



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: September 30, 2014

Institution: Amalgamated Bank
275 Seventh Avenue
New York, NY 10001

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Amalgamated Bank (“AB”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of September 30, 2014.

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

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

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

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated AB according to the large bank performance criteria pursuant to Parts 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent ("GRS"). This assessment period included calendar years 2011, 2012, 2013 and the first nine months of 2014 (ending September 30, 2014). DFS assigns AB a rating of "2," indicating a "Satisfactory" record of helping to meet community credit needs.

This rating is based on the following factors:

Lending Test: "High Satisfactory"

AB's lending performance reflected reasonable responsiveness in its assessment area considering AB's size, business strategy and financial condition, as well as the lending of its peer group and aggregate and the demographic characteristics of the assessment area.

- **Lending Activity:** "Low Satisfactory"

AB's average loan-to-deposit ("LTD") ratio during the 15 quarters of the evaluation period was 75.2%, which was lower than its peer group's ratio of 79.3%. The average LTD ratio fluctuated from a high of 79.3% in the second quarter of 2012 to a low of 70.5% in the first quarter of 2014.

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

AB originated 92.4% by number and 97.4% by dollar value of its HDMA-reportable loans within the assessment area. This substantial majority of lending inside its assessment area was an excellent concentration of loans within the assessment area.

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

AB's HDMA-reportable lending demonstrated an excellent distribution of loans in census tracts of varying income levels. AB's level of lending in low- and moderate-income ("LMI") census tracts significantly exceeded the aggregate's level of lending for every year of the evaluation period.

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

AB's one-to-four family HDMA-reportable lending demonstrated a poor rate of lending to LMI individuals. AB's rate of lending to moderate-income individuals during the evaluation period was comparable to the aggregate. However, its rate of lending to low-income individuals was below the aggregate's, as AB originated only one loan to a low-income individual during the evaluation period.

- **Community Development Lending:** “Outstanding”

AB demonstrated an excellent level of community development lending, increasing its lending by 36.3% compared to the prior evaluation. AB originated \$243.5 million in new community development loans during the evaluation period.

- **Investment Test:** “Low Satisfactory”

During the evaluation period, AB made \$6.5 million in new community development investments and had \$3.8 million outstanding from prior evaluation periods. In addition, AB made \$903,000 in community development grants. This demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

Service Test: “High Satisfactory”

- **Retail Banking Services:** “High Satisfactory”

AB had a more than reasonable branch network, delivery systems, branch hours and services, and alternative delivery systems during the evaluation period.

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

AB provided a relatively high level of community development services during the evaluation period. Senior officers and other employees provided a range of community development services and served on the boards and committees of non-profit organizations engaged in affordable housing, economic development for small businesses and revitalization of LMI communities.

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

PERFORMANCE CONTEXT

Institution Profile

AB was established in 1923 by the Amalgamated Clothing Workers of America and continues today to be a majority union-owned bank. AB has 24 retail branches of which 20 are located in New York State, including the corporate headquarters at 275, 7th Avenue, New York, NY. In addition, AB has one branch location each in California, the District of Columbia, Nevada, and New Jersey.

AB offers a broad range of banking services and products for individuals, small businesses and commercial clients. These services and products include: deposit accounts, credit cards, investments, treasury management, business loans, and residential and commercial mortgage loans.

According to the Consolidated Report of Condition (the "Call Report") as of September 30, 2014, filed with the Federal Deposit Insurance Corporation ("FDIC"), AB had total assets of \$3.6 billion, of which \$1.9 billion were net loans and lease finance receivables. It also reported total deposits of \$2.5 billion, resulting in a loan-to-deposit ratio of 74.4%. According to the latest available comparative deposit data as of June 30, 2014, AB had a market share of 0.20%, or \$2.3 billion in a market of \$1.1 trillion, ranking it 35th among 134 deposit-taking institutions in the assessment area.

The following is a summary of AB's loan portfolio, based on Schedule RC-C of the bank's December 31, 2011, 2012, 2013 and September 30, 2014 Call Reports:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2011		2012		2013		9/30/2014	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	585,559	27.1	458,044	24.3	436,469	22.2	478,628	24.9
Commercial & Industrial Loans	540,053	25.0	384,374	20.4	514,400	26.2	440,788	23.0
Commercial Mortgage Loans	469,258	21.7	449,723	23.8	461,404	23.5	419,766	21.9
Multifamily Mortgages	483,427	22.4	493,117	26.1	502,303	25.5	505,178	26.3
Consumer Loans	4,057	0.2	4,990	0.3	5,625	0.3	4,596	0.2
Construction Loans	74,346	3.4	36,201	1.9	0	0.0	1,679	0.1
Obligations of States & Municipalities	0	0.0	0	0.0	0	0.0	19,111	1.0
Other Loans	3,151	0.1	60,309	3.2	46,872	2.4	49,615	2.6
Total Gross Loans	2,159,851	100.0	1,886,758	100.0	1,967,073	100.0	1,919,361	100.0

As illustrated in the above table, AB is primarily a residential and commercial real estate lender with 73.1 percent of its loan portfolio concentrated in 1-4 family residential, multifamily, and commercial mortgage loans as of September 30, 2014. AB's loan portfolio declined by 11.1% during the evaluation period.

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

Assessment Area

AB's assessment area is comprised of Bronx, Kings, Nassau, New York, Queens, Richmond, Rockland, and Westchester counties.

There are 2,740 census tracts in the area, of which 354 are low-income, 693 are moderate-income, 867 are middle-income, 748 are upper-income, and 78 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	10	143	97	60	29	339	70.8
Kings	13	125	295	213	115	761	55.2
Nassau	8	9	26	157	84	284	12.3
New York	12	44	61	25	146	288	36.5
Queens	26	21	169	314	139	669	28.4
Richmond	3	3	11	33	61	111	12.6
Rockland	0	4	6	10	45	65	15.4
Westchester	6	5	28	55	129	223	14.8
Total	78	354	693	867	748	2,740	38.2

Demographic & Economic Data

The assessment area had a population of 10.8 million during the examination period. About 12.5% of the population were over the age of 65, and 19.6% were under the age of sixteen.

Of the 2.5 million families in the assessment area, 27.8% were low-income, 16.4% were moderate-income, 17.1% were middle-income and 38.7% were upper-income families. There were 3.9 million households in the assessment area, of which 15.6% had income below the poverty level and 3.5% were on public assistance.

The weighted average median family income in the assessment area was \$77,825. Of all the counties in the assessment area, the Bronx had the lowest median income at \$42,639, and Westchester had the highest median income at \$114,927. The median family incomes in the six other counties were as follows: New York, \$104,415; Kings, \$54,363; Queens, \$64,928; Richmond, \$83,600; Rockland, \$99,952; and Nassau, \$113,801.

There were 4.3 million housing units within the assessment area, of which 51.2% were

multifamily units and 48.6 % were one-to-four family units. A majority (56.0%) of the area's housing units were rental units, while 38.7% were owner-occupied units. Of the 2.3 million renter-occupied housing units, 55.0% were in LMI census tracts while 45.0% were in middle- and upper-income census tracts. Of the 1.7 million owner-occupied housing units, 17.4% were in LMI census tracts while 82.6% were in middle- and upper-income census tracts. The median age of the housing stock in the assessment area was 69 years and the median home value was \$526,108.

There were 802,886 non-farm businesses in the assessment area. Of these, 72.7% were businesses with reported revenues of less than or equal to \$1 million, 5.7% reported revenues of more than \$1 million, and 21.6% did not report their revenues. Of all the businesses in the assessment area, 79.8% were businesses with less than fifty employees, and 93.1% operated from a single location. The largest industries in the area were services (45.9%), retail trade (14.5%) and finance, insurance & real estate (9.0%), while 12.6% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rates for New York State and the eight counties in AB's assessment area during the evaluation period worsened slightly from 2011 to 2012, but then improved from 2012 to 2013 and again for the first nine months of 2014. The improvement in unemployment rates starting in 2012 is reflective of the recovery in the region's economy.

Bronx County had the highest three-year unemployment rate at 12.3% and Rockland had the lowest rate at 6.5%. The average unemployment rates for Bronx and Kings counties consistently exceeded the statewide average rate, while Rockland, Nassau, Westchester and New York counties consistently had lower rates. Queens and Richmond counties generally tracked the statewide unemployment rate.

Assessment Area Unemployment Rate									
	NY State	Bronx	Kings	Nassau	New York	Queens	Richmond	Rockland	Westchester
2011	8.2%	12.4%	9.8%	6.8%	7.5%	8.2%	8.3%	6.7%	7.0%
2012	8.5%	12.8%	10.0%	7.0%	7.8%	8.4%	8.7%	6.8%	7.2%
2013	7.7%	11.8%	9.4%	5.9%	7.2%	7.8%	7.8%	5.9%	6.3%
2014*	6.5%	10.5%	8.1%	5.0%	6.1%	6.7%	6.9%	5.1%	5.4%
3-yr ave	8.1%	12.3%	9.7%	6.6%	7.5%	8.1%	8.3%	6.5%	6.8%

*9-mo.ave

Community Information

As part of the evaluation, examiners met with community contacts from three nonprofit community development organizations and interviewed key personnel to gain insight into the banking and financial needs in AB's assessment area.

The primary focus of the three organizations is to provide services to low-income residents, such as access to housing opportunities, provision of financial education, mental health counseling, and assistance to at-risk youth living in public housing facilities.

The community contacts indicated that there is a need for financial literacy classes and low-cost savings and loan products for low-income individuals residing in under-banked communities. These products and services would help residents of those communities better understand, and improve their ability to manage, their financial affairs, build-up their credit, and develop financial stability through savings.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated AB under the large bank's performance standards in accordance with GRS Parts 76.8, 76.9 and 76.10, which consist of the lending, investment and service tests. The following factors were also considered in assessing the bank's record of performance:

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

Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which AB helped meet the credit needs of its entire community.

DFS used statistics in this evaluation derived from various sources. AB submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS sourced aggregate lending data from the Federal Financial Institutions Examination Council (FFIEC) and deposit data from the FDIC. DFS calculated loan-to-deposit ("LTD") ratios from information in the bank's Uniform Bank Performance Report, submitted to the FDIC.

DFS derived demographic data referred to in this report from the 2010 U.S. Census and the U.S. Department of Housing and Urban Development ("HUD"). DFS used business demographic data in this report from Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The assessment period included calendar years 2011 through 2013 and the nine-month period ending September 30 2014.

Examiners considered AB's HMDA-reportable lending in evaluating factors (2), (3) and (4) of the lending test noted below. Examiners did not consider small business loans in its evaluation due to the small number of small business loans AB originated during the evaluation period.

At its **prior** Performance Evaluation as of December 31, 2010, DFS assigned AB a rating of "2," reflecting a "Satisfactory" record of helping to meet community credit needs.

Current CRA Rating: "Satisfactory"

LENDING TEST: “High Satisfactory”

The bank’s lending performance was evaluated pursuant to the following criteria:

- (1) Lending Activity;*
- (2) Assessment Area Concentration;*
- (3) Geographic Distribution of Loans;*
- (4) Borrower Characteristics;*
- (5) Community Development Lending; and*
- (6) Flexible and/or Innovative Lending Practices.*

AB’s HMDA-reportable and community development lending activities were reasonable in light of the bank’s size, business strategy and financial condition, as well as the lending activity of its peer group and the lending performance of the aggregate of banks in its assessment area. DFS also considered the demographic characteristics and credit needs of AB’s assessment area.

The volume of HMDA-reportable loans AB made inside the assessment area, the distribution of AB’s HMDA-reportable loans in LMI census tracts, and the volume of AB’s community development loans all demonstrated excellent lending levels.

Lending Activity: “Low Satisfactory”

AB’s lending activity was reasonable considering its size, business strategy and financial condition, as well as its peer group’s activity and the demographic characteristics of its assessment area.

AB’s average LTD ratio for the evaluation period was 75.2%, trailing its peer group’s¹ average of 79.3%. AB’s LTD ratio peaked in late 2011 and early 2012 and exceeded the peer group’s LTD ratios in the fourth quarter of 2011 and in the first two quarters of 2012.

Loan-to-Deposit Ratios																
	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	Avg. 15 Qtrs.
Bank	76.7	75.9	74.0	79.3	78.5	79.3	77.8	73.0	75.6	75.9	70.8	74.7	70.5	71.8	74.4	75.2
Peer	78.6	79.1	78.2	78.2	77.7	78.3	78.9	77.6	78.2	80.0	79.7	80.7	80.5	81.7	82.8	79.3

¹ AB’s peer group includes insured commercial banks having assets greater than \$3 billion.

Assessment Area Concentration: “Outstanding”

During the evaluation period, AB originated 92.4% by number and 97.4% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending within the assessment area was an excellent concentration of lending in the area.

The following table shows the percentages of AB’s HMDA-reportable loans originated inside and outside of the assessment area

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2011	72	94.7%	4	5.3%	76	219,235	99.7%	725	0.3%	219,960
2012	68	97.1%	2	2.9%	70	138,663	99.5%	737	0.5%	139,400
2013	195	90.7%	20	9.3%	215	175,841	93.1%	13,002	6.9%	188,843
9/30/2014	112	91.1%	11	8.9%	123	78,015	97.3%	2,176	2.7%	80,191
Total	447	92.4%	37	7.6%	484	611,754	97.4%	16,640	2.6%	628,394

Geographic Distribution of Loans: “Outstanding”

AB’s HMDA-reportable loans originated in census tracts of varying income levels demonstrated an excellent geographic distribution of lending.

AB’s level of lending in LMI census tracts significantly exceeded the aggregate’s level of lending for every year of the evaluation period. AB’s weakest performance for lending in LMI geographies was in 2012 when it originated 30.5% by dollar value of loans in LMI geographies, which still was well above the aggregate’s level of lending in LMI areas of 13.3%. AB’s rate of lending in LMI geographies was boosted by its multifamily lending, which accounted for more than 95% by dollar value of its lending.

The following table provides a summary of AB’s HMDA-reportable lending distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2011									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	19	26.4%	64,131	29.3%	2,459	2.5%	1,740,913	4.0%	2.1%
Moderate	24	33.3%	80,236	36.6%	10,156	10.5%	5,156,777	11.7%	11.7%
LMI	43	59.7%	144,367	65.9%	12,615	13.0%	6,897,690	15.7%	13.8%
Middle	13	18.1%	15,604	7.1%	31,164	32.2%	9,879,092	22.5%	38.1%
Upper	16	22.2%	59,264	27.0%	52,748	54.6%	27,005,820	61.4%	48.1%
Unknown	0	0.0%	0	0.0%	156	0.2%	165,410	0.4%	0.0%
Total	72		219,235		96,683		43,948,012		
2012									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	7.4%	17,791	12.8%	2,828	2.5%	1,764,945	3.3%	2.9%
Moderate	13	19.1%	24,555	17.7%	10,962	9.7%	5,291,344	9.9%	14.5%
LMI	18	26.5%	42,346	30.5%	13,790	12.2%	7,056,289	13.3%	17.4%
Middle	14	20.6%	37,512	27.1%	34,499	30.4%	11,945,664	22.4%	37.7%
Upper	36	52.9%	58,805	42.4%	64,888	57.2%	33,945,726	63.8%	44.9%
Unknown	0	0.0%	0	0.0%	253	0.2%	276,400	0.5%	0.0%
Total	68		138,663		113,430		53,224,079		
2013									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	5.6%	37,207	21.2%	3,068	2.8%	2,131,130	3.9%	2.9%
Moderate	33	16.9%	57,206	32.5%	11,739	10.7%	6,236,738	11.4%	14.5%
LMI	44	22.6%	94,413	53.7%	14,807	13.5%	8,367,868	15.3%	17.4%
Middle	53	27.2%	32,885	18.7%	33,505	30.5%	12,064,215	22.1%	37.7%
Upper	97	49.7%	47,993	27.3%	61,480	55.9%	34,051,905	62.3%	44.9%
Unknown	1	0.5%	550	0.3%	130	0.1%	151,595	0.3%	0.0%
Total	195		175,841		109,922		54,635,583		
9/30/2014									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	5.4%	11,369	14.6%	Data Not Available				
Moderate	32	28.6%	27,914	35.8%					
LMI	38	33.9%	39,283	50.4%					
Middle	32	28.6%	14,979	19.2%					
Upper	42	37.5%	23,753	30.4%					
Unknown	0	0.0%	0	0.0%					
Total	112		78,015						
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	41	9.2%	130,498	21.3%		2.6%		3.7%	
Moderate	102	22.8%	189,911	31.0%		10.3%		11.0%	
LMI	143	32.0%	320,409	52.4%		12.9%		14.7%	
Middle	112	25.1%	100,980	16.5%		31.0%		22.3%	
Upper	191	42.7%	189,815	31.0%		56.0%		62.6%	
Unknown	1	0.2%	550	0.1%		0.2%		0.4%	
Total	447		611,754						

Distribution by Borrower Characteristics: “Needs to Improve”

AB’s one-to-four family HMDA-reportable lending demonstrated a poor distribution of loans among individuals of different income levels.

AB failed to originate any loans to low-income borrowers in 2011, 2012, and 2013 and originated only one loan to a low-income borrower in the first nine months of 2014. This compared unfavorably to its aggregate’s rate of lending of approximately 2% by number and 1% by dollar value of loans originated to low-income borrowers in 2011, 2012 and 2013. AB’s lending rate to moderate-income borrowers was below the aggregate’s rate by number of loans but was comparable with the aggregate by dollar value of loans. AB needs to improve its lending to low-income individuals.

The following table provides a summary of AB’s one-to-four family HMDA-reportable lending distribution based on household income.

Distribution of 1-4 Family Loans by Borrower Income									
2011									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,993	2.1%	296,823	0.8%	26.6%
Moderate	1	5.6%	193	4.1%	8,535	9.0%	1,595,487	4.3%	16.0%
LMI	1	5.6%	193	4.1%	10,528	11.1%	1,892,310	5.1%	42.5%
Middle	8	44.4%	1,636	35.1%	19,042	20.1%	4,679,204	12.5%	17.5%
Upper	9	50.0%	2,833	60.8%	61,105	64.7%	28,746,599	77.0%	40.0%
Unknown	0	0.0%	0	0.0%	3,841	4.1%	2,000,316	5.4%	
Total	18		4,662		94,516		37,318,429		100.0%
2012									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	2,616	2.4%	470,222	1.1%	27.8%
Moderate	3	7.3%	444	5.4%	9,983	9.0%	1,965,513	4.4%	16.4%
LMI	3	7.3%	444	5.4%	12,599	11.4%	2,435,735	5.5%	44.2%
Middle	12	29.3%	1,698	20.8%	21,731	19.7%	5,497,554	12.4%	17.1%
Upper	26	63.4%	6,012	73.7%	71,289	64.6%	33,546,911	75.6%	38.7%
Unknown		0.0%		0.0%	4,794	4.3%	2,908,326	6.6%	
Total	41		8,154		110,413		44,388,526		
2013									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	2,375	2.2%	448,967	1.0%	27.8%
Moderate	11	6.8%	1,662	4.0%	9,162	8.6%	1,794,727	4.0%	16.4%
LMI	11	6.8%	1,662	4.0%	11,537	10.8%	2,243,694	5.0%	44.2%
Middle	41	25.5%	6,811	16.5%	20,527	19.2%	5,147,990	11.5%	17.1%
Upper	109	67.7%	32,783	79.5%	70,130	65.7%	34,221,054	76.5%	38.7%
Unknown	0	0.0%	0	0.0%	4,594	4.3%	3,098,064	6.9%	
Total	161		41,256		106,788		44,710,802		
2014									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	1.0%	78	0.3%	No Data Available				
Moderate	6	6.1%	739	2.5%					
LMI	7	7.1%	817	2.7%					
Middle	20	20.4%	4,214	14.0%					
Upper	71	72.4%	24,964	83.2%					
Unknown	0	0.0%	0	0.0%					
Total	98		29,995						
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.3%	78	0.1%		2.2%		1.0%	
Moderate	21	6.6%	3,038	3.6%		8.9%		4.2%	
LMI	22	6.9%	3,116	3.7%	34,664	11.1%	6,571,730	5.2%	
Middle	81	25.5%	14,359	17.1%		19.7%		12.1%	
Upper	215	67.6%	66,592	79.2%		65.0%		76.3%	
Unknown	-	0.0%	-	0.0%		4.2%		6.3%	
Total	318		84,067						

Community Development Lending: “Outstanding”

During the evaluation period, AB originated \$243.5 million in new community development loans, with no outstanding loan balance from prior evaluation periods. This was an excellent level of community development lending.²

AB increased its community development lending by \$64.8 million or 36.3% from the prior evaluation period. As a result, community development loans represented 1.7% of AB’s average total assets³ for the evaluation period compared to 1.0% for the prior period. While the increase in the ratio of community development loans to average assets can be partially attributed to a decline in AB’s total assets between evaluation periods (\$4.6 billion as of December 31, 2010 and \$3.6 billion as of September 30, 2014), the primary driver for the improvement to this ratio was the increase in community development loans between evaluation periods.

AB originated the majority of its community development loans for affordable housing (59.8%), and other loans had purposes of providing community service (30.3%) and revitalizing and stabilizing LMI census tracts (9.9%).

Community Development Loans				
Purpose	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	37	144,804		
Economic Development	2	20		
Community Services	21	74,340		
Revitalize & Stabilize	9	24,325		
Total	69	243,489	0	0

Below are highlights of AB’s community development lending.

Affordable Housing

- AB originated a \$15.4 million commercial mortgage loan secured by four six-story apartment buildings located in low-income census tracts in the Bronx, NY. The four buildings contain 200 residential apartments. Approximately 96% of the apartments have monthly rents below the fair market rents for the applicable metropolitan area as estimated by HUD and are affordable to individuals with household incomes of less than 80% of area median income.

² For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the exam.

³ DFS derived average total assets were by dividing the sum of quarterly total assets by the total number of quarters during the evaluation period.

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- AB refinanced a \$4.7 million mortgage loan for a six-story, mixed use building consisting of 43 apartment units and seven retail stores. The building is located in a low-income census tract in the Bronx, NY. Approximately 60% of the residential apartments, had average monthly rents below the fair market rent as estimated by HUD. Some of the apartments were occupied by Section 8 renters while others were rented by a nonprofit organization to provide housing to homeless people living with HIV/AIDS.

Community Services

AB extended lines of credit to several entities engaged in providing health care services in New York State. These organizations derived a significant portion of their operating revenues from Medicaid sources.

- AB made a \$14 million line of credit available to provide working capital needs for three residential health care facilities located in White Plains, the Bronx and Brooklyn. These facilities provide inpatient and outpatient services for the elderly and disabled.
- AB originated a \$7.9 million line of credit to fund the acquisition of and provide working capital for four nursing home facilities with 512 beds. The nursing homes are located in New York in the cities of Cortland, Rensselaer, Troy and Niskayuna.
- AB made \$6 million in lines of credit available to a private nonprofit agency that provides a wide array of employment, training and education services annually to over 70,000 New York City workers including union members, new Americans and dislocated workers. The Agency offers various programs that provide free courses in adult basic education, computer literacy and others to improve job skill. The New York City Council, New York State Department of Education, and New York State Legislature provided funding for these programs, and the courses were offered in neighborhood-based locations throughout the five boroughs.

Revitalize and Stabilize LMI Communities

- AB refinanced a \$2.1 million mortgage loan secured by a six-story mixed-use building with 26 apartments and eight retail stores. The property is located in a low-income census tract in Washington Heights. Sixteen, or approximately 61%, of the apartment units have affordable rents ranging from \$192 to \$807 a month, well below the fair market rent for the applicable metropolitan area as estimated by HUD. The retail stores are leased to small businesses including a pharmacy, beauty salon, barbershop, doctor's office and restaurant.

Flexible and/or Innovative Lending Practices:

AB did not make use of innovative or flexible lending practices.

INVESTMENT TEST: “Low Satisfactory”

AB’s investment performance is evaluated pursuant to the following criteria:

- (1) The dollar amount of qualified investments;
- (2) The innovativeness or complexity of qualified investments; and
- (3) The responsiveness of qualified investments to credit and community development needs.

AB’s community development investments were adequate in light of the assessment area’s credit needs.

Community Development Investments:

During the evaluation period, AB made \$6.5 million in new community development investments and had \$3.8 million outstanding from prior evaluation periods. In addition, AB made \$903,000 in community development grants. This demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

AB’s community development investments and grants totaled \$11.3 million and represented 0.08% of average total assets. This was a slight increase over the prior evaluation period’s \$10.4 million and 0.06%, respectively. AB’s investment activity was affected by generally adverse economic conditions; as a result, investment levels remained low during the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	2	\$ 6,475	1	2,477
Economic Development			1	650
Community Services				
Revitalize & Stabilize			1	631
Total	2	\$ 6,475	3	3,758
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	8	\$ 698		
Economic Development				
Community Services	86	\$ 205		
Other (Please Specify)				
Total	94	\$ 903		

Below are highlights of AB's community development investments.

- AB invested \$5.2 million in Freddie Mac mortgage-backed securities, which are secured by the country's largest federally subsidized rental complex consisting of 46 buildings, containing 5,881 apartments in Brooklyn. The complex contains apartment units subject to Section 8, Mitchell Lama, and HUD's Section 236 guidelines and regulations. Approximately 60.7% of the total units are set aside under a 20-year project-based Section 8 Housing Assistance Payments contract. Another 10.6% are subject to income limits under Mitchell Lama regulations, and the remaining 28.7% are subject to income restrictions under the Section 236 program administered by the New York State Division of Housing and Community Renewal.
- AB invested \$1.3 million in Fannie Mae mortgage-backed securities, which are secured by seven residential mortgage loans to borrowers with household incomes not exceeding 80% of area median income.

Below are highlights of AB's community development grants.

- AB contributed \$903,000 in grants to 66 organizations throughout the assessment area. The bulk or \$618,392 of the grants represented AB's member share in the Federal Home Loan Bank of New York's ("FHLBNY") earnings for 2011, 2012 and 2013. AB contributed these funds towards the FHLBNY's Affordable Housing Program ("AHP"). The AHP creates and preserves housing for lower-income families and individuals through New York State and the region.

Innovativeness of Community Development Investments:

AB did not make any innovative investments to support community development during the evaluation period.

Responsiveness of Community Development Investments to Credit and Community Development Needs:

AB's community development investments exhibited adequate responsiveness to credit and community development needs.

SERVICE TEST: "High Satisfactory"

AB's retail service performance is evaluated pursuant to the following criteria:

- (1) The current distribution of the banking institution's branches;*
- (2) The institutions record of opening and closing branches;*
- (3) The availability and effectiveness of alternative systems for delivering retail services; and*

(4) *The range of services provided.*

AB's community development service performance is evaluated pursuant to the following criteria:

- (1) The extent to which the banking institution provides community development services; and*
- (2) The innovativeness and responsiveness of community development services.*

Retail Banking Services: "High Satisfactory"

AB has a more than reasonable branch network, delivery and alternative delivery systems, branch hours, and services available to LMI individuals.

Current distribution of the banking institution's branches;

AB has a reasonable distribution of branches within its assessment area. Including its headquarters in Manhattan (New York County), AB has 20 branches located in four counties: Bronx, Kings, New York and Queens. Six of the branches (30%) are located in LMI census tracts.

Distribution of Branches within the Assessment Area							
	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Bronx		1	1	2		4	50%
Kings		1	1	2		4	50%
Nassau	0					-	0%
New York					7	7	0%
Queens		1	1	2	1	5	40%
Richmond	0					-	0%
Rockland	0					-	0%
Westchester	0					-	0%
Total	-	3	3	6	8	20	30%

Record of opening and closing branches:

AB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or individuals.

AB opened one new branch in 2011 in an upper-income census tract in Queens. It did not close any branches during the evaluation period.

Availability and effectiveness of alternative systems for delivering retail services:

AB's delivery systems continue to be readily accessible to significant portions of AB's assessment area, as well as LMI geographies and individuals.

Alternative delivery systems available to customers are online banking, telephone banking, banking by mail and direct deposit.

Range of services provided:

AB's services continue to meet the convenience needs of its assessment area, particularly LMI geographies and individuals.

All branches have extended hours (until 6:00 PM) once a week, 18 branches are open Saturdays, and one branch is open Sundays. All branches have 24-hour ATMs that allow for cash withdrawals and accept deposits. In addition, AB also offers its customers surcharge-free access to over 18,000 ATMs in New York City and over 35,000 ATMs nationwide, through its membership in the Allpoint Network.

AB offers several low-cost checking and savings accounts that feature direct deposit and have no minimum balance requirement and monthly maintenance fee. AB also offers low-cost business checking accounts to small business customers.

AB has five branches located in designated Banking Development Districts ("BDD") providing banking services and credit products to un- and under-banked communities.

AB offered a basic account known as the "Second Chance" account. This account is geared toward unbanked individuals who want to learn about banking products and services and become part of the banking system. The account is opened upon completion of the free financial education curriculum called "Money Sense." After one year of successfully managing a "Second Chance" account the customer is automatically upgraded to a standard checking or statement savings account.

Community Development Services: "High Satisfactory"

AB provided a relatively high level of community development services.

During the evaluation period, members of senior management and other employees provided over 100 qualified community development services throughout the assessment area. The services included providing financial literacy seminars to LMI individuals and serving as members on committees or boards of nonprofit organizations engaged in affordable housing for LMI individuals, economic development for small businesses and revitalization and stabilization for LMI communities.

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- The CRA Officer served on the boards and committees of multiple nonprofit organizations that promote affordable housing, financial education and guidance to LMI individuals, and area economic development by providing financing for small businesses in under-resourced communities in NYC.
 - A vice president served on the board of a nonprofit organization that offers assistance to low-income families for affordable housing and food stamps. The organization also offered financial literacy classes and provided food to over 3000 families annually through its food pantry.
 - A senior officer served as chairperson of the board and member of the finance committee for a community based nonprofit organization in Brooklyn. The organization seeks to empower LMI individuals to succeed. It works to improve the economic security and wellbeing of LMI people through direct services, public education, advocacy and research.
 - Several senior officers of AB presented and discussed AB's overall application process, the mortgage products it offered, and information about AB's affordable housing programs. AB did this through numerous seminars and presentations at local branches, nonprofit organizations, and at the New York State Fair.
 - AB offered a free financial education workshop called "Money Sense," designed to educate individuals on how to take control of their finances. AB presented topics including goal setting, banking, debt, credit, identity theft, first-time homebuyer counseling and foreclosure prevention. AB employees lead all workshops. Once an individual completed the four core modules, AB would offer a \$50 cash bonus to be applied when opening a deposit account.

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

AB has a CRA and Fair Lending Planning Committee, consisting of senior officers from loan servicing, treasury and the compliance department. The CRA Officer chairs this committee. The committee is responsible for approving CRA goals, reviewing CRA activities and overseeing the development and implementation of CRA policies and procedures. The committee periodically reports to senior management and the Compliance Committee of the board of directors regarding CRA compliance.

Discrimination and other illegal practices

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

DFS examiners did not note evidence of practices by AB intended to discourage applications for the types of credit offered.

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

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

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.*

AB's efforts to ascertain the credit needs of the community include sponsoring and participating in community development activities and events hosted by not-for-profit organizations. In addition, bank employees are members of the board of various nonprofit organizations involved in community development.

As a part of the AB's participation in the BDD program, its CRA Officer meets with government agencies and CRA Officers of other banks within New York City to discuss community development needs and issues. AB also uses social media and professional publications to collect information regarding community development in New York and the region.

- *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*

AB utilizes newspaper and radio to market its products and services.

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

DFS examiners noted no other factors.

GLOSSARY

Aggregate Penetration Rate

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

Community Development

“Community development”:

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

Community Development Loan

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

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

Community Development Service

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

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

Geography

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

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

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

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

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income ("LMI") Geographies

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

LMI Borrowers

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

LMI Individuals/Persons

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

LMI Penetration Rate

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

Low-Income Housing Tax Credit (LIHTC)

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

New Markets Tax Credit (NMTC)

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

Qualified Investment

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

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

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