

## **PUBLIC DISCLOSURE**

September 22, 2014

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Quontic Bank  
Charter Number 717974

31-05 Broadway  
Astoria, NY 11106

Office of the Comptroller of the Currency

343 Thornall Street  
Suite 610  
Edison, NJ 08837

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

## **INSTITUTION'S CRA RATING: This institution is rated Satisfactory**

The rating is based on the following criteria:

- The quarterly average loan-to-deposit ratio is reasonable at 72.32%. This meets the standard for satisfactory performance.
- A substantial majority of loans, 89% by number and 91% by dollar volume, were originated inside the assessment area. This exceeds the standard for satisfactory performance.
- The distribution of loans to borrowers of different incomes is reasonable and meets the standard for satisfactory performance. While the distribution of loans reflects very poor penetration among low-income borrowers and poor penetration among moderate-income borrowers in the Kings and Queens County AA, there are several factors that explain the distribution and support an overall satisfactory rating.
- The geographic distribution of loans to geographies of different income levels is reasonable and meets the standard for satisfactory performance. There is excellent dispersion of home loans in moderate-income census tracts in both AAs. There is reasonable dispersion of home loans in low-income census tracts in both AAs.
- There were no consumer complaints reflecting illegal or discriminatory lending practices filed against the bank during the review period. This meets the standard for satisfactory performance.

## **SCOPE OF EXAMINATION**

This Performance Evaluation assesses Quontic Bank's (Quontic) ability to meet the credit needs of the community in which it conducts business and to determine compliance with the Community Reinvestment Act (CRA). The bank was evaluated using the small bank performance criteria.

The bank's lending performance is based on the bank's primary loan product, which is home mortgage loans. Quontic was first required to report Home Mortgage Disclosure Act (HMDA) data for the year 2011 as year-end 2010 total assets exceeded the HMDA reporting threshold of \$39 million. The evaluation of HMDA data for this CRA examination covers the period between January 1, 2011 and December 31, 2013. Our review entailed analysis of the bank's home mortgage loans, specifically 1-4 family residential mortgage loans, originated throughout the review period.

A previous Data Integrity examination found the bank's HMDA data for the years 2011, 2012, and 2013 to be unreliable. However, the bank corrected the discrepancies in the data and received a satisfactory HMDA audit rating, performed by McGladrey in May 2014. During this

CRA examination, we found the bank implemented an appropriate system of internal controls to avoid future discrepancies in HMDA reporting.

## **DESCRIPTION OF INSTITUTION**

Quontic Bank is a \$130 million community bank, which began operations in December 2009, with the acquisition of Golden First Bank (GFB), located in Great Neck, New York. In April 2011, the bank opened its second branch in Astoria (Queens), New York. The bank's main headquarters was originally located in Great Neck, but was subsequently moved to Astoria in October 2013. Quontic currently operates only one full-service branch within Queens County, in Astoria New York as the other full-service branch in Great Neck, New York closed in April 2014. The bank also has two Loan Production Offices, in Miami, Florida and Jericho, New York that accept online loan applications.

The bank's first Performance Evaluation, issued January 11, 2008, concluded with an overall satisfactory CRA rating. There are no financial or legal factors preventing the bank from meeting the credit needs of its AA.

As of June 30, 2014, Quontic reported net loans of \$112 million and total deposits of \$112 million, resulting in a Loan-To-Deposit Ratio of 100 percent. Net loans represent 89% of average assets. The bank's lending products consist of 1-4 Family Residential, Home Equity Lines of Credit, Multi-Family, Commercial Real Estate (CRE), Commercial and Industrial, and Consumer loans. 1-4 Family Residential, Multi-Family, and Commercial Real Estate are the bank's primary lending products, representing 67%, 16%, and 15%, of the loan portfolio, respectively. The business strategy is focused on the growth of home mortgage loans, as well as CRE and Multi-Family lending.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

Quontic has defined its Assessment Area (AA) to include Kings, Queens, Nassau and Suffolk Counties. Kings and Queens Counties fall in the New York-Jersey City-White Plains NY-NJ Metropolitan Division (35644) whereas Nassau and Suffolk Counties fall in the Nassau-Suffolk NY Metropolitan Division (35004). Both Metropolitan Divisions fall within the New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area (MSA). The four counties are contiguous with one another, with Kings, Queens, and Nassau counties on the western end and Suffolk County on the eastern end of the AA. The AA meets regulatory requirements and does not arbitrarily exclude any low- or moderate-income census tracts. For description and analytical purposes, the AA was defined using 2010 Census data. A full-scope review was performed for each AA, which are delineated as the Kings and Queens County AA and Nassau and Suffolk County AA.

Quontic currently operates only one full-service branch within Queens County, in Astoria New York. The bank did operate another full-service branch within the Nassau and Suffolk AA, in Great Neck, New York, until this branch closed in April 2014. The reason for the branch closure was based on a management decision to maintain all operations at the Astoria branch to reduce overhead expenses. The bank maintains two Loan Production Offices, in Miami, Florida and

Jericho, New York, with the Jericho location in the bank's Nassau and Suffolk County AA.

Quontic faces significant competition among large banks in its market area. Based on the June 2013 Deposit Market Share Report, there are a total of 236 banks with \$1.3 trillion in deposits spread amongst 5,971 branch locations inside the area. JP Morgan Chase is the largest competitor, with a 35% market share, 974 branches and \$435 billion in total deposits inside the market area. Other major competitors include Bank of America, Citibank, TD Bank, Wells Fargo, and Capital One, with a total of 1,817 branches and \$312 billion in total deposits inside the market area. Wells Fargo and JP Morgan Chase have the majority of market share in both AAs in terms of loan originations, including home purchase and refinanced loans.

### **Kings and Queens County Assessment Area (AA)**

The Kings and Queens County AA falls within the NY-Jersey City-White Plains NY-NJ MD. The AA meets the requirements of the regulation as it includes two contiguous counties with no arbitrary exclusion of low- or moderate-income areas. Quontic operates one full-service branch within this AA, in Queens County, NY, which also serves as the bank's headquarters. This branch location is in a middle-income geography.

The AA includes all 1,428 census tracts within Kings and Queens counties. Of the 1,428 census tracts, 124 (8.68%) are designated as low-income tracts, 403 (28.22%) are designated as moderate-income tracts, 537 (37.61%) are designated as middle-income tracts, and 327 (22.90%) are designated as upper-income tracts. Despite a relatively low number of low- and moderate-income census tracts, there are a significant number of low and moderate-income families in the AA. Based on a total family count of 1,108,855, low- and moderate-income families account for 28.63% and 17.99% of total families, respectively.

The Kings and Queens County AA has a total population of 4,735,422 as of the 2010 Census data. Of the total population, 506,355 (10.69%) reside in low-income census tracts, 1,595,058 (33.68%) reside in moderate-income census tracts, 1,719,325 (36.31%) reside in middle-income census tracts, and 911,331 (19.24%) reside in upper-income census tracts. The Median Family Income was reported at \$59,389 and the HUD adjusted Median Family Income was reported at \$66,000, which is well below the state median. The Median Family Income for the state of New York was \$83,648 (based on a 4-person family).

There are a total of 1,818,839 housing units within the AA, of which approximately 58% are renter-occupied, 34% are owner-occupied, and 8% are vacant. Of the total housing units, 180,856 (9.94%) are in low-income census tracts, 579,790 (31.88%) are in moderate-income census tracts, 675,539 (37.14%) are in middle-income census tracts, and 382,499 (21.03%) are in upper-income census tracts. Based on 2010 Census data, the Median Housing Value for the AA was \$514,949, which well exceeds state and national housing values. The Median Housing Value for New York State and the United States are \$286,700 and \$174,600, respectively, between 2010 and 2012.

The economic condition of the Kings and Queens County AA has improved. The Median Housing Value within the AA increased from \$231,248 to \$514,949, between 2000 and 2010.

The unemployment rate in the AA decreased to 5.23% and is below the 2010 state average unemployment rate of 9%.

The following table outlines basic demographic data for the Kings and Queens County AA:

<b>Demographic Information for the Kings and Queens County Assessment Area</b>						
Demographic Characteristics	#	% Low Income Tract	% Moderate Income Tract	% Middle Income Tract	% Upper Income Tract	Unknown Income Tract*
Census Tracts	1,428	8.68	28.22	37.61	22.90	2.59
Total Population	4,735,422	10.69	33.68	36.31	19.24	0.07
Total Housing Units	1,818,839	9.94	31.88	37.14	21.03	0.01
Owner-Occupied Housing	626,313	3.41	20.37	41.81	34.41	0
Renter-Occupied Housing	1,051,989	13.78	38.59	34.44	13.18	0.01
Median Family Income		59,389	Median Housing Value			514,949
HUD-Adjusted MFI for 2013		66,000	Average Monthly Gross Rent			1,094
Households Below Poverty Level		289,996	Unemployment Rate (2010 US Census)			5.23%

Source: 2010 Census and 2013 Updated HUD MFI

**Nassau and Suffolk County Assessment Area (AA)**

The Nassau and Suffolk County AA falls within the Nassau-Suffolk NY Metropolitan Division (35004). The AA meets the requirements of the regulation as it includes two contiguous counties with no arbitrary exclusion of low- or moderate-income areas. Quontic operates a Loan Production Office in this AA, in Jericho, New York. The bank previously operated a branch in Great Neck, NY, which was located in the AA in Nassau County and acquired through Golden First Bank. However, this branch was closed in April 2014, based on a management decision to maintain all operations at the Astoria branch to reduce overhead expenses.

There are a total of 602 census tracts within Nassau and Suffolk counties. Of the 602 census tracts, 13 (2.16%) are designated as low-income tracts, 96 (15.95%) are designated as moderate-income tracts, 354 (58.80%) are designated as middle-income tracts, and 135 (22.43%) are designated as upper-income tracts. Despite there being a relatively low number of low- and moderate-income census tracts in the AA, there are a significant number of low- and moderate-income families. Based on a total family count of 715,052, low- and moderate-income families account for 267,894, or 37.46% of total families.

The population of the AA is 2,832,882 as of the 2010 US Census data. Of the total population, 65,749 (2.32%) reside in low-income census tracts, 508,582 (17.95%) reside in moderate-income census tracts, 1,667,781 (58.87%) reside in middle-income census tracts, and 586,658 (20.71%) reside in upper-income census tracts. The Median Family Income was reported at \$106,138 and the HUD adjusted Median Family Income was reported at \$105,900. This compares with a Median Family Income of \$83,648 (based on a 4-person family) for the state of New York.

There are a total of 1,031,405 housing units within the AA, of which 766,459 (74.31%) are owner-occupied, 171,663 (16.64%) are renter-occupied, and 93,283 (9.04%) are vacant. Of the total housing units, 19,860 units (1.02%) are located in low-income census tracts, 184,998 units (14.16%) are in moderate-income census tracts, 619,007 units (61.25%) are in middle-income census tracts, and 207,450 units (23.57%) are in upper-income census tracts. Based on 2010 US Census data, the Median Housing Value for the AA was \$501,660. This compares with a Median Housing Value of \$286,700 for New York State and a Median Housing Value of \$174,600 for the United States, between 2010 and 2012.

The economic condition of the Nassau and Suffolk County AA has improved. The population within the AA grew by 2.87% between 2000 and 2010, compared to the NYS population growth rate of 2.12%. The Median Housing Value within the AA increased by 104%, from \$246,467 to \$501,660, between 2000 and 2010, compared to a state average increase of 93%. The unemployment rate of 3.77% remains well below the state average of 9% and national average of 10.4% as of 2010.

The following table outlines basic demographic data for the Nassau and Suffolk County AA:

<b>Demographic Information for the Nassau and Suffolk County Assessment Area</b>						
Demographic Characteristics	#	% Low Income Tract	% Moderate Income Tract	% Middle Income Tract	% Upper Income Tract	Unknown Income Tract*
Census Tracts	602	2.16	15.95	58.80	22.43	0.66
Total Population	2,832,882	2.32	17.95	58.87	20.71	0.15
Total Housing Units	1,031,405	1.93	17.94	60.02	20.12	0
Owner-Occupied Housing	766,459	1.02	14.16	61.25	23.57	0
Renter-Occupied Housing	171,663	5.99	31.12	53.93	8.97	0
Median Family Income		106,138	Median Housing Value		501,660	
HUD-Adjusted MFI for 2013		105,900	Average Monthly Gross			
Households Below Poverty Level		51,947	Rent		1,417	
			Unemployment Rate (2010 US Census)		3.77%	

Source: 2010 Census and 2013 Updated HUD MFI

**Performance Context**

To gain a better understanding of the AA and performance context, we interviewed two community contacts affiliated with community development non-profit organizations that serve the bank’s AA. Based on our discussion, the primary needs of the community are affordable housing, economic development, financial education, and banking services geared toward low- and moderate-income individuals. There is a high demand for affordable housing, particularly in Kings and Queens County, which is in limited supply. The community organizers expressed several opportunities that banks can participate in to meet the needs of the community. Particularly, there is a need for banks to provide loans directly to non-profit organizations to acquire land for development of affordable housing. There is also a need for banks to offer more small business lending to promote economic development and job growth. Community organizers also expressed the need for banks to offer banking services and programs geared

toward low- to moderate-income individuals to assist these individuals in their pursuit to purchase a home.

Quontic Bank has not been directly involved with either of the organizations we contacted, which were NHS of Northern Queens and The Association for Neighborhood and Housing Development. Quontic Bank is a small community bank with a limited physical presence in its AA. The bank does not actively target low- to moderate-income individuals in either AA. Indirect marketing methods, such as word-of-mouth advertising, have assisted the bank in generating loan applications in the Nassau and Suffolk County AA. As the bank grows in asset size, management should take on a more active role in identifying the primary credit needs of the community and ensure these needs are addressed in the business strategy to ensure active participation in the needs of the community.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

Quontic's performance under the Lending Test is considered "Satisfactory." The Loan-to-Deposit ratio is reasonable and a majority of the loans were originated in the AA. While the distribution of loans reflects poor penetration among individuals of different income levels in the Kings and Queens County AA, there are several factors that explain the distribution and support an overall satisfactory rating. The geographic distribution of loans reflects reasonable dispersion throughout geographies of different income levels and supports an overall satisfactory rating.

### **Loan-to-Deposit Ratio**

Quontic Bank's quarterly loan-to-deposit ratio is reasonable, considering the institution's lending capacity, lending opportunities in the AA, and the demographics of the bank's AA. This meets the standard for satisfactory performance. In the twenty-seven quarters since the prior CRA examination (as of September 30, 2007), the bank's quarterly average loan-to-deposit ratio was 72.32%. During this period, the bank's net loan-to-deposit ratio fluctuated from a low of 50.7% (December 31, 2007) to a high of 101% (December 31, 2013).

Quontic Bank's quarterly average loan-to-deposit ratio compares favorably with local financial institutions of similar size, location, and product offerings. Over the past ten quarters going back to March 31, 2012, Quontic Bank had an average loan-to deposit ratio of 91.71% compared to 78.89% for the bank's peer group.

### **Lending in Assessment Area**

The level of lending within the assessment area is more than reasonable given the bank's size and the economic needs of the community and exceeds the standard for satisfactory performance. A substantial majority of the bank's loans were made inside the assessment area. Our analysis included both home purchase and refinance loans originated inside versus outside the AA for the years 2011, 2012, and 2013. Table 1 below details the bank's lending inside and outside the AA by number of loans and dollar volume. Between 2011 and 2013, Quontic originated 903, or 89%, of its home loan originations inside the AA. Based on dollar volume, the bank originated a

total of \$332,686,000, or 91%, of home mortgage loans inside the AA.

<b>Table 1 – Lending in Quontic Bank’s Assessment Area</b>										
Loan Type	Number of Loans					Dollar of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	737	89%	93	11%	830	\$272,058	90%	\$29,033	10%	\$301,091
Refinance	166	91%	16	9%	182	\$60,628	92%	\$5,051	8%	\$65,679
<b>Total</b>	<b>903</b>	<b>89%</b>	<b>109</b>	<b>11%</b>	<b>1,012</b>	<b>\$332,686</b>	<b>91%</b>	<b>\$34,084</b>	<b>9%</b>	<b>\$366,770</b>

*Source: 2000 US Census Data for 2011 HMDA reportable data; 2010 US Census Data for 2012 and 2013 HMDA reportable data*

### **Lending to Borrowers of Different Incomes**

Overall, the distribution of lending to borrowers of different incomes is reasonable and meets the standards for satisfactory performance. The borrower distribution of home loans in the Nassau and Suffolk AA is reasonable and supports a satisfactory rating. While the distribution of loans reflects very poor penetration among low-income borrowers and poor penetration among moderate-income borrowers in the Kings and Queens County AA, there are several factors that explain the distribution and support an overall satisfactory rating.

#### Performance in the Kings and Queens County AA

Overall, the distribution of home loans to borrowers of different incomes in the Kings and Queens County AA is reasonable. The distribution of home loans to borrowers reflects very poor penetration among low-income borrowers and poor penetration among moderate-income borrowers. However, there are several factors that explain the distribution and support a reasonable rating that meets the standard for satisfactory performance. The penetration among low- and moderate-income borrowers was better for home purchase loans compared to that of home refinance loans. We placed a greater emphasis on home purchase loans as these make up the majority of loan originations between 2011 and 2013. Home purchase loans represented 82% of total originations compared to just 18% for home refinance loans.

Two factors that impact the borrower distribution are the bank’s limited physical presence within the AA and the demographics of the area where the branch is located. Quontic operates only one full-service branch in Queens (Astoria) County, NY, which is in a middle-income geography, making it more likely to attract middle-income applicants. Based on 2011-2013 HMDA data, the bank received a total of 1,013 loan applications from the Kings and Queens County AA with the majority from middle- and upper-income applicants. Of the total applications, 49% were from upper-income applicants and 32% were from middle-income applicants. Low- and moderate-income applicants represented only 3% and 14% of total applications, respectively.

Additional factors that impact the borrower distribution are the high cost of housing and limited number of affordable housing units in the area. Despite the significant number of low- to moderate-income families in the AA, the number of affordable housing units available in the AA is scarce making it less likely that low- and moderate-income individuals will apply for home

loans. The Median Housing Value in the AA remains high at \$514,949, making home ownership more available to middle- and upper-income individuals.

Table 2A, below, shows the distribution of home loans among borrowers of different income levels for the period of January 1, 2011 through December 31, 2013 as compared to the percent of families in each income category.

<b>Table 2A - Borrower Distribution of Residential Real Estate Loans in the Kings and Queens County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase (# = 496)	28.96%	2.42%	17.85%	11.69%	18.21%	30.85%	34.97%	53.02%
Home Refinance (# = 106)	28.96%	1.89%	17.85%	6.60%	18.21%	30.19%	34.97%	59.43%

*Source: 2000 US Census Data for 2011 HMDA reportable data; 2010 US Census Data for 2012 and 2013 HMDA reportable data*

Performance in the Nassau and Suffolk County AA

Overall, the distribution of home loans among borrowers of different income levels in the Nassau and Suffolk County AA is reasonable and supports a satisfactory rating. Although the distribution of home loans to borrowers in the Nassau and Suffolk County AA reflects poor penetration among low-income borrowers, this is offset by excellent penetration among moderate-income borrowers. The bank originated 301 home loans over the past three years in this AA, including 130 loans to low- and moderate-income borrowers. We placed a greater emphasis on home purchase loans as these make up the majority of loan originations. The percentage of home purchase loans to low-income borrowers was 12.45%, compared to 18.68% low-income families in the AA. The percentage of home purchase loans to moderate-income borrowers was 37.34%, compared to 18.51% moderate-income families in the AA.

Table 2B, below, shows the distribution of home loans among borrowers of different income levels for the period between January 1, 2011 and December 31, 2013, compared to the percent of families in each income category.

<b>Table 2B - Borrower Distribution of Residential Real Estate Loans in the Nassau and Suffolk County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans

Home Purchase (# = 241)	18.68%	12.45%	18.51%	37.34%	23.91%	31.54%	38.90%	18.67%
Home Refinance (# = 60)	18.68%	1.67%	18.51%	15.00%	23.91%	35.00%	38.90%	46.67%

*Source: 2000 US Census Data for 2011 HMDA reportable data; 2010 US Census Data for 2012 and 2013 HMDA reportable data*

Two factors that impact the bank from generating loans to low-income borrowers in the Nassau and Suffolk County AA are its limited physical presence within the AA and demographics of its office location. Quontic maintained one branch in Great Neck, New York until April 2014, when it was closed. This branch was located in a middle-income geography. As of January 2013, the bank maintains a Loan Production Office in Jericho, New York, which is located in an upper-income geography.

The number of applications among low-income individuals in this AA was relatively low compared to that of moderate-, middle-, and upper-income individuals. The bank received a total of 490 loan applications from the Nassau and Suffolk County AA, with the majority from moderate-income applicants. Of the total applications, 32% were from moderate-income applicants, 28% were from middle-income applicants, 27% were from upper-income applicants, and 13% were from low-income applicants. The bank does not actively market its loan products, but relies on indirect marketing methods such as word-of-mouth advertising, which has assisted the bank in generating loan applications among low- and moderate-income individuals, in this AA. Word-of-mouth advertising has spread, in particular, among persons that live in the southern parts of Nassau and Suffolk counties, which have higher concentrations of low- and moderate-income geographies compared to that of the north.

**Geographic Distribution of Loans**

Overall, the bank’s geographic distribution of loans to geographies of different income levels is reasonable and meets the standard for satisfactory performance. There is excellent dispersion of home loans in moderate-income census tracts in each AA. There is reasonable dispersion of home loans in low-income census tracts in each AA. We did not identify any conspicuous gaps in lending throughout the bank’s AA.

Performance in the Kings and Queens County AA

Overall, the geographic distribution of loans in the Kings and Queens County AA is reasonable. The bank’s geographic distribution of loans among moderate-income census tract is excellent and the geographic distribution of loans among low-income census tracts is reasonable. The total percentage of loans in moderate-income census tracts was 26.58% compared to 20.37% owner-occupied housing units. The total percentage of loans in low-income census tracts was 2.66% compared to 3.41% owner-occupied housing units. We gave more weight to home purchase loans given they represent 82% of total originations compared to just 18% for home refinance loans. Given the limited number of affordable housing units in the AA, there is reasonable dispersion among low- and moderate-income census tracts.

Table 3A, below, details the bank’s performance compared to the percentage of owner-occupied housing units in each census tract.

<b>Table 3A - Geographic Distribution of Residential Real Estate Loans in the Kings and Queens AA</b>								
Census Tract	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner-Occupied Housing	% of Number of Loans	% of AA Owner-Occupied Housing	% of Number of Loans	% of AA Owner-Occupied Housing	% of Number of Loans	% of AA Owner-Occupied Housing	% of Number of Loans
Home Purchase (# = 496)	3.41%	2.22%	20.37%	28.43%	41.81%	50.60%	34.41%	18.75%
Home Refinance (# = 106)	3.41%	5.66%	20.37%	17.92%	41.81%	50.94%	34.41%	24.53%
<b>Total (# = 602)</b>	<b>3.41%</b>	<b>2.66%</b>	<b>20.37%</b>	<b>26.58%</b>	<b>41.81%</b>	<b>50.66%</b>	<b>34.41%</b>	<b>19.77%</b>

Source: 2000 US Census Data for 2011 HMDA reportable data; 2010 US Census Data for 2012 and 2013 HMDA reportable data

Performance in the Nassau and Suffolk County AA

Overall, the geographic distribution of loans in the Nassau and Suffolk County AA is reasonable. The bank’s geographic distribution of loans among moderate-income census tract in the Nassau and Suffolk County AA is excellent and the geographic distribution of loans among low-income census tracts is reasonable. The total percentage of loans in moderate-income census tracts was 17.28% compared to 14.16% owner-occupied housing units. The total percentage of loans in low-income census tracts was 1.33% compared to 1.02% owner-occupied housing units. We gave more weight to home purchase loans given they represent 82% of total originations compared to just 18% for home refinance loans.

Table 3B, below, details the bank’s performance compared to the percentage of owner-occupied housing units in each census tract.

<b>Table 3B - Geographic Distribution of Residential Real Estate Loans in the Nassau and Suffolk County AA</b>								
Census Tract	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner-Occupied Housing	% of Number of Loans	% of AA Owner-Occupied Housing	% of Number of Loans	% of AA Owner-Occupied Housing	% of Number of Loans	% of AA Owner-Occupied Housing	% of Number of Loans
Home Purchase (# = 241)	1.02%	1.66%	14.16%	20.33%	61.25%	63.49%	23.57%	14.52%

Home Refinance (# = 60)	1.02%	0.00%	14.16%	5.00%	61.25%	63.33%	23.57%	31.67%
<b>Total (# = 301)</b>	<b>1.02%</b>	<b>1.33%</b>	<b>14.16%</b>	<b>17.28%</b>	<b>61.25%</b>	<b>63.45%</b>	<b>23.57%</b>	<b>17.94%</b>

*Source: 2000 US Census Data for 2011 HMDA reportable data; 2010 US Census Data for 2012 and 2013 HMDA reportable data*

### **Responses to Complaints**

There were no consumer complaints reflecting illegal or discriminatory lending practices filed against the bank during the review period. This meets the standard for satisfactory performance.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), in determining a national bank’s Community Reinvestment Act rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs