838	18.2%	20,500	16.6%	485,181	13.9%	20.9%
Middle	5	31.3%	1,975	42.9%	15,399	12.5%	479,932	13.7%	12.4%
Upper	9	56.3%	1,795	39.0%	85,850	69.4%	2,448,072	70.1%	65.0%
Unknown	0	0.0%	0	0.0%	1,892	1.5%	81,096	2.3%	1.7%
<b>Total</b>	<b>16</b>		<b>4,608</b>		<b>123,641</b>		<b>3,494,281</b>		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	3.4%	870	5.3%		4.5%		3.4%	
Moderate	6	10.2%	2,738	16.7%		11.3%		10.9%	
LMI	8	13.6%	3,608	22.0%	52,292	15.8%	1,333,207	14.2%	
Middle	9	15.3%	4,290	26.1%		12.2%		13.6%	
Upper	40	67.8%	8,421	51.3%		70.5%		69.6%	
Unknown	2	3.4%	89	0.5%		1.5%		2.5%	
<b>Total</b>	<b>59</b>		<b>16,408</b>						

Action Taken In Response to Written Complaints With Respect to CRA:

Since the latest CRA evaluation as of December 31, 2008, neither CB nor DFS has received any written complaints regarding CB's CRA performance.

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**Community Development Test: “Outstanding”**

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

During the evaluation period, CB originated \$50.2 million in new community development loans, and had \$3.3 million outstanding from prior evaluation periods. This represented a 58.3% increase over the \$33.8 million recorded during the prior three year evaluation period. Also, during the current evaluation period, CB made \$3.6 million in community development investments and grants.

Some of CB’s community development commitments consisted of real estate mortgage loans on multifamily buildings including mixed use properties in LMI areas and on small commercial buildings such as hotels.

**Community Development Lending: “Outstanding”**

The \$50.2 million in new community development loans represented new extensions of credit including refinancing of existing multifamily loans in low and moderate income tracts. Approximately \$12.6 million of these loans were made outside of the assessment area but inside New York State. These loans include new originations to purchase small hotel establishments that provided new jobs or helped maintain existing jobs. These activities demonstrate an excellent level of community development lending by CB over the course of the evaluation period.

<b>Community Development Loans</b>				
	<b>This Evaluation Period</b>		<b>Outstandings from Prior Evaluation Periods</b>	
<b>Purpose</b>	<b># of Loans</b>	<b>\$000</b>	<b># of Loans</b>	<b>\$000</b>
Affordable Housing			3	3,264
Economic Development	19	50,224		
Community Services				
Other (Please Specify)				
<b>Total</b>	<b>19</b>	<b>50,224</b>	<b>3</b>	<b>3,264</b>

The following are examples of the community development lending:

- CB extended a \$3.6 million SBA first mortgage term loan in 2011 to refinance an existing \$3.6 million loan used to purchase a hotel property which is located in a low-income geography in Brooklyn, New York. The project supports the economic development of LMI geographies through job creation.

- In January 2011, CB originated a \$5.0 million term loan to purchase a recently constructed hotel in a low-income geography in Brooklyn. This acquisition will help create job opportunities in the low-income neighborhood.

Community Development Investments: “Outstanding”

During the evaluation period, CB made \$3.6 million in new community development investments. In addition, CB made \$36,677 in community development grants. This demonstrated an excellent level of community development investments over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	6	\$ 3,600		
Economic Development				
Community Services				
Other (Please Specify)				
<b>Total</b>	<b>6</b>	<b>\$ 3,600</b>	<b>0</b>	<b>0</b>
	# of Grants	\$000	Not Applicable	
CD Grants				
Affordable Housing	3	\$ 37		
Economic Development				
Community Services				
Other (Please Specify)				
<b>Total</b>	<b>3</b>	<b>\$ 37</b>		

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

- CB renewed a \$1.0 million bond, issued by the Senior Housing Crime Prevention Foundation, in each of the years 2009, 2010, and 2011 - making this a \$3.0 million investment. This crime prevention foundation supports the “Senior Crimestoppers” program, which helps to provide safe and secure crime free residences to LMI seniors residing in a senior housing facility in Westchester County.
- A \$600,000 investment represented two \$100,000 one year certificates of deposits (“CD”). One CD was with Carver Federal Savings Bank and the other was with First American International Bank. Both CDs were renewed in years 2009, 2010 and 2011. Both of these institutions were designated as Community Development Financial Institutions by the U.S. Department of the Treasury.

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- CB contributed a total of \$36,677 during 2009, 2010, and 2011 to the Federal Home Loan Bank of New York (“FHLBNY”) to help fund the FHLBNY’s Affordable Housing Program which includes “First Home Club” – a first-time homebuyer assistance program. The amount of this contribution is derived from earnings during those years.

Community Development Services: “Satisfactory”

CB demonstrated an adequate level of community development services over the course of the evaluation period. CB management provided technical assistance to organization and programs that promote economic development and community services in the assessment area. CB has participated in events run by local community organizations that involve topics including identity theft and small business lending. Bank staff has also been involved with educational programs such as “Teach the Children to Save”. CB encourages its employees and board members to be active and to provide their time and resources to charitable and non-profit organizations. Several board members are actively involved in various health related organizations and charities, including membership on their boards.

Innovative or Complex Practices:

CB made limited use of innovative or flexible community development practices. CB participates in two Small Business Administration (“SBA”) lender programs.

Responsiveness to Community Development Needs:

CB demonstrated an excellent level of responsiveness to credit and community development needs. During the evaluation period, CB made a significant amount of community development loans and investments.

**Additional Factors**

**The extent of participation by the banking institution’s board of directors or board of trustees in formulating the banking institution’s policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act**

CB’s compliance committee oversees CRA activities. The minutes of compliance committee meetings are submitted to and reviewed by CB’s board of directors on a monthly basis.

**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 noted no practices that were intended to discourage applications for the types of credit offered by the institution.

*Evidence of prohibited discriminatory or other illegal credit practices*

DFS noted no evidence of prohibited discriminatory or other illegal practices.

**Record of opening and closing offices and providing services at offices**

CB operates five offices, including the main office in Manhattan. While its main office does not have an ATM due to its non-street level location, an ATM is located at each branch office. Four offices are in upper-income geographies, and one is in a middle-income geography. Normal weekday banking hours are 9 AM - 5 PM. Two branches have extended hours on Friday, when they close at 6 PM, and three branches are open Saturday mornings. No branches were opened or closed during the examination period.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Bronx*				1	1	2	0%
New York					2	2	0%
Westchester					1	1	0%
<b>Total</b>	-	-	-	1	4	5	0%
*Partial County							

**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.

CB ascertains the credit needs of its community by its participation in various programs and activities, and through the involvement of its officers and staff in local community organizations and meetings with local organizations. CB solicits information on community credit needs through these contacts.

- 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.

In lieu of promotions and special offers, CB is actively involved in sponsoring events and making donations to organizations in the local communities. CB also

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makes the community aware of its presence by attending local events.

**Other factors that in the judgment of the Superintendent and Banking Board bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community**

DFS noted no other factors.

## GLOSSARY

### Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

### Community Development

“Community development”:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3) above.

### Community Development Loan

A loan that has its *primary purpose* community development. This includes but is not limited to loans to:

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

## **Community Development Service**

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

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

## **Geography**

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

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

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

## **Income Level**

The income level for borrowers is based on household or family income. A geography's income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

<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

## **Loans to Small Businesses**

Small business loans to businesses with gross annual revenues of \$1 million or less.

## **Low or Moderate Income ("LMI") Geographies**

Those census tracts or block numbering areas where, according to the 2000 U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA"), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

## **LMI Borrowers**

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development ("HUD").

## **LMI Individuals/Persons**

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

### **LMI Penetration Rate**

A number that represents the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

### **Low-Income Housing Tax Credit (LIHTC)**

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

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

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

### **Qualified Investment**

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

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

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