



**NEW YORK STATE BANKING DEPARTMENT  
CONSUMER SERVICES DIVISION  
One State Street  
New York, NY 10004**

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Institution:** The Westchester Bank

**Address:** 2001 Central Park Avenue  
Yonkers, NY 10710

**Date of Evaluation:** December 31, 2010

**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 Banking Department concerning the safety and soundness of this financial institution.

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## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of The Westchester Bank (“TWB”) prepared by the New York State Banking Department (“Department”). The evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2010.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks 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 Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). 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 State Banking Law.

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

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## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

TWB is evaluated according to the small bank performance criteria pursuant to Parts 76.7 and 76.12 of the General Regulations of the Banking Board. This assessment period included calendar years 2008, 2009 and 2010. TWB is rated "2", indicating a "Satisfactory" record of helping to meet community credit needs. This is the first examination conducted by the New York State Banking Department.

This rating is based on the following factors:

- ***Loan-to-Deposit Ratio and Other Lending-Related Activities: "Satisfactory"***

TWB's average LTD ratio was reasonable considering its size, business strategy, financial condition, *de novo status*, aggregate and peer group activity.

Although TWB's average LTD ratio of 51.1% for the evaluation period was significantly below the 81.4% ratio of the peer group, TWB's LTD ratios are trending upward, and are considered reasonable for a *de novo* bank operating for less than three years.

TWB enhanced the availability of credit in its assessment area by providing community development lending to a non-profit organization that provides affordable housing and supportive services in Westchester County.

- ***Assessment Area Concentration: "Satisfactory"***

During the evaluation period, TWB originated 54.6% by number, and 52.9% by dollar value, of its small business loans within the assessment area. This majority of small business lending inside of its assessment area is a "Satisfactory" record of lending, considering that TWB has been in business only since June 2008

- ***Distribution by Borrowers Characteristics: "Satisfactory"***

The distribution of small business loans based on the revenue size of the business demonstrated a reasonable penetration rate of lending to businesses of different revenue sizes.

Despite commencing operations in June 2008, TWB outperformed the peer group in lending to small businesses in its assessment area with revenue sizes equal to or less than \$1 million, by number of loans, in both 2009 and 2010. However, the peer group's lending by dollar volume was slightly higher than TWB's during those two years. In 2008, TWB extended only six loans.

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- ***Geographic Distribution of Loans: “Outstanding”***

The distribution of small business loans based on the income level of the geography of the business demonstrated an excellent penetration rate of lending.

While TWB did not lend to low-income tracts during the evaluation period, its penetration rates in moderate-income tracts significantly outperformed the aggregate in LMI census tracts, both in numbers and dollar volume, and exceeded the business demographic.

- ***Action Taken in Response to Written Complaints With Respect to CRA:***

Neither the bank nor the New York State Banking Department received any complaints with respect to its 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 State Banking Law and Part 76 of the General Regulations of the Banking Board.

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## **PERFORMANCE CONTEXT**

### **Institution Profile:**

Chartered by the New York State Banking Department (“The Department”) in June 2008, The Westchester Bank (“TWB”) is a wholly-owned subsidiary of The Westchester Bank Holding Corporation. TWB, a *de novo bank* and a full-service commercial bank, opened its first branch and main office in Yonkers, NY on June 18, 2008. TWB opened a new branch on November 18, 2009, in White Plains, NY. Both branches are located in upper-income tracts.

TWB offers a variety of commercial and retail loan and deposit products in the Westchester County market. TWB’s primary market consists of local businesses, business owners, professionals and individuals, providing mostly commercial and consumer lending, deposit-taking and similar banking activities throughout Westchester County. Each branch has an automatic teller machine (“ATM”), however, only the White Plains branch has deposit-taking capabilities.

As per the Consolidated Report of Condition (“Call Report”) as of December 31, 2010, filed with the Federal Deposit Insurance Corporation (“FDIC”), TWB reported total assets of \$205.5 million, of which \$121.0 million were net loans and lease finance receivables. It also reported total deposits of \$185.8 million, resulting in a loan-to-deposit ratio of 65.2%. According to the latest available comparative deposit data as of June 30, 2010, TWB obtained a market share of 0.39%, or \$163.9 million in a market of \$42.4 billion inside its market, ranking it 25th among 40 deposit-taking institutions in the assessment area of the bank, the whole of Westchester County.

The following is a summary of TWB’s loan portfolio, based on Schedule RC-C of TWB’s December 31, 2008, December 31, 2009 *and December 31, 2010* Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	2008		2009		2010	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	0	0.0	2,570	3.8	8,209	6.7
Commercial & Industrial Loans	2,274	19.0	20,336	29.7	50,623	41.2
Commercial Mortgage Loans	7,863	65.8	30,342	44.3	45,076	36.7
Multifamily Mortgages	1,806	15.1	5,887	8.6	6,191	5.0
Consumer Loans		0.0	1,600	2.3	2,270	1.8
Agricultural Loans		0.0	288	0.4	2,178	1.8
Construction Loans		0.0	2,449	3.6	2,870	2.3
Obligations of States & Municipalities		0.0	0	0.0	0	0.0
Other Loans		0.0	3,090	4.5	253	0.2
Lease financing		0.0	1,902	2.8	5,058	4.1
<b>Total Gross Loans</b>	<b>11,943</b>		<b>68,464</b>		<b>122,728</b>	

As illustrated in the above chart, TWB is primarily a commercial lender, with commercial and industrial loans and commercial mortgage loans accounting for 77.9% of its loan portfolio as of December 31, 2010. TWB does not originate residential mortgage loans. Loans identified in the chart as 1-4 family residential mortgage loans reflect instances where residential properties served as collateral for commercial loans.

*There are no known financial or legal impediments that adversely impacted TWB's ability to meet the credit needs of its community.*

**Assessment Area:**

TWB's assessment area is comprised of all of Westchester County. There are 221 census tracts in the area, of which 4 are low-income, 21 are moderate-income, 39 are middle-income, 153 are upper-income and 4 are tracts with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Westchester	4	4	21	39	153	221	11.3
Total	4	4	21	39	153	221	11.3

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

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## **Demographic & Economic Data**

The assessment area had a population of 923.5 thousand during the examination period. Approximately 14% of the population was over the age of 65 and 22.4% was under the age of 16.

Of the 237,010 families in the assessment area, 1.5% were low-income, 8.2% were moderate-income, 16.2% were middle-income, and 74.1% were upper-income families. There were 337,486 households in the assessment area, of which 8.5% had income below the poverty level and 2.8% were on public assistance.

MSA median family income within the assessment area was \$49.4 thousand. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area was \$65.6 thousand in 2010.

There were 349,445 housing units within the assessment area, of which 67.9% were one- to four-family units, and 32.1% were multifamily units. A majority (58.0%) of the area's housing units were owner-occupied, while 38.5% were rental units. Of the 202,765 owner-occupied housing units, 2.7% were in low and moderate income census tracts, while 97.3% were in middle- and upper-income census tracts. The median age of the housing stock was 56 years and the median home value in the assessment area was \$285.8 thousand.

There were 74,502 non-farm businesses in the assessment area. Of these, 78.7% were businesses with reported revenues of less than or equal to \$1 million, 4.9% reported revenues of more than \$1 million and 16.4% did not report their revenues. Of all the businesses in the assessment area, 87.8% were businesses with less than fifty employees while 92.5% operated from a single location. The largest industries in the area were services (49.6%), followed by retail trade (13.5%) and construction (8.6%), while 6.2% of businesses in the assessment area were not classified.

The 2009 Mortgage Foreclosure Law, approved on December 15, 2009, requires that lenders send a pre-foreclosure notice at least 90 days before the lender commences legal action against the mortgage loan borrower. Of the 134 thousand 90-day pre-foreclosure notices mailed to New York State borrowers between February 13, 2010 and August 31, 2010, 6,309 or 4.7% were mailed to borrowers in Westchester County. The state average for such filings, as a percentage of total mortgages, was 5.2% while the Westchester County average was only 4.3%.

According to the New York State Department of Labor, the average unemployment rate for New York State during the evaluation period was 7.4% compared to an average unemployment rate of only 6.4% for the assessment area during the same period. The unemployment rate for Westchester County was consistently below the state-wide rate during the evaluation period, and declined slightly in 2010, while the state-wide unemployment rate continued to rise in 2010.

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<b>Assessment Area Unemployment Rate</b>		
	New York State	Westchester County
2008	5.3	4.8
2009	8.4	7.3
2010	8.6	7.2

**Community Information**

The Department received a favorable comment from one local nonprofit organization that specializes in affordable housing and operates shelters for the homeless in Westchester County. As noted by the president of this entity, TWB has been a tremendous help to it by reaching out and providing lines of credit for operating cash flow purposes, and that TWB is an extraordinary example of a local bank that is meeting local needs.

Westchester County covers an area of 450 square miles and has a diverse population residing in 45 municipalities, with the Long Island Sound on the southeast and the Hudson River on the west. It has retained much of its rural character while adopting the urban and suburban lifestyles resulting from of its proximity to New York City.

There are more than 170 businesses headquartered in Westchester County. Major employers in the area include IBM Corporation, Pepsico, Nokia Inc., ITT Corporation, and Snapple Beverage Group/Motts, Inc. The City of Yonkers, Westchester County’s largest city, is the state’s fourth largest, and borders New York City.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*TWB was evaluated under the small banking institution's performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Banking Board. TWB's performance was evaluated according to the small bank performance criteria, which consists of the lending test including (1) loan-to-deposit ratio and other lending-related activities; (2) assessment area concentration; (3) distribution by borrower characteristics; (4) geographic distribution of loans; and (5) action taken in response to written complaints regarding CRA. The following factors were also considered in assessing the bank's record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications, evidence of prohibited discriminatory or other illegal credit practices; record of opening and closing offices and providing services at offices; and process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.*

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the examination process and on its Call Report submitted to the Federal Deposit Insurance Corporation ("FDIC"). Aggregate lending data were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data were obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

The demographic data referred to in this report were derived from the 2000 U.S. Census and the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report provide information on US businesses, enhanced by Dun & Bradstreet reports and updated annually. Unemployment data were obtained from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and were used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2008, 2009 and 2010. Examiners considered TWB's small business loans in evaluating factors (2), (3) and (4) of the lending test as noted above.

Small business loans aggregate data are shown for comparative purposes. TWB is not required to report this data and as such is not included in the aggregate data. TWB does not offer residential home mortgage. Analyses were then based on small business lending only. Small business loan data evaluated in this performance evaluation represented actual originations. In addition, TWB opened for business in the

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middle of 2008 and extended only six loans during that year. As a result, analyses were based primarily on 2009 and 2010 data.

**Current CRA Rating: “Satisfactory”**

**Lending Test:** “Satisfactory”

TWB’s small business lending activities are reasonable in light of aggregate and peer group activity and demographics.

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

TWB’s average LTD ratio was reasonable considering its size, business strategy, financial condition, *de novo status*, aggregate and peer group activity.

Although TWB’s average LTD ratio of 51.1% for the evaluation period was significantly below the 81.4% ratio of the peer group, TWB’s LTD ratios are trending upward, and are considered reasonable for a *de novo* bank operating for less than three years.

The chart below shows TWB’s LTD ratios in comparison with the peer group’s ratios for the 10 quarters since TWB began operating.

<b>Loan-to-Deposit Ratios</b>											
	9/30 2008	12/31 2008	3/31 2009	6/30 2009	9/30 2009	12/31 2009	3/31 2010	6/30 2010	9/30 2010	12/31 2010	Avg.
Bank	35.2	41.8	39.5	38.6	51.0	57.5	56.2	57.6	68.2	65.2	51.1
Peer	84.6	84.9	78.9	81.5	79.5	80.9	79.7	80.5	81.0	82.5	81.4

**Community Development Loan**

TWB enhanced the availability of credit in its assessment area by providing community development lending to a non-profit organization that provides affordable housing and supportive services in Westchester County. Since its founding in 1981, it helped more than 5 thousand homeless families and individuals move into their own apartments in Westchester County. During the evaluation period, this non-profit organization obtained lines of credit totaling \$2.5 million from TWB to support its operating expenses.

**Assessment Area Concentration:** “Satisfactory”

During the evaluation period, TWB originated 54.6%, by number, and 52.9% by dollar value, of its small business loans within the assessment area. This majority of small business lending inside of its assessment area is a “Satisfactory” record of lending

within its assessment area, considering that TWB has been in business only since June 2008 with two branches, and is operating in a highly competitive market with the presence, in its assessment area, of large banks such as JP Morgan Chase, Citibank, Bank of America and Wells Fargo.

The table above shows the percentage of TWB's small business loans originated inside and outside of the assessment area

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Business										
2008	6	46.2%	7	53.8%	13	2,635	61.3%	1,665	38.7%	4,300
2009	63	61.2%	40	38.8%	103	15,327	51.1%	14,669	48.9%	29,996
2010	67	50.4%	66	49.6%	133	15,809	53.4%	13,787	46.6%	29,596
Grand Total	136	54.6%	113	45.4%	249	33,771	52.9%	30,121	47.1%	63,892

Small business analyses were based on actual lending.

#### Distribution by Borrower Characteristics: "Satisfactory"

The distribution of small business loans based on the revenue size of the business demonstrated a reasonable penetration rate of lending to businesses of different revenue sizes.

Despite commencing operations in June 2008, TWB outperformed the peer group in lending to small businesses in its assessment area with revenue sizes equal to or less than \$1 million, by number of loans, in both 2009 and 2010. However, the peer group's lending by dollar volume was slightly higher than TWB's, during those two years. In 2008, TWB extended only six loans.

The following chart provides a summary of TWB's small business lending distribution based on revenue size during the evaluation period:

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2008</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	2	33.3%	510	19.4%	10,600	21.2%	347,546	31.1%	69.3%
Rev. > \$1MM	4	66.7%	2,125	80.6%					5.2%
Rev. Unknown		0.0%		0.0%					25.5%
<b>Total</b>	<b>6</b>		<b>2,635</b>		<b>49,924</b>		<b>1,116,671</b>		
<b>2009</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	19	30.2%	3,380	22.1%	3,984	17.9%	155,274	25.5%	78.7%
Rev. > \$1MM	32	50.8%	10,927	71.3%					5.0%
Rev. Unknown	12	19.0%	1,020	6.7%					16.4%
<b>Total</b>	<b>63</b>		<b>15,327</b>		<b>22,319</b>		<b>608,594</b>		
<b>2010</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	17	25.4%	3,322	21.0%	4,006	19.8%	138,407	25.6%	78.7%
Rev. > \$1MM	37	55.2%	7,652	48.4%					4.9%
Rev. Unknown	13	19.4%	4,835	30.6%					16.4%
<b>Total</b>	<b>67</b>		<b>15,809</b>		<b>20,196</b>		<b>540,132</b>		
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	38	27.9%	7,212	21.4%		20.1%	155,274	<b>28.3%</b>	
Rev. > \$1MM	73	53.7%	20,704	61.3%					
Rev. Unknown	25	18.4%	<b>5,855</b>	17.3%					
<b>Total</b>	<b>136</b>		<b>33,771</b>						

Small business analyses were based on actual lending.

### Geographic Distribution of Loans: "Outstanding"

The distribution of small business loans based on the income level of the geography of the business demonstrated an excellent penetration rate of lending.

While TWB did not lend to low-income tracts during the evaluation period, its penetration rates in moderate-income tracts significantly outperformed the aggregate in LMI census tracts, both in numbers and dollar volume, and exceeded the business demographic.

The following chart provides a summary of TWB's small business lending distribution based on the income level of the geography.

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2008</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low		0.0%		0.0%	305	0.6%	4,261	0.4%	1.1%
Moderate	2	33.3%	625	23.7%	3,487	7.0%	97,334	8.7%	10.3%
LMI	2	33.3%	625	23.7%	3,792	7.6%	101,595	9.1%	11.4%
Middle		0.0%		0.0%	6,621	13.3%	174,687	15.6%	15.9%
Upper	4	66.7%	2,010	76.3%	39,491	79.1%	839,408	75.2%	72.6%
Unknown		0.0%		0.0%	20	0.0%	981	0.1%	0.0%
<b>Total</b>	<b>6</b>		<b>2,635</b>		<b>49,924</b>		<b>1,116,671</b>		
<b>2009</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low		0.0%		0.0%	127	0.6%	2,875	0.5%	1.1%
Moderate	8	12.7%	2,375	15.5%	1,514	6.8%	51,786	8.5%	10.2%
LMI	8	12.7%	2,375	15.5%	1,641	7.4%	54,661	9.0%	11.3%
Middle	11	17.5%	3,240	21.1%	2,989	13.4%	111,946	18.4%	15.7%
Upper	44	69.8%	9,712	63.4%	17,676	79.2%	440,938	72.5%	73.0%
Unknown		0.0%		0.0%	13	0.1%	1,049	0.2%	0.0%
<b>Total</b>	<b>63</b>		<b>15,327</b>		<b>22,319</b>		<b>608,594</b>		
<b>2010</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low		0.0%		0.0%	121	0.6%	4,367	0.8%	1.0%
Moderate	13	19.4%	1,374	8.7%	1,318	6.5%	47,540	8.8%	9.7%
LMI	13	19.4%	1,374	8.7%	1,439	7.1%	51,907	9.6%	10.7%
Middle	5	7.5%	2,375	15.0%	2,610	12.9%	95,495	17.7%	15.3%
Upper	49	73.1%	12,060	76.3%	16,112	79.9%	391,148	72.5%	73.9%
Unknown		0.0%		0.0%	3	0.0%	1,009	0.2%	0.0%
<b>Total</b>	<b>67</b>		<b>15,809</b>		<b>20,164</b>		<b>539,559</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%		0.6%		0.5%	
Moderate	23	16.9%	4,374	13.0%		6.8%		8.7%	
LMI	23	16.9%	4,374	13.0%	6,872	7.4%	208,165	9.2%	
Middle	16	11.8%	5,615	16.6%		13.2%		16.9%	
Upper	97	71.3%	23,782	70.4%		79.3%		73.8%	
Unknown	-	0.0%	-	0.0%		0.0%		0.1%	
<b>Total</b>	<b>136</b>		<b>33,771</b>						

Action Taken In Response to Written Complaints With Respect to CRA: "Satisfactory"

Since opening in June 2008, neither TWB nor the New York State Banking Department has received any written complaints regarding TWB's CRA performance.

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## **Additional Factors**

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

TWB's CRA officer presented and discussed with the board of directors its first CRA policy which the board reviewed and officially approved on June 19, 2008. At every semi-annual board meeting thereafter, the CRA officer presented and discussed the results of the bank's CRA self-assessment providing the board with an in depth report of the bank's CRA performance, including LTD ratios, assessment area report, and record of lending by both borrower income and geographic distributions. It is through this process that the board of directors reviews and monitors the bank's performance with respect to CRA.

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

The Department noted no practices that were intended to discourage applications for the types of credit offered by the institution.

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

The Department noted no evidence of prohibited discriminatory or other illegal practices.

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

TWB opened its first branch on June 18, 2008 in Yonkers, NY. The second branch opened on November 2009, in White Plains, NY. Both branches are located in upper income tracts and each has an ATM; however, only the White Plains branch's ATM has deposit-taking capabilities.

## **Process Factors**

- Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

TWB ascertains the credit needs of its community through its directors' and officers' involvement in local, business, nonprofit and community organizations.

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Three senior bank executives of TWB are active members/or directors with the Business Council of Westchester and The Westchester County Association (both associations promote small business and business to business activities in Westchester County), the Hudson River Museum, and the Yonkers Chamber of Commerce. One executive is also an advisor to the National Association for the Advancement of Colored People (“NAACP”) of Yonkers and another serves on the board of directors of the YWCA of White Plains and Central Westchester. In addition an executive serves on the loan committee for the Micro Loan Fund of Community Capital Resources, which promotes micro lending to local small businesses.

TWB’s board members are affiliated with and/or members of The Armonk Rotary Club, Bronx-Manhattan North Association of Realtors, Bronx Realty Advisory Board, the Yonkers YMCA board of directors, New York State Economic Development Council, Yonkers Workforce Investment Board, Yonkers Chambers of Commerce and Yonkers Industrial Development Agency.

- *The extent of the banking institution’s marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution*

TWB communicates its credit-related programs directly through various local business and NFP organizations. During the course of the evaluation period, TWB’s sponsorships in 33 NFPs totaled \$75 thousand in the form of donations, sports tournaments’ sponsorships and advertisement spaces.

It is through these organizations that TWB makes the members of its community aware of its credit services. In addition, TWB runs a recurring advertisement in The Westchester County Business Journal.

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

As noted in the “Community Information” section of this report, The Department received a favorable comment from a local nonprofit organization that specializes in affordable housing and operates shelters for the homeless in Westchester County. This organization noted that TWB actively reached out to it in an effort to meet this organization’s credit needs. During the evaluation period, TWB provided this organization lines of credit totaling \$2.5 million.

Furthermore, it is worth noting that in an effort to further assist its not for profit (“NFP”) clients in providing essential services to the community, TWB designed and

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implemented special products and banking services specifically for these NFP organizations. TWB offers these organizations the following benefits: no minimum balance required on checking, savings and money market accounts, interest paid on ledger balances, variable rate of interest paid with a floor, 24 hour access to funds, free online bill pay, next-day availability on deposited checks, free internal transfers and unlimited transactions, and other special financing options. TWB also provided these organizations with Remote Deposit Scanners, free of charge. A total of 34 NFP organizations with a total of 82 accounts took advantage of these special products and services during the evaluation period.

## GLOSSARY

### Aggregate Penetration Rate

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

### Community Development

The term “community development” is defined to mean:

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

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

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

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

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

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

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
  - ❖ Serving on a loan review committee;
  - ❖ Developing loan application and underwriting standards;
  - ❖ Developing loan processing systems;

- ❖ Developing secondary market vehicles or programs;
- ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

**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 of the person, family or household is based on the income of person, family or household. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

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

**Loans to Small Businesses**

Small business loans to businesses with gross annual revenues (“GAR”) of \$1 million or less (“< = \$ 1MM”).

**Low or Moderate Income (“LMI”) Geographies**

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

**LMI Borrowers**

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would

relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

### **LMI Individuals/Persons**

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

### **LMI Penetration Rate**

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

### **Small Business Loans**

Loans to businesses with original amounts of  $\leq$  \$1MM.