



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

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** March 31, 2016

**Institution:** The Westchester Bank  
12 Water Street  
White Plains, NY 10601

**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.

---

## TABLE OF CONTENTS

	Section
General Information .....	1
Overview of Institution's Performance .....	2
Performance Context .....	3
Institution Profile	
Assessment Area	
Demographic & Economic Data	
Community Information	
Performance Standards and Assessment Factors .....	4
Lending Test	
Loan-to-Deposit Ratio and Other Lending-Related Activities	
Assessment Area Concentration	
Distribution by Borrower Characteristics	
Geographic Distribution of Loans	
Action Taken in Response to Written Complaints with Respect to CRA	
Community Development Test	
Community Development Loans	
Community Development Investments	
Community Development Services	
Additional Factors	
Glossary .....	5

---

## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of The Westchester Bank (“TWB”) 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, 2016.

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 TWB according to the intermediate small bank performance criteria pursuant to Part 76.7 and Part 76.12 of the General Regulations of the Superintendent ("GRS"). The evaluation period included calendar years 2011 to 2015 for small business loans. Community development activities were evaluated through March 31, 2016. TWB 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 Ratio and Other Lending-Related Activities:** "Outstanding"

TWB's average loan-to-deposit ("LTD") ratio was excellent considering its size, business strategy, financial condition and peer group activity. TWB's average LTD ratio, for the evaluation period, was 92.0% well above its peer average ratio of 78.2%.

**Assessment Area Concentration:** "Satisfactory"

During the evaluation period, TWB originated 66.3% by number, and 65.9% by dollar value of its small business loans within the assessment area. This majority of lending inside the assessment area was a reasonable record of lending.

**Distribution by Borrower Characteristics:** "Satisfactory"

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

TWB's rate of lending to businesses with revenue of \$1 million or less for the evaluation period exceeded the aggregate's rate of lending by dollar value of loans, while its rate of lending by number of loans trailed the aggregate's rate.

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

TWB's origination of small business loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

TWB's rates of lending in LMI geographies, for the evaluation period, of 7.8% by number and 8.6% by dollar value of loans trailed the aggregate's rates of 9.4% and 11.9%, respectively. While TWB was outperformed by the aggregate in lending in LMI geographies its rate of lending was still considered reasonable.

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

Neither DFS nor TWB received any written complaints during the evaluation period. Therefore, this criterion was not rated.

---

**Community Development Test: “Satisfactory”**

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

**Community Development Loans: “Satisfactory”**

During the evaluation period, TWB originated \$18.0 million in new community development loans. This demonstrated a reasonable level of community development lending during the evaluation period.

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

During the evaluation period, TWB made \$630,000 in community development investments and made \$107,000 in community development grants. This demonstrated a reasonable level of community development investments during the evaluation period.

**Community Development Services: “Satisfactory”**

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

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

---

## **PERFORMANCE CONTEXT**

### **Institution Profile**

The Westchester Bank (“TWB”), chartered by New York State in 2008, is a commercial bank headquartered in White Plains, New York. TWB is a wholly-owned subsidiary of “The Westchester Bank Holding Corporation”.

TWB offers various commercial and consumer services and products. Services offered include remote deposit capture, night depository, cash management, internet and telephone banking. Products offered include commercial and consumer accounts such as checking, savings, money market and certificate of deposit as well as commercial loans and commercial mortgage loans.

As per the Consolidated Report of Condition (“Call Report”) as of March 31, 2016, filed with the Federal Deposit Insurance Corporation (“FDIC”), TWB reported total assets of \$605.0 million, of which \$499.9 million were net loans and lease finance receivables. It also reported total deposits of \$484.8 million, resulting in a loan-to-deposit ratio of 103.1%. According to the latest available comparative deposit data as of June 30, 2016, TWB obtained a market share of 0.66%, or \$571.1 million in a market of \$87.0 billion inside its market, ranking it 16<sup>th</sup> among 35 deposit-taking institutions in the assessment area.

The following is a summary of TWB’s loan portfolio, based on Schedule RC-C of TWB’s December 31, 2011, 2012, 2013, 2014, 2015 and March 31, 2016 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	2011		2012		2013	
	\$000's	%				
1-4 Family Residential Mortgage Loans	9,312	5.5	16,528	6.2	14,211	4.4
Commercial & Industrial Loans	68,878	40.5	111,547	42.0	122,044	37.4
Commercial Mortgage Loans	64,111	37.7	91,971	34.7	148,498	45.5
Multifamily Mortgages	10,848	6.4	30,089	11.3	26,983	8.3
Consumer Loans	2,170	1.3	2,800	1.1	5,163	1.6
Loans Secured by Farmland	2,911	1.7	2,290	0.9	4,136	1.3
Construction Loans	5,396	3.2	3,193	1.2	1,910	0.6
Other Loans	651	0.4	79	0.0	180	0.1
Lease financing	5,848	3.4	6,889	2.6	3,120	1.0
Total Gross Loans	170,125		265,386		326,245	

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2014		2015		3/31/2016	
	1-4 Family Residential Mortgage Loans	15,728	3.8	20,664	4.1	21,856
Commercial & Industrial Loans	137,552	33.5	202,924	39.9	194,241	38.2
Commercial Mortgage Loans	195,297	47.6	212,468	41.7	212,766	41.8
Multifamily Mortgages	48,407	11.8	62,770	12.3	68,024	13.4
Consumer Loans	4,145	1.0	2,903	0.6	2,858	0.6
Loans Secured by Farmland	4,047	1.0	3,161	0.6	3,140	0.6
Construction Loans	4,064	1.0	2,837	0.6	4,204	0.8
Other Loans	477	0.1	198	0.0	432	0.1
Lease financing	741	0.2	1,286	0.3	1,256	0.2
<b>Total Gross Loans</b>	<b>410,458</b>		<b>509,211</b>		<b>508,777</b>	

As illustrated in the above tables, TWB is primarily a commercial lender, with commercial and industrial loans and commercial mortgage loans accounting for 80.0% of its loan portfolio as at March 31, 2016. TWB does not originate residential mortgage loans. The 1-4 family residential mortgage loans noted in the table above reflected instances, in which residential properties were taken as collateral for commercial loans.

TWB operates five banking offices within its assessment area, of which two have been opened during the current evaluation period. The offices are in Mamaroneck, Mount Kisco, Thornwood, Yonkers and White Plains, all are in Westchester County, New York. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of six machines one located at each banking office and one at its corporate location (not a branch office). All ATMs are deposit-taking except the one at its corporate office, which only allows withdrawals. Branch hours are from 8:30 am to 4:30 pm, Monday, Tuesday, Wednesday and Friday, offering extended hours on Thursday until 6:00pm. All branch offices also offer Saturdays hours from 9:00 am to 1:00 pm.

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

### **Assessment Area**

TWB’s assessment area is comprised of Westchester County in its entirety. There are 223 census tracts in the area, of which five are low-income, 28 are moderate-income, 55 are middle-income, 129 are upper-income and six are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Westchester	6	5	28	55	129	223	14.8
<b>Total</b>	<b>6</b>	<b>5</b>	<b>28</b>	<b>55</b>	<b>129</b>	<b>223</b>	<b>14.8</b>

---

*The assessment area appears reasonable based upon the location of TWB's offices and its lending patterns. There is no evidence that TWB has arbitrarily excluded LMI areas.*

### **Demographic & Economic Data**

The assessment area had a population of 949,113 during the examination period. Approximately 14.3% of the population was over the age of 65 and 21.0% was under the age of sixteen.

Of the 237,402 families in the assessment area, 14.7% were low-income, 11.5% were moderate-income, 14.4% were middle-income and 59.4% were upper-income families. There were 345,795 households in the assessment area, of which 8.0% had income below the poverty level and 1.9% were on public assistance.

The weighted average of median family income in the assessment area was \$114,927. The Federal Financial Institutions Examination Council ("FFIEC") estimated median family income for the area was \$71,300 in 2015.

There were 368,498 housing units within the assessment area, of which 67.8% were one-to-four family units, and 32.1% were multifamily units. A majority (58.8%) of the area's housing units were owner-occupied, while 35.0% were rental occupied units. Of the 216,753 owner-occupied housing units, 4.5% were in low- and moderate-income census tracts, while 95.5% were in middle- and upper-income census tracts. The median age of the housing stock was 66 years and the median home value in the assessment area was \$527,531.

There were 77,149 non-farm businesses in the assessment area. Of these, 79.9% were businesses with reported revenues of less than or equal to \$1 million, 5.5% reported revenues of more than \$1 million and 14.6% did not report their revenues. Of all the businesses in the assessment area, 87.7% were businesses with less than fifty employees while 92.2% operated from a single location. The largest industries in the area were services (52.3%), followed by retail trade (12.8%) and finance, insurance and real estate (9.0%), while 5.4% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the 2015 annual average unemployment rate for New York State was 5.3%. The unemployment rates for Westchester County and New York State decreased consistently during the evaluation period, indicating improvements in the economy. Overall, the assessment area maintained unemployment rates below statewide rates indicating a stronger economy than New York State.



<b>Assessment Area Unemployment Rate</b>		
	<b>New York State</b>	<b>Westchester County</b>
2011	8.3	7.1
2012	8.5	7.3
2013	7.7	6.3
2014	6.3	5.1
2015	5.3	4.6
<b>5 year average</b>	<b>7.2</b>	<b>6.1</b>

**Community Information**

A community contact interview was conducted with the executive director of a non-profit community based organization. The organization is a treasury certified Community Development Financial Institution (“CDFI”) providing alternative financing to small businesses, for-profit and nonprofit organizations in the bank’s assessment area. Its mission is to serve as an economic catalyst for seven counties located in the Hudson Valley region of New York and Fairfield County, Connecticut (“CT”). The organization assists in providing economic development, revitalization and stabilization and affordable housing by lending to small businesses and affordable housing projects.

The organization’s affordable housing programs finance affordable housing initiatives that provide housing to low- and moderate- income individuals and families. In addition, the organization is a Small Business Administration micro lender providing loans of \$250,000 or less to small businesses.

The interviewee indicated that local financial institutions generally are meeting the credit needs of the community. However, the interviewee noted the need for affordable housing in the organization’s area of operation. He also discussed the changing demographics in the area as the aging population is being replaced by a younger population and the difficulty for the younger population to purchase houses due to the high price of housing in large parts of the Hudson Valley and Fairfield County, CT.

---

## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS evaluated TWB under the intermediate small bank 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 the following factors in assessing the bank's record of performance:*

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

DFS derived statistics employed in this evaluation from various sources. TWB 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 calculated loan-to-deposit ratios from information shown in the Bank's Uniform Bank Performance Report, as submitted to the FDIC.

DFS derived demographic data referred to in this report from the 2000 and 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2011, 2012, 2013, 2014 and 2015. Community development activities were considered through March 31, 2016.

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

At its **prior** Performance Evaluation, as of December 31, 2010, DFS assigned TWB a rating of “2,” reflecting a “Satisfactory” record of helping to meet the credit needs of TWB’s community.

**Current CRA Rating: “Satisfactory”**

**Lending Test:** “Satisfactory”

TWB’s small business lending activities were reasonable considering its size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographics characteristics of the assessment area.

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

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

TWB’s average LTD ratio, for the evaluation period, was 92.0% well above its peer<sup>1</sup> average ratio of 78.2%. In addition, TWB’s average quarterly LTD ratio increased significantly from the beginning of the evaluation period to the end of the period and at times exceeded 100%.

The chart below shows TWB’s LTD ratios in comparison with the peer group’s ratios for the 21 quarters since the prior evaluation.

Loan-to-Deposit Ratios												
	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
Bank	70.6	70.3	80.8	77.8	82.7	86.8	99.6	108.5	101.8	95.8	91.8	94.6
Peer	81.2	80.5	79.2	78.7	78.1	80.0	81.1	81.1	73.2	74.8	75.1	75.8

Loan-to-Deposit Ratios										
	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	Average
Bank	97.8	97.7	99.9	92.2	89.7	88.7	97.0	105.2	103.1	<b>92.0</b>
Peer	74.8	77.0	77.6	78.3	77.4	79.3	79.8	80.1	80.0	<b>78.2</b>

<sup>1</sup> Peer group – Insured commercial banks having assets between \$300 million and \$1 billion.

---

Assessment Area Concentration: “Satisfactory”

During the evaluation period, TWB originated 66.3% by number, and 65.9% by dollar value of its small business loans within the assessment area. This majority of lending inside of its assessment area was a reasonable concentration of lending within TWB’s assessment area.

The following table shows the percentages of TWB’s small business loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Business										
2011	43	76.8%	13	23.2%	56	12,260	71.7%	4,839	28.3%	17,099
2012	123	81.5%	28	18.5%	151	21,170	67.1%	10,392	32.9%	31,562
2013	74	54.0%	63	46.0%	137	21,235	69.6%	9,276	30.4%	30,511
2014	69	48.6%	73	51.4%	142	25,364	59.2%	17,450	40.8%	42,814
2015	86	78.2%	24	21.8%	110	24,137	66.9%	11,963	33.1%	36,100
Subtotal	395	66.3%	201	33.7%	596	104,166	65.9%	53,920	34.1%	158,086
Grand Total	395	66.3%	201	33.7%	596	104,166	65.9%	53,920	34.1%	158,086

Distribution by Borrower Characteristics: “Satisfactory”

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

TWB’s rate of lending to businesses with revenue of \$1 million or less, for the evaluation period, was 30.6% by number and 39.4% by dollar value of loans. While TWB’s rate of lending by number of loans trailed the aggregate’s rate of 42.5%, it outperformed the aggregate’s rate of 31.4% by dollar value of loans. The aggregate outperformed TWB’s rate of lending by number of loans three out of five years, while TWB’s rate of lending by dollar value of loans outperformed the aggregate’s rate every year of the evaluation period except for 2013.

The following table provides a summary of the distribution of TWB’s small business lending based on revenue size of the business.

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2011</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	18	41.9%	5,392	44.0%	9,143	36.7%	205,386	30.5%	69.4%
Rev. > \$1MM	24	55.8%	6,468	52.8%					3.5%
Rev. Unknown	1	2.3%	400	3.3%					27.1%
<b>Total</b>	<b>43</b>		<b>12,260</b>		<b>24,924</b>		<b>672,345</b>		
<b>2012</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	26	21.1%	8,875	41.9%	9,852	40.0%	201,588	30.1%	74.1%
Rev. > \$1MM	95	77.2%	11,820	55.8%					4.5%
Rev. Unknown	2	1.6%	475	2.2%					21.4%
<b>Total</b>	<b>123</b>		<b>21,170</b>		<b>24,611</b>		<b>670,453</b>		
<b>2013</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	23	31.1%	5,274	24.8%	9,788	45.7%	252,411	35.2%	75.3%
Rev. > \$1MM	46	62.2%	13,840	65.2%					4.8%
Rev. Unknown	5	6.8%	2,121	10.0%					19.9%
<b>Total</b>	<b>74</b>		<b>21,235</b>		<b>21,427</b>		<b>717,693</b>		
<b>2014</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	30	43.5%	13,815	54.5%	10,090	42.6%	218,647	30.4%	75.5%
Rev. > \$1MM	34	49.3%	9,957	39.3%					5.3%
Rev. Unknown	5	7.2%	1,592	6.3%					19.3%
<b>Total</b>	<b>69</b>		<b>25,364</b>		<b>23,677</b>		<b>718,157</b>		
<b>2015</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	24	27.9%	7,689	31.9%	11,902	47.7%	240,599	30.6%	79.9%
Rev. > \$1MM	58	67.4%	15,359	63.6%					5.5%
Rev. Unknown	4	4.7%	1,089	4.5%					14.6%
<b>Total</b>	<b>86</b>		<b>24,137</b>		<b>24,963</b>		<b>785,444</b>		
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	121	30.6%	41,045	39.4%	50,775	42.5%	1,118,631	31.4%	
Rev. > \$1MM	257	65.1%	57,444	55.1%					
Rev. Unknown	17	4.3%	5,677	5.4%					
<b>Total</b>	<b>395</b>		<b>104,166</b>		<b>119,602</b>		<b>3,564,092</b>		

---

### Geographic Distribution of Loans: “Satisfactory”

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

During the evaluation period, TWB’s rate of lending in LMI geographies of 7.8% by number and 8.6% by dollar value of loans trailed the aggregate’s rates of 9.4% and 11.9%, respectively.

TWB’s lending rate in low-income census tracts of 0.8% by number and 1.9% by dollar value of loans was comparable with the aggregate’s rates of 0.8% and 1.3%, respectively, as well as the business demographics of 1.1% for low-income census tracts. However, TWB’s rate of lending in moderate-income census tracts of 7.1% by number and 6.7% by dollar value of loans trailed the aggregate’s rates of 9.4% and 10.6%, respectively. While TWB trailed the aggregate, its performance was still considered reasonable.

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

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	123	0.5%	4,789	0.7%	1.0%
Moderate	3	7.0%	460	3.8%	1,688	6.8%	58,357	8.7%	9.1%
LMI	3	7.0%	460	3.8%	1,811	7.3%	63,146	9.4%	10.1%
Middle	7	16.3%	3,012	24.6%	3,209	12.9%	119,808	17.8%	14.9%
Upper	33	76.7%	8,788	71.7%	19,899	79.8%	488,526	72.7%	75.0%
Unknown		0.0%		0.0%	5	0.0%	865	0.1%	0.1%
<b>Total</b>	<b>43</b>		<b>12,260</b>		<b>24,924</b>		<b>672,345</b>		
2012									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.8%	475	2.2%	222	0.9%	11,985	1.8%	1.1%
Moderate	8	6.5%	1,768	8.4%	2,041	8.3%	68,286	10.2%	10.8%
LMI	9	7.3%	2,243	10.6%	2,263	9.2%	80,271	12.0%	11.9%
Middle	13	10.6%	5,551	26.2%	4,459	18.1%	139,108	20.7%	19.7%
Upper	101	82.1%	13,376	63.2%	17,879	72.6%	450,891	67.3%	68.2%
Unknown		0.0%		0.0%	10	0.0%	183	0.0%	0.1%
<b>Total</b>	<b>123</b>		<b>21,170</b>		<b>24,611</b>		<b>670,453</b>		
2013									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	197	0.9%	9,331	1.3%	1.1%
Moderate	4	5.4%	750	3.5%	1,820	8.5%	79,806	11.1%	10.8%
LMI	4	5.4%	750	3.5%	2,017	9.4%	89,137	12.4%	11.9%
Middle	13	17.6%	3,906	18.4%	3,965	18.5%	150,649	21.0%	19.5%
Upper	55	74.3%	15,754	74.2%	15,440	72.1%	477,860	66.6%	68.5%
Unknown	2	2.7%	825	3.9%	5	0.0%	47	0.0%	0.1%
<b>Total</b>	<b>74</b>		<b>21,235</b>		<b>21,427</b>		<b>717,693</b>		
2014									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low		0.0%		0.0%	211	0.9%	9,695	1.3%	1.1%
Moderate	5	7.2%	2,400	9.5%	2,240	9.5%	86,554	12.1%	12.1%
LMI	5	7.2%	2,400	9.5%	2,451	10.4%	96,249	13.4%	13.2%
Middle	13	18.8%	4,653	18.3%	4,836	20.4%	160,824	22.4%	20.5%
Upper	50	72.5%	17,411	68.6%	16,381	69.2%	461,006	64.2%	66.3%
Unknown	1	1.4%	900	3.5%	9	0.0%	78	0.0%	0.1%
<b>Total</b>	<b>69</b>		<b>25,364</b>		<b>23,677</b>		<b>718,157</b>		
2015									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	2.3%	1,478	6.1%	226	0.9%	10,895	1.4%	1.1%
Moderate	8	9.3%	1,607	6.7%	2,485	10.0%	85,584	10.9%	12.0%
LMI	10	11.6%	3,085	12.8%	2,711	10.9%	96,479	12.3%	13.1%
Middle	16	18.6%	5,937	24.6%	5,131	20.6%	172,834	22.0%	20.2%
Upper	60	69.8%	15,115	62.6%	17,118	68.6%	516,129	65.7%	66.7%
Unknown		0.0%		0.0%	3	0.0%	2	0.0%	0.1%
<b>Total</b>	<b>86</b>		<b>24,137</b>		<b>24,963</b>		<b>785,444</b>		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	0.8%	1,953	1.9%		0.8%		1.3%	
Moderate	28	7.1%	6,985	6.7%		8.6%		10.6%	
LMI	31	7.8%	8,938	8.6%		9.4%		11.9%	
Middle	62	15.7%	23,059	22.1%		18.1%		20.9%	
Upper	299	75.7%	70,444	67.6%		72.5%		67.2%	
Unknown	3	0.8%	1,725	1.7%		0.0%		0.0%	
<b>Total</b>	<b>395</b>		<b>104,166</b>		<b>119,602</b>		<b>3,564,092</b>		

---

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

Neither DFS nor TWB received any written complaints during the evaluation period. Therefore, this criterion was not rated.

**Community Development Test: “Satisfactory”**

TWB’s community development performance demonstrated a reasonable responsiveness to the community development needs of its assessment area through community development loans, investments and services, considering TWB’s capacity, and the need and availability of opportunities for community development in its assessment area. This is TWB’s first time being evaluated under the intermediate small bank performance standards, which includes an evaluation of community development activities.

During the evaluation period, TWB originated \$18.0 million in new community development loans and made \$630,000 in new community development investments and \$107,000 in community development grants.

**Community Development Lending: “Satisfactory”**

During the evaluation period, TWB originated \$18.0 million in new community development loans. TWB’s ratio of annualized community development loans to average assets for the evaluation period totaled 0.88%. This demonstrated a reasonable level of community development lending during the evaluation period.<sup>2</sup>

TWB extended the majority of its community development loans for the purpose of affordable housing (74.5%) followed by revitalization and stabilization (22.2%) and economic development (3.3%).

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	16	13,435	Not Applicable	
Economic Development	2	600		
Community Services				
Revitalize and Stabilize	4	4,000		
Total	22	18,035		

---

<sup>2</sup> For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is assessed across the evaluation period.



Below are highlights of TWB’s community development lending.

- During the evaluation period, TWB extended approximately \$13 million in lines-of-credit to three not-for-profit organization to develop and manage properties that provide affordable housing primarily in Westchester County. The organizations offer programs that include independent supportive living for low-income seniors, disabled individuals, single parent families and provide permanent housing to formerly homeless individuals and families.
- TWB originated a \$350 thousand line-of-credit to a nonprofit alternative lender, which is a U.S. Department of Treasury certified CDFI. Its primary mission is to provide loans that create jobs that help to revitalize and stabilize low- and moderate-income geographies within the Hudson Valley region including TWB’s assessment area.
- TWB extended \$4 million in lines-of-credit to a not-for-profit organization that provides jobs with no questions asked, no interviews, no background checks and no applications. Providing employment opportunities to individuals and families to attain self-sufficiency regardless of education or work history, or social barriers such as homelessness, incarceration or language skills.

Community Development Investments: “Satisfactory”

During the evaluation period, TWB made \$630,000 in new community development investments and \$107,000 in community development grants. This demonstrated a reasonable level of community development investments during the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Affordable Housing			Not Applicable	
Economic Development				
Community Services				
Revitalize and Stabilize	1	\$ 630		
<b>Total</b>	<b>1</b>	<b>\$ 630</b>		
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	6	\$ 55		
Economic Development	2	\$ 17		
Community Services	6	\$ 35		
<b>Total</b>	<b>14</b>	<b>\$ 107</b>		

---

Below are highlights of TWB community development investments and grants.

- TWB purchased a \$630,000 bond issued by the municipality of Mount Vernon to raise capital to cover general operating expenses. Approximately 26% of the census tracts in Mount Vernon are classified as low- or moderate-income tracts; 16% of the population is considered to live in poverty and 70% of the student population qualify for free or reduced lunch.
- TWB made a grant of \$43,655 to the Federal Home Loan Bank of New York (“FHLBNY”) toward its Affordable Housing Program (“AHP”). The AHP supports the creation and preservation of housing for lower income families and individuals. The FHLBNY also offers the First Home Club, a grant program for first-time homebuyers
- TWB contributed \$10,000 to a nonprofit organization that provides jobs to low-income, disenfranchised and homeless individuals within the community. The organization also offers training and resources to individuals to provide them with a path out of poverty.
- TWB donated \$18,000 to a reading program for children in need, reading material included topics such as financial literacy and the importance of education.

#### Community Development Services: “Satisfactory”

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

TWB officers and employees provided financial expertise and technical assistance to several nonprofit organizations by serving as board or committee members for those organizations. These organizations serve the need of LMI individuals by supporting economic development, affordable housing and community services throughout TWB’s assessment area.

Below are highlights of TWB’s community development services.

- A loan officer serves as a member of the board and finance and loan committee of a nonprofit organization. The organization through flexible, innovative and responsive lending creates quality jobs and actively fosters economic growth that revitalizes and stabilizes communities. The organization also provides financial education as well as providing services and resources to low- and moderate-income individuals needed to succeed.
- The chief compliance officer serves as a board member on a nonprofit association whose mission is to improve the lives of young people in Westchester County. The chief compliance officer is also a member of a youth county funding group. The

---

group works with local government to enhance the process of disseminating funds to local not-for-profits.

- A vice president serves as a board member of a not-for-profit organization that provides counseling and crisis intervention to families affected by child abuse and neglect in Westchester County, New York.
- A vice president serves on the selection committee of an organization that provides scholarships and educational advocacy resources to at-risk students.

### **Innovativeness of Community Development Investments:**

TWB did not use innovative or flexible community development investments to support community development.

### **Responsiveness to Community Development Needs:**

TWB demonstrated a reasonable level of responsiveness to credit and community development needs. TWB extended and renewed several lines-of-credit to nonprofit organizations providing affordable housing in the bank's assessment area during the evaluation period.

### **Additional Factors**

#### **The extent of participation by the banking institution's Board of Directors or Board of Trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the CRA.**

The board of directors has an active role in oversight and review of CRA-related activities. The board is regularly informed of community development projects, products and other CRA related activities. In addition, the board is provided with the CRA self-assessment report bi-annually.

#### **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 any practices by TWB intended to discourage applications for the types of credit offered by TWB.

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

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

---

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

TWB opened three branches during the current evaluation period and relocated its corporate office from Yonkers to White Plains. Three of the five branches are in upper income census tracts, while the remainder are in middle income census tracts. TWB has five deposit-taking ATMs, one at each branch location and one at its corporate office that does not accept deposits.

TWB offers the following products that support the banking needs of LMI individuals, small businesses and nonprofit organizations:

- “Personal Checking” which provides unlimited deposits and withdrawals without a monthly service fee, no minimum opening deposit and no minimum balance requirement. This account comes with a free ATM/debit card.
- “Small Business Checking” which allows the first 500 debit transactions in a statement cycle to be service fee free; no minimum opening deposit, appropriate for a startup small business; and no minimum balance requirement. This account comes with free online bill payment, and an ATM/debit card.
- TWB nonprofit services offer no minimum balance requirements on checking, savings and money market accounts along with free online bill pay.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Westchester				2	3	5	0%
<b>Total</b>	-	-	-	2	3	5	0%

## 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.

TWB ascertained the credit needs of its community through active involvement with nonprofit organizations and working closely with community leaders.

- 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

TWB makes the community aware of its deposit and credit products by advertising via television, radio, signage, newspapers, magazines and its own website.

---

**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**

TWB offers several low-cost products and services for nonprofit organizations. These deposits accounts offer no monthly fees, free online banking, free online bill pay, free internal transfers and no minimum balance requirement for the checking, savings and money market account.

## **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.

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

## **Small Business Loan**

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

## **Low or Moderate Income ("LMI") Geographies**

Those census tracts or block numbering areas where, according to the 2000 U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a 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.