



**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: March 31, 2015

Institution: Alma Bank
28-31 31st Street
Astoria, NY 11102

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 Alma Bank (“AB”) 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 March 31, 2015.

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 in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the 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 Alma Bank ("AB") 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 2013, 2014 and the three months ending March 31, 2015. DFS assigns AB 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:** "Outstanding"

AB's average loan-to-deposit ("LTD") ratio was excellent considering its size, business strategy, financial condition and the lending activity of its peer group. AB's average LTD ratio for the evaluation period was 87.3% well above its peer group's ratio of 76.0%.

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

AB originated 63.8% by number and 57.2% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This majority of lending inside of its assessment area was a reasonable record of lending.

- **Distribution by Borrowers Characteristics:** "Satisfactory"

While AB's lending rate to businesses of different revenue sizes was reasonable, its 1-4 family HMDA-reportable lending to individuals of different income levels was less than adequate. The rating reflects the greater weight given to small business lending as AB is primarily a commercial lender.

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

While AB's distribution of small business loans based on lending in census tracts of varying income levels demonstrated a reasonable rate of lending in LMI geographies, its distribution of HMDA-reportable loans demonstrated a less than adequate rate of lending. The rating reflects the greater weight given to small business lending as AB is predominantly a commercial lender.

Action Taken in Response to Written Complaints with Respect to CRA:

Neither AB nor DFS received any CRA related complaints during the evaluation period; therefore, this criterion was not rated.

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

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

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

During the evaluation period, AB had qualified community development loans totaling \$117.6 million, of which \$49.6 million were outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending for the evaluation period.

- **Community Development Qualified Investments: “Needs to Improve”**

During the evaluation period, AB made \$25,000 in new community development investments and had none outstanding. In addition, AB made \$27,000 in community developments grants. Overall this demonstrated a less than adequate level of community development investments for the evaluation period and an area for AB to improve.

- **Community Development Services: “Satisfactory”**

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

- **Innovative or Complex Practices:**

AB did not utilize innovative or flexible community development practices.

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

AB 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 State Banking Law and Part 76 of the GRS.

PERFORMANCE CONTEXT

Institution Profile

AB is a New York State-chartered commercial bank formed in 2007 and headquartered in Astoria, Queens.

As a full service, commercial bank, AB offers traditional business and personal banking products and services. In addition, it offers free online banking with bill pay option, telephone banking and remote deposit capture. AB's loan products include commercial, commercial mortgage, residential mortgage and construction loans.

Per the Consolidated Report of Condition ("Call Report") as of March 31, 2015, filed with the Federal Deposit Insurance Corporation ("FDIC"), AB reported total assets of \$955.6 million, of which \$780.9 million was net loans and lease finance receivables. It also reported total deposits of \$837.1 million, resulting in a loan-to-deposit ratio of 93.3%. According to the latest available comparative deposit data as of June 30, 2014, AB had a market share of 0.07%, or \$722.4 million in a market of \$ 967.5 billion, ranking it 45th among 106 deposit-taking institutions in its assessment area.

The following is a summary of AB's loan portfolio, based on Schedule RC-C¹ of the bank's December 31, 2013 and 2014 and March 31, 2015 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2013		2014		3/31/2015	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	21,939	2.9	25,676	3.3	23,563	3.0
Commercial & Industrial Loans	173,430	23.3	157,279	20.1	163,096	20.5
Commercial Mortgage Loans	376,346	50.5	420,243	53.6	430,284	54.1
Multifamily Mortgages	98,994	13.3	119,860	15.3	118,341	14.9
Consumer Loans	1,037	0.1	733	0.1	1,424	0.2
Construction Loans	71,585	9.6	59,096	7.5	57,526	7.2
Other Loans	2,221	0.3	1,412	0.2	886	0.1
Lease financing		0.0		0.0		0.0
Total Gross Loans	745,552		784,299		795,120	

As illustrated in the above table, AB is primarily a commercial lender, with 74.6% of its loan portfolio in commercial mortgage loans and commercial & industrial loans as of March 31, 2015.

AB operates 13 branch offices, of which ten are in New York and three in New Jersey. One of the branches in Brooklyn was in an area designated as a Banking Development District ("BDD") and the branch participated in the BDD program. AB's branch network

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

is supplemented by 16 on-site deposit-taking Automated Teller Machines (“ATMs”). Each branch office has at least one ATM. In addition, AB customers have worldwide surcharge free access to Allpoint’s ATM network of 55,000 ATMs located at retail locations worldwide.

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

Assessment Area

The AB’s assessment area is comprised of New York, County in its entirety and parts of Bronx, Queens and Kings counties.

There are 989 census tracts in the area, of which 106 are low-income, 318 are moderate-income, 282 are middle-income, 253 are upper-income and 30 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx*	2	8	32	23	9	74	54.1
Kings*	5	41	133	104	38	321	54.2
Queens*	11	13	92	130	60	306	34.3
New York	12	44	61	25	146	288	36.5
Total	30	106	318	282	253	989	42.9

* *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 census tracts within each county and within the assessment area.

LMI % for the entire counties of Bronx, Kings and Queens							
County	N/A	Low	Mod	Middle	Upper	Total	LMI % for entire County
Bronx*	10	143	97	60	29	339	70.8%
Kings*	13	125	295	213	115	761	55.2%
Queens*	26	21	169	314	139	669	28.4%
Total	49	289	561	587	283	1769	48.0%

Demographic & Economic Data

The assessment area had a population of 4.1 million during the evaluation period. About 13.1% of the population were over the age of 65 and 16.9% were under the age of sixteen.

Of the 883,330 families in the assessment area 29.8% were low-income, 16.8% were moderate-income, 15.8% were middle-income and 37.6% were upper-income families. There were 1.6 million households in the assessment area, of which 16.1% had income below the poverty level and 3.2% were on public assistance.

The weighted average median family income in the assessment area was \$73,600.

There were 1.8 million housing units within the assessment area, of which 30.0% were one-to-four family units, and 69.8% were multifamily units. Of the area's housing units, 27.8% were owner-occupied, while 62.8% were rental units. Of the 1.2 million rental units, 50.1% were in LMI census tracts while 49.9% were in middle- and upper-income census tracts. Of the 492,858 owner-occupied housing units, 25.9% were in LMI census tracts while 74.1% were in middle- and upper-income census tracts. The median age of the housing stock was 72 years and the median home value in the assessment area was \$596,506.

There were 373,869 non-farm businesses in the assessment area. Of these, 70.7% reported revenues of \$1 million or less, 7.0% reported revenues of more than \$1 million and 22.3% did not report their revenues. Of all the businesses in the assessment area, 78.5% were businesses with less than 50 employees while 92.0% operated from a single location. The largest industries in the area were services (45.6%), retail trade (14.3%), and finance, insurance and real estate (10.5%), while 13.0% of businesses were not classified.

Per the New York State Department of Labor, the average unemployment rate for New York State, Kings, Queens, New York and Bronx counties improved from 2013 to 2014 and for the first quarter of 2015. Throughout the evaluation period New York County's unemployment rates were below the statewide rates while Queens County's rates were comparable to the statewide rates. However, unemployment rates for Bronx and Kings counties were always higher than the statewide rates with the Bronx having the highest unemployment rates.

Assessment Area Unemployment Rate					
	Statewide	Bronx	Kings	New York	Queens
2013	7.70%	11.70%	9.40%	7.40%	7.70%
2014	6.30%	9.80%	7.70%	6.10%	6.40%
31-Mar-15	6.23%	9.43%	7.13%	5.77%	6.17%
Average of 2013 and 2014	7.00%	10.75%	8.55%	6.75%	7.05%

Community Information

As part of the evaluation, examiners met with two nonprofit organizations and interviewed key personnel to gain insight into the banking and financial needs in AB's assessment area. These organizations provide services that include access to affordable housing opportunities and financial education to low-income residents in the assessment area.

The persons interviewed indicated the need for banks to provide financial literacy classes for LMI borrowers to help them understand, manage and improve their financial affairs. They also noted the need for low down-payment financing at low-interest rates for low-income borrowers as well as funding for renovations and rehabilitation of current homes.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated AB under the intermediate small banking Institution's 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 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*

DFS also considered the following factors in assessing the bank's record of performance:

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

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

DFS derived demographic data for this evaluation from the 2010 U.S. Census and the U.S. Department of Housing and Urban Development. Business demographic data used in this report is based on Dun & Bradstreet reports, which Dun & Bradstreet update annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and are used even where the institution's assessment area includes partial counties.

The evaluation period included calendar years 2013, 2014 and the three months ending March 31, 2015.

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

AB’s small business loans accounted for 83.5% by number and 68.1% by dollar value of all loans originated in the assessment area during the evaluation period. Therefore, examiners gave small business lending greater weight in the lending test.

At its **prior** Performance Evaluation, as of December 31, 2012, DFS assigned AB a rating of “2,” reflecting a “Satisfactory” record of helping to meet the community credit needs.

Current CRA Rating: “Satisfactory”

Lending Test: “Satisfactory”

AB’s small business and HMDA-reportable lending activities were reasonable considering the lending activities of the aggregate and its peer group activity and demographic characteristics of the assessment area.

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

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

AB’s average LTD ratio for the evaluation period was 87.3% well above its peer group ratio of 76.0%. AB’s quarterly LTD ratios were also consistently above its peer ratios for every quarter of the evaluation period.

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

Loan-to-Deposit Ratios										
	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	Avg.
Bank	85.9	88.5	85.6	87.0	81.0	85.1	85.5	93.6	93.3	87.3
Peer	73.2	74.9	75.1	75.8	74.9	77.0	77.6	78.3	77.5	76.0

Assessment Area Concentration: “Satisfactory”

During the evaluation period, AB originated 63.8% by number, and 57.2% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This

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

majority of lending inside the assessment area was reasonable.

HMDA-Reportable Loans:

AB originated 59.3% by number, and 57.2% by dollar value of its HMDA-reportable loans within the assessment area during the evaluation period. This majority of lending inside AB's assessment area was a reasonable record of lending.

Small Business Loans:

AB originated 64.8% by number, and 57.2% by dollar value of its small business loans within the assessment area during the evaluation period. This majority of lending inside AB's assessment area was a reasonable record of lending.

The following table shows the percentages of AB'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										
2013	10	83.3%	2	16.7%	12	6,458	77.3%	1,900	22.7%	8,358
2014	6	40.0%	9	60.0%	15	5,201	43.3%	6,813	56.7%	12,014
Subtotal	16	59.3%	11	40.7%	27	11,659	57.2%	8,713	42.8%	20,372
Small Business										
2013	48	67.6%	23	32.4%	71	16,229	58.0%	11,748	42.0%	27,977
2014	33	61.1%	21	38.9%	54	8,706	55.7%	6,932	44.3%	15,638
Subtotal	81	64.8%	44	35.2%	125	24,935	57.2%	18,680	42.8%	43,615
Grand Total	97	63.8%	55	36.2%	152	36,594	57.2%	27,393	42.8%	63,987

Distribution by Borrower Characteristics: "Satisfactory"

While AB's lending rate to businesses of different revenue sizes was reasonable, its 1-4 family HMDA-reportable lending to individuals of different income levels was less than adequate. The rating reflects the greater weight given to small business lending since AB is primarily a commercial lender.

HMDA-Reportable Loans:

AB's 1-4 family HMDA-reportable loans demonstrated a less than adequate rate of lending among borrowers of different income levels. AB primarily a commercial lender originated only six 1-4 family loans all were to borrowers whose income was unknown.

The following table provides a summary of the 1-4 family HMDA-reportable lending distribution based on borrower income.

Distribution of 1-4 Family HMDA-Reportable Loans by Borrower Income									
2013									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	525	1.4%	120,679	0.6%	27.9%
Moderate	0	0.0%	0	0.0%	1,950	5.2%	354,872	1.8%	16.5%
LMI	0	0.0%	0	0.0%	2,475	6.6%	475,551	2.4%	44.4%
Middle	0	0.0%	0	0.0%	5,156	13.8%	1,217,260	6.1%	15.9%
Upper	0	0.0%	0	0.0%	27,725	74.4%	16,353,643	81.9%	39.7%
Unknown	2	100.0%	460	100.0%	1,898	5.1%	1,931,995	9.7%	
Total	2		460		37,254		19,978,449		
2014									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	552	2.3%	160,110	1.1%	29.8%
Moderate	0	0.0%	0	0.0%	1,511	6.3%	296,422	2.0%	16.8%
LMI	0	0.0%	0	0.0%	2,063	8.6%	456,532	3.1%	46.6%
Middle	0	0.0%	0	0.0%	3,454	14.4%	882,130	6.0%	15.8%
Upper	0	0.0%	0	0.0%	17,108	71.5%	11,614,416	78.7%	37.6%
Unknown	4	100.0%	2,301	100.0%	1,286	5.4%	1,808,973	12.3%	
Total	4		2,301		23,911		14,762,051		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		1.8%		0.8%	
Moderate	0	0.0%	0	0.0%		5.7%		1.9%	
LMI	0	0.0%	0	0.0%	4,538	7.4%	932,088	2.7%	
Middle	-	0.0%	-	0.0%		14.1%		6.0%	
Upper	-	0.0%	-	0.0%		73.3%		80.5%	
Unknown	6	100.0%	2,761	100.0%		5.2%		10.8%	
Total	6		2,761		61,165		34,740,500		

Small Business Loans:

AB's small business lending demonstrated a reasonable rate of lending among businesses of different revenue sizes.

AB's rate of lending to small businesses with annual revenue of less than or equal to \$1 million exceeded its aggregate's rate of lending by dollar value of loans for 2013 and 2014. Still, AB's rate of lending by number and dollar value of loans trailed the assessment area's business demographics, of approximately 70% of businesses with annual revenues of \$1 million or less.

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

Distribution of Small Business Lending by Revenue Size of Business									
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	15	31.3%	7,762	47.8%	28,263	43.0%	575,222	24.8%	70.9%
Rev. > \$1MM	6	12.5%	2,575	15.9%					6.4%
Rev. Unknown	27	56.3%	5,892	36.3%					22.8%
Total	48		16,229		65,768		2,320,491		
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	14	42.4%	4,270	49.0%	53,984	41.2%	1,153,482	28.8%	70.7%
Rev. > \$1MM	11	33.3%	3,825	43.9%					7.0%
Rev. Unknown	8	24.2%	611	7.0%					22.3%
Total	33		8,706		130,993		4,004,996		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	29	35.8%	12,032	48.3%	82,247	41.8%	1,728,704	27.3%	
Rev. > \$1MM	17	21.0%	6,400	25.7%					
Rev. Unknown	35	43.2%	6,503	26.1%					
Total	81		24,935		196,761		6,325,487		

Geographic Distribution of Loans: Satisfactory

AB's originated loans demonstrated a reasonable distribution of lending in census tracts of varying income levels. The rating reflects the greater weight given to small business lending as AB is predominantly a commercial lender.

HMDA-Reportable Loans:

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

AB's average rate of lending of 19.0% by number and 13.0% by dollar value of loans in LMI census tracts for the evaluation period trailed the aggregate's average rate of 19.8% and 18.2%, respectively. AB's rate of lending was also solely based on lending in moderate-income census tracts as AB did not originate any loans including multifamily loans in low-income census tracts during the evaluation period.

The following table provides a summary of AB'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									
2013									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,259	3.2%	829,471	3.2%	2.9%
Moderate	1	10.0%	310	4.8%	5,489	14.1%	3,267,459	12.6%	18.8%
LMI	1	10.0%	310	4.8%	6,748	17.4%	4,096,930	15.8%	21.7%
Middle	9	90.0%	6,148	95.2%	8,332	21.4%	3,932,732	15.2%	28.4%
Upper	0	0.0%	0	0.0%	23,654	60.9%	17,730,450	68.4%	49.9%
Unknown	0	0.0%	0	0.0%	111	0.3%	145,489	0.6%	0.0%
Total	10		6,458		38,845		25,905,601		
2014									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	976	3.9%	1,034,191	4.8%	3.5%
Moderate	2	33.3%	1,200	23.1%	4,937	19.6%	3,467,988	16.2%	22.4%
LMI	2	33.3%	1,200	23.1%	5,913	23.4%	4,502,179	21.1%	25.9%
Middle	3	50.0%	2,001	38.5%	6,383	25.3%	3,474,248	16.3%	29.7%
Upper	1	16.7%	2,000	38.5%	12,866	51.0%	13,299,262	62.3%	44.4%
Unknown	0	0.0%	0	0.0%	67	0.3%	88,343	0.4%	
Total	6		5,201		25,229		21,364,032		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%		3.5%		3.9%	
Moderate	3	18.8%	1,510	13.0%		16.3%		14.2%	
LMI	3	18.8%	1,510	13.0%	12,661	19.8%	8,599,109	18.2%	
Middle	12	75.0%	8,149	69.9%		23.0%		15.7%	
Upper	1	6.3%	2,000	17.2%		57.0%		65.6%	
Unknown	-	0.0%	-	0.0%		0.3%		0.5%	
Total	16		11,659		64,074		47,269,633		

Small Business Loans:

The distribution of AB's small business loans by the income level of the geography demonstrated an excellent rate of lending.

While AB's average rate of lending in low-income census tracts just trailed the aggregate's rate, AB's average rate more than doubled the aggregate's rate of lending in moderate-income census tracts. Thus, AB's average rate of lending in LMI census tracts for the evaluation period significantly exceeded the aggregate's rate. AB's rate of lending also exceeded the business demographics for LMI geographies for each year of the evaluation period.

The following table provides a summary of AB'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									
2013									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	6.3%	380	2.3%	2,188	3.3%	54,999	2.4%	6.2%
Moderate	18	37.5%	4,400	27.1%	5,271	8.0%	166,656	7.2%	18.4%
LMI	21	43.8%	4,780	29.5%	7,459	11.3%	221,655	9.6%	24.7%
Middle	20	41.7%	8,695	53.6%	4,094	6.2%	124,154	5.4%	18.9%
Upper	5	10.4%	1,404	8.7%	49,856	75.8%	1,775,499	76.5%	51.8%
Unknown	2	4.2%	1,350	8.3%	4,359	6.6%	199,183	8.6%	4.6%
Total	48		16,229		65,768		2,320,491		
2014									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	3.0%	15	0.2%	10,266	7.8%	254,205	6.3%	7.6%
Moderate	13	39.4%	3,935	45.2%	27,074	20.7%	687,599	17.2%	20.3%
LMI	14	42.4%	3,950	45.4%	37,340	28.5%	941,804	23.5%	27.8%
Middle	15	45.5%	3,056	35.1%	26,013	19.9%	660,475	16.5%	18.4%
Upper	4	12.1%	1,700	19.5%	62,109	47.4%	2,144,747	53.6%	49.4%
Unknown	0	0.0%	0	0.0%	5,531	4.2%	257,970	6.4%	4.4%
Total	33		8,706		130,993		4,004,996		
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	4.9%	395	1.6%		6.3%		4.9%	
Moderate	31	38.3%	8,335	33.4%		16.4%		13.5%	
LMI	35	43.2%	8,730	35.0%	44,799	22.8%	1,163,459	18.4%	
Middle	35	43.2%	11,751	47.1%		15.3%		12.4%	
Upper	9	11.1%	3,104	12.4%		56.9%		62.0%	
Unknown	2	2.5%	1,350	5.4%		5.0%		7.2%	
Total	81		24,935		196,761		6,325,487		

Action Taken in Response to Written Complaints with Respect to CRA:

Neither AB nor DFS received any CRA related complaints during the evaluation period; therefore, this criterion was not rated.

Community Development Test: "Satisfactory"

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

During the evaluation period, AB originated \$68.0 million in new community development loans, and still had \$49.6 million outstanding from prior evaluation periods. Also during the evaluation period, AB made \$25,000 in new community development investments and made \$27,000 in community development grants.

Community Development Lending: “Outstanding”

AB’s community development lending for the evaluation period totaled \$117.6 million or 5.6% of annualized community development loans to average assets² for the evaluation period (2.25 years). This demonstrated an excellent level of community development lending for the evaluation period.

The table below shows the community development purpose for the \$68.0 million of newly originated community development loans during the evaluation period and the \$49.6 million of loans outstanding from prior evaluation periods.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	29	31,000	8	4,337
Economic Development	24	37,000	42	45,247
Community Services		0		
Other (Please Specify)		0		
Total	53	68,000	50	49,584

Below are highlights of AB’s community development lending.

- AB originated 29 multifamily loans during the evaluation period that qualified for community development based on affordable housing. Nearly half (48%) or 14 of the buildings contained 100% of rental units that qualified as affordable housing, 12 (41%) of the buildings contained more than 50% of rental units that qualified and the remaining three buildings contained between 33% to 47% of rental units that qualified.

Community Development Investments: “Needs to Improve”

During the evaluation period, AB made \$25,000 in new community development investments and had none outstanding from prior evaluation periods. In addition, AB made \$27,000 in community development grants. Overall, this demonstrated a less than adequate level of community development investments for the evaluation period and an area for improvement.

² Average total assets were derived by dividing the sum of quarterly average assets by the total number of quarters (10) during 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	1	25		
Economic Development				
Community Services				
Other (Please Specify)				
Total	1	25	0	0
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	3	16		
Economic Development	1	3		
Community Services	7	8		
Other (Please Specify)				
Total	11	27		

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

- AB made a \$25,000 investment in a community loan fund, which is a US Treasury Department Certified Community Development Financial Institution. This fund provided financing to build, rehabilitate and preserve affordable housing, as well as, health care facilities and schools to create thriving communities.
- AB made a grant of \$10,951 for affordable housing. The funds were derived from AB's share of the Federal Home Loan Bank of New York earnings for 2013 and 2014. The grant was used to fund the Federal Home Loan Bank's Affordable Housing Program.
- AB contributed \$3,000 to a community based organization that provides various services (employment, financing, incentives, growth, etc.) for businesses in the Sunset Park, Red Hook and Gowanus neighborhoods as well as create employment opportunities for local residents.

Community Development Services: "Satisfactory"

AB demonstrated a reasonable level of community development services over the course of the evaluation period. Community development services included participating in the active management of not-for profit organizations and the local chamber of commerce as members of board providing financial literacy training to school students.

Below are highlights of AB's community development services.

- A vice president was a board member of a not-for-profit organization located in Sunset Park. The organization assists income-eligible home owners and tenants

in Brooklyn to reduce energy cost via conservation while also improving safety and health standards.

- AB sponsored the “How to Do Your Banking” program that is offered at High Schools in New York and promotes financial literacy. AB provides financial educational materials to students (books) and teachers (guides). Furthermore, AB volunteers its banking staff to conduct the financial literacy classes.
- AB sponsored and provided financial education workshops within its Banking Development District (“BDD”) in Sunset Park, Brooklyn. The workshops are held at the Sunset Park branch, the Brooklyn Army Terminal and other locations within the community. The workshops are educational and provide information on various lending and deposit products and are attended by business owners and residents.
- A vice president is a member of a local business improvement district organization that works to improve conditions in the Bay Ridge area by providing additional sanitation, security, beautification and capital improvements.

Innovative Practices:

AB did not utilize innovative or flexible community development practices during the evaluation period.

Responsiveness to Community Development Needs:

AB demonstrated a reasonable level of responsiveness to local credit and community development needs by collaborating with several community organizations.

AB has partnered with a few nonprofit organizations to determine the needs of the community. These organizations provide various services to help small businesses to grow and create employment opportunities in the community and assist low- and moderate-income residents of Brooklyn to grow financial assets and to secure quality housing.

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

The board of directors reviewed and approved the CRA policy annually during the evaluation period. The CRA officer provides an annual CRA self-assessment report that analyzes four performance criteria (LTD, assessment area concentration, distribution by borrower characteristics and geography) to the board for review. The compliance officer updates the board on CRA statutes, regulations and rule interpretations.

Discrimination and other illegal practices

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

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

Record of opening and closing offices and providing services at offices

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Bronx*			1			1	100%
Kings*	1	1	1	1		4	50%
New York					1	1	0%
Queens*			2	2		4	50%
Total	1	1	4	3	1	10	50%

*Partial County

AB did not close any branch during the evaluation period; however, in August 2014 it opened its Borough Park branch in Brooklyn.

During the evaluation period, AB operated 10 banking offices in New York, five or 50% were in LMI geographies. Also, its Sunset Park branch in Brooklyn was in a Banking Development District. AB's branch network is supplemented by 16 on-site ATMs with each branch office having at least one ATM. AB customers also have surcharge free access to the Allpoint's network of over 55,000 ATMs worldwide.

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.

AB ascertains the credit need of its community through participation and sponsorship of programs with various organizations such as nonprofit organizations, economic development corporations and the local Chamber of Commerce. AB also conducts regular reviews of its products and services to ensure they are appropriate and meet the credit needs of the community.

- 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

AB marketed its product and services mainly through the distribution of in-house prepared brochures that are available in English and Spanish. The brochures contained a short description of various products and services offered. AB also advertised through displays at networking 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.

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

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.