



**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, 2015

Institution: Gold Coast Bank
2929 Expressway Drive
Islandia, NY 11749

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 Gold Coast Bank (“GCB”) 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, 2015.

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

Part 76 of the General Regulations of the Superintendent implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

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

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated GCB according to the intermediate small bank performance criteria pursuant to Parts 76.7 and 76.12 of the General Regulations of the Superintendent ("GRS"). This assessment period included calendar years 2010 through 2015. GCB is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs.

The rating is based on the following factors:

Lending Test: "Satisfactory"

- **Loan-to-Deposit ("LTD") Ratio:** "Satisfactory"

GCB's average LTD ratio is reasonable considering its size, business strategy, financial condition, aggregate and peer group activity. GCB's LTD ratio averaged 70.6% over the evaluation period, compared to the peer group's average ratio of 78.8%.

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

During the evaluation period, GCB originated 91.3% by number, and 88.9% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This majority of lending inside of its assessment area demonstrated an excellent rate of lending.

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

The distribution of HMDA-reportable loans based on borrower characteristics demonstrated a poor rate of lending among borrowers of different income levels and needs to improve. The distribution of loans to businesses of different revenue sizes demonstrated a satisfactory rate of lending.

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

The distribution of HMDA-reportable loans based on lending in census tracts of varying income levels demonstrated a reasonable rate of lending. However, the distribution of loans to small businesses based on the geographic income level of the census tract needs to improve.

- **Action Taken in Response to Written Complaints with Respect to CRA:**
"Not Rated"

Since the prior CRA evaluation, as of December 31, 2009, neither the bank nor DFS received any written complaints regarding GCB's CRA performance.

Community Development Test: “Satisfactory”

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

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

During the evaluation period, GCB originated nine new qualified community development loans totaling approximately \$11.5 million. This level of activity represents 1.6% of GCB’s annualized average total assets for the two-year period evaluated.

Of the loan amount, 91.4% benefitted efforts to revitalize and stabilize low- and moderate-income geographies in the bank’s assessment area.

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

GCB did not make any investments during the evaluation period. However, GCB made several donations to nonprofit organizations within the assessment area.

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

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

- **Innovative or Complex Practices:**

GCB did not make or utilize any community development loans or investments that were complex in nature or met the community needs in an innovative way.

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

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

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

PERFORMANCE CONTEXT

Institution Profile

GCB opened on March 10, 2008 in Islandia, NY as a New York state chartered commercial bank. GCB has offices on Long Island in Nassau and Suffolk counties and has no holding company, affiliates or subsidiaries. GCB opened five branches and had no merger or acquisition activities since the prior evaluation.

GCB provides business and personal banking products and services mainly to businesses and individuals in Nassau and Suffolk counties where its banking offices are located. Business products include: checking, savings, remote teller, commercial equity lines of credit, commercial mortgages, SBA loans, and commercial construction lines of credit. Some personal products are: checking, savings, auto loans, home equity lines of credit, overdraft protection, e-statements, telephone, mobile and online banking, and concierge mortgage service.

GCB operates six branches in its assessment area. The branches are in Huntington, East Setauket, Farmingdale, Southampton, Mineola and Islandia. There are five branches in Suffolk County and one branch in Nassau County. All six branches are open Monday to Friday from 8:30 a.m. to 4:00 p.m.

Per the Consolidated Report of Condition (the "Call Report") as of December 31, 2015, filed with the Federal Deposit Insurance Corporation ("FDIC"), GCB reported total assets of \$349.2 million which included \$272.9 million in net loans and lease finance receivables. The bank also reported total deposits of \$308.9 million resulting in a loan-to-deposit ratio of 88.3%. According to the latest comparative deposit data compiled as of June 30, 2015, GCB had a market share of 0.14% or \$295.5 million in a market of \$216.2 billion, ranking it 42nd among 74 deposit-taking institutions within its assessment area. For Suffolk and Nassau counties, where GCB has its branches, the bank had a 0.25% market share in a \$117.0 million deposit market, placing GCB 29th among 39 deposit-taking institutions.

The following is a summary of GCB's lending portfolio, based on Schedule RC-C of GCB's Call Reports for calendar years 2010 through 2015.

TOTAL GROSS LOANS OUTSTANDING												
Loan Type	2010		2011		2012		2013		2014		2015	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	7,189	10.1	11,782	14.0	14,903	11.8	18,104	11.0	30,265	14.4	67,648	24.5
Commercial & Industrial Loans	8,504	12.0	12,639	15.0	23,115	18.3	21,553	13.1	19,780	9.4	15,976	5.8
Commercial Mortgage Loans	40,838	57.6	48,955	58.0	79,231	62.6	119,461	72.6	149,409	71.2	175,643	63.7
Multifamily Mortgages	5,085	7.2	5,019	6.0	7,081	5.6	5,411	3.3	6,296	3.0	12,502	4.5
Consumer Loans	1,498	2.1	551	0.7	407	0.3	89	0.1	804	0.4	1,914	0.7
Construction Loans	7,774	11.0	5,396	6.4	1,805	1.4	0	0.0	3,362	1.6	2,092	0.8
Other Loans	0	0.0	0	0.0	0	0.0	8	0.0	65	0.0	17	0.0
Total Gross Loans	70,888		84,342		126,542		164,626		209,981		275,792	

As illustrated in the above table, GCB is primarily a commercial real estate lender, with 63.7% of its loan portfolio in commercial mortgage loans, followed by residential real estate at 24.5%. Together, commercial & industrial and multifamily loans accounted for 10.3% of the portfolio.

GCB'S target market is small and medium-size businesses, professionals and entrepreneurs on Long Island. The bank's products are designed to appeal to this demographic.

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

Assessment Area

CRA requires an institution to delineate one or more assessment areas (AA) within which its regulatory agency will evaluate the institution's record of helping to meet the credit needs of its community and surrounding area. An AA is an area that includes the geographies in which the institution has its main office, branch offices, and other deposit-taking remote service facilities, as well as the surrounding geographies in which the institution originated or purchased a substantial portion of its loans.

Since the prior CRA evaluation, GCB has included Kings County as part of its assessment area because a significant number of loans are originated there.

Currently, GCB's assessment area is comprised of all of Suffolk, Nassau, Queens and Kings counties, which have a combined 2,037 census tracts.

Assessment Area Census Tracts by Income Level								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Distressed %
Suffolk	1	4	70	197	51	323	22.9%	22.9%
Nassau	8	9	26	157	84	284	12.3%	12.3%
Kings	13	125	295	213	115	761	55.2%	55.2%
Queens	26	21	169	314	139	669	28.4%	28.4%
Total	48	159	560	881	389	2,037	35.3	35.3%

Demographic & Economic Data

Population Characteristics

In 2015 the assessment area had a population of 7.6 million residents, of which 12.7% were over the age of 65 and 20% were under the age of sixteen. Of the 1.8 million families in the assessment area, the distribution within each census tract category was as follows: 8.0% were low-income, 28.9% moderate-income, 44.8% middle-income, and 18.2% were upper-income families.

There were 2.6 million households in the assessment area. Of this number, 13.1% had income below the poverty level and 2.9% were on public assistance. The weighted average median family income in the assessment area was \$77,717.

Housing Characteristics

There were 2.8 million housing units within the assessment area. Of these, 48.9% were owner-occupied, 42.9% were rental units and 8.2% were vacant. One-to-four family represented 67.5% of the units and 32.2% were multifamily units. Of the total number of owner-occupied housing units, 2.5% were low-income, 19.0% moderate-income, 53.4 % middle-income, and 25.2% were upper-income.

The median age of the housing stock was 69 years, and the median home value in the assessment area was \$510,140.

Business Demographics

There were 490,937 non-farm businesses in the assessment area. Of these, 80.8% were businesses with reported revenues of less than or equal to \$1 million, 4.8% reported revenues of more than \$1 million, and 14.4% did not report their revenues. Businesses with less than fifty employees in the assessment area were 87.3% of all the businesses and 94.1% of them operated from a single location.

The largest industries in the area were: services (50.3%); retail trade (15.1%);

construction (7.4%); finance, insurance & real estate (7.3%); and 6.1% of the businesses were not classified.

Unemployment

Statistics published by the New York State Department of Labor showed that the statewide unemployment rate was highest in 2010. Within the bank's assessment area, Nassau County registered the lowest rates of unemployment in comparison to the statewide rates and the other counties.

Kings County registered the highest rate of unemployment for the entire evaluation period followed by Queens County. However, the average annual unemployment rates for the state and the five counties showed a downward trend by 2015, primarily due to improvement in the economy.

Assessment Area Unemployment Rate					
	Statewide	Suffolk	Nassau	Kings	Queens
2010	8.6	7.7	7.1	9.9	8.6
2011	8.3	7.6	6.8	9.6	8.1
2012	8.5	7.8	7.0	9.8	8.3
2013	7.7	6.6	5.9	9.3	7.7
2014	6.3	5.4	4.8	7.6	6.3
2015	5.3	4.8	4.3	5.9	5.0

Community Information

Interviews were conducted with two nonprofit community organization whose missions are to provide affordable housing for LMI residents in Nassau and Suffolk counties. One organization has constructed approximately eleven homes for LMI families and individuals in addition to 208 rentals for Section 8 individuals annually. They receive funding from administrative fees from the county, contributions and rental income from LMI multifamily projects for Southampton town residents. The other nonprofit provides rental and housing for up to 1,000 LMI residents annually. They receive funding through assistance programs, and state and federal grants.

The community contacts stated that affordable housing is a concern. Many residents, particularly the LMI population need help with buying their homes. There is also a need for financial literacy workshops in credit for these prospective homebuyers. There are minimal to no programs for first-time homebuyers and often residents don't know where to turn for help.

The contacts included that banks could be more responsive to the credit needs of the assessment area.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated GCB under the Intermediate small banking institution's performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Superintendent, which consist of the lending test and the community development test.

The lending test includes:

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

The community development test includes:

- 1. Community development lending;*
- 2. Community development investments;*
- 3. Community development services; and*
- 4. Responsiveness to community development needs.*

DFS also considered 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. The institution's record of opening and closing offices and providing services at offices;*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.*

DFS derived statistics employed in this evaluation from various sources. GCB submitted bank-specific information as part of the evaluation process and on its Call Report submitted to the Federal Deposit Insurance Corporation ("FDIC"). DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS calculated loan-to-deposit 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 used in this report on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data is only available on a county-wide basis, and were used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2010 through 2015.

Examiners considered GCB's small business loans in evaluating factors (2), (3) and (4) of the lending test noted above. No other loan types, such as consumer loans, represented a major

business line and provided no material support for conclusions or ratings, and therefore, were not utilized in this evaluation.

HMDA-reportable loan data reviewed in this performance evaluation represented actual loan originations. Small business loan results were extrapolated from a sample of 87 loans.

Small business lending was given greater weight in this evaluation since it represented 86.6% by number and 62.9% by dollar value of GCB's total HMDA-reportable and small business loan originations submitted for CRA consideration.

GCB did not make any small farm loans; therefore, analyses were based solely on small business lending. Small business loan aggregate data are shown for comparative purposes only.

Since the prior evaluation, GCB was classified an intermediate small bank for CRA evaluation size purposes. Therefore, for the Community Development Test, GCB management provided community development loans, investments, and services information for the period January 1, 2014 through December 31, 2015.

At its prior Performance Evaluation, as of December 31, 2009, DFS assigned GCB a rating of "1," reflecting an "Outstanding" record of helping to meet community credit needs.

Current CRA Rating: "Satisfactory"

Lending Test: "Satisfactory"

GCB's small business, and HMDA-reportable lending activities are reasonable in light of aggregate and peer group activity and the demographics of its assessment area. This conclusion is supported by GCB's performance regarding the analysis of the loan-to-deposit ratio, lending concentration, lending distributions both geographically and by borrower profile, and responsiveness to CRA complaints.

Loan-to-Deposit ("LTD") Ratio: "Satisfactory"

GCBs average LTD ratio is reasonable considering its size, business strategy, financial condition, aggregate and peer group activity. GCB's LTD ratio averaged 70.6%, compared to the peer group's average of 78.8%, over the evaluation period.

Deposits have shown an upward trend, increasing from \$101.5 million as of January 1, 2010 to \$308.9 million as of December 31, 2015. Net loans and leases also increased from \$69.8 million to \$207.5 million during the same period. GCB's LTD ratios fluctuated from a low of 56.6% for the second quarter of 2011, to a high of 92.5% in the second quarter of 2014.

The table below shows GCB's ratios in comparison with the peer group's ratios for the last 24 quarters since the prior evaluation.

Loan-to-Deposit Ratios												
	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4
Bank	57.1	63.2	65.3	68.8	67.6	65.8	56.6	57.8	64.5	73.9	69.8	68.7
Peer	79.7	80.5	81.0	82.5	81.2	80.5	79.2	78.7	78.1	80.0	81.1	81.1

Loan-to-Deposit Ratios													
	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	Avg.
Bank	61.3	67.6	69.9	76.9	79.4	92.5	80.1	70.4	67.6	78.2	81.9	88.4	70.6
Peer	74.4	75.9	75.4	75.6	76.2	77.4	77.6	78.1	77.4	79.3	79.8	80.1	78.8

Other Lending Related Activities:

Beginning in 2015, GCB sold its mortgages to MCS Mortgage Bankers, while retaining the servicing rights to allow for a seamless transition and transaction for its customers. The sales activity for 2015 was three loans totaling \$1.1 million. No small business loans were sold during the evaluation period.

Assessment Area Concentration: “Outstanding”

During the evaluation period, GCB originated 90.7% by number, and 88.9% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This substantial majority of lending inside of its assessment area is an excellent record of lending.

HMDA-Reportable Loans:

GCB was not a HMDA-reportable bank from 2010 through 2012 and did not have many residential mortgages. In 2014 GCB began a residential lending program in collaboration with MCS Mortgage Bankers (“MCS”) wherein MCS acted as a backup office for receiving completed mortgage applications. Because of the small number of mortgage loans made during the evaluation period, the assessment area concentration was not rated.

Small Business Loans:

GCB originated 92.8% by number, and 90.9% by dollar value of its loans within the assessment area during the evaluation period. This substantial majority of lending inside of its assessment area is an excellent concentration of lending within GCB’s assessment area.

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

Distribution of Loans Inside and Outside of the Assessment Area									
Loan Type	Number of Loans					Loans in Dollars (in thousands)			
	Inside		Outside		Total	Inside		Outside	
	#	%	#	%		\$	%	\$	%
HMDA-Reportable									
2010	2	100.0%	-	0.0%	2	1,613	100.0%	-	0.0%
2011	2	50.0%	2	50.0%	4	1,150	100.0%	-	0.0%
2012	5	83.3%	1	16.7%	6	8,279	84.7%	1,500	15.3%
2013	3	75.0%	1	25.0%	4	3,750	68.8%	1,700	31.2%
2014	3	60.0%	2	40.0%	5	2,070	66.3%	1,050	33.7%
2015	19	86.4%	3	13.6%	22	23,417	90.2%	2,550	9.8%
Subtotal	34	79.1%	9	20.9%	43	40,279	85.6%	6,800	14.4%
Small Business									
2010	21	100.0%	-	0.0%	21	6,904	100.0%	-	0.0%
2011	14	82.4%	3	17.6%	17	3,847	69.5%	1,690	30.5%
2012	43	95.6%	2	4.4%	45	12,061	91.6%	1,100	8.4%
2013	61	91.0%	6	9.0%	67	17,398	89.8%	1,974	10.2%
2014	45	95.7%	2	4.3%	47	15,957	96.1%	640	3.9%
2015	35	89.7%	4	10.3%	39	12,105	89.6%	1,400	10.4%
Subtotal	219	92.8%	17	7.2%	236	68,272	90.9%	6,804	9.1%

Distribution by Borrower Characteristics: "Satisfactory"

GCB's small business lending demonstrated a reasonable distribution of loans among businesses of different revenue sizes. GCB's small business loans were the predominant lending product both by number and dollar value. Therefore, greater weight was placed on small business lending in this evaluation.

HMDA-Reportable Loans:

The distribution of GCB's HMDA-reportable loans by borrower income was not rated because of the small number of loans made during the evaluation period.

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

Distribution of 1-4 Family Loans by Borrower Income									
2010									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	2,992	3.7%	435,473	1.7%	18.0%
Moderate	0	0.0%	0	0.0%	12,730	15.9%	2,587,106	10.0%	18.6%
LMI	0	0.0%	0	0.0%	15,722	19.6%	3,022,579	11.7%	36.6%
Middle	0	0.0%	0	0.0%	22,152	27.6%	5,788,449	22.5%	24.2%
Upper	0	0.0%	0	0.0%	39,919	49.8%	16,021,140	62.2%	39.2%
Unknown	0	0.0%	0	0.0%	2,416	3.0%	939,930	3.6%	0.0%
Total	0	0.0%	0	0.0%	80,209		25,772,098		
2011									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	3,335	4.5%	464,111	1.9%	18.0%
Moderate	0	0.0%	0	0.0%	11,936	16.0%	2,365,866	9.7%	18.6%
LMI	0	0.0%	0	0.0%	15,271	20.4%	2,829,977	11.6%	36.6%
Middle	0	0.0%	0	0.0%	19,877	26.6%	5,081,291	20.9%	24.2%
Upper	0	0.0%	0	0.0%	36,535	48.8%	15,238,174	62.6%	39.2%
Unknown	1	100.0%	750	100.0%	3,149	4.2%	1,210,663	5.0%	0.0%
Total	1		750		74,832		24,360,105		
2012									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	4,128	4.7%	673,829	2.3%	19.0%
Moderate	0	0.0%	0	0.0%	13,933	15.7%	2,884,458	9.8%	18.5%
LMI	0	0.0%	0	0.0%	18,061	20.4%	3,558,287	12.0%	37.5%
Middle	0	0.0%	0	0.0%	23,178	26.2%	6,093,931	20.6%	23.8%
Upper	0	0.0%	0	0.0%	43,226	48.8%	18,052,402	61.1%	38.8%
Unknown	2	100.0%	1,069	100.0%	4,130	4.7%	1,832,510	6.2%	0.0%
Total	2		1,069		88,595		29,537,130		
2013									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	3,732	4.4%	629,779	2.2%	19.0%
Moderate	0	0.0%	0	0.0%	13,032	15.5%	2,674,022	9.3%	18.5%
LMI	0	0.0%	0	0.0%	16,764	20.0%	3,303,801	11.4%	37.5%
Middle	0	0.0%	0	0.0%	21,829	26.0%	5,794,728	20.1%	23.8%
Upper	0	0.0%	0	0.0%	41,687	49.6%	18,110,622	62.7%	38.8%
Unknown	3	100.0%	3,750	100.0%	3,708	4.4%	1,668,993	5.8%	0.0%
Total	3		3,750		83,988		28,878,144		
2014									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	2,919	4.8%	540,140	2.4%	19.0%
Moderate	0	0.0%	0	0.0%	9,726	16.1%	2,078,168	9.2%	18.5%
LMI	0	0.0%	0	0.0%	12,645	21.0%	2,618,308	11.6%	37.5%
Middle	0	0.0%	0	0.0%	15,418	25.6%	4,273,704	18.9%	23.8%
Upper	0	0.0%	0	0.0%	30,083	49.9%	14,348,170	63.5%	38.8%
Unknown	2	100.0%	910	100.0%	2,099	3.5%	1,349,237	6.0%	0.0%
Total	2		910		60,245		22,589,419		
2015									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%					19.0%
Moderate	0	0.0%	0	0.0%					18.5%
LMI	0	0.0%	0	0.0%	No Data Available				37.5%
Middle	1	5.9%	394	2.0%					23.8%
Upper	5	29.4%	7,480	37.6%					38.8%
Unknown	11	64.7%	12,016	60.4%					0.0%
Total	17		19,890						
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	17,106	4.4%	2,743,332	2.1%	
Moderate	0	0.0%	0	0.0%	61,357	15.8%	12,589,620	9.6%	
LMI	0	0.0%	0	0.0%	78,463	20.2%	15,332,952	11.7%	
Middle	1	4.0%	394	1.5%	102,454	26.4%	27,032,103	20.6%	
Upper	5	20.0%	7,480	28.4%	191,450	49.4%	81,770,508	62.4%	
Unknown	19	76.0%	18,495	70.1%	15,502	4.0%	7,001,333	5.3%	
Total	25		26,369		387,869		\$131,136,896		

Small Business Loans:

GCB's small business lending demonstrated a reasonable distribution of loans among businesses of different revenue sizes.

During the evaluation period, GCB originated 53.4% by number and 55.1% by dollar value of its small business loans within the assessment area. By comparison, the aggregate's results were 36.3% and 29.8%, respectively. The demographic for businesses with revenues of \$1 million or less during the evaluation period was a low of 74.4% and a high of 80.8%.

Even though GCB's performance trailed the business demographic percentage for businesses with revenues of \$1 million or less, they consistently outperformed the aggregate by number and dollar value for every year in the evaluation period.

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

Distribution of Small Business Lending by Revenue Size of Business

2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	12	57.1%	3,481	50.4%	22,231	18.8%	722,191	22.4%	79.8%
Rev. > \$1MM	9	42.9%	3,423	49.6%					4.7%
Rev. Unknown		0.0%		0.0%					15.4%
Total	21		6,904		118,207		\$3,228,622		
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	7	50.0%	1,307	34.0%	52,236	33.9%	1,009,883	26.7%	74.4%
Rev. > \$1MM	7	50.0%	2,540	66.0%					3.9%
Rev. Unknown		0.0%		0.0%					21.7%
Total	14		3,847		154,255		\$3,776,913		
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	23	53.5%	5,963	49.4%	62,573	39.0%	1,328,322	31.0%	75.2%
Rev. > \$1MM	20	46.5%	6,099	50.6%					4.3%
Rev. Unknown		0.0%		0.0%					20.5%
Total	43		12,062		160,553		\$4,283,943		
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	32	52.5%	9,404	54.1%	65,308	43.8%	1,537,317	33.5%	75.2%
Rev. > \$1MM	29	47.5%	7,994	45.9%					4.3%
Rev. Unknown		0.0%		0.0%					20.5%
Total	61		17,398		148,939		4,587,133		
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	24	53.3%	10,654	66.8%	72,738	41.6%	1,544,366	32.5%	74.8%
Rev. > \$1MM	21	46.7%	5,304	33.2%					4.5%
Rev. Unknown		0.0%		0.0%					20.7%
Total	45		15,958		174,873		4,757,418		
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	19	54.3%	6,830	56.4%					80.8%
Rev. > \$1MM	16	45.7%	5,275	43.6%	No Data Provided				4.8%
Rev. Unknown		0.0%		0.0%					14.4%
Total	35		12,105						
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	117	53.4%	37,639	55.1%	275,086	36.3%	\$6,142,079	29.8%	
Rev. > \$1MM	102	46.6%	30,635	44.9%					
Rev. Unknown	-	0.0%	-	0.0%					
Total	219		68,274		756,827		\$20,634,029		

Geographic Distribution of Loans: “Needs to Improve”

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

HMDA-Reportable Loans:

The distribution of GCB’s HMDA-reportable loans among census tracts of varying income levels was not rated due to the small number of loans made during the evaluation period.

The following table provides a summary of the distribution of GCB’s distribution of 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									
2010									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,193	1.5%	608,726	2.2%	1.2%
Moderate	2	100.0%	1,613	100.0%	11,672	14.4%	3,784,639	13.9%	16.1%
LMI	2	100.0%	1,613	100.0%	12,865	15.9%	4,393,365	16.1%	17.3%
Middle	0	0.0%	0	0.0%	45,897	56.6%	14,130,726	51.8%	56.7%
Upper	0	0.0%	0	0.0%	22,230	27.4%	8,709,349	31.9%	26.0%
Unknown	0	0.0%	0	0.0%	57	0.1%	45,082	0.2%	0.0%
Total	2		1,613		81,049		27,278,522		
2011									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,200	1.6%	801,872	3.0%	1.2%
Moderate	2	100.0%	1,150	100.0%	11,400	15.0%	4,107,652	15.4%	16.1%
LMI	2	100.0%	1,150	100.0%	12,600	16.6%	4,909,524	18.4%	17.3%
Middle	0	0.0%	0	0.0%	42,065	55.4%	13,347,901	50.0%	56.7%
Upper	0	0.0%	0	0.0%	21,184	27.9%	8,445,249	31.6%	26.0%
Unknown	0	0.0%	0	0.0%	49	0.1%	18,822	0.1%	0.0%
Total	2		1,150		75,898		26,721,496		
2012									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,635	1.8%	803,401	2.4%	2.1%
Moderate	2	40.0%	5,370	64.9%	12,682	14.1%	4,585,641	13.9%	17.0%
LMI	2	40.0%	5,370	64.9%	14,317	15.9%	5,389,042	16.4%	19.0%
Middle	3	60.0%	2,909	35.1%	47,228	52.5%	15,753,499	47.9%	52.5%
Upper	0	0.0%	0	0.0%	28,406	31.5%	11,715,805	35.6%	28.5%
Unknown	0	0.0%	0	0.0%	87	0.1%	36,608	0.1%	0.0%
Total	5		8,279		90,038		32,894,954		
2013									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,842	2.2%	983,860	3.0%	2.1%
Moderate	0	0.0%	0	0.0%	13,322	15.6%	5,318,342	16.1%	17.0%
LMI	0	0.0%	0	0.0%	15,164	17.7%	6,302,202	19.1%	19.0%
Middle	1	33.3%	150	4.0%	44,432	51.9%	15,430,281	46.9%	52.5%
Upper	2	66.7%	3,600	96.0%	25,975	30.3%	11,187,192	34.0%	28.5%
Unknown	0	0.0%	0	0.0%	35	0.0%	13,235	0.0%	0.0%
Total	3		3,750		85,606		32,932,910		
2014									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,805	2.9%	1,073,120	4.0%	2.5%
Moderate	2	66.7%	1,860	89.9%	11,713	19.0%	5,614,528	21.0%	19.0%
LMI	2	66.7%	1,860	89.9%	13,518	21.9%	6,687,648	25.1%	21.5%
Middle	1	33.3%	210	10.1%	32,648	53.0%	12,235,104	45.9%	53.4%
Upper	0	0.0%	0	0.0%	15,439	25.0%	7,749,613	29.0%	25.2%
Unknown	0	0.0%	0	0.0%	33	0.1%	10,289	0.0%	0.0%
Total	3		2,070		61,638		26,682,654		
2015									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	21.1%	3,712	15.9%					2.5%
Moderate	7	36.8%	10,651	45.5%					19.0%
LMI	11	57.9%	14,363	61.3%			No Data Available		21.5%
Middle	5	26.3%	5,812	24.8%					53.4%
Upper	3	15.8%	3,242	13.8%					25.2%
Unknown	0	0.0%	0	0.0%					0.0%
Total	19		23,417						
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	11.8%	3,712	9.2%	7,675	1.9%	4270979	2.9%	
Moderate	15	44.1%	20,644	51.3%	60,789	15.4%	23,410,802.00	16.0%	
LMI	19	55.9%	24,356	60.47%	68,464	17.4%	27,681,781.00	18.9%	
Middle	10	29.4%	9,081	22.5%	212,270	53.8%	70,897,511.00	48.4%	
Upper	5	14.7%	6,842	17.0%	113,234	28.7%	47,807,208.00	32.6%	
Unknown	0	0.0%	0	0.0%	261	0.1%	124,036.00	0.1%	
Total	34		40,279		394,229		146,510,536.00		

Small Business Loans:

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

During the evaluation period, GCB originated 16.9% by number and 17.5% by dollar value of its small business loans in LMI census tracts in its assessment area. This trailed the aggregate's ratios of 26.6% by number of loans and 26.6% by dollar value. GCB also trailed the aggregate during each year of the evaluation period. The LMI census tract business demographic ratio for the period ranged from 27.0% to 30.0%

The following table provides a summary of the distribution of GCB'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

2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0%	0	0.0%	3,638	3.1%	108,929	3.4%	3.9%
Moderate	1	4.8%	200	2.9%	24,049	20.3%	694,589	21.5%	23.8%
LMI	1	4.8%	200	2.9%	27,687	23.4%	803,518	24.9%	27.7%
Middle	14	66.7%	5,483	79.4%	59,100	50.0%	1,630,631	50.5%	50.4%
Upper	6	28.6%	1,221	17.7%	30,890	26.1%	754,778	23.4%	21.5%
Unknown	0	0.0%	0	0.0%	530	0.4%	39,695	1.2%	0.4%
Total	21		6,904		118,207		3,228,622		
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0%	0	0.0%	5,458	3.5%	123,229	3.3%	4.0%
Moderate	0	0.0%	0	0.0%	32,519	21.1%	815,665	21.6%	23.8%
LMI	0	0.0%	0	0.0%	37,977	24.6%	938,894	24.9%	27.9%
Middle	10	71.4%	2,827	73.5%	76,445	49.6%	1,872,730	49.6%	49.9%
Upper	4	28.6%	1,020	26.5%	39,255	25.4%	926,876	24.5%	21.9%
Unknown	0	0.0%	0	0.0%	578	0.4%	38,413	1.0%	0.3%
Total	14		3,847		154,255		3,776,913		
2012									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0%	0	0.0%	8,761	5.5%	225,072	5.3%	5.2%
Moderate	8	18.6%	2,370	19.7%	31,576	19.7%	894,062	20.9%	21.8%
LMI	8	18.6%	2,370	19.7%	40,337	25.1%	1,119,134	26.1%	27.0%
Middle	28	65.1%	8,543	70.8%	75,997	47.3%	2,128,451	49.7%	48.4%
Upper	7	16.3%	1,148	9.5%	42,969	26.8%	975,640	22.8%	24.0%
Unknown	0	0.0%	0	0.0%	1,250	0.8%	60,718	1.4%	0.6%
Total	43		12,061		160,553		4,283,943		
2013									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0%	0	0.0%	9,493	6.4%	232,111	5.1%	5.2%
Moderate	9	14.8%	3,205	18.4%	30,353	20.4%	951,506	20.7%	21.8%
LMI	9	14.8%	3,205	18.4%	39,846	26.8%	1,183,617	25.8%	27.0%
Middle	35	57.4%	9,991	57.4%	69,255	46.5%	2,275,532	49.6%	48.3%
Upper	16	26.2%	3,201	18.4%	38,369	25.8%	1,034,592	22.6%	24.2%
Unknown	1	1.6%	1,000	5.7%	1,469	1.0%	93,392	2.0%	0.6%
Total	61		17,397		148,939		4,587,133		
2014									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0%	0	0.0%	14,008	8.0%	322,165	6.8%	6.0%
Moderate	9	20.0%	2,700	16.9%	41,801	23.9%	1,118,964	23.5%	24.1%
LMI	9	20.0%	2,700	16.9%	55,809	31.9%	1,441,129	30.3%	30.1%
Middle	27	60.0%	10,062	63.1%	78,767	45.0%	2,267,764	47.7%	47.5%
Upper	9	20.0%	3,195	20.0%	38,945	22.3%	987,163	20.7%	21.8%
Unknown	0	0.0%	0	0.0%	1,352	0.8%	61,362	1.3%	0.6%
Total	45		15,957		174,873		4,757,418		
2015									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	1	2.9%	500	4.1%					6.0%
Moderate	9	25.7%	3,005	24.8%					24.0%
LMI	10	28.6%	3,505	29.0%	No Data Available				30.0%
Middle	14	40.0%	5,235	43.2%					47.6%
Upper	11	31.4%	3,365	27.8%					21.8%
Unknown	0	0.0%	0	0.0%					0.6%
Total	35		12,105						
Grand Total									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	1	0.5%	500	0.7%	41,358	5.5%	1,011,506	4.9%	
Moderate	36	16.4%	11,480	16.8%	160,298	21.2%	4,474,786	21.7%	
LMI	37	16.9%	11,980	17.5%	201,656	26.6%	5,486,292	26.6%	
Middle	128	58.4%	42,141	61.7%	359,564	47.5%	10,175,108	49.3%	
Upper	53	24.2%	13,150	19.3%	190,428	25.2%	4,679,049	22.7%	
Unknown	1	0.5%	1,000	1.5%	5,179	0.7%	293,580	1.4%	
Total	219		68,271		756,827		20,634,029		

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

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

Community Development Test: “Satisfactory”

GCB’s community development performance demonstrated reasonable responsiveness to the community development needs of its assessment area through community development loans, investments, and services, considering GCB’s capacity and the need and availability of such opportunities for community development in its assessment area. For the community development test, the scope period was January 1, 2014 through December 31, 2015.

Community Development Lending: “Satisfactory”

During the evaluation period, GCB originated eight qualified community development loans totaling \$11.5 million or 1.6% of GCB’s assets on an annualized basis.

Of the \$ 11.5 million, 91.4% benefitted efforts to revitalize and stabilize low- or moderate-income geographies, thus promoting the retention of jobs and residents in the areas. This lending demonstrated GCB’s responsiveness to the community development and credit needs of the assessment area.

Community Development Loans				
	This Evaluation Period		Outstandings from Prior	
Purpose	# of Loans	\$000	# of Loans	\$000
Affordable Housing	1	1,160	0	0
Economic Development	0	0	0	0
Community Services	0	0	0	0
Revitalize and Stablize	8	10,321	0	0
Total	9	11,481	0	0

Below are highlights of GCB’s community development lending:

Affordable Housing

- In 2014 GCB originated a \$1.2 million loan for the development of an eight-unit multifamily building in Brooklyn which is in a low-income census tract. All eight of the families occupy two-bedroom apartments at below fair market rental rates established for Kings County by the Department of Housing and Urban Development.

Revitalize/Stabilize

- In 2014 GCB funded a \$3 million commercial mortgage loan on a property occupied by long-term tenants such as: a coffee chain company, a provider of diagnostic information services and a health club company which operates a network of sports clubs. The property is in a moderate-income neighborhood and the businesses serve residents in the neighborhood and beyond.
- In 2015 GCB funded a \$2.2 million commercial mortgage loan on property situated in a moderate-income neighborhood. The property is rented by long time tenants who provide services and jobs to residents in the area and beyond. The funds were used to refinance the property and make repairs and improvements to the building thus revitalizing and stabilizing the neighborhood.

Community Development Investments and Donations: “Satisfactory”

GCB did not make any investments during the evaluation period; however, some donations to nonprofit organizations were made.

- In 2014 GCB donated \$700 to an organization that is focused on revitalizing low-income, underserved neighborhoods that have experienced significant disinvestment. This includes providing affordable housing, education and social services for neighborhood residents.
- In 2015 GCB donated \$350 to an organization that provides educational, vocational, residential, and employment services to at least 2,500 children and adults with intellectual and other developmental disabilities on Long Island.

Community Development Services: “Satisfactory”

GCB demonstrated a reasonable level of community development services by providing financial expertise or technical assistance to LMI individuals in the assessment area during the evaluation period. Below are highlights of GCB’s community development services.

- In 2014 GCB sponsored a technical and hands-on seminar and workshop entitled “Enhance Your Business with Federal & NYS Minority-Owned & Women-Owned Business Certifications” for minority and women-owned businesses on Long Island which was attended by GCB’s president.
- A GCB officer serves on the fundraising committee for a nonprofit organization that operates housing for veterans, emergency shelters, long-term housing and other supportive services for low- and moderate-income individuals and families in Suffolk and Nassau counties.

Innovativeness of Community Development Investments:

GCB did not make or utilize any community development loans or investments that were complex in nature or met the community needs in an innovative way.

Responsiveness to Community Development Needs:

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

Additional Factors

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

GCB's board meets at least once a month during which time they discuss current audits, the bank's community participation, strategy and loans that need upper level management approval. However, there was no agenda for CRA issues such as assessment area delineation or CRA related available opportunities.

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 practices by GCB that were intended to discourage applications for the types of credit offered by GCB.

Evidence of prohibited discriminatory or other illegal credit practices.

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

Record of opening and closing offices and providing services at offices

GCB operates six full-service branches within its assessment area. The branches are in Huntington, East Setauket, Farmingdale, Southampton, Mineola and Islandia. Five branches are in Suffolk County and one branch is in Nassau County. All six branches are open Monday through Friday from 8:30AM - 4:00PM. However, the Southampton branch is open Saturday from 8:30AM - 12:30PM.

GCB has no branches in a low-income area, one branch in a moderate-income area, three branches in a middle-income and two branches in an upper-income area. The newest branch was opened in Southampton in the third quarter of 2015. The Mineola branch, which is in a moderate-income census tract is the only branch without an ATM on the premises. The bank has not closed any branches, and no merger or acquisition activities occurred since the prior evaluation. GCB does not have any off-site deposit taking ATMs.

Distribution of Branches within the Assessment Area							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI
	#	#	#	#	#	#	%
Nassau	0	0	1	0	0	1	1
Suffolk	0	0	0	3	2	5	0
Kings	0	0	0	0	0	0	0
Queens	0	0	0	0	0	0	0
Total	0	0	1	3	2	6	100%

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.

GCB's executive and senior bank officers partner with nonprofit, civic and community based organizations in the assessment area. Through these community involvements the bank determines the credit needs of its community, and communicates its credit services.

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

GCB provided a lifetime increase in savings rate of .25% to Veterans, active duty military personnel, police officers, fire fighters and first responders. The promotion also included a free personal checking account with no minimum balance requirement, no monthly service charges and no activity fees.

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

DFS noted no additional factors.

GLOSSARY

Aggregate Penetration Rate

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

Community Development

“Community development”:

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

Community Development Loan

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

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

Community Development Service

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

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

Geography

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

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

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

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

Small Business Loan

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

Low or Moderate Income ("LMI") Geographies

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

LMI Borrowers

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

LMI Individuals/Persons

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

LMI Penetration Rate

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

Low-Income Housing Tax Credit (LIHTC)

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

New Markets Tax Credit (NMTC)

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

Qualified Investment

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

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

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