



**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, 2017

**Institution:** American Community Bank  
300 Glen Street,  
Glen Cove, NY 11542

**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 American Community Bank (“ACB” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2017.

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

Part 76 of the General Regulations of the Superintendent (“GRS”) implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such evaluation 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.

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

The Department evaluated ACB according to the small banking institution performance standards pursuant to Sections 76.7 and 76.12 of the GRS. The assessment period included calendar years 2011 through 2017. ACB is rated “**Satisfactory**” or “2.” This rating means ACB had 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”**

ACB’s average loan-to-deposit (“LTD”) ratio was reasonable considering its size, business strategy, financial condition, and peer group activity.

ACB’s average LTD ratio of 85.2% for the evaluation period exceeded the peer group’s average LTD ratio of 75.1%. While not required as a small banking institution, ACB also engaged in community development activities.

#### **Assessment Area Concentration: “Satisfactory”**

During the evaluation period, of its total small business loans, ACB originated 65.7% by number and 54.1% by dollar value within the assessment area. This majority of lending reflects a reasonable concentration of lending within ACB’s assessment area.

#### **Distribution by Borrower Characteristics: “Outstanding”**

ACB’s small business lending demonstrated an excellent distribution of loans among businesses of different revenue sizes.

#### **Geographic Distribution of Loans: “Satisfactory”**

ACB’s origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

#### **Action Taken in Response to Written Complaints with Respect to CRA: “Not Rated”**

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

*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.*

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## PERFORMANCE CONTEXT

### Institution Profile

Chartered in 1999, ACB is a commercial bank located at 300 Glen Street, Glen Cove, NY 11542. The Bank is independently owned and operates under the parent holding company, American Community Bancorp Inc., which was formed on April 1, 2010 and began operating on August 1, 2010.

ACB offers several banking products and services, including ATM cards, checking accounts, commercial lines of credit, safe deposit boxes, direct deposit, online banking, notary public services, money orders, and wire transfers.

Per the Consolidated Report of Condition (the "Call Report") as of December 31, 2017 filed with the Federal Deposit Insurance Corporation ("FDIC"), ACB reported total assets of \$196.5 million, of which \$143.9 million were net loans and lease financing receivables. ACB also reported total deposits of \$157.8 million, resulting in a LTD ratio of 91.2%. According to the latest available comparative deposit data, as of June 30, 2017, ACB had a market share of 0.12%, or \$159.6 million in a market of \$129.3 billion, ranking it 30th among 38 deposit-taking institutions in the Bank's assessment area.

The following tables are a summary of ACB's loan portfolio, based on Schedule RC-C of the Bank's December 31, 2011 through 2017 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>								
Loan Type	2011		2012		2013		2014	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	9,597	7.7	9,632	8.5	8,494	7.7	8,449	7.4
Commercial & Industrial Loans	4,401	3.5	5,241	4.6	6,706	6.1	6,789	6.0
Commercial Mortgage Loans	95,164	76.1	86,629	76.5	80,058	72.6	82,515	72.4
Multifamily Mortgages	8,387	6.7	4,901	4.3	4,359	4.0	3,989	3.5
Consumer Loans	49	0.0	27	0.0	38	0.0	37	0.0
Construction Loans	7,401	5.9	6,797	6.0	10,686	9.7	12,089	10.6
Other Loans	0	0.0	0	0.0	0	0.0	36	0.0
<b>Total Gross Loans</b>	<b>124,999</b>		<b>113,227</b>		<b>110,341</b>		<b>113,904</b>	

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	2015		2016		2017	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	11,206	9.2	14,642	10.7	25,627	17.6
Commercial & Industrial Loans	6,226	5.1	6,158	4.5	5,131	3.5
Commercial Mortgage Loans	86,277	70.9	98,053	71.6	94,569	64.8
Multifamily Mortgages	9,221	7.6	11,711	8.6	17,180	11.8
Consumer Loans	57	0.0	20	0.0	6	0.0
Construction Loans	8,774	7.2	6,231	4.6	3,242	2.2
Other Loans	0	0.0	63	0.0	105	0.1
<b>Total Gross Loans</b>	<b>121,761</b>		<b>136,878</b>		<b>145,860</b>	

As illustrated in the tables, ACB is primarily a commercial mortgage lender. As of December 31, 2017, commercial & industrial loans and commercial mortgage loans represented 68.3% of total gross loans. ACB's mix of loans remained relatively unchanged since the prior evaluation.

ACB operates four banking offices, two in Nassau County and two in Suffolk County. Supplementing the banking offices is an automated teller machine ("ATM") network consisting of four machines, one at each branch location. In 2014, ACB engaged in an agreement with Welch ATM Group ("Welch") to allow the Bank's customers to use ATM kiosks in Nassau and Suffolk Rite Aid store locations without incurring any fees. The additional ATMs allowed cash withdrawals and balance inquiries but did not take deposits.

Branch hours are typically from 8:30 am to 4:00 pm, Monday through Thursday. The Bank offers extended hours on Fridays from 8:30 am to 6:00 pm and offers limited banking hours on Saturdays. Drive-up hours are available at each branch, with the exception of the East Northport location.

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

### **Assessment Area**

ACB's assessment area is comprised of Nassau and Suffolk counties in their entireties. There are 607 census tracts in the area, of which 13 are low-income, 96 are moderate-income, 351 are middle-income, 137 are upper-income, and 10 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Nassau	9	7	28	159	81	284	12.3
Suffolk	1	6	68	192	56	323	22.9
Total	10	13	96	351	137	607	18.0

### **Demographic & Economic Data**

The assessment area had a population of 2,855,985 during the evaluation period. Approximately 15.4% of the population were over the age of 65 and 19.6% were under the age of sixteen.

Of the 705,436 families in the assessment area, 20.6% were low-income, 17.6% were moderate-income, 22.4% were middle-income, and 39.4% were upper-income. There were 934,489 households in the assessment area, of which 6.6% had income below the poverty level and 1.9% were on public assistance.

The weighted average median family income in the assessment area was \$112,842.

There were 1,037,450 housing units within the assessment area, of which 89.6% were one-to-four family units, and 9.9% were multifamily units. A majority (71.9%) of the area's housing units were owner-occupied, while 18.2% were rental units. Of the 746,167 owner-occupied housing units, 15% were in LMI census tracts while 85% were in middle- and upper-income census tracts. The median age of the housing stock was 84 years, and the median home value in the assessment area was \$465,699.

There were 237,491 non-farm businesses in the assessment area. Of these, 87.1% were businesses with reported revenues of less than or equal to \$1 million, 6.4% reported revenues of more than \$1 million, and 6.6% did not report their revenues. Of all the businesses in the assessment area, 97.4% were businesses with less than fifty employees, while 92.4% operated from a single location. The largest industries in the assessment area were services (48.3%), retail trade (13.7%), and construction (8.7%); 6.4% of businesses were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State has steadily declined since 2011, dropping from 8.3% to 4.7% as of 2017. The unemployment rates in Nassau and Suffolk counties also decreased during the seven-year evaluation period. This improvement in the unemployment rates indicate a steady recovery in the region's economy.

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Assessment Area Unemployment Rate			
Year	Statewide	Nassau	Suffolk
2011	8.3	6.8	7.6
2012	8.5	7.0	7.8
2013	7.7	5.9	6.6
2014	6.3	4.8	5.4
2015	5.3	4.2	4.7
2016	4.8	3.9	4.4
2017	4.7	4.1	4.5

### **Community Information**

DFS examiners conducted interviews with two community contacts. The first was with a president and chief executive officer of several local charitable organizations which focus on assisting LMI and minority-owned small businesses. The contact has been involved with these organizations for over 20 years and has noticed that in recent years, despite the growing economy, LMI neighborhoods have expanded in size and number in Nassau and Suffolk counties.

The second interview was with a director of a women-owned small business organization. The organization focuses on empowering women and connecting them to resources that would assist them in starting, owning, and maintaining a small business. Services include sources for funding, application assistance, education, and networking.

Both organizations serve the Nassau and Suffolk areas and have stated that the primary credit need of their customers (which these organizations help “fill the gap”) is small and micro business loans. They also stated that banks have performed poorly in providing small and micro loans to businesses. These types of loans are especially needed to spur job growth and entrepreneurial opportunities in “forgotten neighborhoods.” The community contacts also noted the lack of branches in LMI neighborhoods is a concern.

The Opportunity Zone Program in New York State (“OZP”) is a community development federal program that encourages private investment in low-income urban and rural communities. Currently, there are ten Long Island communities that are designated as opportunity zones. The contact mentioned that it would be a great opportunity for banks to invest into these communities.



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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*The Department evaluated ACB under the small banking institution performance standards in accordance with Sections 76.7 and 76.12 of the General Regulations of the Superintendent, which consist of the following lending test criteria:*

- 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.*

*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. Evidence of practices intended to discourage credit applications;*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. The institution's record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.*

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

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

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business demographic data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2011 through 2017.

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

Small business loan data evaluated in this performance evaluation represented actual originations.

ACB is not required to report small business data, so ACB's small business lending is not included in the aggregate data. The aggregate data are shown only for comparative purposes.

Since ACB did not make any small farm loans, DFS based all analyses on small business lending only.

At its **prior** Performance Evaluation as of December 31, 2010, DFS assigned ACB a rating of "1" reflecting an "Outstanding" record of helping to meet the credit needs of ACB's community.

**Current CRA Rating: "Satisfactory"**

**Lending Test: "Satisfactory"**

ACB's small business lending activities were reasonable in light of its size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

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

ACB's average LTD ratio was reasonable considering its size, business strategy, and financial condition, as well as the lending activity of its peer group and the demographic characteristics and credit needs of its assessment area.

ACB's average LTD ratio of 85.2% exceeded the peer group's average rate of 75.1%. ACB's quarterly LTD ratios ranged from a low of 67.3% to a high of 101.2% during the evaluation period. For the same period, ACB's peer group's ratio ranged from a low of 70.7% to a high of 80%.

The table below shows ACB's LTD ratios in comparison with the peer group's ratios for the 28 quarters since the prior evaluation.

Loan-to-Deposit Ratios																													
	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	Avg.
Bank	95.5	101.2	96.1	93.6	86.3	85.2	85.6	84.2	82.4	74.0	67.3	72.6	72.7	79.7	84.9	87.5	82.7	86.0	90.8	87.0	82.5	85.1	85.5	90.7	85.7	86.3	83.8	91.2	85.2
Peer	74.9	75.0	74.5	74.0	72.0	72.8	72.6	72.2	70.7	72.4	72.6	72.9	72.3	73.8	74.6	74.9	74.5	75.8	76.4	76.8	76.4	77.9	78.2	78.4	77.8	79.5	80.0	79.9	75.1

**Other Lending-Related Activities**

As a small banking institution, ACB was not required to have its community development

activities evaluated during the CRA evaluation. Nevertheless, ACB engaged in the following activities supporting community services and economic development objectives:

- ACB originated a \$50,000 line of credit to a nonprofit organization in 2011, which was renewed annually during the evaluation period. The organization provides social and educational services to LMI individuals and families, primarily in the Glen Cove area.
- ACB annually renewed a \$100,000 line of credit to a nonprofit organization that promotes and advances the business prosperity and economic welfare of New York State by providing small business loans. A \$50,000 loan was also extended to this organization to finance a Superstorm Sandy Small Business Emergency Loan Fund. The fund provided grants to businesses that were impacted by Superstorm Sandy and to assist entrepreneurs with day-to-day expenses needed to run their business.

Assessment Area Concentration: “Satisfactory”

During the evaluation period, ACB originated 65.7% by number and 54.1% by dollar value of its total small business loans within its assessment area. This rate of lending inside of the assessment area is a reasonable rate of lending. Examiners noted, however, that in 2016 and 2017 ACB’s lending within the assessment area substantially declined, both by number of loans and dollar value.

The following table shows the percentages of ACB’s 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
	#	%	#	%		\$	%	\$	%	
Small Business										
2011	12	85.7%	2	14.3%	14	2,155	72.9%	800	27.1%	2,955
2012	16	94.1%	1	5.9%	17	4,391	98.9%	50	1.1%	4,441
2013	9	64.3%	5	35.7%	14	2,603	43.3%	3,414	56.7%	6,017
2014	20	80.0%	5	20.0%	25	8,722	72.2%	3,363	27.8%	12,085
2015	27	90.0%	3	10.0%	30	9,627	87.6%	1,359	12.4%	10,986
2016	13	44.8%	16	55.2%	29	3,568	32.7%	7,335	67.3%	10,903
2017	20	40.8%	29	59.2%	49	6,199	28.9%	15,266	71.1%	21,465
Total	117	65.7%	61	34.3%	178	37,265	54.1%	31,587	45.9%	68,852

Distribution by Borrower Characteristics: “Outstanding”

ACB’s small business lending demonstrated an excellent distribution of loans among businesses of different revenue sizes. During the evaluation period, ACB’s lending to

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businesses with revenues of \$1 million or less averaged 72.6% by number of loans and 76.9% by dollar value, which exceeded its aggregate's rates of 41% and 25.9%, respectively.

ACB's lending rate for small business loans exceeded its aggregate's rate of lending in each year of the evaluation period, most significantly in 2014 when ACB's rate of lending of 90% by number of loans and 88% by dollar value exceeded its aggregate's rates of lending 39.8% and 26.3%, respectively.

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

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2011</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	12	100.0%	2,155	100.0%	25,576	33.4%	477,288	23.6%	70.8%
Rev. > \$1MM	0	0.0%	0	0.0%					3.7%
Rev. Unknown	0	0.0%	0	0.0%					25.5%
<b>Total</b>	<b>12</b>		<b>2,155</b>		<b>76,680</b>		<b>2,022,621</b>		
<b>2012</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	8	50.0%	3,008	68.5%	28,857	37.3%	543,259	24.6%	75.6%
Rev. > \$1MM	1	6.3%	50	1.1%					4.6%
Rev. Unknown	7	43.8%	1,333	30.4%					19.8%
<b>Total</b>	<b>16</b>		<b>4,391</b>		<b>77,421</b>		<b>2,207,120</b>		
<b>2013</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	5	55.6%	713	27.4%	29,301	42.7%	585,321	26.2%	76.4%
Rev. > \$1MM	4	44.4%	1,890	72.6%					5.0%
Rev. Unknown	0	0.0%	0	0.0%					18.7%
<b>Total</b>	<b>9</b>		<b>2,603</b>		<b>68,678</b>		<b>2,238,314</b>		
<b>2014</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	18	90.0%	7,672	88.0%	30,643	39.8%	634,625	26.3%	76.0%
Rev. > \$1MM	2	10.0%	1,050	12.0%					5.3%
Rev. Unknown	0	0.0%	0	0.0%					18.7%
<b>Total</b>	<b>20</b>		<b>8,722</b>		<b>77,076</b>		<b>2,411,932</b>		
<b>2015</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	22	81.5%	8,512	88.4%	40,248	47.9%	736,392	28.5%	81.7%
Rev. > \$1MM	5	18.5%	1,115	11.6%					5.6%
Rev. Unknown	0	0.0%	0	0.0%					12.7%
<b>Total</b>	<b>27</b>		<b>9,627</b>		<b>83,951</b>		<b>2,581,151</b>		
<b>2016</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	9	69.2%	2,593	72.7%	40,265	44.2%	717,199	25.7%	87.1%
Rev. > \$1MM	4	30.8%	975	27.3%					6.4%
Rev. Unknown	0	0.0%	0	0.0%					6.5%
<b>Total</b>	<b>13</b>		<b>3,568</b>		<b>91,081</b>		<b>2,793,766</b>		
<b>2017</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	11	55.0%	4,019	64.8%	45,446	49.5%	884,503	31.9%	87.1%
Rev. > \$1MM	6	30.0%	1,105	17.8%					6.4%
Rev. Unknown	3	15.0%	1,075	17.3%					6.6%
<b>Total</b>	<b>20</b>		<b>6,199</b>		<b>91,739</b>		<b>2,776,500</b>		
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	85	72.6%	28,672	76.9%	240,336	42.4%	4,578,587	26.9%	
Rev. > \$1MM	22	18.8%	6,185	16.6%					
Rev. Unknown	10	8.5%	2,408	6.5%					
<b>Total</b>	<b>117</b>		<b>37,265</b>		<b>566,626</b>		<b>17,031,404</b>		

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### Geographic Distribution of Loans: “Satisfactory”

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

ACB’s overall lending in LMI geographies was 26.5% by number of loans and 27.1% by dollar value, exceeding the aggregate’s ratios of 14.2% and 16.2%, respectively.

ACB’s rate of lending in low-income geographies exceeded the aggregate’s rate of lending both by number of loans and dollar value during most of the evaluation period, except for 2011 and 2012 when ACB did not originate loans in low-income geographies. Additionally, ACB’s lending in LMI geographies in 2016 of 7.7% by number of loans and 3.4% by dollar value, trailed the aggregate’s rates of 15% and 16.2%, respectively. Overall, ACB originated 8.5% by number of loans and 7.7% by dollar value in low-income census tracts during the evaluation period while the aggregate’s rate of lending was 1.2% by number of loans and 1.2% by dollar value.

ACB originated 17.9% by number and 19.4% by dollar value of its total small business loans in moderate-income geographies during the evaluation period, which exceeded the aggregate’s rate of 13.1% by number and 14.8% by dollar value. However, ACB did not originate loans in moderate-income geographies in 2016 while the aggregate originated 13.7% by number and 15.0% by dollar value. Nonetheless, ACB’s rate of lending in moderate-income geographies increased to 10% by number and 13.7% by dollar value in 2017. ACB’s overall lending to businesses in LMI geographies was above the demographic characteristics of the census tracts during the evaluation period.

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

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	294	0.4%	9,590	0.5%	0.6%
Moderate	2	16.7%	250	11.6%	8,347	10.9%	253,576	12.5%	12.8%
LMI	2	16.7%	250	11.6%	8,641	11.3%	263,166	13.0%	13.4%
Middle	7	58.3%	1,192	55.3%	46,971	61.3%	1,217,245	60.2%	62.9%
Upper	3	25.0%	713	33.1%	21,050	27.5%	541,826	26.8%	23.7%
Unknown	0	0.0%	0	0.0%	18	0.0%	384	0.0%	0.0%
<b>Total</b>	<b>12</b>		<b>2,155</b>		<b>76,680</b>		<b>2,022,621</b>		
2012									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	895	1.2%	30,238	1.4%	1.5%
Moderate	1	6.3%	500	11.4%	10,124	13.1%	352,333	16.0%	14.8%
LMI	1	6.3%	500	11.4%	11,019	14.2%	382,571	17.3%	16.3%
Middle	11	68.8%	2,973	67.7%	44,766	57.8%	1,293,419	58.6%	59.1%
Upper	4	25.0%	918	20.9%	21,633	27.9%	531,108	24.1%	24.7%
Unknown	0	0.0%	0	0.0%	3	0.0%	22	0.0%	0.0%
<b>Total</b>	<b>16</b>		<b>4,391</b>		<b>77,421</b>		<b>2,207,120</b>		
2013									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	33.3%	808	31.0%	815	1.2%	31,084	1.4%	1.5%
Moderate	2	22.2%	660	25.4%	9,213	13.4%	350,541	15.7%	14.8%
LMI	5	55.6%	1,468	56.4%	10,028	14.6%	381,625	17.0%	16.3%
Middle	2	22.2%	335	12.9%	39,763	57.9%	1,332,914	59.5%	58.9%
Upper	2	22.2%	800	30.7%	18,881	27.5%	523,734	23.4%	24.9%
Unknown	0	0.0%	0	0.0%	6	0.0%	41	0.0%	0.0%
<b>Total</b>	<b>9</b>		<b>2,603</b>		<b>68,678</b>		<b>2,238,314</b>		
2014									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	5.0%	1,000	11.5%	940	1.2%	30,307	1.3%	1.5%
Moderate	5	25.0%	2,063	23.7%	10,542	13.7%	379,554	15.7%	14.8%
LMI	6	30.0%	3,063	35.1%	11,482	14.9%	409,861	17.0%	16.2%
Middle	11	55.0%	5,309	60.9%	44,661	57.9%	1,414,910	58.7%	59.0%
Upper	3	15.0%	350	4.0%	20,928	27.2%	587,032	24.3%	24.8%
Unknown	0	0.0%	0	0.0%	5	0.0%	129	0.0%	0.0%
<b>Total</b>	<b>20</b>		<b>8,722</b>		<b>77,076</b>		<b>2,411,932</b>		
2015									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	7.4%	585	6.1%	1,167	1.4%	36,713	1.4%	1.5%
Moderate	9	33.3%	2,916	30.3%	11,501	13.7%	388,312	15.0%	14.8%
LMI	11	40.7%	3,501	36.4%	12,668	15.1%	425,025	16.5%	16.2%
Middle	11	40.7%	4,406	45.8%	48,721	58.0%	1,524,374	59.1%	59.0%
Upper	5	18.5%	1,720	17.9%	22,553	26.9%	631,388	24.5%	24.8%
Unknown	0	0.0%	0	0.0%	9	0.0%	364	0.0%	0.0%
<b>Total</b>	<b>27</b>		<b>9,627</b>		<b>83,951</b>		<b>2,581,151</b>		
2016									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	7.7%	120	3.4%	1,181	1.3%	34,784	1.2%	1.5%
Moderate	0	0.0%	0	0.0%	12,476	13.7%	419,085	15.0%	14.6%
LMI	1	7.7%	120	3.4%	13,657	15.0%	453,869	16.2%	16.0%
Middle	10	76.9%	2,623	73.5%	52,642	57.8%	1,636,582	58.6%	58.9%
Upper	2	15.4%	825	23.1%	24,773	27.2%	702,232	25.1%	25.0%
Unknown	0	0.0%	0	0.0%	9	0.0%	1,083	0.0%	0.0%
<b>Total</b>	<b>13</b>		<b>3,568</b>		<b>91,081</b>		<b>2,793,766</b>		
2017									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	15.0%	360	5.8%	1,460	1.6%	37,183	1.3%	1.7%
Moderate	2	10.0%	850	13.7%	12,213	13.3%	374,933	13.5%	13.8%
LMI	5	25.0%	1,210	19.5%	13,673	14.9%	412,116	14.8%	15.5%
Middle	12	60.0%	3,389	54.7%	51,984	56.7%	1,598,463	57.6%	58.0%
Upper	3	15.0%	1,600	25.8%	25,999	28.3%	763,670	27.5%	26.4%
Unknown	0	0.0%	0	0.0%	82	0.1%	2,251	0.1%	0.1%
<b>Total</b>	<b>20</b>		<b>6,199</b>		<b>91,738</b>		<b>2,776,500</b>		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	8.5%	2,873	7.7%	6,752	1.2%	209,899	1.2%	
Moderate	21	17.9%	7,239	19.4%	74,416	13.1%	2,518,334	14.8%	
LMI	31	26.5%	10,112	27.1%	81,168	14.3%	2,728,233	16.0%	
Middle	64	54.7%	20,227	54.3%	329,508	58.2%	10,017,907	58.8%	
Upper	22	18.8%	6,926	18.6%	155,817	27.5%	4,280,990	25.1%	
Unknown	0	0.0%	0	0.0%	132	0.0%	4,274	0.0%	
<b>Total</b>	<b>117</b>		<b>37,265</b>		<b>566,625</b>		<b>17,031,404</b>		

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Action Taken in Response to Written Complaints with Respect to CRA: “Not Rated”

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

**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**

ACB’s Compliance Committee meets to discuss CRA activities on a quarterly basis and the minutes are also presented to the Board of Directors on a quarterly basis. The Compliance Committee declared, beginning in the first quarter of 2017, that a self-assessment of CRA activities will be conducted biannually. The Bank’s CRA policy is reviewed and approved annually by the Board of Directors.

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

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

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

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

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

As of the evaluation date, ACB operates four full service branches in Nassau and Suffolk counties. One of the branches is located in a low-income geography.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Nassau		1		1		2	50%
Suffolk				1	1	2	0%
<b>Total</b>				<b>2</b>	<b>1</b>	<b>4</b>	<b>0%</b>

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

ACB opened its fourth branch on August 1, 2013. The branch is located in a middle-income census tract in Nassau County. ACB did not close any branches during the



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evaluation period.

Branch hours are typically from 8:30 am to 4:00 pm, Monday through Thursday. ACB offers extended hours on Fridays from 8:30 am to 6:00 pm and limited banking hours on Saturdays from 9:00 am until 12:00 pm. Drive-up hours are available at each branch, with the exception of the East Northport location.

ACB's delivery systems are readily accessible to significant portions of ACB's assessment area, particularly LMI geographies and individuals.

- All branches offer 24/7 onsite ATMs, which have deposit and withdrawal capabilities.
- In total, there are four ATMs. One is located in a low-income census tract and the remaining three are located in middle and upper income geographies.

Other delivery channels available to customers include: online banking, mobile application banking, and telephone banking.

### **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.*

ACB makes an effort to determine community needs by being actively involved in community organizations and events. The Bank sponsors blood drives and field trips to the Bank for grade school students. ACB actively participates and attends seminars with community organizations.

- *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.*

During participation and/or sponsorship of community events ACB's staff interacts with community members. ACB advertises and markets itself in local newspapers and church bulletins.

### **Other factors that in the judgment of the Superintendent bear upon the extent to which ACB is helping to meet the credit needs of its entire community**

ACB contributed an estimated \$3,608.67 to the Federal Home Loan Bank of New York ("FHLBNY") to help fund the Affordable Housing Program ("AHP"). Each year, the FHLBNY sets aside 10% of its earnings to support the creation and preservation of

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housing for lower income families and individuals through its AHP. The FHLBNY also offers Community Lending Programs and the First Home Club, a grant program for first-time homebuyers.

## **GLOSSARY**

### **Aggregate Lending**

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 Metropolitan Statistical Area ("MSA") or statewide nonmetropolitan median income.

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

## **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 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.