



**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, 2014

Institution: Country Bank
655 Third Avenue
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 (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2014.

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 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 Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated Country Bank ("CB") according to the intermediate small bank performance criteria pursuant to General Regulations of the Superintendent ("GRS") Parts 76.7 and 76.12. The assessment period included calendar years 2012, 2013 and 2014. DFS assigns CB a CRA rating of "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 Ratio and Other Lending-Related Activities:** "Satisfactory"

CB's average loan-to-deposit ("LTD") ratio was reasonable considering its size, business strategy, financial condition and the lending activity of its peer group. CB's average LTD ratio for the evaluation period was 71.9% and 3.3% below its peer group's ratio of 75.2%.

- **Assessment Area Concentration:** "Outstanding"

CB originated 82.0% by number and 92.7% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This substantial majority of lending in the assessment area was an excellent concentration of lending within the assessment area.

- **Distribution by Borrower Characteristics:** "Needs to Improve"

CB's distribution of loans based on borrower characteristics demonstrated a less than reasonable rate of lending among individuals of different income levels and businesses of different revenue sizes. While its lending rate to small businesses with a revenue size of \$1 million or less exceeded the aggregate's rate, CB needs to improve its HMDA lending to low- and moderate-income ("LMI") individuals as CB failed to originate any loans to LMI individuals during the evaluation period.

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

CB's distribution of loans based on lending in census tracts of varying income levels demonstrated reasonable rates of lending in LMI geographies.

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

Neither CB nor DFS received any written CRA-related complaints regarding CB's CRA performance since the latest CRA evaluation as of December 31, 2011.

Community Development Test (Loans, Investments, Services): “Satisfactory”

CB’s community development performance demonstrated adequate responsiveness to the community development needs of its assessment area. The level of community development lending was outstanding while community development investments and services were adequate considering CB’s capacity and the need for and availability of community development opportunities in the assessment area.

- **Community Development Loans: “Outstanding”**

During the evaluation period, CB had qualified community development loans totaling approximately \$25.7 million, of which \$13.7 million were new loans, and \$12.0 million were outstanding from the prior evaluation period.

- **Community Development Qualified Investments: “Satisfactory”**

During the evaluation period, CB made \$1.2 million in new community development investments and had \$1.0 million outstanding from the prior evaluation period. In addition, CB made \$191,990 in community development grants.

- **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 did not utilize innovative or flexible community development practices.

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

CB demonstrated a reasonable 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 Banking Law and GRS Part 76.

PERFORMANCE CONTEXT

Institution Profile:

CB is a New York State-chartered commercial bank formed in 1988. Originally headquartered in Putnam County, NY, CB relocated its corporate office to New York, NY in 2001. CB is a wholly owned subsidiary of Country Bank Holding Company, Inc.

As a full service commercial bank, CB focuses on the origination of commercial real estate loans, with emphasis on small to medium-size business lending, as well as income-producing and owner-occupied properties.

Per the Consolidated Report of Condition ("Call Report") as of December 31, 2014 filed with the Federal Deposit Insurance Corporation ("FDIC"), CB reported total assets of \$526.0 million, of which \$321.2 million were net loans and lease finance receivables. It also reported total deposits of \$442.4 million, resulting in a loan-to-deposit ratio of 72.6%. According to the latest available comparative deposit data as of June 30, 2014, CB had a market share of 0.04%, or \$445.9 million in a market of \$1.0 trillion, ranking it 60th among 122 deposit-taking institutions in its assessment area.

The following is a summary of CB's loan portfolio, based on Schedule RC-C¹ of the bank's December 31, 2012, 2013 and 2014 Call Reports:

<u>Loan Type</u>	2012		2013		2014	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	59,463	21.2	52,948	16.6	61,442	18.9
Commercial & Industrial Loans	12,267	4.4	11,660	3.7	16,923	5.2
Commercial Mortgage Loans	144,781	51.5	176,606	55.5	164,147	50.4
Multifamily Mortgages	45,250	16.1	52,806	16.6	61,941	19.0
Consumer Loans	104	0.0	93	0.0	64	0.0
Construction Loans	19,054	6.8	24,150	7.6	20,827	6.4
Other Loans	108	0.0	52	0.0	30	0.0
Total Gross Loans	281,027	100.0	318,315	100.0	325,374	100.0

As illustrated in the above table, CB is primarily a commercial mortgage lender, with 69.4% of its total gross loan portfolio in commercial mortgage and multifamily mortgage loans. One-to-four family residential mortgage loans, meanwhile, made up 18.9% of CB's loan portfolio.

CB operates five branch offices, which contain a total of eight on-site deposit taking ATMs. All branches are located in upper-income census tracts. CB expanded its off-

¹ Total Gross Loans outstanding should be the amount as indicated on Lines 1 through 10.

site ATM network to include 170 Rite Aid Pharmacy locations in New York. These off-site ATM locations provide surcharge free ATM access to customers to view account balances and withdraw cash. In addition, customers also have surcharge free access to the Allpoint network of 55,000 ATMs located at retail locations worldwide, including CVS, 7-Eleven, Walgreens, Target and many other retailers.

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

Assessment Area:

CB's assessment area is comprised of New York and Westchester counties in their entirety and parts of Bronx, Queens, and Kings counties. These five counties are located in the New York-Jersey City, White Plains, New York-New Jersey Metropolitan Division.

There are 871 census tracts in the assessment area, of which 109 are low-income, 219 are moderate-income, 173 are middle-income, 345 are upper-income, and 25 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx*	2	0	15	6	15	38	39.474
Kings*	2	53	90	49	52	246	58.13
Queens*	3	7	25	38	3	76	42.105
New York	12	44	61	25	146	288	36.458
Westchester	6	5	28	55	129	223	14.798
Total	25	109	219	173	345	871	37.658

* *Partial County*

The following table details the distribution of census tracts in Bronx, Kings and Queens counties in their entirety, as well as the percentage of LMI tracts within each county and within the assessment area.²

² Effective July 2015, the Board of Directors has approved including Bronx County in its entirety in CB's assessment area.

LMI % in its entirety and CB's LMI% in its assessment area								
County	N/A	Low	Mod	Middle	Upper	Total	LMI % for entire county	CB LMI% in its assessment area
Bronx	10	143	97	60	29	339	70.8	39.5%
Kings	13	125	295	213	115	761	55.2	58.1%
Queens	26	21	169	314	139	669	28.4	42.1%

Demographic & Economic Data³

The assessment area had a population of 3,789,081 during the evaluation period. About 12.4% of the population were over the age of 65 and 17.0% were under the age of sixteen.

Of the 808,112 families in the assessment area, 26.5% were low-income, 14.1% were moderate-income, 13.8% were middle-income and 45.6% were upper-income families. There were 1.6 million households in the assessment area, of which 15.3% had income below the poverty level, and 3.1% were on public assistance.

The weighted average median family income in the assessment area was \$92,165. However, there was a wide variance in weighted average median family income among the five counties within CB's assessment area. Westchester County had the highest median income at \$114,927, and Queens County had the lowest median income at \$53,987.

There were 1.7 million housing units within the assessment area, of which 71.5% were multifamily units, and 28.3% were one-to-four family units. A majority (61.1%) of the area's housing units were rental units, while 28.6% were owner-occupied units. Of the 1.1 million rental units, 45.4% were in LMI census tracts while 54.6% were in middle- and upper-income census tracts. Of the 498,431 owner-occupied housing units, 14.2% were in LMI tracts. The median age of the housing stock was 69 years, and the median home value in the assessment area was \$617,841.

There were 390,525 non-farm businesses in the assessment area. Of these, 70.3% reported revenues of \$1 million or less, 7.4% reported revenues of more than \$1 million, and 22.3% did not report their revenues. Of all the businesses in the assessment area, 78.8% were businesses with less than fifty employees, and 91.4% operated from a single location. The largest industries in the area were services (46.7%), retail trade (13.5%), finance, insurance & real estate (10.7%); approximately 12.4% of businesses were not classified.

According to the New York State Department of Labor, the average unemployment

³ Demographic data include only the census tracts from Bronx, Kings and Queens counties that CB included in its assessment area.

rates during the evaluation period for New York State and the five counties in CB's assessment area improved every year from 2012 to 2014, indicating a general trend of economic recovery. Bronx County had the highest three-year average unemployment rate of 11.3%, which was well above New York State and the other four counties in the assessment area.

Assessment Area Unemployment Rate						
	NYS	Bronx	Kings	Queens	New York	Westchester
2012	8.5%	12.5%	9.8%	8.3%	8.0%	7.3%
2013	7.7%	11.7%	9.4%	7.7%	7.4%	6.3%
2014	6.3%	9.8%	7.7%	6.4%	6.1%	5.1%
3 YR. AVG	5.4%	8.1%	9.0%	5.3%	7.2%	4.5%

Community Information

As part of the evaluation, examiners met with a national CDFI and a private nonprofit organization and interviewed key personnel to gain insight into the banking and financial needs in CB's assessment area.

The officers of the CDFI identified financing for affordable housing and for child care facilities to be some of the community's most pressing credit needs.

The Executive Director of the nonprofit organization, which provides technical assistance to small businesses in Queens, indicated the need for small businesses to have access to alternative sources of capital. He also noted that small businesses start-ups, especially women- and minority-owned small businesses, needed counseling and technical assistance on banks' business products and services for small businesses, as they frequently do not have sufficient education or information to enable them to effectively manage the businesses' finances.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated CB under the intermediate small bank performance standards in accordance with GRS Parts 76.7 and 76.12, which consist 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 of loans by borrower characteristics;*
- 4. Geographic distribution of loans; and*
- 5. Action taken in response to written complaints regarding CRA*

The community development test includes:

- 1. Community development lending;*
- 2. Community development investments;*
- 3. Community development services; and*
- 4. 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*

DFS used statistics in this evaluation derived from various sources. CB provided bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS sourced aggregate lending data from the Federal Financial Institutions Examination Council (FFIEC) and deposit data from the FDIC. Examiners calculated loan-to-deposit ("LTD") ratios from information shown in the Bank's Uniform Bank Performance Report as submitted to the FDIC.

DFS derived the demographic data for this evaluation from the 2010 U.S. Census and the U.S. Department of Housing and Urban Development. DFS based business data on Dun & Bradstreet reports, which are updated annually, and obtained unemployment data from the New York State Department of Labor.

The assessment period included calendar years 2012, 2013 and 2014.

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

accounted for 87.4% by dollar value of all loans considered by examiners. Therefore, examiners gave HMDA loans greater weight in the lending test for this evaluation.

CB is not required to report small business loan data, and these data are not included in the aggregate data. DFS presents aggregate small business loan data only for comparative purposes.

At its **prior** Performance Evaluation as of December 31, 2011, DFS assigned CB a rating of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs.

Current CRA Rating: “Satisfactory”

LENDING TEST: “Satisfactory”

CB’s HMDA-reportable and small business lending activities were reasonable in light of the lending activities of the aggregate and its peer group and the demographic characteristics of the assessment area. Nevertheless, DFS encourages CB to increase its HMDA-reportable lending to LMI borrowers.

Loan-to-Deposit Ratio and other Lending-Related Activities: “Satisfactory”

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

CB’s average LTD ratio of 71.9% was slightly below its peer group’s ratio of 75.2%. Its quarterly LTD ratios ranged from a low of 68.6% to a high of 75.6%, compared to its peer group’s ratios, which ranged from 73.2% to 78.3%, respectively.

The table below compares CB’s LTD ratios with its peer group’s¹ ratios for the twelve quarters of the evaluation period.

Loan-to-Deposit Ratios													
	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Avg.
Bank	73.7	70.1	73.5	70.7	71.3	75.6	73.6	73.1	69.7	70.0	68.6	72.6	71.9
Peer	73.3	74.3	74.5	74.0	73.2	74.9	75.1	75.8	74.9	77.0	77.6	78.3	75.2

¹ Peer group 3 – Insured commercial banks having assets between \$300 million and \$1 billion.

Assessment Area Concentration: “Outstanding”

During the evaluation period, CB originated 82.0% by number and 92.7% by dollar value of total HMDA-reportable and small business loans within the assessment area. This substantial majority of lending in the assessment was an excellent concentration of lending within the assessment area.

HMDA-Reportable Loans:

CB originated 88.4% by number, and 95.7% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside the assessment area was an excellent concentration of lending within the assessment area.

Small Business Loans:

CB originated 77.5% by number, and 76.4% by dollar value of its small business loans within the assessment area. This majority of lending inside the assessment was a reasonable concentration of lending within the assessment area.

The following table shows the percentages of 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
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2012	9	100.0%	-	0.0%	9	17,460	100.0%	-	0.0%	17,460
2013	33	89.2%	4	10.8%	37	63,406	96.4%	2,378	3.6%	65,784
2014	34	85.0%	6	15.0%	40	46,820	93.3%	3,368	6.7%	50,188
Subtotal	76	88.4%	10	11.6%	86	127,686	95.7%	5,746	4.3%	133,432
Small Business										
2012	50	72.5%	19	27.5%	69	9,098	71.0%	3,718	29.0%	12,816
2013	17	73.9%	6	26.1%	23	3,213	63.3%	1,865	36.7%	5,078
2014	26	92.9%	2	7.1%	28	6,132	98.2%	112	1.8%	6,244
Subtotal	93	77.5%	27	22.5%	120	18,443	76.4%	5,695	23.6%	24,138
Grand Total	169	82.0%	37	18.0%	206	146,129	92.7%	11,441	7.3%	157,570

Distribution by Borrower Characteristics: “Needs to Improve”

While CB’s lending rate to businesses with revenue of \$1 million or less was excellent CB’s HMDA-reportable lending to LMI individuals was poor. The “needs to improve” rating reflects the greater weight given to HMDA lending.

HMDA-Reportable Loans:

CB's HMDA-reportable loans demonstrated a poor distribution of lending among individuals of different income levels. CB, during the evaluation originated no loans to LMI individuals compared to the aggregate's average lending rate of 4.2% by number and 1.3% by dollar value of loans. Furthermore, the demographic characteristics of the population of the assessment area show that LMI families accounted for approximately 39% of the families living in the assessment area. CB needs to improve its lending to LMI individuals.

The following table provides a summary of the distribution of HMDA-reportable lending by borrower income.

Distribution of HMDA-Reportable Lending by Borrower Income									
2012									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	377	0.8%	80,092	0.3%	24.9%
Moderate	0	0.0%	0	0.0%	1,435	3.1%	229,357	0.9%	13.8%
LMI	0	0.0%	0	0.0%	1,812	4.0%	309,449	1.3%	38.7%
Middle	0	0.0%	0	0.0%	4,606	10.1%	1,007,578	4.1%	13.8%
Upper	3	100.0%	1,600	100.0%	37,679	82.3%	21,248,873	87.1%	47.5%
Unknown	0	0.0%	0	0.0%	1,713	3.7%	1,821,344	7.5%	
Total	3		1,600		45,810		24,387,244		100.0%
2013									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	535	0.9%	102,639	0.3%	24.9%
Moderate	0	0.0%	0	0.0%	1,920	3.3%	299,438	0.9%	13.8%
LMI	0	0.0%	0	0.0%	2,455	4.3%	402,077	1.3%	38.7%
Middle	1	7.1%	275	1.0%	5,650	9.8%	1,201,313	3.8%	13.8%
Upper	1	7.1%	675	2.4%	45,333	78.5%	25,317,829	80.2%	47.5%
Unknown	12	85.7%	27,715	96.7%	4,277	7.4%	4,645,787	14.7%	
Total	14		28,665		57,715		31,567,006		100.0%
2014									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	273	1.0%	60,256	0.3%	26.5%
Moderate	0	0.0%	0	0.0%	1,047	3.7%	161,334	0.9%	14.1%
LMI	0	0.0%	0	0.0%	1,320	4.6%	221,590	1.2%	40.6%
Middle	0	0.0%	0	0.0%	2,792	9.7%	615,335	3.3%	13.8%
Upper	2	10.5%	1,212	5.9%	23,323	81.4%	15,833,178	84.8%	45.6%
Unknown	17	89.5%	19,261	94.1%	1,216	4.2%	2,000,922	10.7%	
Total	19		20,473		28,651		18,671,025		100.0%
GRAND TOTAL									
Borrower Income	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0%	0	0.0%		0.9%		0.3%	
Moderate	0	0.0%	0	0.0%		3.3%		0.9%	
LMI	0	0.0%	0	0.0%		4.2%		1.3%	
Middle	1	2.8%	275	0.5%		9.9%		3.8%	
Upper	6	16.7%	3,487	6.9%		80.4%		83.6%	
Unknown	29	80.6%	46,976	92.6%		5.5%		11.3%	
Total	36		50,738						

Small Business Loans:

CB's small business lending demonstrated an excellent distribution of loans to businesses of different revenue sizes.

CB originated a 100% of its loans to small businesses with revenues of \$1 million or less during the evaluation period. This was well above the aggregate's average rate of lending to small businesses with revenues of \$1 million or less of 40.8% by number and 27.3%

by dollar value of loans. In addition, CB's lending rate by number and dollar value of loans exceeded the assessment area's business demographics, of approximate 70% of businesses with revenues of \$1 million or less, every year of the evaluation period.

The following table provides a summary of CB's small business loan distribution based on revenue size during the evaluation period.

Distribution of Small Business Lending by Revenue Size of Business									
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	50	100.0%	9,098	100.0%	49,837	37.9%	1,013,222	27.2%	69.1%
Rev. > \$1MM		0.0%		0.0%					6.3%
Rev. Unknown		0.0%		0.0%					24.6%
Total	50		9,098		131,332		3,731,689		
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	17	100.0%	3,213	100.0%	49,846	43.7%	1,111,952	28.7%	70.5%
Rev. > \$1MM		0.0%		0.0%					6.7%
Rev. Unknown		0.0%		0.0%					22.8%
Total	17		3,213		114,060		3,873,068		
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	26	100.0%	6,132	100.0%	52,762	41.1%	1,066,891	26.1%	70.3%
Rev. > \$1MM		0.0%		0.0%					7.4%
Rev. Unknown		0.0%		0.0%					22.3%
Total	26		6,132		128,484		4,089,031		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	93	100.0%	18,443	100.0%		40.8%		27.3%	
Rev. > \$1MM	-	0.0%	-	0.0%					
Rev. Unknown	-	0.0%	-	0.0%					
Total	93		18,443						

Geographic Distribution of Loans: "Satisfactory"

CB's loans originations demonstrated a reasonable distribution of lending in census tracts of varying income levels.

HMDA-Reportable Loans:

CB's distribution of HMDA-reportable loans based on the income level of the geography

demonstrated a reasonable rate of lending in LMI geographies.

CB originated 40.8% by number and 26.1% by dollar value of loans in LMI census tracts during the evaluation period. This exceeded the aggregate's 12.2% by number and 13.5% by dollar value of loans as well as the percent (13%) of owner-occupied housing units located in LMI tracts. CB's performance was boosted by its multifamily lending, which accounted for nearly half of the loans originated in LMI geographies.

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

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2012									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,188	2.5%	942,592	3.0%	2.1%
Moderate	3	33.3%	5,500	31.5%	3,824	8.0%	2,575,156	8.3%	10.5%
LMI	3	33.3%	5,500	31.5%	5,012	10.5%	3,517,748	11.3%	12.6%
Middle	1	11.1%	260	1.5%	5,966	12.5%	3,284,182	10.6%	16.4%
Upper	5	55.6%	11,700	67.0%	36,740	76.7%	24,052,426	77.3%	71.1%
Unknown	0	0.0%	0	0.0%	179	0.4%	245,896	0.8%	
Total	9		17,460		47,897		31,100,252		
2013									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	3.0%	1,203	1.9%	1,292	2.8%	999,657	3.1%	2.1%
Moderate	9	27.3%	10,306	16.3%	4,102	8.8%	2,974,910	9.4%	10.5%
LMI	10	30.3%	11,509	18.2%	5,394	11.5%	3,974,567	12.5%	12.6%
Middle	9	27.3%	16,794	26.5%	6,152	13.2%	3,361,690	10.6%	16.4%
Upper	14	42.4%	35,103	55.4%	35,107	75.1%	24,331,016	76.5%	71.1%
Unknown	0	0.0%	0	0.0%	98	0.2%	140,581	0.4%	
Total	33		63,406		46,751		31,807,854		
2014									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	11.8%	4,689	10.0%	1,139	3.8%	1,344,531	5.2%	2.6%
Moderate	14	41.2%	11,572	24.7%	3,708	12.2%	3,155,579	12.1%	11.6%
LMI	18	52.9%	16,261	34.7%	4,847	16.0%	4,500,110	17.3%	14.2%
Middle	8	23.5%	10,474	22.4%	4,535	14.9%	2,889,606	11.1%	16.7%
Upper	8	23.5%	20,085	42.9%	20,934	68.9%	18,543,567	71.3%	69.1%
Unknown	0	0.0%	0	0.0%	54	0.2%	85,074	0.3%	
Total	34		46,820		30,370		26,018,357		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
Low	5	6.6%	5,892	4.6%		2.9%		3.7%	
Moderate	26	34.2%	27,378	21.4%		9.3%		9.8%	
LMI	31	40.8%	33,270	26.1%		12.2%		13.5%	
Middle	18	23.7%	27,528	21.6%		13.3%		10.7%	
Upper	27	35.5%	66,888	52.4%		74.2%		75.3%	
Unknown	-	0.0%	-	0.0%		0.3%		0.5%	
Total	76		127,686						

Small Business Loans:

The distribution of CB's small business loans by the income level of the geography demonstrated a poor level of lending in LMI geographies, as CB did not originate any loans in low-income census tracts during the evaluation period.

CB originated 12.9% by number and 23.4% by dollar value of business loans in moderate-income (and thus overall in LMI) census tracts during the evaluation period. While CB

trailed the aggregate's 18% by number it exceeded the aggregate's 16.1% by dollar value of loans. CB's performance was significantly boosted, however, by its performance in 2014 when it originated 43.1% by dollar value of loans in moderate-income census tracts, well above the aggregate's 17.4%.

Both CB and the aggregate percentage of loans originated by number and dollar value in LMI geographies were below the percentage of businesses located in these geographies.

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

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2012									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	6,092	4.6%	156,780	4.2%	5.3%
Moderate	5	10.0%	1,513	16.6%	14,846	11.3%	412,180	11.0%	14.4%
LMI	5	10.0%	1,513	16.6%	20,938	15.9%	568,960	15.2%	19.7%
Middle	10	20.0%	1,999	22.0%	18,484	14.1%	549,127	14.7%	14.1%
Upper	35	70.0%	5,586	61.4%	86,094	65.6%	2,369,191	63.5%	61.9%
Unknown		0.0%		0.0%	5,816	4.4%	244,411	6.5%	4.3%
Total	50		9,098		131,332		3,731,689		
2013									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	6,189	5.4%	158,588	4.1%	5.2%
Moderate	2	11.8%	160	5.0%	13,568	11.9%	447,843	11.6%	14.2%
LMI	2	11.8%	160	5.0%	19,757	17.3%	606,431	15.7%	19.4%
Middle	5	29.4%	1,100	34.2%	16,427	14.4%	575,554	14.9%	13.8%
Upper	10	58.8%	1,953	60.8%	73,004	64.0%	2,452,143	63.3%	62.5%
Unknown		0.0%		0.0%	4,872	4.3%	238,940	6.2%	4.3%
Total	17		3,213		114,060		3,873,068		
2014									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	9,510	7.4%	217,901	5.3%	6.5%
Moderate	5	19.2%	2,645	43.1%	16,988	13.2%	491,887	12.0%	14.7%
LMI	5	19.2%	2,645	43.1%	26,498	20.6%	709,788	17.4%	21.2%
Middle	6	23.1%	1,120	18.3%	18,427	14.3%	542,095	13.3%	13.6%
Upper	15	57.7%	2,367	38.6%	78,338	61.0%	2,587,021	63.3%	61.2%
Unknown		0.0%		0.0%	5,221	4.1%	250,127	6.1%	4.1%
Total	26		6,132		128,484	100.0%	4,089,031	100.0%	
GRAND TOTAL									
Geographic Income	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0%	0	0.0%		5.8%		4.6%	
Moderate	12	12.9%	4,318	23.4%		12.1%		11.6%	
LMI	12	12.9%	4,318	23.4%		18.0%		16.1%	
Middle	21	22.6%	4,219	22.9%		14.3%		14.3%	
Upper	60	64.5%	9,906	53.7%		63.5%		63.4%	
Unknown	-	0.0%	-	0.0%		4.3%		6.3%	
Total	93		18,443						

Action Taken In Response to Written Complaints With Respect to CRA: “Satisfactory”

Neither DFS nor CB received any CRA related complaints during the evaluation period.

Community Development Test: “Satisfactory”

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

During the evaluation period, CB originated \$13.7 million in community development loans and had \$12.0 million outstanding from prior evaluation periods, made \$2.2 million of community development investments, including \$1.0 million remaining from prior evaluation periods, and donated \$191,990 in community development grants.

Community Development Lending: “Outstanding”

CBs community development lending for the evaluation period totaled \$25.7 million. While this was a decrease from the prior period’s community development lending, it still represented 1.8% of annualized average assets² and demonstrated an excellent level of lending for the evaluation period.

As seen in the table below CB originated most community development loans for the purpose of economic development.

Community Development Loans				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
Purpose	# of Loans	\$000	# of Loans	\$000
Affordable Housing	3	1,563	1	206
Economic Development	7	7,164	1	4,739
Community Services	-	-	-	-
Revitalization & Stabilization	1	5,000	2	7,087
Total	11	13,727	4	12,032

² Average total assets were derived by dividing the sum of quarterly average assets by the total number of quarters during the evaluation period.

Below are highlights of CB’s community development lending.

- CB extended \$1.6 million in loans to acquire and/or refinance three multifamily properties. The properties are located in LMI census tracts and provide affordable rental housing to LMI individuals and households.
- CB extended a \$2 million term loan to provide working capital to a construction company that performed contracting work on large projects such as Yankee stadium and the Barclay’s Center, thereby, providing jobs to approximately 300 LMI individuals. This loan met the size and purpose tests of the “Economic Development” criteria.
- CB extended \$5 million to refinance a construction loan for a non-franchise hotel located in a low-income census tract in Brooklyn. The hotel will help to revitalize and stabilize the neighborhood, as well as provide jobs to mostly LMI individuals.

Community Development Investments: “Satisfactory”

During the evaluation period, CB made \$1.2 million in new community development investments and had \$1.0 million outstanding from prior evaluation periods. In addition, CB made \$191,990 in community development grants. This demonstrated a reasonable 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				
Economic Development	6	1,205		
Community Services	0	-	1	1,000
Other (Please Specify)				
Total	6	1,205	1	1,000
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	3	15		
Economic Development				
Community Services	37	177		
Other (Please Specify)				
Total	40	192		

Below are highlights of CB's community development investments and grants.

- CB invested \$1.2 million in renewable time deposits for two certified "Community Development Financial Institutions (CDFIs)."³
- CB had an equity investment of \$1 million in preferred shares of a national nonprofit foundation outstanding from prior evaluation periods. CB's investment was used to fund a senior housing facility in New Rochelle, Westchester County. CB's investment also yields earnings of \$18,750 annually, which CB donated to the nonprofit foundation as a community development grant to fund community service programs. The foundation provides safe and secure living environments primarily for LMI senior residents. The foundation also seeks to reduce crime and elderly abuse for seniors living in residential housing facilities through its Senior Crime Stoppers program.
- CB made a grant of \$14,740 for affordable housing. The funds were derived from CB's share of the Federal Home Loan Bank of New York earnings for 2011, 2012 and 2013. CB's grant was used to fund the Federal Home Loan Bank's Affordable Housing Program, which includes the First Home Club and the first-time homebuyer assistance program.

Community Development Services: "Satisfactory"

CB demonstrated a reasonable level of community development services over the course of the evaluation period. Community development services included participating in the management of not-for-profit organizations, being an active member of the board of directors of a local chamber of commerce and providing financial literacy training to youth and school children.

Below are highlights of CB's community development services.

- A CB board member was on the board of directors of a nonprofit organization providing affordable housing in Westchester County.
- A CB board member was on the board of directors of a nonprofit organization providing temporary housing away from home for families with critically ill or traumatically injured children in the Greater Hudson Valley region.
- A branch manager was on the board of directors of the local chamber of commerce.

³ U.S. Department of Treasury, through its CDFI Fund provides CDFI certification to specialized organizations that provide financial services in low-income communities and to people who lack access to financing.

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- Periodically during the evaluation period, CB employees provided financial literacy training sessions to school children through CB's "Teach Children to Save" program.

Innovative or Complex Practices:

CB did not engage in innovative or flexible community development practices during the evaluation period.

Responsiveness to Community Development Needs:

CB demonstrated a reasonable level of responsiveness to credit and community development needs.

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 CRA.

CB, as part of its CRA performance evaluation engaged a third party service provider to conduct a CRA self-assessment for the period covered by this evaluation. The report was submitted, reviewed and approved by the Board of Directors.

Discrimination and other illegal practices

DFS examiners did not note evidence of CB practices that were intended to discourage applications for the types of credit offered by CB.

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

Record of opening and closing offices and providing services at offices

CB did not open or close any branch during the current evaluation period. All of its five branches are located in upper income census tracts. CB has eight ATMs in its five branch locations. All ATMs offer cash withdrawal and accept deposits.

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 personnel meet regularly with various business organizations such as local chambers of commerce, business councils and merchant's associations, and they attend events held by these groups to ascertain the credit needs of the assessment area and to disseminate information regarding services that CB provides.

- 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

CB participates in local street fairs, festivals, farmer's markets and "meet and greet" events sponsored by business organizations to meet local business owners.

Other factors that in the judgment of the Superintendent 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.

Income level of individual or geography	% of the area median income
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

Small Business Loan

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

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.