

# **PUBLIC DISCLOSURE**

June 23, 2014

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Metropolitan Commercial Bank  
RSSD No. 2705895**

**99 Park Avenue  
New York, NY 10016**

**FEDERAL RESERVE BANK OF NEW YORK**

**33 LIBERTY STREET  
NEW YORK, NY 10045**

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

## TABLE OF CONTENTS

### Institution

Institution's CRA Rating.....	2
Description of Institution .....	3
Description of Assessment Area .....	3
Scope of Examination .....	4
Performance Context.....	6
Conclusions with Respect to Performance Tests	
Lending Test.....	9
Community Development Test .....	16
Fair Lending or Other Illegal Credit Practices Review .....	18

### Exhibits

Assessment Area Demographics MD 35644 .....	7
Lending Inside and Outside the Assessment Area .....	10
2012 Aggregate Comparison Loan Distribution Table .....	12

### Appendices

CRA Appendix A: Glossary.....	19
CRA Appendix B: Map of Assessment Areas .....	22

**INSTITUTION'S CRA RATING:** Metropolitan Commercial Bank ("MCB") is rated "Satisfactory."

The following table indicates the performance level of the institution with respect to the lending and community development tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS	
	Lending Test	Community Development Test
Outstanding		
Satisfactory	X	X
Needs to Improve		
Substantial Noncompliance		

The satisfactory performance of MCB with regard to the Community Reinvestment Act ("CRA") is based on the following performance criteria:

- MCB's loan-to-deposit ratio was more than reasonable given the bank's size, financial condition and assessment credit needs.
- A majority of loans and other lending-related activities were made in the assessment area.
- MCB's community development performance demonstrates adequate responsiveness to community development needs of the assessment area through community development loans, qualified investments and community development services, as appropriate, considering MCB's capacity and the need and availability of such opportunities for community development in the assessment area.
- The distribution of small business loans to businesses of different sizes reflects reasonable penetration.
- The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area.

## DESCRIPTION OF INSTITUTION

Metropolitan Commercial Bank (“MCB”) is a full-service commercial bank headquartered in New York City, NY. MCB is organized under a one-bank holding company, Metropolitan Bank Holding Corp. In addition to the headquarters, MCB operates two other full-service retail branches in the Midtown, New York City, NY area and one full-service branch in King’s (Brooklyn) County, NY.

MCB’s primary business focus is to provide commercial banking products and services to businesses. Commercial loan products include working capital, equipment financing, account receivables financing, and letters of credit, among others. The bank also offers a range of deposit products ranging from commercial and personal checking accounts, money market and savings accounts, and Certificates of Deposit. Services offered include online banking, online bill pay and remote deposit capture. As of March 31, 2014, MCB had total assets of \$663 million, net loans and leases of \$525 million and total domestic deposits of \$500 million. Commercial mortgage and commercial and industrial lending represent 88% (\$470 million) of the bank’s loan portfolio. Loans secured by one- to four-family residential properties comprised 10% (\$54 million) of the bank’s loan portfolio.

MCB operates in a competitive banking market. Competitors include large federal banks, local community and state chartered banks, credit unions, mortgage companies and non-bank financial institutions. The deposit market is dominated by large financial institutions such as JPMorgan Chase Bank, The Bank of New York Mellon, Citibank, and HSBC Bank USA. These top four banks control 70.1% of the deposit market share. Based on deposits reported to the Federal Deposit Insurance Corporation (“FDIC”) on June 30, 2013, MCB ranked 55<sup>th</sup> of 112 banks with 0.05% of deposit market share in the five boroughs comprising New York City, the assessment area where the bank conducts a majority of its business.

MCB’s previous CRA examination was conducted by the Office of the Comptroller of the Currency (“OCC”) dated August 16, 2010, and the bank received an overall rating of “Satisfactory” under the Federal Financial Institution Examination Council (“FFIEC”) intermediate small bank examination procedures. MCB has no financial or legal impediments that would prevent it from fulfilling its responsibilities under CRA.

## DESCRIPTION OF ASSESSMENT AREA

MCB’s assessment area meets regulatory guidelines and does not arbitrarily exclude low- or moderate-income areas. The assessment area is a part of the New York Metropolitan Division (35644) and consists of the five boroughs of New York City, which include Manhattan (New York County), Brooklyn (Kings County), Staten Island (Richmond County), Queens (Queens County), and the Bronx (Bronx County). Based on the 2010 Census, these counties include 2,168 census tracts, 14% are low-income, 27% are moderate-income, 30% are middle-income

and 27% are upper-income. Income levels for 3% of census tracts in these counties are unknown.

MCB's assessment area delineation has not changed since the last examination. However since the previous examination, a change in the demographics resulted from changes based on the release of the 2010 Census data. To illustrate, based on the 2000 Census, MCB's assessment area consisted of 2,217 census tracts, 15% were low-income, 28% were moderate-income, 30% were middle-income and 25% were upper-income. Income levels for 3% of census tracts in these counties were unknown.

Examiners found that the assessment area is in compliance with the requirements of 12 CFR §228.41 and do not arbitrarily exclude low- and moderate-income ("LMI") geographies. A map of the assessment area is in Appendix B.

## SCOPE OF EXAMINATION

### *Procedures*

MCB's CRA performance was evaluated using the FFIEC's CRA Interagency Examination Procedures for Intermediate Small Institutions, which consist of a lending test and a community development test.

### *Products*

Examiners reviewed home purchase, refinance, home improvement, multi-family and small business loans during this examination. In addition, community development loans, investments, and services were reviewed. Consistent with MCB's focus on commercial lending, there were insufficient volumes of HMDA loans in the review period for a meaningful analysis. The lending performance evaluation was based on small business loans. Home purchase, refinance, home improvement, and multi-family lending were considered in the evaluation but did not influence the overall assessment due to the limited volume.

The real estate-related mortgage loans considered in the evaluation were reported under the HMDA and the small business loans were reported under the CRA. Examiners verified the integrity of the bank's HMDA-related, CRA-reportable small business and consumer loan data provided by the bank for the reporting years 2010 through 2013.

The universe of HMDA-related loans (home purchase, home improvement, and refinance loans) and the universe of small business loans were verified and analyzed. Loan samples were selected using the Federal Reserve Board of Governors' sampling procedures.

### ***Lending Analysis***

The borrower and geographic loan distribution analyses were based on loan activity in MCB's assessment area. MCB's performance in 2010 and 2011 was compared to 2000 Census demographic data, while its performance in 2012 and 2013 was compared to 2010 Census demographic data.

To evaluate the geographic distribution of small business loans, the analysis compared the proportion of MCB's loan originations to the proportion of businesses located in LMI geographies.

To evaluate the borrower characteristics of small business lending, MCB's proportion of loans to businesses with gross annual revenues ("GAR") of \$1 million or less, based on Dun and Bradstreet ("D&B") data, was compared to the proportion of all such businesses located in the assessment area. The size of the small business loans was also used as a proxy to identify lending to businesses with GAR of \$1 million or less.

Borrower and geographic distribution analyses were based on MCB's performance in 2010, 2011, and 2012 compared respectively to the 2010, 2011, and 2012 aggregate performance of all lenders subject to CRA small business reporting. Aggregate data for 2013 was not publicly available for comparison at the time of this examination. Therefore, the analysis of MCB's 2013 performance was based on comparison to demographic data only. Small business lending performance in 2012 was compared to 2010, 2011, and 2013 performance and any significant deviation was noted.

### ***Deriving Overall Conclusions***

Before reaching a conclusion about the overall performance regarding geographic distribution and borrower characteristics in the assessment area, examiners weighted loan products by the total retail lending volume in order to determine the influence of performance on the overall conclusion. Peer data was also used for the analysis of community development loans and qualified investments. Local peer banks were selected based on their amounts of assets, deposits and branches and their presence within MCB's assessment area.

Examiners also conducted interviews with representatives of two community development organizations in order to gain an understanding of local credit needs. Community groups emphasized the assessment area's need for affordable housing and support for community services for LMI individuals.

### ***Examination Period***

MCB's HMDA-related and small business lending originated between January 1, 2010 and December 31, 2013 was used in the analysis. MCB's HMDA-related and small business loan data was verified by examiners. MCB's community development activities (loans, investments,

philanthropic grants, and services) provided between January 1, 2010 and May 31, 2014, were evaluated in accordance with FFIEC examination procedures. The financial data that will be considered in this examination is as of March 31, 2014.

## **PERFORMANCE CONTEXT**

The following demographic and economic information was used to describe the assessment area and to evaluate the context in which Metropolitan operates. The information was obtained from publicly available sources, including the U.S. Department of Commerce's Bureau of the Census, the U.S. Department of Labor, the U.S. Department of Housing and Urban Development ("HUD"), the New York City Department of Housing Preservation and Development ("HPD"), the National Association of Realtors, and the Federal Reserve Bank Beige Book.

### ***Demographic Characteristics***

MCB's assessment area, New York City, is the most populous city in the United States with an estimated population of 8,405,837 as of 2013. According to the 2010 Census, the total population of Metropolitan's assessment area was 8,175,133. The assessment area consists of 2,168 census tracts, of which 14% are low-income and 27% are moderate-income, with low- and moderate-income ("LMI") census tracts concentrated in western Queens, northern Brooklyn, upper Manhattan, and Bronx County. New York City population alone accounts for over 42% of the total population of the State of New York. Exhibit 1 provides additional assessment area demographics.

New York City is a very diverse area, resulting from the city historically serving as a primary point of entry into the U.S. for immigrants. The 2010 Census reports the number of foreign born people residing in New York City at slightly less than 3 million or 37% of the area's total population.

### ***Income Characteristics***

According to the 2010 Census, the assessment area has 1.8 million families, of which 30% are low-income families, 17% are moderate-income families, 17% are middle-income families, and 37% are upper-income families. The 2010 census also indicates that 19% of all persons residing in New York City live below the poverty level, compared to the national average of 15% of all Americans living below the poverty level. In Bronx County, 29% of families are living below the poverty level as of 2013. Therefore, community development activities that target LMI individuals and families are particularly important in New York City.

**Exhibit 1  
Assessment Area Demographics**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	292	13.5	297,526	16.1	111,890	37.6	550,042	29.9
Moderate-income	578	26.7	544,528	29.6	113,268	20.8	311,252	16.9
Middle-income	654	30.2	513,978	27.9	52,095	10.1	307,027	16.7
Upper-income	580	26.8	486,148	26.4	21,109	4.3	673,968	36.6
Unknown-income	64	3	109	0	20	18.3	0	0
<b>Total Assessment Area</b>	<b>2,168</b>	<b>100.0</b>	<b>1,842,289</b>	<b>100.0</b>	<b>298,382</b>	<b>16.2</b>	<b>1,842,289</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	479,830	35,553	3.5	7.4	407,637	85	36,640	7.6
Moderate-income	922,063	170,775	17	18.5	676,244	73.3	75,044	8.1
Middle-income	883,126	338,560	33.6	38.3	476,375	53.9	68,191	7.7
Upper-income	1,057,911	461,717	45.9	43.6	479,985	45.4	116,209	11
Unknown-income	494	52	0	10.5	351	71.1	91	18.4
<b>Total Assessment Area</b>	<b>3,343,424</b>	<b>1,006,657</b>	<b>100.0</b>	<b>30.1</b>	<b>2,040,592</b>	<b>61.0</b>	<b>296,175</b>	<b>8.9</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	34,274	9.4	29,660	9.3	2,228	7.7	2,386	12.9
Moderate-income	74,837	20.5	66,326	20.9	3,914	13.5	4,597	24.9
Middle-income	81,125	22.2	71,903	22.6	5,120	17.6	4,102	22.2
Upper-income	162,536	44.5	140,162	44.1	15,427	53.1	6,947	37.7
Unknown-income	12,635	3.5	9,869	3.1	2,347	8.1	419	2.3
<b>Total Assessment Area</b>	<b>365,407</b>	<b>100.0</b>	<b>317,920</b>	<b>100.0</b>	<b>29,036</b>	<b>100.0</b>	<b>18,451</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>87.0</b>		<b>7.9</b>		<b>5.0</b>

Based on 2013 D&B information according to 2010 ACS Boundaries.



According to HUD data, for MD 35644, New York City, the HUD-estimated median family income (“MFI”) was \$65,600 in 2010, \$67,400 in 2011, \$68,300 in 2012 and \$66,000 in 2013. Median income estimates for the New York area from 2010 to 2013 are above the income levels for New York State. During the same time period, New York State’s median family income ranged from a low of \$55,300 to a high of \$57,700. New York City also has a large proportion of non-family households, which tend to have lower incomes. Only 60% of the households in MCB’s assessment area are families, compared to 65% in New York State.

### *Housing Characteristics*

New York City has approximately 3.3 million housing units, of which 30% are owner-occupied, 61% are rental units, and 9% are vacant. Compared to the 2000 Census data, the city’s owner occupied housing slightly increased, rental-housing decreased, and vacancy rates increased. Approximately 45% of rental stock in New York City is rent stabilized and 2% is subject to rent control, which makes finding available housing, including affordable housing, more challenging.

In New York City, housing is expensive relative to income levels, causing significant affordability issues for the LMI population. According to the National Association of Realtors, the median sales price of a single-family home in MSA 35620 – New York, Northern New Jersey, Long Island – remained steady at \$379 thousand from 2011 to 2012. However in 2013 the median sales price of a single-family home in MSA 35620, in which New York City resides rose to about \$392 thousand.

Housing affordability continues to be an issue in New York City due to high housing costs. Housing is generally considered affordable if rent or associated ownership costs consume no more than 30% of household income. According to Census data, 49% of renters indicated that their rent costs as a percent of household income is 30% or more. With the high housing costs, homeownership remains unaffordable to LMI families, and even to many middle-income families in the assessment area. In 2013, the median housing cost in MSA 35620 was about 12 times the HUD-estimated MFI for low-income borrowers and about 7 times the HUD-estimated MFI for moderate-income borrowers. The combination of lower household incomes and high real estate prices continues to make it challenging for LMI wage earners to find affordable housing in the assessment area.

The assessment area also has a shortage of affordable rental housing, which is in high demand due to the high purchase prices for homes. According to the Census data, only 2% of total rental housing units in New York City are vacant and available for rent, well below the 5% threshold defined to be a housing emergency and used to justify the continuation of rent control and rent stabilization. With the increasing gap between renter incomes and the cost of rental housing, coupled with the low availability of rental housing units, additional affordable housing is necessary in the assessment area in order to meet the housing needs of LMI individuals.

Information from community contacts supports the need for community services and affordable housing, especially programs that benefit the lowest income New Yorkers. The majority of MCB's community development lending and qualified investment activity targets community services and affordable housing.

### ***Labor, Employment and Economic Characteristics***

New York City is a global hub of international business and commerce. The city is a major center for finance, insurance, real estate and the arts in the United States. Many major corporations are headquartered in New York City, including 43 Fortune 500 companies. More Fortune 500 financial services companies are headquartered in New York City than in any other U.S. city. As of 2013, New York City had a total of 365 thousand businesses, of which 3,000 were small businesses with gross annual revenues of \$1 million or less. New York City is also unique among American cities for its large number of foreign corporations.

Most recently, the labor market in New York City has shown some improvements. The 2013 annual unemployment rate in New York City was 8.7%, which was a decrease from 9.3% as reported in 2012. According to the Federal Reserve Bank Beige Book (December 2013), businesses in New York City experienced a slowdown in hiring earlier in the second half of the year due to the federal government shutdown, however businesses are optimistic for 2014 and likely to add workers in the coming months.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

MCB's record of meeting the credit needs of its assessment area through its lending performance is rated satisfactory. MCB's loan-to-deposit ratio was more than reasonable and the bank originated a majority of its loans and other lending-related activities within its assessment areas. The overall penetration of its small business loans among businesses of different sizes was reasonable. The geographic distribution of small business loans also reflected reasonable dispersion throughout the bank's assessment area. In addition, MCB has taken appropriate action in response to substantiated CRA complaints.

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

MCB's loan-to-deposit ratio was more than reasonable given the bank's size, financial condition, and the credit needs of its assessment area. MCB's average loan-to-deposit ratio for the seventeen quarters between January 1, 2010 and March 31, 2014 was 95%, based on information contained in MCB's Consolidated Report of Condition and Income. This ratio was above the

national peer average of 77% for similarly-sized banks and above an average of 71% for five similarly-situated banks located in MCB's assessment area during the evaluation period. MCB's loan-to-deposit ratio is stable.

**Lending in Assessment Areas**

MCB originated a majority of its small business loans in its assessment area as shown in Exhibit 2. Overall, 88% of the small business loans evaluated for this CRA examination were originated in the assessment area. These lending levels support that lending activities are focused within the bank's assessment area.

<b>Exhibit II</b>								
<b>Lending Inside and Outside the Assessment Area</b>								
January 1, 2010 - December 31, 2013								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	28	87.5	14,348	84.5	4	12.5	2,625	15.5
<b>Total Small Business related</b>	<b>28</b>	<b>87.5</b>	<b>14,348</b>	<b>84.5</b>	<b>4</b>	<b>12.5</b>	<b>2,625</b>	<b>15.5</b>
Home Purchase	10	83.3	17,293	80.4	2	16.7	4,205	19.6
Multi-Family	9	81.8	26,526	87.3	2	18.2	3,856	12.7
Refinancing	6	60.0	12,600	47.9	4	40.0	13,717	52.1
Home Improvement	1	100.0	550	100.0	0	0.0	0	0.0
<b>Total HMDA related</b>	<b>26</b>	<b>76.5</b>	<b>56,969</b>	<b>72.3</b>	<b>8</b>	<b>23.5</b>	<b>21,778</b>	<b>27.7</b>
<b>TOTAL LOANS</b>	<b>54</b>	<b>81.8</b>	<b>71,317</b>	<b>74.5</b>	<b>12</b>	<b>18.2</b>	<b>24,403</b>	<b>25.5</b>

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

The overall distribution of small business loans reflected reasonable penetration among businesses of different sizes. MCB specializes in commercial banking and during the review period originated insufficient volumes of HMDA loans in the review period for a meaningful analysis. HMDA lending was considered in the evaluation but did not influence the overall assessment due to the limited volume.

**Lending to Businesses of Different Sizes**

MCB's distribution of loans to businesses of different sizes was reasonable. In 2012, MCB's proportion of loans to businesses with GAR of \$1 million or less was 71%, compared to 87% of such businesses operating in the assessment area. MCB's 2012 performance exceeded the performance of the aggregate, which reported 38% of its loans to small businesses. MCB's small business lending performance in 2012 was less favorable to the performance in 2010 and 2011, and comparable to the performance in 2013.

In 2012, MCB did not originate any small business loans in amounts of \$100,000 or less. MCB's proportion of 2012 small business loans that were in the amount of \$100 thousand or less was below the aggregate, which originated 96% of its loans in amount of \$100 thousand or less.

MCB's small business lending performance in 2012 was comparable to the performance in 2010, 2011 and 2013.

### **Geographic Distribution of Loans**

MCB's overall geographic distribution of small business loans reflected reasonable dispersion throughout all of the bank's assessment area, including LMI census tracts, with consideration given to the bank's business strategy as a commercial lender and the competitive banking environment of the assessment area. MCB specializes in commercial banking and during the review period originated insufficient volumes of HMDA loans in the review period for a meaningful analysis. HMDA lending was considered in the evaluation but did not influence the overall assessment due to the limited volume.

### **Small Business Loans**

The overall distribution of small business loans in LMI geographies was excellent when compared with the level of businesses as well as with the performance of the aggregate of small business reporting lenders. In 2012, MCB originated four small business loans, or 57%, in moderate-income geographies. In comparison, the aggregate originated 17% of its small business loans in moderate-income geographies, while 21% of the small businesses operating within the assessment area are located in moderate-income geographies.

MCB originated one small business loan, or 14%, in low-income geographies. In comparison, the aggregate originated 8% of its small business loans in low-income geographies, while 9% of small businesses operating within the assessment area are located in low-income geographies.

MCB's small business lending performance in 2012 was comparable with its 2011 and 2013 performance, and was more favorable to performance in 2010.

**Exhibit III**  
**2012 Loan Distribution Table**  
**Assessment Area/Group: MD 35644**

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	Bank %	Bank % \$(000s)	Aggregate %	Aggregate % \$(000s)	#	Bank %	Bank % \$(000s)	Aggregate %	Aggregate % \$(000s)
<b>Home Purchase</b>										
Low	0	0.0%	0.0%	4.7%	3.7%	0	0.0%	0.0%	1.2%	0.5%
Moderate	0	0.0%	0.0%	16.7%	13.8%	0	0.0%	0.0%	7.4%	3.2%
Middle	1	50.0%	62.3%	29.7%	23.5%	0	0.0%	0.0%	20.9%	12.9%
Upper	1	50.0%	37.7%	48.6%	58.1%	1	50.0%	37.7%	60.5%	71.5%
Unknown	0	0.0%	0.0%	0.4%	0.8%	1	50.0%	62.3%	10.0%	11.9%
<b>Total</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	0	0.0%	0.0%	2.7%	2.5%	0	0.0%	0.0%	2.3%	1.2%
Moderate	0	0.0%	0.0%	12.0%	9.6%	0	0.0%	0.0%	6.1%	2.8%
Middle	0	0.0%	0.0%	24.8%	18.7%	0	0.0%	0.0%	15.2%	9.1%
Upper	0	0.0%	0.0%	60.2%	68.4%	0	0.0%	0.0%	66.1%	75.6%
Unknown	0	0.0%	0.0%	0.3%	0.8%	0	0.0%	0.0%	10.3%	11.3%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	0	0.0%	0.0%	3.7%	2.1%	0	0.0%	0.0%	3.9%	0.6%
Moderate	0	0.0%	0.0%	15.7%	8.7%	0	0.0%	0.0%	10.0%	2.7%
Middle	0	0.0%	0.0%	29.0%	22.7%	0	0.0%	0.0%	19.9%	7.3%
Upper	0	0.0%	0.0%	51.5%	66.4%	0	0.0%	0.0%	56.2%	47.1%
Unknown	0	0.0%	0.0%	0.1%	0.1%	0	0.0%	0.0%	10.0%	42.3%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multi-Family</b>										
Low	0	0.0%	0.0%	12.8%	11.3%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	29.7%	22.2%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	20.2%	18.2%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	37.2%	48.3%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.1%	0.1%	0	0.0%	0.0%	100.0%	100.0%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HMDA Totals</b>										
Low	0	0.0%	0.0%	3.9%	4.6%	0	0.0%	0.0%	1.8%	0.7%
Moderate	0	0.0%	0.0%	14.6%	13.5%	0	0.0%	0.0%	6.5%	2.4%
Middle	1	50.0%	62.3%	26.8%	20.5%	0	0.0%	0.0%	17.2%	8.8%
Upper	1	50.0%	37.7%	54.5%	60.7%	1	50.0%	37.7%	61.4%	59.5%
Unknown	0	0.0%	0.0%	0.3%	0.7%	1	50.0%	62.3%	13.0%	28.6%
<b>Total</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
		By Tract Income				Aggregate				
	#	Bank %	Bank % \$(000s)	Aggregate %	Aggregate % \$(000s)		Bank %	Bank % \$(000s)	Aggregate %	Aggregate % \$(000s)
Low	1	14.3%	12.8%	7.5%	7.6%					
Moderate	4	57.1%	66.9%	17.0%	16.1%					
Middle	1	14.3%	6.4%	22.3%	21.9%					
Upper	1	14.3%	13.9%	48.2%	47.5%					
Unknown	0	0.0%	0.0%	3.6%	5.7%					
Tract Unknown	0	0.0%	0.0%	1.3%	1.1%					
<b>Total</b>	<b>7</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>					
		By Revenue								
\$1 Million or Less	0	0.0%	0.0%	38.3%	30.1%					
		By Loan Size								
\$100,000 or less	0	0.0%	0.0%	95.9%	40.9%					
\$100,001-\$250,000	1	14.3%	6.4%	1.8%	11.5%					
\$250,001-\$1 Million	6	85.7%	93.6%	2.3%	47.7%					
<b>Total</b>	<b>7</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>					
Originations and Purchases										

**Response to Complaints**

No complaints were received by MCB relating to the bank's CRA performance, and no CRA-related complaints have been filed with the Federal Reserve Bank of New York during the examination period.

**COMMUNITY DEVELOPMENT TEST**

MCB's performance under the community development test is rated satisfactory. MCB demonstrated overall adequate responsiveness to the community development needs of the assessment area through the provision of community development loans, qualified investments, and community development services. This assessment also considered the MCB's capacity and the need and availability of community development opportunities in MCB's assessment area.

During the examination period, MCB made a total of \$71 million in community development loans and qualified investments benefiting the assessment area which totaled approximately \$16 million on an annualized basis. On an annualized basis, MCB's total community development efforts in terms of dollar volume increased by 84% compared to the prior examination. Nearly all of MCB's community development efforts consisted of new obligations approved since the prior CRA examination. Community development lending and investments were primarily directed at community service and affordable housing initiatives.

<b>Community Development Activity</b>										
<b>Community Development Loans and Qualified Investments Combined</b>										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize and Stabilize		Totals	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s	#	\$000s
MD 35644	15	23,621	134	39,223	0	0	2	1,500	151	64,344
Broader Statewide / Regional Area	1	750	2	5,783	0	0	0	0	3	6,533
<b>Total</b>	<b>16</b>	<b>24,371</b>	<b>136</b>	<b>45,006</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1,500</b>	<b>154</b>	<b>70,877</b>
<b>Percentage</b>	<b>10.3%</b>	<b>34%</b>	<b>88.3%</b>	<b>64%</b>	<b>0%</b>	<b>0%</b>	<b>1.3%</b>	<b>2%</b>	<b>100%</b>	<b>100%</b>

<b>Community Development Loans</b>										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize and Stabilize		Totals	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s	#	\$000s
MSA 35644	6	21,630	22	39,006	0	0	2	1,500	30	62,136
Broader Statewide / Regional Area	1	750	2	5,783	0	0	0	0	3	6,533
<b>Total</b>	<b>7</b>	<b>22,380</b>	<b>24</b>	<b>44,789</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1,500</b>	<b>33</b>	<b>68,669</b>
<b>Percentage</b>	<b>21%</b>	<b>33%</b>	<b>73%</b>	<b>65%</b>	<b>0%</b>	<b>0%</b>	<b>6%</b>	<b>2%</b>	<b>100%</b>	<b>100%</b>

Qualified Investments										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize and Stabilize		Totals	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s	#	\$000s
MSA 35644	9	1,991	112	217	0	0	0	0	121	2,208
Broader Statewide / Regional Area	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>9</b>	<b>1,991</b>	<b>112</b>	<b>217</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>121</b>	<b>2,208</b>
<b>Percentage</b>	<b>7.4%</b>	<b>90%</b>	<b>92.6%</b>	<b>10%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>100%</b>	<b>100%</b>

When compared to five similarly-situated banks operating in the assessment area, the level of MCB's total annualized community development loans and investments as a percentage of average assets, as a percentage of tier one capital, and as percent of deposits was average among its peers. MCB ranked 3<sup>rd</sup> out of 6 banks, as a percentage of average assets, as a percentage of tier one capital, and as a percentage of deposits.

Examples of community development loans and qualified investments include:

- \$5 million term loan to an affordable housing organization for the renovation of affordable housing properties located in a moderate-income tract. The properties are targeted to low- and moderate-income residents.
- \$5 million term loan to an affordable housing developer to finance the acquisition of a multi-family property consisting of 72 affordable rental units.
- \$2.5 million term loan to provide capital for a nursing home serving predominantly low- and moderate-income senior-aged patients. The facility is in moderate-income census tract.
- \$2 million term loan to finance the creation of a dialysis center at a nursing home facility serving predominantly low- and moderate-income patients. The facility is located in a moderate-income census tract.
- \$800 thousand investment in a syndicator of multi-family secured mortgage revenue bonds where the proceeds were used to acquire multiple affordable rental properties in the Bronx and Brooklyn. The syndicator identifies and invests in affordable housing projects and inner city redevelopment projects with community development as the primary purpose. The investments are made specific to MCB's assessment area.
- Various charitable grants to community development organizations totaling \$258 thousand.

MCB provided community development services in its assessment area primarily through the bank's subsidiary, CashZone. With thirteen locations in the New York Metro-area, CashZone

provides retail financial services including, check cashing, prepaid debit cards, direct deposit, and bill payment, to underserved LMI and unbanked populations in the assessment area. Three of the thirteen locations are located in LMI census tract all locations provide the same level of service and product offerings. Also in the period, MCB participated in various financial and small business education events with local chambers of commerce and community groups, covering topics such as banking relationships and future planning.

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

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



## CRA APPENDIX A

### GLOSSARY

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

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

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

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

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

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

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

**Limited-scope review:** Performance is analyzed using only quantitative factors.

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

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

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

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

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

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

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

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

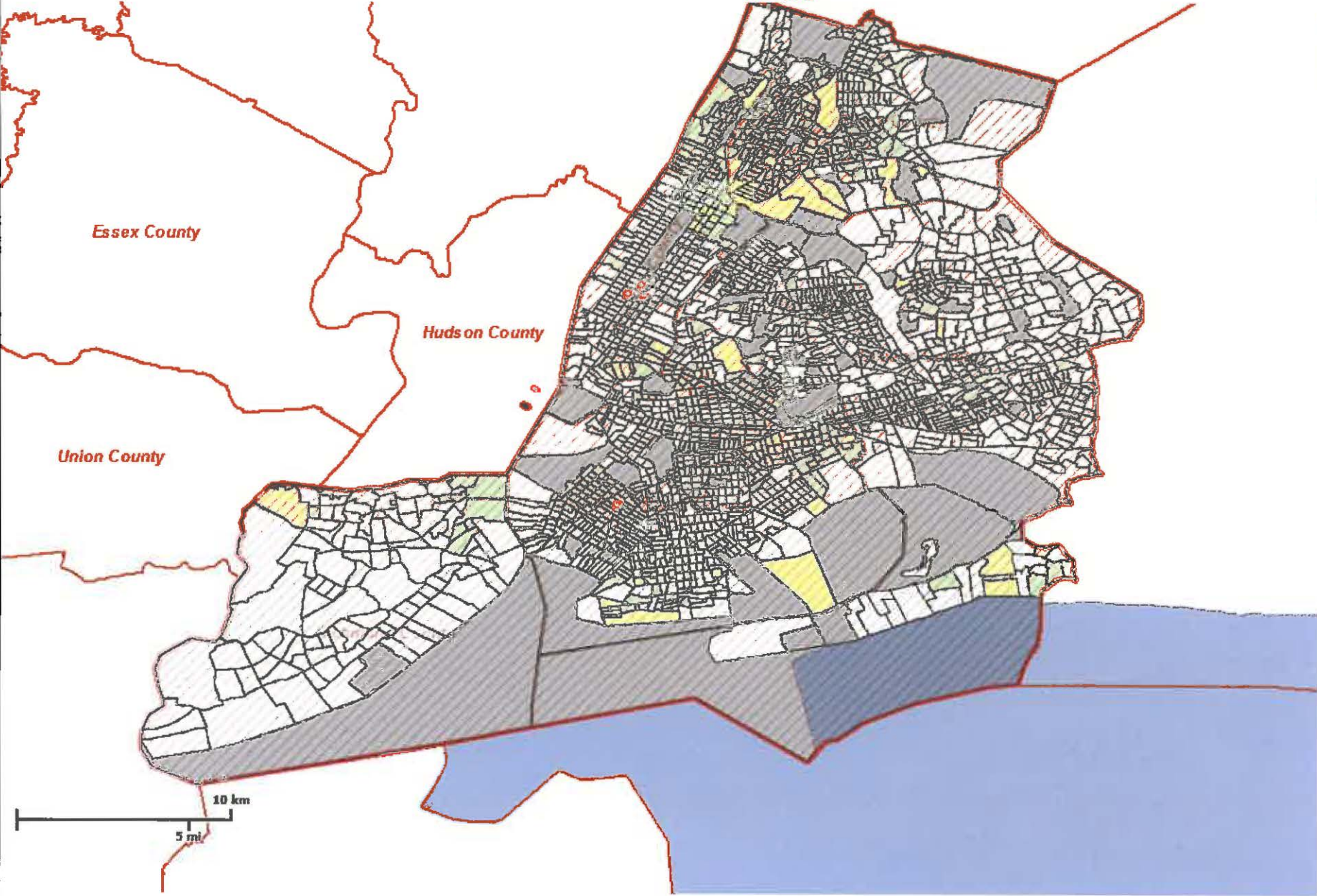
**Upper-income:** Individual income that is more than 120% of the area median income, or a median family income that is more than 120%, in the case of geography.

**CRA APPENDIX B**  
**ASSESSMENT AREA MAP**

# Metropolitan Commercial Bank

Assessment Area

2012 - 2013



## Legend

- Income**
  - Low
  - Moderate
  - Middle
  - Upper
  - Unknown
- Bank Branch**
  - All Branches