



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: March 31, 2018

Institution: BNB Bank
2200 Montauk Highway
Bridgehampton, NY 11932

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 BNB Bank (“BNB” 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 March 31, 2018.

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 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

The Department evaluated BNB under the large banking institution performance criteria pursuant to Sections 76.7, 76.8, 76.9, and 76.10 of the GRS. The evaluation period included calendar years 2015, 2016, and 2017 for the Lending Test, and October 1, 2015 through March 31, 2018 for Community Development activities. BNB was rated “**Satisfactory**,” or “2.” This rating indicates BNB had a satisfactory record of helping to meet community credit needs.

This rating is based on the following factors:

LENDING TEST: “High Satisfactory”

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

Lending Activity: “High Satisfactory”

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

For the 12-quarter evaluation period, BNB’s average loan-to-deposit (“LTD”) ratio of 85.2% was comparable to its peer group average of 86.7%.

Assessment Area Concentration: “Outstanding”

BNB’s substantial majority of lending inside of its assessment area reflected an excellent concentration of lending. BNB originated 98.4% by number and 98.8% by dollar value of its HMDA-reportable loans, and 99% by number and 98.2% by dollar value of its small business loans, in the assessment area. BNB originated all of its CEMA loans within the assessment area.

Geographic Distribution of Loans: “High Satisfactory”

The distribution of BNB’s HMDA-reportable loans by the income level of the geography was more than reasonable. BNB’s LMI HMDA lending distribution was 39.9% by number and 39% by dollar value of loans, compared to the aggregate’s 20.4% and 23.1%, respectively. BNB also surpassed the household demographic of 20.2%.

The distribution of BNB’s small business loans among census tracts of varying income levels was adequate. BNB’s average rate of lending in LMI geographies of 28.7% by dollar value of loans exceeded the aggregate’s average rate of 24.1%, while its 26.7% by number of loans was slightly less than the aggregate’s 27.8%. Both rates were comparable to the assessment area’s LMI business demographic of 26.6%

The distribution of BNB's CEMA loans among census tracts of varying income levels was excellent. BNB's lending in LMI geographies increased each year of the evaluation period, averaging 63.1% by number of loans and 57.0% by dollar value, and exceeded the household demographics of approximately 40%.

Distribution by Borrower Characteristics: "Low Satisfactory"

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

BNB's average rates of HMDA-reportable lending to LMI borrowers of 10.6% by number and 4.9% by dollar value of loans slightly trailed its market aggregate's average rates of 15.9% and 7.5%, respectively.

BNB's average rates of lending to small businesses of 39.5% by number and 30% by dollar value of loans were comparable to the aggregate's 48.4% and 29.9%, respectively.

Community Development Lending: "Outstanding"

During the evaluation period, BNB originated \$279 million in new community development loans and had \$28.7 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

INVESTMENT TEST: "High Satisfactory"

BNB's qualified investments were more than reasonable considering the assessment area's credit needs.

Qualified Investments:

During the evaluation period, BNB made \$25.8 million in new community development investments and had \$25.4 million outstanding from prior evaluation periods. In addition, BNB made \$888,830 in community development grants. This demonstrated a more than reasonable level of qualified investments over the course of the evaluation period.

Innovativeness of Community Development Investments

BNB made occasional use of innovative investments to support community development. In 2016, BNB invested \$3 million in low-income housing tax credit ("LIHTC") investment, the federal government's primary program for encouraging the investment of private equity in the development of affordable rental housing for low-income households. BNB's investments were allocated to support affordable housing in three properties, located in Jamaica, Queens and the Bronx, NY.

Responsiveness of Community Development Investments to Credit and Community Development Needs

BNB's community development investments exhibited a more than reasonable responsiveness to the assessment area's credit and community development needs.

SERVICE TEST: "High Satisfactory"

Retail Banking Services: "High Satisfactory"

BNB has a more than reasonable branch network, delivery systems, branch hours and services, and alternative delivery systems, particularly as they relate to LMI individuals.

BNB has a more than reasonable distribution of branches within its assessment area. BNB operates 38 offices, a substantial majority of which are in its primary market of Suffolk (29) and Nassau counties (6). The other branches are in Queens (2) and New York (1) counties.

BNB opened four branches, three in Suffolk County (one of which is in a moderate-income census tract, one in a middle-income tract and one in an upper-income tract), and the fourth branch in a middle-income tract in Queens County. Three of these branches are adjacent to moderate-income geographies. During the first quarter of 2018, in an effort to increase efficiency and remove some branch redundancies, BNB closed three branches in Nassau County and three in Suffolk County.

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

Community Development Services: "Outstanding"

BNB demonstrated an excellent level of participation in community development services over the course of the evaluation period. Bank personnel participated in over 95 approved CD services in its assessment area.

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

Established in 1910, BNB is a commercial bank headquartered in Bridgehampton, New York, which is located in Suffolk County on Eastern Long Island.

BNB is a wholly-owned subsidiary of Bridge Bancorp, Inc., a one-bank holding company that is publicly traded. BNB, formerly known as Bridgehampton National Bank, was a federally chartered bank. On December 31, 2017, the Bank converted to a New York State-chartered institution and changed its name to BNB Bank.

As of March 31, 2018, BNB operates 38 offices serving primarily Suffolk and Nassau counties, and the greater New York metropolitan area. Through these branch offices and other delivery systems, BNB provides deposit and loan products, and other financial services to local businesses, consumers and municipalities.

BNB has expanded its banking business primarily through acquisitions. In 2014, BNB purchased First National Bank of New York, a three-branch bank headquartered in Melville, NY. In 2015, BNB acquired Community National Bank, a Long Island based commercial bank which operated 11 locations in Nassau, Suffolk, Queens, and New York counties.

BNB also offers other non-retail banking products and services through its two wholly-owned subsidiaries: Bridge Abstract (which provides title insurance services) and Bridge Financial Services, Inc. (which offers financial planning, investment consultation, and non-deposit investment products).

Per the Consolidated Report of Condition (the "Call Report") as of December 31, 2017, filed with the Federal Deposit Insurance Corporation ("FDIC"), BNB reported total assets of \$4.4 billion, of which \$3.1 billion were net loans and lease financing receivables. It also reported total deposits of \$3.3 billion, resulting in an LTD ratio of 91.9%. According to the latest available comparative deposit data, as of June 30, 2017, BNB has a market share of 0.2%, or \$3.1 billion in a market of \$1.3 trillion, ranking it 32nd among 110 deposit-taking institutions in the assessment area.

The following is a summary of the Bank's loan portfolio, based on Schedule RC-C of the Bank's December 31, 2015, 2016 and 2017 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	12/31/15		12/31/16		12/31/17	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	461,541	19.1	451,335	17.4	553,032	17.8
Commercial & Industrial Loans	429,254	17.8	461,718	17.8	562,934	18.1
Commercial Mortgage Loans	1,051,621	43.6	1,065,927	41.0	1,259,577	40.6
Multifamily Mortgages	351,001	14.6	518,478	19.9	595,666	19.2
Consumer Loans	16,956	0.7	15,706	0.6	19,803	0.6
Agricultural Loans	3,350	0.1	1,749	0.1	520	0.0
Construction Loans	94,963	3.9	83,830	3.2	109,087	3.5
Obligations of States & Municipalities	1,377	0.1	931	0.0	779	0.0
Other Loans	711	0.0	766	0.0	1,354	0.0
Total Gross Loans	2,410,774		2,600,440		3,102,752	

As illustrated in the above table, BNB is primarily a commercial lender, with 40.6% of its portfolio in commercial mortgages and 18.1% in commercial and industrial loans. Residential loans comprise 37% of the Bank's portfolio, with 17.8% in 1-4 family mortgages and 19.2% in multifamily mortgages.

During the evaluation period BNB's gross loan portfolio trended upward, increasing by \$692 million. The Bank's lending growth in commercial lending (\$341.6 million) and residential lending (\$336.2 million) was substantially similar.

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

Assessment Area

BNB's assessment area is comprised of all of New York City's five counties: Bronx, Kings, New York, Queens, and Richmond, as well as Nassau and Suffolk counties on Long Island.

There are 2,774 census tracts in the area, of which 360 are low-income, 704 are moderate-income, 982 are middle-income, 652 are upper-income, and 76 have no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
<i>Long Island</i>							
Suffolk	1	6	68	192	56	323	22.9
Nassau	9	7	28	159	81	284	12.3
<i>New York City</i>							
Bronx	7	160	90	56	26	339	73.7
Kings	14	115	280	211	141	761	51.9
New York	15	44	51	20	158	288	33.0
Queens	27	24	176	308	134	669	29.9
Richmond	3	4	11	36	56	110	13.6
Total	76	360	704	982	652	2,774	38.4

Demographic & Economic Data

The assessment area had a population of 11,282,728 during the examination period. Approximately 13.4% of the population were over the age of 65 and 19.1% were under the age of sixteen.

Of the 2,570,713 families in the assessment area 29.3% were low-income, 16.6% were moderate-income, 17.5% were middle-income, and 36.6% were upper-income. There were 4,048,024 households in the assessment area, of which 16.4% had income below the poverty level and 3.6% were on public assistance.

The weighted average median family income in the assessment area was \$82,149.

There were 4,459,675 housing units within the assessment area, of which 51.1% were one-to-four family units and 48.6% were multifamily units. A majority (51.8%) of the area's housing units were rentals, while 39% were owner-occupied. Of the 2,310,507 rental housing units, 54.5% were in LMI census tracts while 45.3% were in middle- and upper-income census tracts. Of the 1,737,517 owner-occupied housing units, 20.2% were in LMI census tracts while 79.6% were in middle- and upper-income census tracts. The median age of the housing stock was 73 years, and the median home value in the assessment area was \$519,860.

There were 746,998 non-farm businesses in the assessment area. Of these, 86.3% were businesses with reported revenues of less than or equal to \$1 million, 7% reported revenues of more than \$1 million, and 6.7% did not report their revenues. Of all the businesses in the assessment area, 97.1% were businesses with less than fifty employees while 91.5% operated from a single location. The largest industries in the assessment area were services (47.8%), retail trade (15.1%), and finance, Insurance and real estate (9.1%); 8.5% of businesses were not classified.

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

rate for New York State during the evaluation period was 4.9%. The statewide unemployment rate was higher than the rates for Nassau, New York, Queens, and Suffolk counties, but lower than the rates for Bronx, Kings, and Richmond counties. The statewide unemployment rate and the rate of each county in the assessment area decreased from 2015 to 2017, although the rates in Nassau and Suffolk counties increased slightly from 2016 to 2017.

Assessment Area Unemployment Rate								
	Statewide	Nassau	New York	Queens	Suffolk	Bronx	Richmond	Kings
2015	5.3	4.2	4.9	5.0	4.7	7.8	5.8	5.9
2016	4.8	3.9	4.5	4.5	4.4	7.1	5.2	5.3
2017	4.7	4.1	4.0	4.0	4.5	6.2	4.6	4.6
Average	4.9	4.1	4.5	4.5	4.5	7.0	5.2	5.3

Community Information

DFS examiners interviewed two community contacts that support affordable housing as a part of this evaluation. One is a local organization located on Long Island that provides affordable housing opportunities to those who would otherwise be unable to secure a decent and safe home or remain in a decent and safe home. The second community contact was a local organization whose mission is to invest in the housing and economic aspirations of individuals and families by providing solutions that foster and maintain vibrant, equitable, and sustainable communities.

The organizations indicated a need for more flexible loan products to accommodate LMI individuals such as rehab loans and SONYMA loans. Additionally, financial education and counseling is needed to assist LMI individuals with affordable housing.

The community contacts mentioned that although economic conditions on Long Island are improving slightly, there are pockets of poverty throughout the area. The employment rate has increased but many people are either underemployed or their salaries are not increasing enough to keep pace with increasing costs, particularly housing costs. There is still a great need for more affordable apartments in the area to meet the immediate demand. The contact stated that thirty years ago there was a need for 120,000 affordable housing units and that number still stands today. As a result, there is greater demand for homeowner assistance and guidance in the area. Both contacts stated there are enough banks and branch locations in the local area. BNB was among the financial institutions mentioned in a positive way by the contact.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

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

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

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

DFS derived statistics employed in this evaluation from various sources. BNB 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 from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

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

DFS evaluated BNB's performance under the lending test in calendar years 2015, 2016, and 2017 and its community development activities from October 1, 2015 through March 31, 2018.

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

As noted in the Performance Context section of this report, BNB became a New York State chartered institution as of December 31, 2017. Therefore, this is the first CRA evaluation performed by the Department. At its prior Performance Evaluation, the Bank's former federal regulator assigned a rating of "2," reflecting a "Satisfactory" record of helping to meet the credit need of the Bank's assessment area.

Current CRA Rating: “Satisfactory”

LENDING TEST: “High Satisfactory”

The bank’s lending performance was evaluated pursuant to the following criteria:

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

BNB’s HMDA-reportable and small business lending activities were more than reasonable in light of BNB’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

Lending Activity: “High Satisfactory”

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

For the 12-quarter evaluation period, BNB’s average LTD ratio of 85.2% is only slightly lower than its peer group average of 86.7%. BNB’s LTD ratios trended upward, from a low of 75.3% in the first quarter of 2015, to 91.9% in the fourth quarter of 2017. Its peer group’s ratios also trended upward, from a low of 78.9% to a high of 89.4%.

Loan-to-Deposit Ratios													
	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	75.3	80.7	77.7	83.3	83.1	87.7	87.6	87.1	87.6	90.0	90.0	91.9	85.2
Peer	78.9	81.0	86.1	87.6	87.3	88.7	87.9	88.7	87.7	88.9	88.7	89.4	86.7

Assessment Area Concentration: “Outstanding”

During the evaluation period, BNB originated an average of 98.9% by number and 98.8% by dollar value of its total HMDA-reportable, small business, and CEMA loans within its assessment area. This substantial majority of lending inside of its assessment area reflected an excellent concentration of lending.

BNB maintained a high level of lending inside of its assessment area in all years of the evaluation period. For HMDA-reportable loans, BNB originated an average of 98.4% by number and 98.8% by dollar value within the assessment area. For small business loans, BNB originated 99% by number and 98.2% by dollar value of loans in the assessment

area. BNB originated all of its CEMA loans within the assessment area.

The following table shows the percentages of BNB’s HMDA-reportable, small business, and CEMA 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										
2015	112	100.0%	0	0.0%	112	110,170	100.0%	0	0.0%	110,170
2016	118	99.2%	1	0.8%	119	112,331	99.6%	417	0.4%	112,748
2017	269	97.5%	7	2.5%	276	167,381	97.4%	4,381	2.6%	171,762
Subtotal	499	98.4%	8	1.6%	507	389,882	98.8%	4,798	1.2%	394,680
Small Business										
2015	379	99.5%	2	0.5%	381	98,264	98.5%	1,500	1.5%	99,764
2016	479	99.8%	1	0.2%	480	127,679	99.2%	1,000	0.8%	128,679
2017	560	97.9%	12	2.1%	572	150,191	97.2%	4,365	2.8%	154,556
Subtotal	1,418	99.0%	15	1.0%	1,433	376,134	98.2%	6,865	1.8%	382,999
CEMA										
2015	15	100.0%	0	0.0%	15	27,062	100.0%	0	0.0%	27,062
2016	23	100.0%	0	0.0%	23	65,148	100.0%	0	0.0%	65,148
2017	27	100.0%	0	0.0%	27	84,322	100.0%	0	0.0%	84,322
Subtotal	65	100.0%	0	0.0%	65	176,532	100.0%	0	0.0%	176,532

Geographic Distribution of Loans: “High Satisfactory”

BNB’s rates of lending in census tracts of varying income levels demonstrated a more than reasonable distribution of lending.

HMDA-Reportable Loans

The distribution of BNB’s HMDA-reportable loans by the income level of the geography was more than reasonable.

Overall, BNB’s average rates of lending to borrowers located in LMI geographies of 39.9% by number and 39% by dollar value surpassed its aggregate’s rates of 20.4% and 23.1%, respectively. Additionally, BNB’s rates of lending to borrowers in LMI geographies were almost double that of its assessment area owner-occupied housing units demographics of 20.2%.

Although BNB’s rate of lending to borrowers located in low-income geographies declined significantly in 2017, BNB’s rate of lending in low-income geographies outperformed the aggregate’s rates in 2015 and 2016. In 2015, BNB’s rate of lending to borrowers located in low-income geographies was 10.7% by number of loans, which was more than three times that of the aggregate’s rate of 3.4%. In 2016, BNB’s rate increased to 13.6% while

the aggregate's remained at 2015's level of 3.4%.

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

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2015									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	12	10.7%	18,672	16.9%	3,298	3.4%	2,921,743	5.2%	2.9%
Moderate	37	33.0%	21,694	19.7%	16,451	16.7%	9,255,908	16.5%	17.6%
LMI	49	43.8%	40,366	36.6%	19,749	20.1%	12,177,651	21.7%	20.5%
Middle	29	25.9%	19,252	17.5%	43,682	44.4%	17,952,674	32.0%	46.6%
Upper	34	30.4%	50,552	45.9%	34,809	35.4%	26,002,759	46.3%	33.0%
Unknown	0	0.0%	0	0.0%	38	0.0%	40,282	0.1%	0.0%
Total	112		110,170		98,278		56,173,366		
2016									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	16	13.6%	30,273	26.9%	3,629	3.4%	3,311,344	5.4%	2.9%
Moderate	55	46.6%	36,574	32.6%	18,013	16.9%	10,499,473	17.0%	17.6%
LMI	71	60.2%	66,847	59.5%	21,642	20.2%	13,810,817	22.4%	20.5%
Middle	33	28.0%	26,043	23.2%	48,281	45.2%	19,791,657	32.1%	46.6%
Upper	14	11.9%	19,441	17.3%	36,919	34.5%	28,019,716	45.4%	33.0%
Unknown	0	0.0%	0	0.0%	39	0.0%	59,548	0.1%	0.0%
Total	118		112,331		106,881		61,681,738		
2017									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	1.1%	1,932	1.2%	4,107	4.1%	3,749,545	6.1%	3.2%
Moderate	76	28.3%	42,986	25.7%	16,950	16.7%	11,785,665	19.1%	17.0%
LMI	79	29.4%	44,918	26.8%	21,057	20.8%	15,535,210	25.2%	20.2%
Middle	119	44.2%	67,671	40.4%	44,828	44.2%	18,523,410	30.1%	45.8%
Upper	71	26.4%	54,792	32.7%	35,253	34.8%	27,325,756	44.4%	33.9%
Unknown	0	0.0%	0	0.0%	170	0.2%	226,052	0.4%	0.1%
Total	269		167,381		101,308		61,610,428		
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	31	6.2%	50,877	13.0%	11,034	3.6%	9,982,632	5.6%	
Moderate	168	33.7%	101,254	26.0%	51,414	16.8%	31,541,046	17.6%	
LMI	199	39.9%	152,131	39.0%	62,448	20.4%	41,523,678	23.1%	
Middle	181	36.3%	112,966	29.0%	136,791	44.6%	56,267,741	31.4%	
Upper	119	23.8%	124,785	32.0%	106,981	34.9%	81,348,231	45.3%	
Unknown	0	0.0%	0	0.0%	247	0.1%	325,882	0.2%	
Total	499		389,882		306,467		179,465,532		

Small Business Loans

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

BNB's small business rates of lending to businesses located in low-income geographies compared unfavorably to its aggregate's rates in all years of the evaluation period. In 2015, BNB extended only one loan to a small business in a low-income geography.

BNB's average rates of lending to businesses located within moderate-income geographies of 25.5% by number of loans and 27.1% by dollar volume exceeded its aggregate's rates of 19.4% and 16.9%, respectively.

During the evaluation period, BNB's average rate of lending in LMI geographies of 28.7% by dollar value of loans exceeded the aggregate's average rate of 24.1%, while its 26.7% by number of loans was slightly less than the aggregate's 27.8%. The assessment area LMI business demographic was 26.6%.

The following table provides a summary of the distribution of BNB's small business loans by the income level of the geography where the business was located.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2015									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.3%	100	0.1%	24,426	8.3%	532,305	6.7%	7.9%
Moderate	108	28.5%	32,445	33.0%	59,362	20.3%	1,360,662	17.1%	19.9%
LMI	109	28.8%	32,545	33.1%	83,788	28.6%	1,892,967	23.7%	27.8%
Middle	232	61.2%	53,205	54.1%	97,413	33.2%	2,594,731	32.5%	34.1%
Upper	38	10.0%	12,514	12.7%	105,465	36.0%	3,177,843	39.8%	36.0%
Unknown	0	0.0%	0	0.0%	6,444	2.2%	310,075	3.9%	2.1%
Total	379		98,264		293,110		7,975,616		
2016									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	1.3%	2,391	1.9%	24,613	8.0%	645,369	7.2%	7.9%
Moderate	108	22.5%	31,773	24.9%	60,505	19.7%	1,559,614	17.4%	19.8%
LMI	114	23.8%	34,164	26.8%	85,118	27.6%	2,204,983	24.6%	27.7%
Middle	299	62.4%	71,001	55.6%	103,278	33.5%	2,884,022	32.2%	34.0%
Upper	66	13.8%	22,514	17.6%	112,821	36.6%	3,527,454	39.4%	36.2%
Unknown	0	0.0%	0	0.0%	6,659	2.2%	330,685	3.7%	2.2%
Total	479		127,679		307,876		8,947,144		
2017									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	2.0%	3,553	2.4%	28,365	8.9%	739,179	7.8%	8.2%
Moderate	145	25.9%	37,739	25.1%	57,924	18.2%	1,545,017	16.3%	18.4%
LMI	156	27.9%	41,292	27.5%	86,289	27.2%	2,284,196	24.0%	26.6%
Middle	300	53.6%	79,156	52.7%	97,424	30.7%	2,746,903	28.9%	32.4%
Upper	103	18.4%	29,493	19.6%	128,518	40.5%	4,178,881	44.0%	39.0%
Unknown	1	0.2%	250	0.2%	5,447	1.7%	295,154	3.1%	2.0%
Total	560		150,191		317,678		9,505,134		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	18	1.3%	6,044	1.6%	77,404	8.4%	1,916,853	7.3%	
Moderate	361	25.5%	101,957	27.1%	177,791	19.4%	4,465,293	16.9%	
LMI	379	26.7%	108,001	28.7%	255,195	27.8%	6,382,146	24.1%	
Middle	831	58.6%	203,362	54.1%	298,115	32.5%	8,225,656	31.1%	
Upper	207	14.6%	64,521	17.2%	346,804	37.8%	10,884,178	41.2%	
Unknown	1	0.1%	250	0.1%	18,550	2.0%	935,914	3.5%	
Total	1,418		376,134		918,664		26,427,894		

CEMA

The distribution of BNB's CEMA loans among census tracts of varying income levels was excellent.

During the evaluation period, BNB's CEMA loans trended upward, with 15 loans in 2015, 23 in 2016, and 27 loans in 2017, totaling 65 loans. BNB's rates of lending in LMI geographies for all three years averaged 63.1% by number of loans and 57.% by dollar volume of loans, exceeding the assessment area's household demographics of approximately 40%.

Distribution of CEMA Lending by Geographic Income of the Census Tract					
2015					
Geographic	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	3	20.0%	2,455	9.1%	13.3%
Moderate	5	33.3%	8,817	32.6%	27.1%
LMI	8	53.3%	11,272	41.7%	40.3%
Middle	2	13.3%	4,417	16.3%	33.7%
Upper	5	33.3%	11,373	42.0%	26.0%
Unknown	0	0.0%	0	0.0%	0.0%
Total	15		27,062		
2016					
Geographic	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	7	30.4%	21,642	33.2%	13.3%
Moderate	8	34.8%	20,835	32.0%	27.1%
LMI	15	65.2%	42,477	65.2%	40.3%
Middle	5	21.7%	15,685	24.1%	33.7%
Upper	3	13.0%	6,986	10.7%	26.0%
Unknown	0	0.0%	0	0.0%	0.0%
Total	23		65,148		
2017					
Geographic	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	2	7.4%	5,187	6.2%	14.8%
Moderate	16	59.3%	41,748	49.5%	25.0%
LMI	18	66.7%	46,935	55.7%	39.8%
Middle	6	22.2%	25,839	30.6%	32.5%
Upper	3	11.1%	11,548	13.7%	27.5%
Unknown	0	0.0%	0	0.0%	0.0%
Total	27		84,322		
GRAND TOTAL					
Geographic	Bank				HH Dem.
Income	#	%	\$000's	%	%
Low	12	18.5%	29,284	16.6%	
Moderate	29	44.6%	71,400	40.4%	
LMI	41	63.1%	100,684	57.0%	
Middle	13	20.0%	45,941	26.0%	
Upper	11	16.9%	29,907	16.9%	
Unknown	0	0.0%	0	0.0%	
Total	65		176,532		

Distribution by Borrower Characteristics: “Low Satisfactory”

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

HMDA-Reportable Loans

BNB’s rates of lending to LMI borrowers were less than adequate. BNB’s average rates of lending to LMI borrowers during the evaluation period of 10.6% by number of loans and 4.9% by dollar value trailed the aggregate’s average rates of 15.9% and 7.5%, respectively. The assessment area LMI family demographic for the period was 45.9%.

Although BNB increased its lending to low-income borrowers in 2017, BNB’s overall average for the evaluation period was below the aggregate’s average. BNB made only seven of its 378 1-4 family HMDA-reportable loans (1.9%) to low-income borrowers, while the aggregate’s rate of lending to low-income borrowers was 3.3%.

The following table provides a summary of the distribution of BNB’s 1-4 family loans by borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2015									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	1.4%	140	0.3%	3,542	3.7%	715,748	1.6%	28.2%
Moderate	1	1.4%	232	0.6%	12,255	12.8%	2,760,237	6.2%	17.6%
LMI	2	2.7%	372	0.9%	15,797	16.6%	3,475,985	7.8%	45.8%
Middle	1	1.4%	240	0.6%	21,114	22.1%	6,115,531	13.8%	18.6%
Upper	47	64.4%	33,184	79.7%	51,568	54.1%	30,132,581	67.8%	35.6%
Unknown	23	31.5%	7,839	18.8%	6,925	7.3%	4,718,915	10.6%	0.0%
Total	73		41,635		95,404		44,443,012		
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	3,173	3.0%	625,990	1.3%	28.2%
Moderate	2	2.9%	197	0.6%	12,770	12.2%	2,947,384	5.9%	17.6%
LMI	2	2.9%	197	0.6%	15,943	15.3%	3,573,374	7.2%	45.8%
Middle	5	7.1%	1,601	4.9%	24,305	23.3%	7,296,317	14.6%	18.6%
Upper	24	34.3%	15,768	48.2%	57,272	54.9%	34,050,754	68.3%	35.6%
Unknown	39	55.7%	15,163	46.3%	6,820	6.5%	4,908,151	9.9%	0.0%
Total	70		32,729		104,340		49,828,596		
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	2.6%	1,479	1.2%	3,268	3.3%	626,309	1.3%	29.3%
Moderate	30	12.8%	7,559	6.2%	12,587	12.7%	2,977,468	6.2%	16.6%
LMI	36	15.3%	9,038	7.4%	15,855	16.0%	3,603,777	7.5%	45.9%
Middle	25	10.6%	9,577	7.9%	23,349	23.5%	7,155,431	14.9%	17.5%
Upper	142	60.4%	91,784	75.5%	54,503	55.0%	33,383,235	69.4%	36.6%
Unknown	32	13.6%	11,136	9.2%	5,456	5.5%	3,968,989	8.2%	0.0%
Total	235		121,535		99,163		48,111,432		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	1.9%	1,619	0.8%	9,983	3.3%	1,968,047	1.4%	
Moderate	33	8.7%	7,988	4.1%	37,612	12.6%	8,685,089	6.1%	
LMI	40	10.6%	9,607	4.9%	47,595	15.9%	10,653,136	7.5%	
Middle	31	8.2%	11,418	5.8%	68,768	23.0%	20,567,279	14.4%	
Upper	213	56.3%	140,736	71.8%	163,343	54.6%	97,566,570	68.5%	
Unknown	94	24.9%	34,138	17.4%	19,201	6.4%	13,596,055	9.5%	
Total	378		195,899		298,907		142,383,040		

Small Business Loans

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

During the evaluation period, BNB's small business lending exhibited growth, by both number and dollar value of loans, to businesses with annual revenues of \$1 million or

less. BNB originated 39.5% by number and 30% by dollar value of small business loans to those businesses within its assessment area. This was comparable to the aggregate's rates of lending of 48.4% and 29.9%, respectively. The business demographic for that small business category was 86.3%.

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

Distribution of Small Business Lending by Revenue Size of Business									
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	172	45.4%	33,392	34.0%	143,295	48.9%	2,263,300	28.4%	77.9%
Rev. > \$1MM	204	53.8%	63,477	64.6%					6.1%
Rev. Unknown	3	0.8%	1,395	1.4%					16.0%
Total	379		98,264		293,110		7,975,616		
2016									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	182	38.0%	33,674	26.4%	139,130	45.2%	2,462,323	27.5%	86.1%
Rev. > \$1MM	279	58.2%	90,280	70.7%					7.1%
Rev. Unknown	18	3.8%	3,725	2.9%					6.8%
Total	479		127,679		307,876		8,947,144		
2017									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	206	36.8%	45,619	30.4%	162,300	51.1%	3,185,817	33.5%	86.3%
Rev. > \$1MM	327	58.4%	96,558	64.3%					7.0%
Rev. Unknown	27	4.8%	8,014	5.3%					6.7%
Total	560		150,191		317,678		9,505,134		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	560	39.5%	112,685	30.0%	444,725	48.4%	7,911,440	29.9%	
Rev. > \$1MM	810	57.1%	250,315	66.5%					
Rev. Unknown	48	3.4%	13,134	3.5%					
Total	1,418		376,134		918,664		26,427,894		

Community Development Lending: "Outstanding"

During the evaluation period, BNB originated \$279 million in new community development loans and had \$28.7 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period. BNB's total qualified community development lending of \$307.7 million represented 3.1% of its average total assets.

BNB originated 62 multifamily loans totaling \$235.3 million to various entities that support affordable housing in the assessment area. A substantial majority of these properties charge rents that are below fair market rental rates. This represented 84.4%, by dollar value, of community development loans BNB made.

Community Development Loans				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
Purpose	# of Loans	\$000	# of Loans	\$000
Affordable Housing	62	235,253	10	25,665
Economic Development	7	10,214	1	990
Community Services	5	13,425	1	2,000
Revitalization & Stabilization	4	20,121		
Total	78	279,013	12	28,655

The following are highlights of BNB's community development loans:

Affordable Housing

- In 2015, BNB lent a total of \$12.6 million to two realty companies to refinance existing mortgages on two multifamily buildings in Brooklyn, NY. Both properties consist of a six-story plus basement building located in a moderate-income census tract with a majority of the rental units being affordable.
- BNB made a \$4.2 million commercial mortgage in 2015 to a private entity to refinance an existing mortgage on a multifamily property in Brentwood, NY. The property consists of four two-story buildings containing 63 apartments with over 90% of the units rented at below fair market rents.
- In 2016, BNB extended an \$18.7 million loan to a private entity for refinancing of an existing mortgage on two six-story multifamily buildings in the Midwood neighborhood of Brooklyn. Subject properties are in moderate-income census tracts and a majority of the units rent for below fair market rents.
- In 2016, BNB made an \$8.1 million commercial mortgage to a private entity for for the refinancing of a mortgage on a 348-unit garden apartment complex in Patchogue, NY. All units are affordable for LMI individuals.
- In 2017, BNB provided a \$2.5 million working capital loan to a construction company whose major contracting work comes from the Housing Trust Fund Corp. These funds were used to build homes for low-income families and work with the New York State Governor's Office of Storm Recovery to rehabilitate homes damaged by Superstorm Sandy.

Community Services

- In 2015, BNB renewed a \$1.3 million line-of-credit to a community-based organization in NYC that helps transform the lives of people with or at risk of HIV/AIDS and other chronic illnesses through housing and health services. Approximately 30% of its clients have a history of incarceration and 100% live below the federal poverty line.
- In 2016, BNB extended a \$2.9 million commercial mortgage to a nonprofit organization in Suffolk County that provides services for troubled young people. Most of the individuals that they serve are LMI individuals and foster children.

Revitalization & Stabilization

- In 2017, BNB provided a \$5.5 million commercial mortgage to a large orchard company located in a moderate-income census tract. The facility also includes a business line-of-credit for working capital. The orchard is a major source of employment for the community; it has 60 year-round workers which increases to over 150 during the spring and summer.
- In 2017, BNB provided a \$10 million commercial mortgage loan to a technology company to gut, renovate, and convert a building from an industrial warehouse to a research and development facility. The building is located in a priority area in New York City for industrial development and has created over 50 local jobs.

Flexible and/or Innovative Lending Practices

BNB has flexible lending programs for homebuyers and commercial borrowers.

For homebuyers, BNB has a proprietary First Time Homebuyer Mortgage loan product with no minimum loan size and 85% loan to value. During the evaluation period, BNB made five of these loans totaling \$1.4 million.

For small business lending, BNB made qualifying loans through the lending programs of the U.S. Small Business Administration (“SBA”), a government agency established in 1953 to bolster and promote the economy by providing assistance to small business. BNB originated loans through the SBA 7(a) Program (general purpose loans for working capital and business acquisition) and through the SBA 504 Program (commercial real estate or long-term machinery purchases). Both of these loan programs offer more flexibility, including longer terms and lower down payments, than other financing options.

In the first quarter of 2018, BNB was listed as the 4th leading SBA lender in the SBA’s NY District Office and 1st on Long Island. BNB made a total of 60 SBA 7(a) and nine SBA 504

loans, for a total dollar volume of \$96.4 million during the evaluation period.

INVESTMENT TEST: “High Satisfactory”

DFS evaluated BNB’s investment performance pursuant to the following criteria:

- (1) The dollar amount of qualified investments;*
- (2) The innovativeness or complexity of qualified investments; and*
- (3) The responsiveness of qualified investments to the credit and community development needs of the assessment area.*

BNB’s qualified investments are more than reasonable in light of the assessment area’s credit needs.

Qualified Investments: “High Satisfactory”

During the evaluation period, BNB made \$25.8 million in new community development investments and had \$25.4 million outstanding from prior evaluation periods. In addition, BNB made \$888,830 in community development grants. This demonstrated a more than reasonable level of community development investments and grants over the course of the evaluation period.

BNB’s total qualified investments of \$52 million represented 0.5% of its average total assets. A majority of the investments (or 83.7% in dollars) supported affordable housing, which the community contacts interviewed for this evaluation identified as the primary community development need of BNB’s assessment area.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	17	25,771	9	17,516
Economic Development			2	4,373
Community Services			3	3,500
Other (Please Specify)				
Total	17	25,771	14	25,389
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	23	230		
Economic Development	58	451		
Community Services	25	208		
Other (Please Specify)				
Total	106	889		

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

Investments

- In 2016 and 2017 BNB invested in seven mortgage-backed securities (\$14 million) issued by the Federal National Mortgage Association ("Fannie Mae"). BNB also had four such securities (\$11.5 million) outstanding from prior periods. The underlying mortgages of these securities were to LMI borrowers within the assessment area.
- In 2016 BNB invested \$1.6 million in a mortgage-backed security from the Government National Mortgage Association ("Ginnie Mae"). BNB also had prior period outstanding investments from Ginnie Mae totaling \$5.7 million. The underlying mortgages for these securities were for properties in LMI areas within the Bank's assessment area.
- In 2017 BNB purchased two special obligations bonds (\$1.8 million) from the New York City Housing Development Corporation. BNB also had four such bonds totaling \$4.7 million outstanding from prior periods.

Grants

- BNB made three grants totaling \$62,500 during the evaluation period to a community development financial institution ("CDFI") headquartered in Nassau County. The CDFI provides financing, technical services, and policy advocacy to increase access to affordable housing and related services for people with disabilities.
- In 2016 and 2017, BNB gave \$22,500 to a local economic development corporation located in the borough of Queens. The entity's mission is to create and retain jobs through assisting small businesses and promote tourism and business development. This entity has worked with its neighborhoods to revitalize commercial districts by creating business organizations. It is funded by the New York City Department of Small Business Services, the New York State Department of Economic Development, and the SBA. They are a focal point for economic development efforts in a borough that encompasses about 2.3 million people in more than ninety distinct neighborhoods. Emphasis is made to assist LMI populations, women, immigrants and minorities.

Innovativeness of Community Development Investments:

BNB made occasional use of innovative investments to support community development. In 2016, BNB invested \$3 million in a LIHTC fund, the federal government's primary program for encouraging the investment of private equity in the development of affordable rental housing for low-income households. BNB's investments were allocated to support

three affordable housing properties located in Queens (1) and in the Bronx (2).

Responsiveness of Community Development Investments to Credit and Community Development Needs:

BNB’s community development investments, particularly its investments in affordable housing within the assessment area, exhibited a more than reasonable responsiveness to the assessment area’s credit and community development needs.

SERVICE TEST: “High Satisfactory”

DFS examiners evaluated BNB’s retail service performance pursuant to the following criteria:

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

DFS examiners evaluated BNB’s community development service performance pursuant to the following criteria:

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

Retail Banking Services: “High Satisfactory”

BNB has a branch network, branch hours, services, delivery systems, and alternative delivery systems that are more than reasonable, particularly as they relate to LMI individuals.

Current distribution of the banking institution’s branches

BNB has a more than reasonable distribution of branches within its assessment area. BNB operates 38 offices, a substantial majority of which are located in its primary market of Suffolk (29) and Nassau (6) counties. The other branches are located in Queens (2) and New York (1) counties.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Nassau				2	4	6	0%
New York	1					1	0%
Queens				2		2	0%
Suffolk			5	16	8	29	17%
Total	1		5	20	12	38	13%

Record of opening and closing branches

BNB's record of opening and closing branches has improved the accessibility of its delivery systems, particularly to LMI geographies and LMI individuals.

BNB has expanded its banking business mostly through acquisitions. In 2014, BNB purchased First National Bank of New York, a three-branch bank headquartered in Melville, NY. In 2015, BNB acquired Community National Bank, a Long Island based commercial bank which had eleven offices in Nassau, Suffolk, Queens and New York counties.

In addition, BNB opened four branches. Three of those branches in Suffolk County, one in a moderate-income census tract, one in a middle-income tract, and one in an upper-income tract. The fourth branch is in Astoria, Queens in a middle-income tract. The branches in middle-income and upper-income geographies are adjacent to moderate-income geographies.

During the first quarter of 2018, in an effort to increase efficiency, BNB closed three branches in Nassau County and three in Suffolk. Two branches acquired from First National Bank of New York were in upper-income census tracts; two from CNB were in middle-income tracts; and two were legacy branches or BNB's original offices, one in a middle-income and one in a moderate-income tract (formerly middle-income in 2017).

Availability and effectiveness of alternative systems for delivering retail services

BNB's delivery systems are accessible to portions of the Bank's assessment area, particularly LMI geographies and individuals.

Range of services provided

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

BNB has eight proprietary off-site ATMs, all located in Nassau County. Three are in moderate-income census tracts, three are in middle-income census tracts, and two are in upper-income census tracts.

In addition, BNB has contracted to have branded ATMs, which are not owned or operated by or exclusively for BNB, at eleven local convenience stores as well as 604 locations of two large statewide pharmacy chains. Transactions made at all proprietary and nonproprietary BNB ATMs are available with no fees charged to BNB customers.

BNB offers alternative delivery systems, including the following:

- Bank-by-Phone ("Teller-Fone")
- ATM Network

-
- Mobile Banking with Deposit Capture (5,006 customers and 31% of all accounts)
 - Internet Online Banking (consumer-“Bridge Online Banking”; commercial-“Bridge Business Connect”)

Loan Production Office:

- BNB operates an LPO, acquired through the acquisition of First National Bank of New York in 2014, located at 1450 Broadway, 37th Floor, New York, NY 10018 (“No Income” census tract). This location has bolstered the Bank’s ability to provide small business and commercial credit in the NYC area. The LPO facilitated 69 loans in the last three years totaling \$92 million, and 51 of these were small business loans.
- Another LPO was located in Riverhead at 40 Peconic Avenue, Riverhead, NY 11901 (“Moderate-Income” census tract). The lending team was relocated into the newly opened Riverhead Branch in February 2018. The LPO helped meet the credit needs of this area. Sixty-seven small business loans were made in the moderate-income tract that contained the LPO and the new branch. In addition, within the moderate-income tract that abuts the LPO tract, eight small business loans were made.

Community Development Services: “Outstanding”

BNB demonstrated an excellent level of participation in community development services over the course of the evaluation period. Bank personnel participated in over 95 approved community development services in its assessment area.

Below are some highlights of the Bank’s community development services.

- BNB’s President and CEO serves on the board of an organization whose mission is to promote the business prosperity and economic welfare of the State of New York. The organization provides loans to small businesses, with a particular emphasis on minority and women-owned businesses.
- A branch manager and VP is the board chair for a nonprofit organization located in Suffolk County that provides childcare programs, clinical and counseling services, and family assistance services such as school supplies, emergency food, and home heating.
- The Community Development Officer and VP serves on the loan committee of a nonprofit CDFI that provides financing, technical services, and policy advocacy to increase access to appropriate and affordable housing and related services for people with disabilities throughout the United States.
- BNB’s Chief Operating Officer and EVP is the treasurer of a nonprofit organization that provides foster care for abused and neglected children and teens. The organization also provides residential treatment care for families and adults with

developmental disabilities.

- The Bank's employees provided a workshop for the staff of a nonprofit organization on personal finance and understanding credit. The organization provides childcare services to low-income working families including education, nutrition, mental health, and services for children with disabilities.
- A branch manager and the Community Development Officer and VP partnered with a CDFI in New York County, and hosted two separate workshops for small business owners on marketing strategies and financing for small businesses. The CDFI's focus is on assisting immigrant and refugee entrepreneurs in New York City by providing access to affordable credit, empowering with financial education, and offering training in best business practices and technology.
- BNB has a digital financial education platform that provides various financial topics for middle school and high school students. During the evaluation period, the program was utilized by seven schools where more than 51% of students are eligible for free or reduced cost lunches.
- A BNB board member serves as treasurer at a not-for-profit organization that provides services to children, families, and individuals with developmental disabilities across New York City and Long Island. Since 1930, this organization has been providing foster boarding home care, residential treatment care and, where appropriate, adoption, as well as services for adults with developmental disabilities.

Additional Factors

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

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

The Board of Directors oversees compliance with BNB's CRA policies and receives quarterly performance updates. The Board also monitors the Bank's CRA performance through the review of self-assessments which are done on at least an annual basis.

Discrimination and other illegal practices

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

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

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

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

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.*

BNB's efforts to ascertain the credit needs of its community include partnerships with local nonprofit organizations providing services to LMI individuals. The Bank noted that affordable housing is a primary concern in New York City and Long Island and has supported a variety of nonprofit groups engaged in affordable housing efforts, including home ownership counseling and foreclosure prevention. In addition, the Bank supports a group of nonprofit organizations whose missions are to help small businesses by regularly hosting small business workshops in its branches. The Bank continues to grow its SBA and equipment financing lending products that are geared to help start-ups and small businesses. The Bank also focuses on supporting organizations that help promote financial education and provides access to free tax services for LMI individuals. Additionally, some branch managers, along with other senior bank officers, are board members of these organizations. They regularly attend board meetings at which community needs are discussed.

- *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*

According to BNB, the Bank's marketing strategy is brand and story based, as opposed to product based. The content for the BNB's advertising utilizes a combination of customer testimonial programs and the Bank's commitment to be a proactive member of the communities in its markets. The marketing utilizes a variety of media including radio, cable, limited print advertising, and social media with advertising that promotes the BNB Bank community bank brand.

In 2017, the Bank conducted a localized print ad marketing effort to promote residential mortgages in LMI and majority-minority tracts. The ads were placed in local print media outlets with an emphasis on ethnic media publications.

Action Taken in Response to Written Complaints with Respect to CRA

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

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

None.

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.