



PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF AMERICAN COMMUNITY BANK

AS OF DECEMBER 31, 2023

New York State Department of Financial Services
Consumer Protection and Financial Enforcement Division
One State Street, New York NY 10004

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

Sections

- I. General Information**
- II. Overview of Institution’s Performance**
- III. Performance Context**
 - A. Institution Profile
 - B. Assessment Area
 - C. Demographic & Economic Data
 - D. Community Information
- IV. Performance Standards and Assessment Factors**
 - A. Lending Test
 - B. Additional Factors
- V. Glossary**

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

I - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of American Community Bank (“ACB” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This Evaluation represents the Department’s current assessment and rating of the Bank’s CRA performance based on an evaluation conducted as of December 31, 2023.

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

Part 76 of the General Regulations of the Superintendent (“GRS”) implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate institutions’ 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 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 end of this Evaluation.

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

II - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated ACB according to the small banking institution performance standards pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2021, 2022, and 2023 for lending activities. The Department assigned ACB a rating of “2,” indicating a “Satisfactory” record of helping to meet community credit needs.

The rating is based on the following factors:

A. Lending Test: Satisfactory

1. Loan-to-Deposit Ratio and Other Lending-Related Activities:

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

ACB's average LTD ratio of 85.5% for the evaluation period exceeded the peer group's average LTD ratio of 68.5%.

2. Assessment Area Concentration:

During the evaluation period, ACB originated 88.3% by number and 63.5% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a reasonable concentration of lending.

3. Distribution by Borrower Characteristics:

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

The evaluation of this criterion was solely based on small business lending, as ACB's HMDA-reportable loans were originated for investment purposes, for which revenue is not required to be reported.

4. Geographic Distribution of Loans:

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

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

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

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

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

III - PERFORMANCE CONTEXT

A. Institution Profile

Chartered in 1999, ACB is a commercial bank located in Nassau County, New York. The Bank is a wholly owned subsidiary of American Community Bancorp Inc.

ACB operates four full-service banking offices, of which three are in Nassau County and one is in Suffolk County. Supplementing the banking offices is an automated teller machine (“ATM”) network consisting of four machines, including one at each branch location. The Bank has an agreement with FCTI, Inc. to provide surcharge-free ATM access at any 7-Eleven location in which FCTI places and manages an ATM. None of FCTI’s ATMs accept deposits.

The Bank’s deposit products include personal and business checking, savings accounts, and money market accounts, as well as certificates of deposit and individual retirement accounts. Commercial lending products offered include commercial mortgage loans, Small Business Administration (“SBA”) 504 commercial mortgage loans and commercial equity line of credit. Other business and personal banking services offered include but are not limited to debit cards, online and mobile banking, safe deposit boxes, and wire transfers.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2023, filed with the Federal Deposit Insurance Corporation (“FDIC”), ACB reported total assets of \$255.1 million, of which \$194.7 million were net loans and lease financing receivables. It also reported total deposits of \$197.6 million, resulting in an LTD ratio of 98.6%. According to the latest available comparative deposit data as of June 30, 2024, ACB obtained a market share of 0.07%, or \$207 million in a market of \$308.9 billion, ranking it 48th among 68 deposit-taking institutions in the assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2021, December 31, 2022, and December 31, 2023 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2021		2022		2023	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mtge Loans	37,922	21.0	38,319	20.8	49,749	24.4
Commercial & Industrial Loans	19,174	10.6	3,005	1.6	3,426	1.7
Commercial Mortgage Loans	98,789	54.6	111,407	60.6	111,962	54.8
Multifamily Mortgages	23,936	13.2	29,587	16.1	38,099	18.7
Consumer Loans	9	0.0	326	0.2	15	0.0
Construction Loans	890	0.5	840	0.5	778	0.4
Other Loans	93	0.1	306	0.2	224	0.1
Total Gross Loans	180,813		183,790		204,253	

As illustrated in the above table, ACB is primarily a commercial lender, with 54.8% of its loan portfolio in commercial mortgage loans as of December 31, 2023.

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

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

B. Assessment Area

The Bank's assessment area consists of Kings (Brooklyn), Nassau, Suffolk, and Queens counties.

In 2019, the Bank amended its assessment area to include Kings and Queens counties due to increases in the Bank's loan volume in those counties. These changes reflect the revised 2020 U.S. Census Bureau report. The number of census tracts in the Bank's assessment area increased from the previous performance evaluation of 607 census tracts to 2,201 census tracts during this evaluation period.

Of the 2,201 census tracts in the Bank's assessment area, 132 are low-income, 513 are moderate-income, 954 are middle-income, 487 are upper-income, and 115 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Kings	46	91	235	263	170	805	40.5
Nassau	9	10	31	146	90	286	14.3
Suffolk	8	5	90	220	62	385	24.7
Queens	52	26	157	325	165	725	25.2
Total	115	132	513	954	487	2,201	29.3

C. Demographic & Economic Data

The assessment area had a population of 8,063,232 during the evaluation period. Approximately 15% of the population was over the age of 65 and 23% of the population was under the age of 16.

Of the 1,832,062 families in the assessment area, 25.4% were low-income, 17% were moderate-income, 19.4% were middle-income and 38.2% were upper-income. There were 2,701,310 households in the assessment area, of which 12.4% had income below the poverty level and 3.4% were on public assistance.

The weighted average median family income in the assessment area was \$102,517.

There were 2,970,492 housing units within the assessment area, of which 65.4% were one-to-four family units and 34.3% were multifamily units. A majority (47.7%) of the housing units were owner-occupied, 43.2% were rental-occupied units and 9.1% were vacant units.

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

Of the 1,417,214 owner-occupied housing units, 19.5% were in LMI census tracts while 80% were in middle- and upper-income census tracts. The median age of the housing stock was 75 years, and the median home value in the assessment area was \$636,956.

There were 1,300,139 non-farm businesses in the assessment area. Of these, 94.7% were businesses with reported revenues of less than or equal to \$1 million, 1.9% reported revenues of more than \$1 million and 3.5% did not report their revenues. Of all the businesses in the assessment area, 98.4% were businesses with less than fifty employees while 97% operated from a single location. The largest industries in the area were services (30.7%), retail trade (10.2%) and finance, insurance and real estate (9.3%); 34.3% of businesses in the assessment area were not classified.

According to New York State Department of Labor data, the average unemployment rate for New York State and the four counties in the assessment area declined from 2021 to 2023. During each year of the evaluation period, Kings County consistently had the highest and Nassau County consistently had the lowest annual unemployment rates amongst the four counties and Statewide.

Assessment Area Unemployment Rate					
	Statewide	Kings	Nassau	Suffolk	Queens
2021	7.1	10.4	4.5	4.6	9.9
2022	4.3	5.9	2.9	3.2	5.3
2023	4.2	5.5	3.1	3.4	4.6
Average of Years above	5.2	7.3	3.5	3.7	6.6

D. Community Information

As part of the evaluation, DFS examiners conducted community contact interviews with representatives from two organizations serving ACB's assessment area.

The first interview was with the vice president of an organization that promotes community service for the most vulnerable populations on Long Island who suffer from hunger and food insecurity. This organization focuses on improving food security for families by sponsoring programs aimed at helping them achieve self-sufficiency and educating the public about the root causes and consequences of hunger. The representative noted an increase in the number of people needing food assistance in LMI neighborhoods which had led the organization to expand its services in Nassau and Suffolk counties. The representative emphasized the need for financial literacy and credit building products to help residents to make better financial decisions.

The second interview was with an executive director of an organization dedicated to addressing housing stability, and economic well-being of South Asian and Indo-Caribbean communities in New York. The organization works to preserve and advocate for affordable housing, create economic opportunities, and support small businesses by connecting them with resources for starting, owning, and maintaining their ventures. The representative highlighted the need for financial institutions to provide easier access to capital for small businesses and assistance with the home-buying application process. The representative also mentioned that language barriers have posed challenges for those in needing these services from financial institution and suggested

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

that translation services be offered. The representative further noted that banks have not performed well in delivering financial education, loans, grants, and investments to LMI communities, stressing the necessity for small and microloans to stimulate growth and entrepreneurial opportunities in underserved areas.

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

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

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

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

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

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

DFS derived statistics employed in this Evaluation from various sources. ACB submitted bank-specific information both as part of the evaluation process and in its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from call report data.

DFS derived the demographic data referred to in this report from the 2020 U.S. Census and the FFIEC. DFS based business demographic data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period include calendar years 2021, 2022, and 2023.

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

HMDA-reportable and small business loan data evaluated in this Evaluation represented actual originations.

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

As ACB did not make any small farm loans, DFS based all analyses on small business lending only. The Bank is not required to report small business loan data, so ACB's small business lending is not included in the aggregate data. The aggregate data are shown only for comparative purposes.

In its prior Community Reinvestment Act Performance Evaluation as of December 31, 2017, DFS assigned ACB a rating of “2,” reflecting a “Satisfactory” compliance with regulatory standards.

Current CRA Rating: Satisfactory

A. Lending Test: Satisfactory

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

1. Loan-to-Deposit Ratio and other Lending-Related Activities:

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

ACB’s average LTD ratio of 85.5% for the 12-quarter of the evaluation period exceeded the peer group’s average LTD ratio of 68.5%. The Bank’s average quarterly LTD ratios ranged from a low of 67.3% to a high of 102.2% while the peer’s LTD ratios ranged from a low of 63.4% to a high of 73.6%.

The table below shows ACB’s LTD ratios in comparison with the peer group’s ratios for the 12 quarters of this evaluation period.

Loan-to-Deposit Ratios													
	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	Avg.
Bank	94.7	90.3	83.7	78.0	67.3	70.8	71.8	82.5	87.6	97.5	99.0	102.2	85.5
Peer	68.3	66.8	65.4	64.8	63.4	65.0	67.8	70.2	71.1	72.7	73.4	73.6	68.5

2. Assessment Area Concentration:

During the evaluation period, ACB originated 88.3% by number and 63.5% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a reasonable concentration of lending.

i. HMDA-Reportable Loans:

ACB originated 61.3% by number and 63.5% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of its assessment area reflects a reasonable concentration of lending.

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

ii. Small Business Loans:

ACB originated 89.9% by number and 82% by dollar value of its small business loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

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

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2021	2	50.0%	2	50.0%	4	1,310,000	42.6%	1,766,250	57.4%	3,076,250
2022	10	71.4%	4	28.6%	14	15,921,760	82.8%	3,310,000	17.2%	19,231,760
2023	7	53.8%	6	46.2%	13	5,297,500	40.1%	7,898,005	59.9%	13,195,505
Subtotal	19	61.3%	12	38.7%	31	22,529,260	63.5%	12,974,255	36.5%	35,503,515
Small Business										
2021	454	90.1%	50	9.9%	504	24,926	82.0%	5,480	18.0%	30,406
2022	5	100.0%	-	0.0%	5	3,340	100.0%	-	0.0%	3,340
2023	4	66.7%	2	33.3%	6	2,425	66.0%	1,250	34.0%	3,675
Subtotal	463	89.9%	52	10.1%	515	30,691	82.0%	6,730	18.0%	37,421
Grand Total	482	88.3%	64	11.7%	546	22,559,951	63.5%	12,980,985	36.5%	35,540,936

3. Distribution by Borrower Characteristics:

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

The evaluation of this criterion was based on small business lending only, as ACB’s HMDA-reportable loans in the assessment area were made for investment purposes, for which borrower revenue is not required to be reported.

Small Business Loans

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

The Bank originated 446 Paycheck Protection Program (“PPP”) loans totaling \$20.4 million in 2021. The Bank was not required to collect revenue information when originating PPP loans. To avoid skewing the results of this analysis, these loans were not included in this criterion. However, DFS examiners noted that a substantial majority, or 88.6% of the Bank’s PPP loans were made in the amount of \$100,000 or less.

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

During the three-year period, ACB originated 17 small business loans, of which 88.2% by number and 86.1% by dollar value were made to businesses with revenue of \$1 million or less. These rates of lending surpassed the aggregate’s lending rates of 48.6% and 28.5%, respectively. Both the Bank’s and the aggregate’s rates of lending were below the small business demographic rates in the assessment area, which ranged from 92.8% to 94.7% during the evaluation period.

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

Distribution of Small Business Lending by Revenue Size of Business									
2021									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	8	100.0%	4,572	100.0%	121,182	39.2%	2,020,483	20.3%	92.8%
Rev. > \$1MM		0.0%		0.0%					2.6%
Rev. Unknown		0.0%		0.0%					4.6%
Total	8		4,572		308,843		9,938,676		
2022									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	4	80.0%	2,400	71.9%	143,313	51.2%	2,285,215	33.9%	93.1%
Rev. > \$1MM	1	20.0%	940	28.1%					2.4%
Rev. Unknown		0.0%		0.0%					4.5%
Total	5		3,340		280,046		6,734,998		
2023									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	3	75.0%	1,925	79.4%	161,668	56.3%	2,278,985	35.6%	94.7%
Rev. > \$1MM	1	25.0%	500	20.6%					1.9%
Rev. Unknown		0.0%		0.0%					3.5%
Total	4		2,425		287,382		6,397,916		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	15	88.2%	8,897	86.1%	426,163	48.6%	6,584,683	28.5%	
Rev. > \$1MM	2	11.8%	1,440	13.9%	-		-		
Rev. Unknown	-	0.0%	-	0.0%	0		0		
Total	17		10,337		876,271		23,071,590		

4. Geographic Distribution of Loans:

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

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

a. HMDA-Reportable Loans

The distribution of ACB's HMDA-reportable loans among census tracts of varying income levels was excellent.

ACB's HMDA-reportable lending rates of 36.8% by number and 22% by dollar value of loans in LMI census tracts for the evaluation period were higher than the aggregate's rates of 18.8% and 18%, respectively. The Bank's rates of lending in LMI census tracts exceeded the average percentage of 19.5% of owner-occupied housing units in the assessment area, while the aggregate's lending rates were comparable to the owner-occupied demographics.

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

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2021									
Geographic	Bank				Aggregate				OO Hus
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	50.0%	800,000	61.1%	4,072	2.4%	2,222,500	2.6%	2.1%
Moderate	1	50.0%	510,000	38.9%	27,201	15.8%	12,838,135	14.9%	16.7%
LMI	2	100.0%	1,310,000	100.0%	31,273	18.1%	15,060,635	17.4%	18.8%
Middle	0	0.0%	0	0.0%	89,887	52.1%	39,965,795	46.2%	52.3%
Upper	0	0.0%	0	0.0%	51,120	29.7%	31,350,610	36.3%	28.9%
Unknown	0	0.0%	0	0.0%	111	0.1%	50,895	0.1%	0.1%
Total	2		1,310,000		172,391		86,427,935		
2022									
Geographic	Bank				Aggregate				OO Hus
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	10.0%	408,000	2.6%	2,234	2.2%	1,225,170	2.3%	2.0%
Moderate	3	30.0%	2,255,000	14.2%	17,188	17.2%	8,520,030	15.7%	17.5%
LMI	4	40.0%	2,663,000	16.7%	19,422	19.5%	9,745,200	18.0%	19.5%
Middle	1	10.0%	900,000	5.7%	51,162	51.3%	24,554,060	45.3%	52.7%
Upper	4	40.0%	3,358,760	21.1%	28,690	28.7%	19,488,570	36.0%	27.3%
Unknown	1	10.0%	9,000,000	56.5%	546	0.5%	381,170	0.7%	0.5%
Total	10		15,921,760		99,820		54,169,000		
2023									
Geographic	Bank				Aggregate				OO Hus
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	14.3%	990,000	18.7%	1,292	2.1%	705,770	2.3%	2.0%
Moderate	0	0.0%	0	0.0%	10,668	17.7%	5,183,450	17.2%	17.5%
LMI	1	14.3%	990,000	18.7%	11,960	19.8%	5,889,220	19.6%	19.5%
Middle	4	57.1%	3,332,500	62.9%	32,019	53.0%	14,113,835	46.9%	52.7%
Upper	2	28.6%	975,000	18.4%	16,148	26.7%	9,889,290	32.9%	27.3%
Unknown	0	0.0%	0	0.0%	302	0.5%	201,420	0.7%	0.5%
Total	7		5,297,500		60,429		30,093,765		
GRAND TOTAL									
Geographic	Bank				Aggregate				OO Hus
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	15.8%	2,198,000	9.8%	7,598	2.3%	4,153,440	2.4%	
Moderate	4	21.1%	2,765,000	12.3%	55,057	16.6%	26,541,615	15.5%	
LMI	7	36.8%	4,963,000	22.0%	62,655	18.8%	30,695,055	18.0%	
Middle	5	26.3%	4,232,500	18.8%	173,068	52.0%	78,633,690	46.1%	
Upper	6	31.6%	4,333,760	19.2%	95,958	28.8%	60,728,470	35.6%	
Unknown	1	5.3%	9,000,000	39.9%	959	0.3%	633,485	0.4%	
Total	19		22,529,260		332,640		170,690,700		

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

b. Small Business Loans

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

ACB's average rates of small business lending in LMI census tracts were 19.2% by number and 21.9% by dollar value of loans, which were well below the aggregate's rates of 28.6% and 27.9% respectively. Additionally, the Bank did not originate any small business loans in LMI census tracts in 2022 and 2023.

The Bank's average rate of lending in LMI census tracts was well below the average percentage of 19.5% of small businesses located in LMI census tracts within ACB's assessment area, while the aggregate's rate of lending was comparable to the business demographics.

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

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2021									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	20	4.4%	1,444	5.8%	17,557	5.7%	511,357	5.1%	5.8%
Moderate	69	15.2%	5,283	21.2%	71,313	23.1%	2,152,850	21.7%	23.5%
LMI	89	19.6%	6,727	27.0%	88,870	28.8%	2,664,207	26.8%	29.3%
Middle	203	44.7%	9,336	37.5%	136,120	44.1%	4,483,469	45.1%	44.0%
Upper	162	35.7%	8,863	35.6%	80,913	26.2%	2,611,936	26.3%	26.3%
Unknown	0	0.0%	0	0.0%	2,940	1.0%	179,064	1.8%	0.4%
Total	454		24,926		308,843		9,938,676		
2022									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	17,879	6.4%	481,548	7.1%	6.2%
Moderate	0	0.0%	0	0.0%	61,495	22.0%	1,499,963	22.3%	22.1%
LMI	0	0.0%	0	0.0%	79,374	28.3%	1,981,511	29.4%	28.3%
Middle	4	80.0%	2,590	77.5%	124,319	44.4%	2,898,508	43.0%	44.8%
Upper	1	20.0%	750	22.5%	71,187	25.4%	1,627,878	24.2%	25.3%
Unknown	0	0.0%	0	0.0%	5,166	1.8%	227,101	3.4%	1.5%
Total	5		3,340		280,046		6,734,998		
2023									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	21,010	7.3%	488,255	7.6%	6.5%
Moderate	0	0.0%	0	0.0%	64,756	22.6%	1,440,924	22.5%	22.2%
LMI	0	0.0%	0	0.0%	85,766	29.9%	1,929,179	30.2%	28.7%
Middle	2	50.0%	1,010	41.6%	124,046	43.2%	2,707,818	42.4%	44.5%
Upper	1	25.0%	915	37.7%	72,397	25.2%	1,547,324	24.2%	25.3%
Unknown	1	25.0%	500	20.6%	4,852	1.7%	207,527	3.2%	1.5%
Total	4		2,425		287,061		6,391,848		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	20	4.3%	1,444	4.7%	56,446	6.4%	1,481,160	6.4%	
Moderate	69	14.9%	5,283	17.2%	197,564	22.6%	5,093,737	22.1%	
LMI	89	19.2%	6,727	21.9%	254,010	29.0%	6,574,897	28.5%	
Middle	209	45.1%	12,936	42.1%	384,485	43.9%	10,089,795	43.7%	
Upper	164	35.4%	10,528	34.3%	224,497	25.6%	5,787,138	25.1%	
Unknown	1	0.2%	500	1.6%	12,958	1.5%	613,692	2.7%	
Total	463		30,691		875,950		23,065,522		

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

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

B. Additional Factors

1. 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

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

ACB’s compliance committee meets to discuss CRA activities on a quarterly basis; the committee’s minutes are presented to the board of directors on a quarterly basis. The compliance committee determined to undertake and regularly conduct self-assessments of the Bank’s CRA activities. Additionally, the Bank’s CRA policy is reviewed and approved annually by the board of directors.

2. 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 practices by ACB intended to discourage applications for the types of credit offered by ACB.

- Evidence of prohibited discriminatory or other illegal credit practices.

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

3. Record of opening and closing offices and providing services at offices.

Distribution of Branches within the Assessment Area							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI
	#	#	#	#	#	#	%
Suffolk				1		1	0%
Nassau	1			2		3	0%
Queens						-	0%
Kings						-	0%
Total	1	-	-	3		4	0%

As of the evaluation date, ACB operated four full-service branches, of which three are in Nassau County and one in Suffolk County. Three of the branches are in middle-income census tracts, and one is in census tract with unknown income, but adjacent to LMI census tracts.

In February 2023, the Bank closed a branch located in Suffolk County in an upper-income tract. The Bank did not open any branches during the evaluation period.

Branch hours are typically from 8:30 a.m. to 4:00 p.m. Monday to Thursday. ACB offers extended hours on Friday from 8:30 a.m. to 6:00 p.m. and limited banking hours on Saturday from 9:00 a.m. to 12:00 p.m.; drive-up services are available at all branches.

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

4. 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.*

The Bank determines community credit needs through active involvement in various community events and organizations. Bank employees participate in local food drives and in various business and economic seminars including local mortgage and banking forums.

- *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.*

ACB advertises in local newspapers and local church bulletins within the surrounding areas of the Bank's branches, to make the community aware of the Bank's credit products and services.

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

DFS examiners noted no other factors.

V - GLOSSARY

Aggregate Lending

“Aggregate lending” means 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.

Banking Development District (“BDD”) Program

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

Community Development

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- 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;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC, and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

Community Development Loan

“Community development loan” means 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 LMI persons (DFS multifamily industry letter www.dfs.ny.gov/industry_guidance/industry_letters/il20141204_guidelines_bank_lending_multifamily_properties_cra_updated);
- Nonprofit organizations serving primarily LMI or other community development needs;

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

- Borrowers to construct or rehabilitate community facilities that are 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

“Community development service” means a 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

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

- ❖ Assisting in fund raising, including soliciting, or arranging investments.

Community Development Financial Institution (“CDFI”)

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

Fair Market Rents (“FMRs”)

Fair Market Rents are published and developed annually by the US Department of Housing and Urban Development (“HUD”) and used to determine rent payments for affordable housing projects such as Section 8 contracts in defined metropolitan statistical areas (“MSAs”) nationwide. For easy reference of annual FMRs in New York MSAs or counties, go to www.huduser.gov/portal/datasets/fmr.html

Geography

“Geography” means a census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

The income level for borrowers is based on household or family income. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

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

LMI Geographies

“LMI geographies” means those census tracts or block numbering areas where, according to the most current U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracked areas that are part of a MSA or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of Block Numbering Areas (“BNAs”) and tracked 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

“LMI borrowers” means 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 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 Federal Financial Institutions Examination Council (“FFIEC”).

LMI Individuals/Persons

“LMI individuals” or “LMI persons” means 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. The area median family incomes used to measure individual income levels are updated annually by the FFIEC.

LMI Penetration Rate

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

Low-Income Housing Tax Credit (“LIHTC”)

LIHTC were 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. The tax credits 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.

Minority Depository Institutions (“MDIs”)

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

New Markets Tax Credit (“NMTC”)

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits 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 the taxpayer’s investments to make qualified investments in low-income communities. The Fund is administered by the CDFI Fund, an agency of the United States Department of the Treasury.

Paycheck Protection Program (“PPP”) Loans

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%. The program officially ended May 31, 2021.

Qualified Investment

“Qualified investment” means 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 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;

AMERICAN COMMUNITY BANK – CRA PERFORMANCE EVALUATION

- 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.

Small Business Loan

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