

# **PUBLIC DISCLOSURE**

February 11, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Metropolitan Commercial Bank  
RSSD No. 2705895

99 Park Avenue  
New York, NY 10016

FEDERAL RESERVE BANK OF NEW YORK

33 LIBERTY STREET  
NEW YORK, NY 10045

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**  
**The Lending Test is rated: Satisfactory.**  
**The Community Development Test is rated: Outstanding.**

The major factors supporting the satisfactory performance rating for Metropolitan Commercial Bank ("MCB") with regard to the Community Reinvestment Act ("CRA") include the following:

- The loan-to-deposit ratio was reasonable given the bank's size, financial condition and assessment area credit needs;
- A majority of loans and other lending-related activities were made in the assessment area;
- Reasonable penetration among individuals of different income (including low- and moderate-income) levels and businesses of different sizes;
- The geographic distribution of loans reflected reasonable dispersion throughout the assessment area;
- The bank's community development performance demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area; and,
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

## **SCOPE OF EXAMINATION**

### **Procedures**

MCB's performance was evaluated using the Federal Financial Institutions Examination Council's ("FFIEC's") Interagency Intermediate Small Institution Examination Procedures, which are comprised of a lending test and a community development test. Home purchase, refinance, and multifamily loans relevant under the Home Mortgage Disclosure Act ("HMDA") and small business loans originated and purchased from January 1, 2017 through December 31, 2018 were analyzed.

As shown in the table below, the lending test evaluation covered the period from January 1, 2017 to December 31, 2018. The assessment period for MCB's community development activities was from July 1, 2017 through September 30, 2018.

PERFORMANCE CRITERIA	EVALUATION PERIOD
Loan-to-Deposit Ratio	January 1, 2017 – December 31, 2018
Lending in Assessment Areas	January 1, 2017 – December 31, 2018
Geographic Distribution of Loans	January 1, 2017 – December 31, 2018
Borrower Distribution of Loans	January 1, 2017 – December 31, 2018
Response to CRA Complaints	January 1, 2017 – December 31, 2018
Community Development Lending	July 1, 2017 – September 30, 2018
Qualified Investments	July 1, 2017 – September 30, 2018
Community Development Services	July 1, 2017 – September 30, 2018

## **Products**

Retail loan products evaluated included HMDA-related home purchase, refinance, and multifamily loans; small business loans were also evaluated. Examiners verified the integrity of the bank’s 2017 - 2018 HMDA and small business loans. Home improvement and consumer-related loans were not analyzed for geographic and borrower loan distribution, as the volume was insufficient. Examiners also reviewed community development loans, qualified investments, and community development services.

## **Lending Distribution Analysis**

The geographic and borrower loan distribution analyses were based on loan activity conducted in MCB’s assessment area. To analyze the borrower characteristics of HMDA-related loans, the proportion of originations to low- and moderate-income (“LMI”) borrowers was compared with the proportion of LMI families for HMDA loans. Income estimates from the U.S. Department of Housing and Urban Development (“HUD”) and the FFIEC were used to categorize borrower income. For small business loans, the proportion of loans to borrowers with gross annual revenues (“GAR”) of \$1 million or less were compared with the proportion of such businesses as reported by Dun and Bradstreet (“D&B”). The size of the small business loan was also used as a proxy to identify lending to businesses with GAR of \$1 million or less.

For evaluation of the geographic distribution of loans, performance was rated based on penetration in LMI areas. Demographic data from the U.S. Department of Commerce’s 2010 Census (“2010 Census”) and 2015 American Community Survey (“2015 ACS”) were used to categorize LMI areas. The proportion of HMDA-related loan originations in LMI geographies was compared with the proportion of owner-occupied units located in LMI geographies in the assessment area, except that multifamily loans were compared with the proportion of renter-occupied units. For small business loans, the analysis compared the proportion of loan originations with the proportion of businesses located in LMI areas as reported by D&B.

MCB’s HMDA-related and small business lending performance in 2017 was also compared to the 2017 performance of the aggregate of all lenders in the assessment area subject to HMDA and/or CRA small business loan reporting. Aggregate data for 2018 was not available for analysis at the time of the evaluation. MCB’s lending performance in 2018 was evaluated for comparison to 2017 performance and to observe the performance trend.

Peer data was used for the loan-to-deposit analysis. Local peer banks were selected based on the amount of deposits and number of branches in order to choose banks similarly-sized to MCB

within their assessment areas. MCB's loan-to-deposit ratio was also compared to its National Peer group. MCB's performance in making community development loans and qualified investments was also compared with peer banks in MCB's assessment area.

### **Community Contacts**

In order to learn more about community credit needs, examiners conducted interviews with two non-profit organizations. The two organizations' missions included promoting affordable housing and economic development in the assessment area. Details from these interviews are presented within the performance context in this evaluation.

### **DESCRIPTION OF INSTITUTION**

MCB is a full-service commercial bank headquartered in New York City, NY. MCB is organized under a one-bank holding company, Metropolitan Bank Holding Corp., and has a total of six branches. In addition to its headquarters, MCB operates three other full-service retail branches in the midtown Manhattan (New York County, NY) area, one full-service branch in Brooklyn (King's County, NY), and one branch in Great Neck in Nassau County, NY. Before the previous CRA evaluation concluded, MCB opened its fourth Manhattan branch on September 30, 2017.

MCB's primary business focus is to provide commercial banking products and services to businesses. Commercial loan products include working capital, equipment financing, account receivables financing, and letters of credit, among others. The bank also offers a range of deposit products ranging from commercial and personal checking accounts, money market and savings accounts, and certificates of deposit. Services offered include online banking, online bill pay and remote deposit capture. As of December 31, 2018, MCB had total assets of \$2.2 billion, net loans and leases of \$1.9 billion and total domestic deposits of \$1.7 billion. Commercial mortgage and commercial and industrial lending represent 80.7% (\$1.5 billion) of the bank's loan portfolio. Loans secured by one- to four-family residential properties comprised 8.1% (\$151.9 million) of the bank's loan portfolio. A table that summarizes the bank's loan portfolio according to the Consolidated Report of Condition and Income appears on the following page.

<b>COMPOSITION OF LOAN PORTFOLIO</b>		
<b>Loan Type</b>	<b>12/31/2018</b>	
	<b>\$(000s)</b>	<b>Percent</b>
Construction and Development	82,358	4.4
Secured by One to Four Family Dwellings	151,929	8.1
Other Real Estate - Multifamily	307,127	16.4
Other Real Estate - Nonfarm nonresidential	820,238	43.9
Commercial and Industrial	381,692	20.4
Loans to Individuals	106,790	5.7
All Other	19,792	1.1
<b>Total</b>	<b>1,869,926</b>	<b>100.0</b>

This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are not included in this table.

MCB operates in a competitive banking market. Competitors include large national banks, local community and state-chartered banks, credit unions, mortgage companies and non-bank financial institutions. The deposit market is dominated by large financial institutions such as JPMorgan Chase Bank, Bank of New York Mellon, Goldman Sachs Bank USA, HSBC Bank USA and Citibank. These top five banks control 69.2% of the deposit market share. Based on deposits reported to the Federal Deposit Insurance Corporation (“FDIC”) on June 30, 2018, MCB ranked 42<sup>nd</sup> of 115 banks, with a 0.11% deposit market share in the five boroughs comprising New York City plus Nassau County, which is the assessment area the bank designated for conducting most of its business.

MCB’s previous CRA evaluation was conducted by the Federal Reserve Bank of New York dated August 14, 2017, and the bank received an overall rating of “Needs to Improve” under the FFIEC Intermediate Small Institution Examination Procedures. MCB has no financial or legal impediments that would prevent it from fulfilling its responsibilities under CRA.

**DESCRIPTION OF ASSESSMENT AREA**

MCB maintained one assessment area. The assessment area was a part of MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA). The assessment area was comprised of part of MD 35614 (New York-Jersey City-White Plains, NY-NJ), consisting of the five counties of New York City: Bronx, Kings (Brooklyn), New York (Manhattan), Queens, and Richmond (Staten Island) counties; and part of MD 35004 (Nassau-Suffolk, NY) consisting of Nassau County, NY. Based on the 2015 ACS, these counties included 2,451 census tracts; 14.4% were low-income, 25.9% were moderate-income, 32.2% were middle-income and 24.3% were upper-income. Income levels for 3.1% of census tracts in these counties were unknown.

Examiners found that the assessment area was in compliance with the requirements of 12 CFR §228.41 and did not arbitrarily exclude LMI geographies. A map of the assessment area is in Appendix B.

## **PERFORMANCE CONTEXT**

The following demographic and economic information was used to describe the assessment area and to evaluate the context in which MCB operates. The information was obtained from publicly available sources, including the 2010 Census, 2015 ACS, the U.S. Department of Labor, the New York State Department of Labor, the FFIEC, the New York City Department of Housing Preservation and Development (“HPD”), D&B, and the Federal Reserve Bank Beige Book.

### *Demographic Characteristics*

According to the 2010 Census, the total population of MCB’s MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) assessment area was 9,781,355. The assessment area consists of 2,451 census tracts, of which 14.4% were low-income and 25.9% moderate-income. LMI census tracts were concentrated in western Queens, northern Brooklyn, upper Manhattan, southern Nassau and Bronx County. Located within MCB’s assessment area, New York City is the most populous city in the United States with an estimated population of 8,426,743. The New York City population alone accounted for 42.8% of the total population of the State of New York. Additionally, Nassau County, also within MCB’s assessment area, accounted for an estimated population of 1,354,612 equating to approximately 6.9% of the total population of the State of New York. Exhibit I provides additional assessment area demographics.

New York City is a very diverse area, resulting from the city historically serving as a primary point of entry into the U.S. for immigrants. According to the New York City Comptroller’s January 2017 report, “Our Immigrant Population Helps Power NYC Economy”, using 2015 ACS reported data, the number of foreign-born people residing in New York City was slightly less than 3.3 million or about 40.0% of the area’s total population. Furthermore, of the 991,000 home owners within New York City, approximately 46.0% were foreign-born.

### *Income Characteristics*

According to the 2015 ACS, the MSA 35620 assessment area had 2.2 million families, of which 30.5% are low-income families, 16.3% are moderate-income families, 16.6% are middle-income families, and 36.7% are upper-income families. The 2017 Census Bureau’s Population Estimates Program also indicated that 19.6% of all persons residing in New York City lived below the poverty level, compared to the national average of 12.4% of all Americans living below the poverty level. In Bronx County, 29.7% of the residents were living below the poverty level. Therefore, community development activities that target LMI individuals and families are particularly important in New York City.

<b>Exhibit I</b>								
<b>Assessment Area demographics: MSA 35620</b>								
<b>Income Categories</b>	<b>Tract Distribution</b>		<b>Families by Tract Income</b>		<b>Families &lt; Poverty Level as % of Families by Tract</b>		<b>Families by Family Income</b>	
	#	%	#	%	#	%	#	%
Low-income	354	14.4	386,657	17.5	142,603	36.9	671,852	30.5
Moderate-income	636	25.9	577,579	26.2	113,690	19.7	358,037	16.3
Middle-income	790	32.2	688,450	31.2	60,557	8.8	364,680	16.6
Upper-income	596	24.3	547,400	24.8	23,271	4.3	808,618	36.7
Unknown-income	75	3.1	3,101	0.1	434	14.0	0	0
<b>Total Assessment Area</b>	<b>2,451</b>	<b>100.0</b>	<b>2,203,187</b>	<b>100.0</b>	<b>340,555</b>	<b>15.5</b>	<b>2,203,187</b>	<b>100</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%
Low-income	633,981	50,392	3.7	7.9	539,752	85.1	43,837	6.9
Moderate-income	976,687	219,160	16.3	22.4	678,188	69.4	79,339	8.1
Middle-income	1,103,488	554,860	41.2	50.3	469,264	42.5	79,364	7.2
Upper-income	1,164,824	518,246	38.5	44.5	515,007	44.2	131,571	11.3
Unknown-income	10,501	2,469	0.2	23.5	6,837	65.1	1,195	11.4
<b>Total Assessment Area</b>	<b>3,889,481</b>	<b>1,345,127</b>	<b>100.0</b>	<b>34.6</b>	<b>2,209,048</b>	<b>56.8</b>	<b>335,306</b>	<b>8.6</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	41,140	9.2	38,253	9.5	2,655	6.2	232	7.2
Moderate-income	78,739	17.6	73,167	18.2	5,154	12.1	418	13.0
Middle-income	120,804	27.0	111,946	27.8	8,090	19.0	768	23.9
Upper-income	196,283	43.8	170,874	42.5	23,715	55.8	1,694	52.6
Unknown-income	11,113	2.5	8,107	2.0	2,898	6.8	108	3.4
<b>Total Assessment Area</b>	<b>448,079</b>	<b>100.0</b>	<b>402,347</b>	<b>100.0</b>	<b>42,512</b>	<b>100.0</b>	<b>3,220</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>89.8</b>		<b>9.5</b>		<b>0.7</b>
2018 FFIEC Census Data and 2018 D&B Information								



As shown in the table, the FFIEC-estimated median family income (“MFI”) for MD 35004 (Nassau-Suffolk, NY) was \$106,200 in 2016, \$110,800 in 2017, and \$116,700 in 2018. According to FFIEC data, for MD 35614 (New York-Newark-Jersey City, NY-NJ-PA), the FFIEC-estimated MFI was \$72,600 in 2016, \$73,700 in 2017, and \$78,000 in 2018. Median income estimates for New York City and Nassau County from 2016 to 2018 are generally above the income levels for New York State. During the same time period, New York State’s median family income ranged from a low of \$72,300 to a high of \$80,114. New York City also has a large proportion of non-family households, which tend to have lower incomes.

FFIEC MEDIAN FAMILY INCOMES			
Area	2018	2017	2016
MD 35004	\$116,700	\$110,800	\$106,200
MD 35614	\$78,000	\$73,700	\$72,600
New York State	\$80,114	\$73,400	\$72,300

Housing Characteristics

MCB’s assessment area had approximately 3.9 million housing units, of which 34.6% were owner-occupied, 56.8% were rental units, and 8.6% were vacant. In New York City, approximately 44.2% of the rental stock was rent stabilized and less than 1% was subject to rent control, according to the NYC Rent Guideline Board, “2018 Housing Supply Report” of May 24, 2018, which makes finding available housing, including affordable housing, more challenging.

Within the assessment area, housing was expensive relative to income levels, causing significant affordability issues for the LMI population. According to the FFIEC 2015 Housing Summary, the median housing value in the MSA 35620 assessment area was \$478,372.

As noted, housing affordability continued to be an issue in the New York City area due to high housing costs. Housing is generally considered affordable if rent or associated ownership costs consume no more than 30% of household income. According to 2015 ACS data, 51.4% of renters within MCB’s assessment area indicated that their rent costs, as a percentage of household income, were 30% or more. With the high housing costs, homeownership remained unaffordable to LMI families, and even for many middle-income families in the assessment area. In 2018, the median housing cost in MD 35614 was about 10 times the FFIEC-estimated MFI for low-income borrowers and about 6 times the FFIEC-estimated MFI for moderate-income borrowers. The combination of lower household incomes and high real estate prices continued to make it challenging for LMI wage-earners to find affordable housing in the assessment area.

The assessment area also had a shortage of affordable rental housing, which was in high demand due to the high purchase prices for homes. According to the “2018 Housing Supply Report,” only 3.6% of total rental housing units in New York City were vacant and available for rent, below the 5% threshold defined to be a housing emergency and used to justify the continuation of rent control and rent stabilization. With the increasing gap between renter incomes and the cost of rental housing, coupled with the low availability of rental housing units, additional affordable housing was necessary in the assessment area in order to meet the housing needs of LMI individuals.

Information from community contacts supported the need for affordable housing and economic development, especially programs that benefit the lowest income New Yorkers.

Labor, Employment and Economic Characteristics

The New York City area is a global hub of international business and commerce. The city is a major center for finance, insurance, real estate and the arts in the U.S. Many major corporations are headquartered in the New York City area, including numerous Fortune 500 companies. According to D&B, as of 2018 the MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) assessment area had 448,079 businesses, of which 89.8% were small businesses (402,347) with gross annual revenues of \$1 million or less.

According to the Federal Reserve Bank Beige Book (November 2018), the New York area labor market was exceptionally tight, while wage growth remained moderate. Many businesses noted difficulties finding qualified workers. In New York City, the labor market showed further improvement during the review period. The annual unemployment rate in New York City was approximately 4.0% in December 2018, according to the Bureau of Labor Statistics, which illustrated a decrease from 4.4% in December 2017. In Nassau County, the unemployment rate improved to 3.0% in 2018 from 4.4% in 2017. According to the New York State Department of Labor, private sector jobs reached an all-time high in December 2018, adding approximately 11,600 jobs to the local economy in New York City. The strongest growth in jobs in New York City was reported within the Educational Services (62,600), Leisure & Hospitality (15,500) and Construction (14,500) sectors.

U.S. DEPARTMENT OF LABOR ANNUAL UNEMPLOYMENT RATES			
Area	2018	2017	2016
MSA 35620	4.0%	4.5%	4.8%
New York State	4.1%	4.7%	4.8%

Community Contacts

In order to learn more about community credit needs, examiners conducted two community contacts with non-profit organizations in the assessment area. One examiner interview was held with officers of a non-profit housing entity. The organization’s director stated that local economic conditions were essentially flat with affordable housing for low- and moderate-income groups becoming a pressing need due to increased rents and finite geography. There had been a noticeable shift in the price distribution of rental apartments away from lower-priced units to more middle- and high-rent units. Rent stabilization exits through vacancies were contributing to the loss of rent-stabilized housing. Additional smaller-dollar loans, such as home improvement loans and additional funds to support Community Development Financial Institutions’ lending efforts were also noted as opportunities.

Despite some evidence of improvement, a senior analyst of another non-profit organization stated that, in addition to concerns over the availability of affordable housing, there was growing concern with the displacement of small businesses. She said that not only was multifamily lending at a low, but that because of speculation, small business owners in the manufacturing sector could no longer afford rents in neighborhoods where development was skyrocketing. She identified an existing need for affordable housing and more economic development loans for small businesses.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

MCB's record of meeting the credit needs of its assessment area through its lending performance is rated Satisfactory. MCB's loan-to-deposit ratio was reasonable, primarily due to the institution's purchase of loans originated within the assessment area. MCB purchased 189 HMDA loans in 2018. The bank also purchased 262 small business loans in 2017 and 292 in 2018. A majority of loans and other lending-related activities were in the assessment area. The overall penetration among individuals of different income levels and businesses of different sizes was reasonable. The geographic distribution of HMDA-related and small business loans reflected reasonable dispersion throughout the bank's assessment area. MCB did not receive any CRA-related complaints since the previous evaluation.

#### Loan-to-Deposit Ratio

MCB's loan-to-deposit ratio was reasonable given the bank's size, financial condition, business model and the credit needs of its assessment area. MCB's average loan-to-deposit ratio for the eight quarters between January 1, 2017 and December 31, 2018 was 100.6%, based on information contained in MCB's Consolidated Report of Condition and Income. MCB is primarily a commercial lender, and as a result, its loan portfolio was predominately comprised of commercial loans. This ratio was significantly above both the national peer average of 86.9% for similarly-sized banks and an average of 90.8% for six similarly-situated institutions due to MCB's loan purchases. As a result of MCB's recent purchase of a portfolio of loans, the majority of the bank's loans were made inside of its assessment area. This was taken into account in evaluating its loan-to-deposit ratio and reaching the conclusion that it is reasonable. MCB's loan-to-deposit ratio was considered stable.

#### Lending in Assessment Area

MCB originated a majority of its loans inside its assessment area as shown in Exhibit II. Overall, 50.5% by number of the loans reviewed for this CRA evaluation were purchased or originated inside the assessment area. In terms of loan dollars, 65.7% of the total dollars were within MCB's assessment area, due in large part to a HMDA-related portfolio which was purchased in 2018 from another institution. This percentage was driven by an increasing level of HMDA-related lending (94.7% by number and 75.6% by dollar) and small business loans (34.0% by number and 45.8% by dollar) purchased or originated inside the assessment area. In comparison to lending in 2017, 2018 purchases and originations within MCB's assessment area increased to 95.4% by number and 74.8% by dollar in HMDA-related loans and 54.8% by number and 63.3% by dollar in small business loans. Overall, these levels support that lending activities were focused within the bank's assessment area.

<b>Exhibit II</b>								
<b>Lending Inside and Outside the Assessment Area</b>								
January 1, 2017 - December 31, 2018								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase	109	97.3	34,755	89.6	3	2.7	4,052	10.4
Refinancing	83	96.5	24,799	86.9	3	3.5	3,733	13.1
Home Improvement	3	100.0	1,407	100.0	0	0.0	0	0.0
Multi-Family	18	75.0	70,165	67.0	6	25.0	34,500	33.0
<b>Total HMDA related</b>	<b>213</b>	<b>94.7</b>	<b>131,126</b>	<b>75.6</b>	<b>12</b>	<b>5.3</b>	<b>42,285</b>	<b>24.4</b>
<b>Total Consumer related</b>	<b>4</b>	<b>100.0</b>	<b>2,036</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>Total Small Business related</b>	<b>209</b>	<b>34.0</b>	<b>41,141</b>	<b>45.8</b>	<b>405</b>	<b>66.0</b>	<b>48,741</b>	<b>54.2</b>
<b>TOTAL LOANS</b>	<b>426</b>	<b>50.5</b>	<b>174,303</b>	<b>65.7</b>	<b>417</b>	<b>49.5</b>	<b>91,026</b>	<b>34.3</b>

### Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The institution's distribution of loans among individuals of different income levels (including low- and moderate-income) and businesses of different sizes was reasonable overall, and reflected reasonable penetration among individuals of all income levels and reasonable penetration of businesses of different sizes. Multifamily lending was not considered for an analysis of lending to borrowers of different income levels as borrower income is not reported. MCB's overall performance in 2018 improved from its 2017 performance with regard to borrower distribution, driven by the institution's loan purchases. Consideration was given to the performance context, including the bank's business strategy as a commercial lender, demographics, and the competitive banking environment of the assessment area.

#### *Home Purchase Loans*

MCB's overall distribution of originated and purchased home purchase loans to LMI borrowers was reasonable based on reasonable distribution to low-income borrowers and reasonable distribution to moderate-income borrowers, driven primarily by MCB's 2018 activity. In 2017, MCB made its only home purchase loan to a borrower with unknown income, while 46.8% of the families within the assessment area were LMI. The market aggregate made approximately 1.7% and 8.9% of home purchase loans to low- and moderate-income borrowers respectively.

In 2018, home purchase lending performance to LMI borrowers was reasonable based on reasonable distribution to low-income borrowers and excellent distribution to moderate-income borrowers. The institution made six home purchase loans or 5.6% by number and 3.8% by dollar to low-income borrowers in 2018, while 30.5% of families in the assessment area were low-income. Additionally, the institution made 29 home purchase loans or 26.9% by number and 22.7% by dollar to moderate-income borrowers in 2018, while 16.3% of families in the assessment were moderate-income. Performance could not be compared to market aggregate lending as 2018 aggregate data was unavailable at the time of the analysis.

### *Refinance Loans*

MCB's distribution of originated and purchased refinance loans during the review period to LMI borrowers in the assessment area was reasonable based upon reasonable performance overall to both low-income borrowers and moderate-income borrowers, again driven largely by 2018 activity. In 2017, MCB did not extend or purchase any refinance loans. The aggregate made 3.0% by number and 1.5% by dollar of refinance loans to low-income borrowers in 2017 and 9.2% by number and 5.0% by dollar to moderate-income borrowers. The institution's performance in 2017 is contrasted with its 2018 performance, which was more favorable as the institution purchased a portfolio of 1-4 family home loans, including refinance loans.

In 2018, refinance origination and purchase activity to LMI borrowers was reasonable based on reasonable distribution of refinances to low-income borrowers and reasonable distribution to moderate-income borrowers. The institution extended 6.0% by number and 3.9% by dollar of refinance loans to low-income borrowers compared to 30.5% of low-income families in the assessment area. Additionally, the institution extended 15.7% of refinance loans by number and 10.4% by dollar to moderate-income borrowers compared to 16.3% of families in the assessment area of moderate-income.

### *Small Business Loans*

MCB's overall level of lending to small businesses in the assessment area was reasonable. In 2017, the institution made 43.8% by number and 30.5% by dollar of its small business loans to businesses with gross annual revenues of \$1 million or less. Performance was below the aggregate which made 49.5% by number and 32.9% by dollar of its loans to businesses with GAR of \$1 million or less. In 2018, the institution made 83.1% by number and 58.4% by dollar of its small business loans to businesses to gross annual revenues of \$1 million or less, compared to 89.8% of business establishments in the MSA with GAR of \$1 million or less. Performance in 2018 was stronger than in 2017 due to the institution's purchase of medical-related loans from another loan originator.

In 2017, MCB's origination of small business loans that were in the amount of \$100 thousand or less was 28.1% by number and 3.4% by dollar. This was below the aggregate, which originated 95.3% by number and 44.4% by dollar of loans in the amount of \$100 thousand or less. The comparison of loans in the amount of \$100 thousand or less is skewed as the aggregate includes large national credit card lenders, which typically offered loans in smaller dollar amounts. In 2018, the institution's small business loans that were in the amount of \$100 thousand or less was 55.4% by number and 17.2% by dollar. Performance in 2018 was improved from 2017 due to the institution's purchase of loans. However, 2018 aggregate data was unavailable for comparison at the time of analysis.

### **Geographic Distribution of Loans**

MCB's overall geographic distribution of HMDA and small business loans reflected reasonable distribution throughout the entire assessment area, including LMI census tracts, based on penetration analysis of census tract income levels and geographic distribution analysis of home purchase, refinance, multifamily and small business loans. Home purchase, refinance and small business lending performance were reasonable overall. Multifamily lending performance was excellent. MCB's overall performance in 2018 improved from its 2017 performance with regard

to geographic distribution, driven by the institution's loan purchases. Consideration was given to the performance context, including the bank's business strategy as a commercial lender, demographics, and the competitive banking environment of the assessment area.

### *Penetration Analysis*

As shown in the following table, in 2017 MCB originated or acquired loans in only 1.2% of the census tracts within the assessment area, and in 2018, in 13.0% of the census tracts within the assessment area. MCB's presence within the assessment area was limited to five branches in New York City and one branch in Nassau County. Penetration was weak in these markets due to competition and the finite market presence. MCB ranked 179<sup>th</sup> in HMDA market share in MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) and 73<sup>rd</sup> in CRA small business market share for 2017.

Penetration was reasonable in low-income census tracts given performance context factors. In 2017, 1.7% of all low-income census tracts had HMDA or small business lending by MCB. In 2018, 2.8% of all low-income census tracts had HMDA or small business lending by MCB. Opportunities for HMDA-related lending in low-income census tracts were limited. According to the 2015 ACS, 3.7% of the total owner-occupied housing units in the assessment area were located in low-income census tracts. Of the total housing in low-income tracts, only 7.9% were owner-occupied, while 85.1% were rental units. Approximately 17.5% of families resided in low-income census tracts, and the poverty rate for low-income tracts was 36.9%. Additionally, 9.2% of business establishments were located in low-income census tracts.

Penetration was reasonable in moderate-income census tracts given performance context factors. In 2017, 0.6% of all moderate-income census tracts had HMDA or small business lending by MCB. In 2018, 9.6% of all moderate-income census tracts had HMDA or small business lending by MCB. Opportunities for HMDA-related lending in moderate-income census tracts remain limited. According to the 2015 ACS, 16.3% of the total owner occupied housing units in the assessment area were located in moderate-income tracts. Of the total housing in moderate-income tracts, 22.4% were owner-occupied and 69.4% were rental units. Approximately 26.2% of families resided in moderate-income tracts, and the poverty rate for moderate-income tracts was 19.7%. Additionally, 17.6% of business establishments were located in moderate-income census tracts.

Penetration in middle- and upper-income census tracts was relatively low; however, markedly improved from 2017 to 2018 as shown in the following table.

<b>Lending Gap Analysis Summary</b>			
<b>January 1, 2017 - December 31, 2018</b>			
<b>Tract Income Levels</b>	<b>Number of Tracts</b>	<b>Tracts with no Loans</b>	<b>Penetration</b>
<b>2018</b>			
Low	354	344	2.8%
Moderate	636	575	9.6%
Middle	790	684	13.4%
Upper	596	456	23.5%
Income Unknown	75	74	1.3%
Total	2,451	2,133	13.0%
<b>2017</b>			
Low	354	348	1.7%
Moderate	636	632	0.6%
Middle	790	780	1.3%
Upper	596	586	1.7%
Income Unknown	75	75	0.0%
Total	2,451	2,421	1.2%

### *Home Purchase Loans*

MCB's overall home purchase lending distribution was reasonable based on comparison to demographic and market aggregate data for LMI geographies. The very low volume in 2017 in conjunction with the excellent performance in 2018 were accounted for in reaching the reasonable conclusion overall. Demographic and performance context challenges, such as the limited availability of owner-occupied housing in low-income census tracts in the assessment area, were also considered.

MCB's only home purchase loan in 2017 was made in a moderate-income census tract. The market aggregate made 16.2% by number and 13.5% by dollar of its home purchase loans in moderate-income geographies, which included 16.3% of owner-occupied housing units. The institution originated no home purchase loans in low-income census tracts. According to the 2015 ACS, only 3.7% of owner-occupied housing units were located in low-income geographies. Performance was below the market aggregate, which made 4.6% by number and 4.2% by dollar of its home purchase loans in low-income geographies.

In 2018, home purchase lending to LMI census tracts was excellent based on excellent distribution to both low-income and moderate-income geographies. MCB originated or purchased four home purchase loans or 3.7% by number and 7.0% by dollar to low-income census tracts, while 3.7% of owner-occupied units in the assessment area are in low-income census tracts. Additionally, the institution made 21 home purchase loans or 19.4% by number and 20.0% by dollar to moderate-income census tracts, while 16.3% of owner-occupied units in the assessment were moderate-income. Performance could not be compared to market aggregate lending, since 2018 aggregate data was unavailable at the time of the analysis.

### *Refinance Loans*

MCB's distribution of refinance loans during the review period to LMI census tracts in the assessment area was reasonable overall based upon poor performance to LMI geographies in 2017 and reasonable performance to LMI geographies in 2018. MCB made no refinance loans in 2017. Of the owner-occupied units within the assessment area, 3.7% are in low-income geographies and 16.3% are in moderate-income geographies. The market aggregate made 5.2% by number and 5.1% by dollar of refinance loans in low-income census tracts in 2017, and 17.6% of refinance loans by number and 15.9% by dollar in moderate-income census tracts. The institution's performance in 2018 was more favorable, as the institution purchased a portfolio of 189 1-4 family loans, inclusive of refinance loans.

In 2018, refinance lending in LMI geographies was reasonable based on poor distribution in low-income census tracts and excellent distribution in moderate-income census tracts. The institution made one refinance loan or 1.2% by number and 0.3% by dollar in low-income census tracts, compared to 3.7% of owner-occupied units in low-income census tracts in the assessment area. Additionally, the institution originated or purchased 17 refinance loans or 20.5% by number and 23.4% by dollar in moderate-income census tracts, compared to 16.3% of owner-occupied units in the assessment area within moderate-income tracts. Aggregate data for 2018 was unavailable at the time of the analysis.

### *Multi-Family Dwelling Loans*

The geographic distribution of multi-family dwelling loans reflected excellent dispersion overall when compared to aggregate lending and the share of rental units in LMI geographies. Performance in 2017 was reasonable. MCB originated a total of four multi-family dwelling loans within the assessment area in 2017, of which three were located in LMI geographies. The institution originated three multi-family loans or 75.0% by number and 63.4% by dollar in moderate-income census tracts; however, no loans were originated in low-income census tracts. The aggregate made 20.8% by number and 16.0% by dollar of multi-family dwelling loans in low-income geographies and 30.8% by number and 41.0% by dollar in moderate-income geographies. Of the total renter-occupied units in the assessment area, 24.4% and 30.7% respectively were located in low-income and moderate-income geographies.

MCB's multifamily lending performance was excellent in 2018 to both low-income and moderate-income census tracts. In 2018, MCB originated a total of 14 multi-family dwelling loans with three loans or 21.4% by number and 14.6% by dollar in low-income geographies, and five loans or 35.7% by number and 17.0% by dollar in moderate-income geographies. Aggregate data was unavailable for 2018 at the time of the analysis.

### *Small Business Loans*

The overall distribution of small business loans in LMI geographies was reasonable when compared with the level of businesses, as well as with the performance of the aggregate of small business-reporting lenders. Performance in 2017 was excellent in low-income geographies and reasonable in moderate-income geographies. In 2017, MCB originated seven small business loans or 21.9% by number and 13.2% by dollar, in low-income geographies. By comparison, the aggregate originated 10.3% by number and 9.0% by dollar of small business loans in low-income



geographies. The institution originated three small business loans or 9.4% by number and 16.7% by dollar, in moderate-income geographies. By comparison, the aggregate originated 18.4% by number and 15.9% by dollar of its small business loans in moderate-income geographies.

Small business lending performance was poor in low-income geographies in 2018, while performance was reasonable in moderate-income geographies. In 2018, MCB originated or purchased 177 small business loans, with three small business loans or 1.7% by number and 1.4% by dollar in low-income geographies. Approximately 9.5% of small businesses operating within the assessment area are located in low-income geographies. MCB originated or purchased 24 or 13.6% by number and 12.9% by dollar of its small business loans in moderate-income geographies, while 18.2% of small businesses that operate within the assessment area are located within moderate-income geographies. Small business aggregate lending data was not available for 2018 at the time of the analysis.

### **Response to Complaints**

MCB received no complaints relating to the bank's CRA performance. Since the previous evaluation, there were no CRA-related complaints filed with the Federal Reserve Bank of New York.

## COMMUNITY DEVELOPMENT TEST

MCB's performance under the community development test is rated Outstanding. MCB demonstrated excellent responsiveness to the community development needs of its MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) assessment area through the provision of community development loans, qualified investments, and community development services. This assessment also considered MCB's capacity and the need and availability of community development opportunities in MCB's assessment area. The majority of MCB's community development lending and qualified investment activity targeted affordable housing and community services. Community contacts specifically identified affordable housing as a particular need within the assessment area.

During the evaluation period, MCB made a total of \$228.3 million in community development loans and qualified investments within the assessment area, which totaled approximately \$182.6 million on an annualized basis. All activity within the assessment area; MCB was a leader in community development activities among peer institutions. MCB's total community development efforts in terms of dollar volume increased approximately 216.0% on an annualized basis compared to the prior CRA evaluation. Nearly all of MCB's community development efforts consisted of new obligations approved since the prior evaluation. Community development lending was primarily directed at affordable housing and community services, while qualified investments were primarily targeted toward affordable housing and economic development.

Summary of Community Development Loans and Qualified Investments By Primary Purpose Designation July 1, 2017 - September 30, 2018						
Designation	Loans		Qualified Investments		TOTAL	
	(\$000)	%	(\$000)	%	(\$000)	%
Affordable Housing	\$117,077	53.9%	\$5,841	52.1%	\$122,918	53.8%
Community Services	\$90,693	41.8%	\$333	3.0%	\$91,026	39.9%
Economic Development	\$0	0.0%	\$5,038	44.9%	\$5,038	2.2%
Revitalize and Stabilize	\$9,300	4.3%	\$0	0.0%	\$9,300	4.1%
<b>TOTAL</b>	<b>\$217,070</b>	<b>100.0%</b>	<b>\$11,212</b>	<b>100%</b>	<b>\$228,282</b>	<b>100.0%</b>

*Activity includes new loans and investments made during the examination period as well as investments with existing balances from the prior examination period that were outstanding as of 9/30/2018.*

### Community Development Loans

Community development loans in the assessment area totaled \$217.1 million. Community development lending was focused on the provision of affordable housing and community services and was responsive to identified credit needs. Approximately 53.9% of community development loan activity supported affordable housing, while 41.8% went toward community services and 4.3% went toward revitalization and stabilization activities. Examples of community development loans include:

- \$18.7 million term loan secured by a commercial mortgage to develop a property that would provide 22 affordable housing units, while the remaining 63 units would be used by a homeless shelter operator. Community services would also be provided at this location. The property was located in a low-income census tract.
- \$4.5 million term loan secured by a commercial mortgage on a property used for affordable housing. The residential property supported the operation of a shelter for individuals with learning disabilities and was located in a low-income census tract.
- A \$1.0 million loan to an entity to provide six units of affordable housing in a moderate-income census tract in Brooklyn, NY.

### **Community Development Investments**

Community development investment activity in the assessment area consisted of \$11.2 million in qualified investments, including \$219.5 thousand in philanthropic grants and donations. Qualified investment activity was focused on the creation and support of affordable housing and economic development and was responsive to community development needs identified by community contacts. Approximately 52.1% of qualified investment activity supported affordable housing, while 44.9% supported economic development activity. Most community development investments were new since the prior evaluation, and examples of qualified investments include:

- \$5.0 million investment in a Community Development Financial Institution (“CDFI”) SBA Loan Fund, which promoted economic development by creating or retaining small business job creation, or the enhancement of skills of LMI individuals who are employed by small businesses.
- \$2.1 million in a CRA mutual investment fund that enabled MCB to direct its investment into three affordable housing bonds in New York City. These bonds supported over 400 units of affordable housing in the Bronx, Brooklyn, Manhattan and Queens.
- \$10 thousand grant to an entity that provides advocacy, training and technical assistance for support of affordable housing and economic development.

### **Community Development Services**

MCB provided eight financial seminars to organizations that furnished community development services to LMI individuals. Nineteen bank employees provided services to 28 community development organizations. Examples include:

- An MCB officer provided instruction at a workforce development initiative, providing training for job skills to LMI individuals. Participants were guided in resume writing and with interviewing techniques.

- An MCB officer served as a board member of the resource development committee of a non-profit organization. She assisted with its affordable housing initiative, which coordinated fundraising, and acted as a facilitator in providing connections to other CRA contacts for the benefit of funding for the organization.
- One employee served on a special committee to address the annual fundraising efforts of a non-profit organization that promotes affordable housing within the New York City area.
- MCB partnered with a non-profit entity to offer financial literacy seminars at underserved schools, serving LMI students, to help build a foundation for the students' future financial well-being. The program discussed common account types and the basics of investing, providing "bite-sized," instructional animations designed to make each topic approachable and relatable to students.

In terms of retail banking services, MCB's overall branch distribution was accessible to the LMI population and geographies within the MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) assessment area. MCB operated six branches within the assessment area, one of which was in a low-income census tract in Kings County (Brooklyn), NY. All branches provided a full range of financial services to the communities they served, with expanded hours at the Brooklyn branch.

#### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

MCB is in compliance with the substantive provisions of the anti-discrimination laws and regulations. No evidence of discriminatory or other illegal credit practices was identified as being inconsistent with helping to meet credit needs of the assessment area.

**CRA APPENDIX A**

2017 Aggregate Comparison Loan Distribution Table  
Assessment Area/Group: MSA 35620

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
<b>Home Purchase</b>										
Low	0	0.0%	0.0%	4.6%	4.2%	0	0.0%	0.0%	1.7%	0.9%
Moderate	1	100.0%	100.0%	16.2%	13.5%	0	0.0%	0.0%	8.9%	4.2%
Middle	0	0.0%	0.0%	39.3%	30.2%	0	0.0%	0.0%	20.8%	12.9%
Upper	0	0.0%	0.0%	39.6%	51.8%	0	0.0%	0.0%	56.5%	68.3%
Unknown	0	0.0%	0.0%	0.2%	0.3%	1	100.0%	100.0%	12.1%	13.8%
<b>Total</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	0	0.0%	0.0%	5.2%	5.1%	0	0.0%	0.0%	3.0%	1.5%
Moderate	0	0.0%	0.0%	17.6%	15.9%	0	0.0%	0.0%	9.2%	5.0%
Middle	0	0.0%	0.0%	41.9%	33.1%	0	0.0%	0.0%	20.5%	14.1%
Upper	0	0.0%	0.0%	35.1%	45.7%	0	0.0%	0.0%	52.9%	64.1%
Unknown	0	0.0%	0.0%	0.2%	0.2%	0	0.0%	0.0%	14.3%	15.4%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	0	0.0%	0.0%	5.1%	4.8%	0	0.0%	0.0%	4.0%	1.3%
Moderate	0	0.0%	0.0%	17.2%	16.9%	0	0.0%	0.0%	10.4%	4.2%
Middle	0	0.0%	0.0%	40.7%	30.5%	0	0.0%	0.0%	21.6%	13.6%
Upper	0	0.0%	0.0%	36.9%	47.8%	0	0.0%	0.0%	57.0%	66.4%
Unknown	0	0.0%	0.0%	0.1%	0.0%	0	0.0%	0.0%	7.0%	14.4%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multi-Family</b>										
Low	0	0.0%	0.0%	20.8%	16.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	3	75.0%	63.4%	30.8%	41.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	1	25.0%	36.6%	17.4%	13.8%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	30.6%	28.4%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.4%	0.9%	4	100.0%	100.0%	100.0%	100.0%
<b>Total</b>	<b>4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HMDA Totals</b>										
Low	0	0.0%	0.0%	5.2%	7.0%	0	0.0%	0.0%	2.2%	0.8%
Moderate	4	80.0%	66.8%	17.0%	20.2%	0	0.0%	0.0%	8.9%	3.4%
Middle	1	20.0%	33.2%	39.7%	27.2%	0	0.0%	0.0%	20.3%	10.3%
Upper	0	0.0%	0.0%	37.9%	45.3%	0	0.0%	0.0%	54.2%	52.3%
Unknown	0	0.0%	0.0%	0.2%	0.4%	5	100.0%	100.0%	14.4%	33.2%
<b>Total</b>	<b>5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
	<b>#</b>	<b>Bank</b>		<b>Aggregate</b>		<b>Bank</b>		<b>Aggregate</b>		
		<b>%</b>	<b>% \$(000s)</b>	<b>%</b>	<b>% \$(000s)</b>	<b>%</b>	<b>% \$(000s)</b>	<b>%</b>	<b>% \$(000s)</b>	
Low	7	21.9%	13.2%	10.3%	9.0%					
Moderate	3	9.4%	16.7%	18.4%	15.9%					
Middle	9	28.1%	28.5%	26.1%	23.6%					
Upper	13	40.6%	41.5%	42.7%	47.5%					
Unknown	0	0.0%	0.0%	2.0%	3.6%					
Tract Unknown	0	0.0%	0.0%	0.5%	0.3%					
<b>Total</b>	<b>32</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>					
<b>By Revenue</b>										
\$1 Million or Less	14	43.8%	30.5%	49.5%	32.9%					
<b>By Loan Size</b>										
\$100,000 or less	9	28.1%	3.4%	95.3%	44.4%					
\$100,001-\$250,000	11	34.4%	17.5%	2.4%	13.7%					
\$250,001-\$1 Million	12	37.5%	79.1%	2.3%	41.9%					
<b>Total</b>	<b>32</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>					

Originations and Purchases

**2018 HMDA Loan Distribution Table**

Assessment Area/Group : MSA 35620 - 2018

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	4	3.7%	2,366	7.0%	6	5.6%	1,284	3.8%
Moderate	21	19.4%	6,769	20.0%	29	26.9%	7,718	22.7%
Low/Moderate Total	25	23.1%	9,135	26.9%	35	32.4%	9,002	26.5%
Middle	37	34.3%	10,435	30.8%	26	24.1%	7,112	21.0%
Upper	46	42.6%	14,360	42.3%	44	40.7%	13,791	40.6%
Unknown	0	0.0%	0	0.0%	3	2.8%	4,025	11.9%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	108	100.0%	33,930	100.0%	108	100.0%	33,930	100.0%
	<b>Refinance</b>							
Low	1	1.2%	80	0.3%	5	6.0%	959	3.9%
Moderate	17	20.5%	5,800	23.4%	13	15.7%	2,580	10.4%
Low/Moderate Total	18	21.7%	5,880	23.7%	18	21.7%	3,539	14.3%
Middle	34	41.0%	10,263	41.4%	25	30.1%	6,576	26.5%
Upper	31	37.3%	8,656	34.9%	39	47.0%	13,283	53.6%
Unknown	0	0.0%	0	0.0%	1	1.2%	1,400	5.6%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	83	100.0%	24,799	100.0%	83	100.0%	24,799	100.0%
	<b>Home Improvement</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	3	100.0%	1,407	100.0%	1	33.3%	262	18.6%
Unknown	0	0.0%	0	0.0%	2	66.7%	1,145	81.4%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	3	100.0%	1,407	100.0%	3	100.0%	1,407	100.0%
	<b>Multi-Family</b>							
Low	3	21.4%	9,050	14.6%	0	0.0%	0	0.0%
Moderate	5	35.7%	10,560	17.0%	0	0.0%	0	0.0%
Low/Moderate Total	8	57.1%	19,610	31.6%	0	0.0%	0	0.0%
Middle	4	28.6%	25,150	40.6%	0	0.0%	0	0.0%
Upper	2	14.3%	17,200	27.8%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	14	100.0%	61,960	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	14	100.0%	61,960	100.0%	14	100.0%	61,960	100.0%
	<b>HMDA Totals</b>							
Low	8	3.8%	11,496	9.4%	11	5.3%	2,243	1.8%
Moderate	43	20.7%	23,129	18.9%	42	20.2%	10,298	8.4%
Low/Moderate Total	51	24.5%	34,625	28.4%	53	25.5%	12,541	10.3%
Middle	75	36.1%	45,848	37.6%	51	24.5%	13,688	11.2%
Upper	82	39.4%	41,623	34.1%	84	40.4%	27,336	22.4%
Unknown	0	0.0%	0	0.0%	20	9.6%	68,530	56.1%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	208	100.0%	122,095	100.0%	208	100.0%	122,095	100.0%

Originations and Purchases

## 2018 Small Business Loan Distribution Table

Assessment Area/Group: MSA 35620

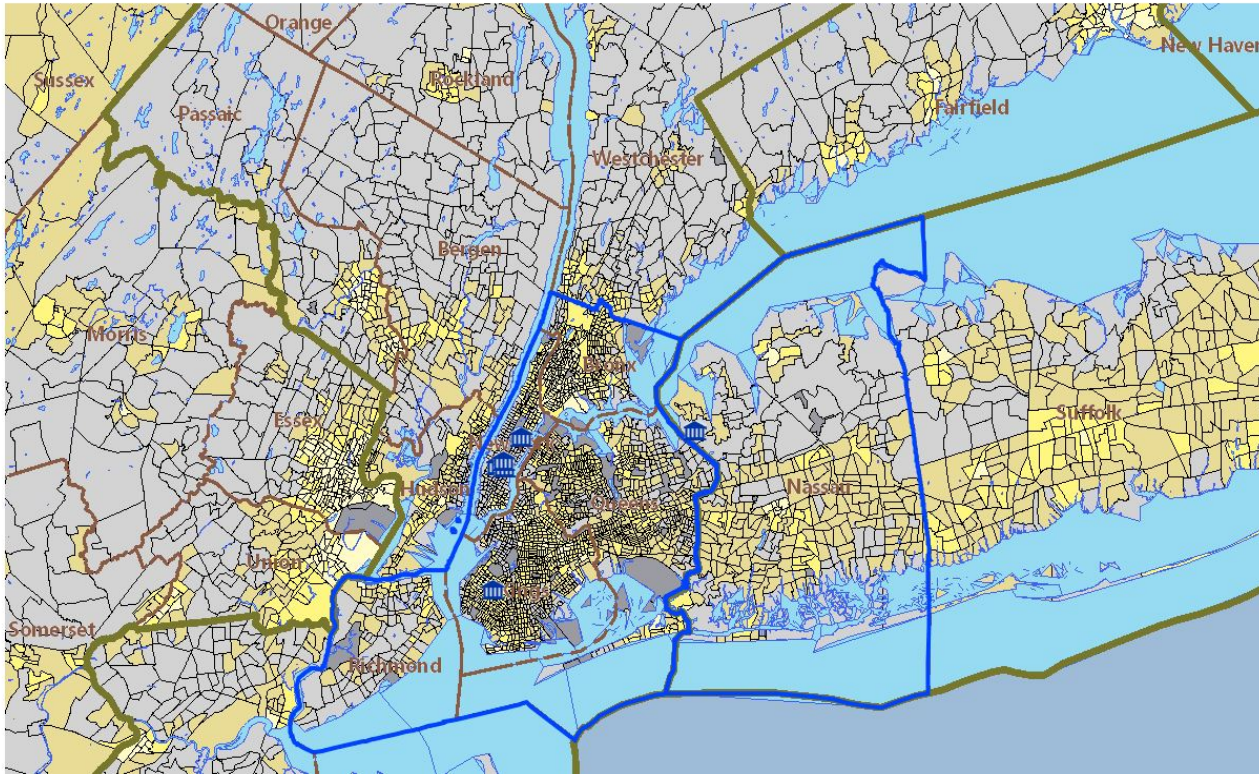
Income Categories	SMALL BUSINESS			
	#	%	\$(000s)	%
	<b>By Tract Income</b>			
Low	3	1.7%	427	1.4%
Moderate	24	13.6%	3,878	12.9%
Low/Moderate Total	27	15.3%	4,304	14.4%
Middle	49	27.7%	7,929	26.5%
Upper	100	56.5%	17,689	59.0%
Unknown	1	0.6%	50	0.2%
Tract Unknown	0	0.0%	0	0.0%
Total	177	100.0%	29,972	100.0%
	<b>By Revenue</b>			
Total \$1 Million or Less	147	83.1%	17,511	58.4%
Over \$1 Million	25	14.1%	10,111	33.7%
Not Known	5	2.8%	2,350	7.8%
Total	177	100.0%	29,972	100.0%
	<b>By Loan Size</b>			
\$100,000 or less	98	55.4%	5,155	17.2%
\$100,001 - \$250,000	51	28.8%	7,987	26.6%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	28	15.8%	16,829	56.2%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%
Total	177	100.0%	29,972	100.0%
	<b>By Loan Size and Revenue \$1 Million or Less</b>			
\$100,000 or less	93	63.3%	4,926	28.1%
\$100,001 - \$250,000	41	27.9%	6,088	34.8%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	13	8.8%	6,498	37.1%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%
Total	147	100.0%	17,511	100.0%

Originations and Purchases

## CRA APPENDIX B

### ASSESSMENT AREA MAP

**Metropolitan Commercial Bank**  
Assessment Area 2017 - 2018



LEGEND	
2015 Census Year	
<b>INCOME</b>	
	Low
	Moderate
	Middle
	Upper
	Unknown
	AA Boundary
<b>BANK BRANCHES</b>	
Inside and Outside AA - 6	
	All Branches
<b>FEATURES</b>	
	Water Body



## CRA APPENDIX C

### GLOSSARY

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Census tract:** A small, relatively permanent statistical subdivision of a county or statistically equivalent entity delineated for data presentation purposes by a local group of census data users or the geographic staff of a regional census center in accordance with the Census Bureau guidelines. Designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time they are established, census tracts generally contain between 1,000 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries are delineated with the intention of being stable over many decades, so they generally follow relatively permanent visible features. However, they may follow governmental unit boundaries and other invisible features in some instances; the boundary of a state or county) or statistically equivalent entity) is always a census tract boundary.

**Community development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies; or loans, investments or services that (i) Support, enable or facilitate projects or activities that meet the "eligible uses" criteria described in Section 2301c of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP); (ii) Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees; (iii) Benefit low-, moderate- and middle-income individuals and geographies in the bank's assessment area(s) or geographies outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or

- b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Family:** A family is a group of two or more people related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

**Full review:** Performance is analyzed considering performance context, quantitative factors and qualitative factors.

**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 statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, or withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing's of home improvement and home purchase loans.

**Household:** A household consists of all the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group quarters.

**Low-income:** Individual income that is less than 50% of the area median income, or a median family income that is less than 50%, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA assessment area.

**Metropolitan Statistical Area (MSA):** A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core.

**Metropolitan Division:** A county or group of counties within a **Metropolitan Statistical Area** that contains a population of at least 2.5 million and represents an employment center(s) associated through commuting ties.

**Middle-income:** Individual income that is at least 80% and less than 120% of the area median income, or a median family income that is at least 80% and less than 120%, in the case of geography.

**Moderate-income:** Individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, in the case of geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Upper-income:** Individual income that is more than 120% of the area median income, or a median family income that is more than 120%, in the case of geography.