

# **PUBLIC DISCLOSURE**

May 23, 2016

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Community Bank of Bergen County  
RSSD No. 275509**

**125 West Pleasant Avenue  
Maywood, New Jersey 07607**

**FEDERAL RESERVE BANK OF NEW YORK**

**33 LIBERTY STREET  
NEW YORK, N.Y. 10045**

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

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**INSTITUTION'S CRA RATING:** Community Bank of Bergen County (“CBBC”) is rated “Satisfactory.”

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

<b>PERFORMANCE LEVELS</b>	<b>PERFORMANCE TESTS</b>	
	<b>Lending Test</b>	<b>Community Development Test</b>
Outstanding		
Satisfactory	X	X
Needs to Improve		
Substantial Noncompliance		

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

- A majority of loans were made in the assessment area.
- The bank’s loan-to-deposit ratio was reasonable.
- The overall distribution of loans to borrowers of different incomes and businesses of different sizes reflects reasonable penetration.
- The overall geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The level of community development loans, qualified investments, and community development services demonstrates reasonable responsiveness to community development needs in the assessment area.

**DESCRIPTION OF INSTITUTION**

CBBC is a full-service, retail-oriented financial institution headquartered in the borough of Maywood in Bergen County, New Jersey. The bank operates three full-service branches, all in Bergen County, which are located in Maywood, Rochelle Park, and Fair Lawn. CBBC is not

owned by a holding company nor is it affiliated with any other financial institution. The bank's market is highly competitive with numerous local, regional, and multinational banks, as well as mortgage companies and other non-bank financial institutions operating in its assessment area. CBBC's primary competitors include Bank of America NA, TD Bank NA, Valley National Bank, JP Morgan Chase Bank NA, Wells Fargo Bank NA, and PNC Bank NA. According to the FDIC's Deposit Market Share Report as of June 30, 2015, CBBC has less than 1% share of all deposits in Bergen and Passaic counties, ranking 26<sup>th</sup> out of 56 banks.

CBBC offers a variety of deposit and loan products to consumers and businesses. As of December 31, 2015, the bank's total assets were \$326 million, with total deposits of \$291 million, and gross total loans of \$232 million.

The following table shows the composition of CBBC's loan portfolio according to the Consolidated Reports of Condition and Income:

<b>Loan Portfolio Summary</b>		
<b>LOAN TYPE</b>	<b>DOLLAR AMOUNT*</b> (‘000s)	<b>PERCENT OF TOTAL</b>
Commercial / Industrial & Non-Farm Non-Residential Real Estate	58,041	25%
Construction & Land Development	21,286	9%
Secured by 1-4 Family Residential Real Estate	144,517	62%
Multifamily	5,960	3%
Consumer	1,906	1%
Other	11	0%
<b>Total Gross Loans and Leases</b>	<b>231,721</b>	<b>100%</b>

\*Data as of December 31, 2015

CBBC's previous CRA examination was conducted as of January 9, 2012, using the Federal Financial Institutions Examination Council's ("FFIEC") CRA Intermediate Small Institutions Examination Procedures. The prior examination resulted in an overall rating of "Satisfactory." There are no financial or legal impediments preventing the bank from serving the credit needs of its assessment area.

## **DESCRIPTION OF THE BANK'S ASSESSMENT AREA**

CBBC's assessment area consists of all of Bergen and Passaic counties in New Jersey, which is part of the New York-Jersey City-White Plains, NY-NJ Metropolitan Division (MD 35614). This is different from CBBC's prior CRA evaluation in which MD 35644 was part of the assessment area. MD 35614 was formed out of MSA/MD 35644, when a new set of deliniations for metropolitan areas was released by the Office of Management and Budget in February 2013. The bank's assessment area is in compliance with the requirements of Section 228.41 of Regulation BB and it does not arbitrarily exclude low- and moderate-income ("LMI") geographies. The assessment area contains 21 low-income, 31 moderate-income, 62 middle-income, and 164 upper-income tracts with one tract with unknown-income.

A map illustrating CBBC's assessment area is shown in Appendix B.

## **SCOPE OF EXAMINATION**

### ***Procedures***

CBBC was examined using the FFIEC's Interagency CRA Examination Procedures for Intermediate Small Institutions, which consists of lending and a community development tests.

### ***Products***

The universe of HMDA-related loans (home purchase, refinance and home improvement loans) and a sample of 70 small business and 103 consumer loans were analyzed. The loan samples were selected using the sampling guidelines established by the Board of Governors. Examiners verified the integrity of the bank's HMDA, small business, and consumer loans as part of the onsite examination. Multifamily dwelling loans were excluded from the analysis due to the minimum volume, and the inclusion would not have affected the overall conclusion.

### ***Examination Period***

The examination period for HMDA-related, consumer, and small business lending performance was from January 1, 2011, through December 31, 2015. For community development activities (loans, investments, and services) were evaluated from January 1, 2012 through December 31, 2015.

### ***Lending Distribution Analysis***

The borrower and geographic loan distribution analyses were based on loan activity conducted in CBBC's assessment area. The bank's lending performance from 2012 to 2015 was compared to 2010 Census demographic data, while the 2011 performance was compared to 2000 Census.

To analyze the borrower characteristics of HMDA-related lending, the proportion of originations to LMI borrowers was compared to the proportion of LMI families residing in the assessment area. Income estimates from the U.S. Department of Housing and Urban Development ("HUD") were used to categorize borrower income. For small business lending, the proportion of loans made to businesses with gross annual revenues ("GAR") of \$1 million or less, based on Dun and Bradstreet 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.

To evaluate the geographic distribution, the proportion of HMDA-related loan originations was compared with the proportion of owner-occupied housing units located in LMI geographies in the assessment area. For small business loans, the analysis compared the proportion of loan originations with the proportion of businesses located in LMI geographies.

CBBC's HMDA-related lending performance in 2014 was compared with the 2014 performance of the aggregate of all lenders in the assessment area subject to HMDA reporting. For 2015, the

aggregate data was not publicly available; therefore, consideration of CBBC's performance in 2015 compared with 2015 aggregate was used for internal analysis only.

### ***Community Contacts***

Examiners conducted an interview with a local community development organization in order to gain an understanding of the assessment area's credit needs.

## **PERFORMANCE CONTEXT**

The following demographic and economic information was obtained from publicly available sources, including the U.S. Department of Commerce's Bureau of the Census, the U.S. Department of Housing and Urban Development ("HUD"), U.S. Department of Labor, and the National Association of Realtors.

### **Demographic Characteristics**

Bergen County is a growing area. According to the 2010 census, the county's total population is approximately 905,000, which represents about 10% of New Jersey's total population and one of the state's most densely populated counties. The county is characterized by a mix of urban and dense suburban areas. The largest cities in the county are Fort Lee and Hackensack. Passaic County borders Bergen County, and its primary cities include Passaic, Paterson, and Hawthorne. The total population of Passaic County according to the 2010 census was 501,624.

Bergen and Passaic counties have significant senior citizen populations. According to the 2010 census, 15% of Bergen County and 12% of Passaic County residents are 65 or older, compared with 13% for the state. Older populations are less likely to need home purchase mortgages.

According to the 2010 census, Passaic County has 31 LMI census tracts compared with 21 LMI tracts in Bergen County.

Exhibit I provides a summary of demographic information related to CBBC's assessment area.

### **Income Characteristics**

According to the 2010 census, 16.2% of families living in the assessment area are low-income, 12.7% are moderate-income, and 15.8% are living below the poverty line. HUD reported that the 2015 estimated median family income ("MFI") of Bergen and Passaic counties was \$93,700, showing a modest increase from \$87,500 in 2014. According to information provided by the community contact, while Bergen County is considered affluent with very few LMI census tracts, there are pockets of poverty in the southern segment of the county and a significant number of LMI individuals distributed throughout the county. Passaic County, on the other hand, is less affluent than Bergen County.

## Housing Characteristics

CBBC's assessment area has 526,345 housing units, 60% of which are owner-occupied, according to the 2010 census. Of the owner-occupied units in the assessment area, 1% are located in low-income census tracts and 6% percent are in moderate-income census tracts. The remaining housing in the assessment area consists of rental housing (34%) and vacant properties (6%).

Housing costs are high in Bergen and Passaic counties, as well as in the overall metropolitan division. The National Association of Realtors reported the median sales price of existing single family homes for the New York-White Plains-Wayne Metropolitan Division was \$473,200 in 2015, up slightly from \$455,500 in 2014. Bergen County has a much higher median housing price of \$482,300 compared to \$382,600 for Passaic County according to the 2010 census.

Rents are also high in Bergen County. The 2010 census reported that Bergen County's median gross monthly rent was \$1,236 compared to \$1,080 for Passaic County and \$1,092 for New Jersey. The high rents in Bergen County restrict many LMI individuals from moving in to the area.

According to 2010 census, 61% of the housing stock in Bergen County was built before 1960, compared with 37% for Passaic County, indicating a higher demand for home improvement loans for Bergen County.

## Labor, Employment and Economic Characteristics

Unemployment in Bergen County is low overall, compared with the State of New Jersey as shown in the table to the right. Passaic County's unemployment rate is significantly higher than the state's unemployment rate. Both counties experienced decreasing levels of unemployment in 2013, 2014 and 2015 due to easing economic conditions following the great recession.

U.S. DEPARTMENT OF LABOR ANNUAL UNEMPLOYMENT RATES					
Area	2011	2012	2013	2014	2015
Bergen County	7.7%	7.7%	6.7%	5.4%	4.6%
Passaic County	11.0%	11.1%	9.9%	8.2%	6.9%
State of New Jersey	9.3%	9.3%	8.2%	6.7%	5.6%

See Exhibit I for additional assessment area details.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

CBBC's record of meeting the credit needs of its assessment area through lending performance is satisfactory. The institution originated a majority of loans within its assessment area and its

loan-to-deposit ratio is reasonable. The overall distribution of loans to borrowers of different incomes and businesses of difference sizes is also reasonable. However, geographic distribution of HMDA-related and small business loans represented poor penetration among low-and moderate-income geographies.

### Loan-to-Deposit Ratio

CBBC's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the credit needs of its assessment area. The bank's ratio is comparable to the loan-to-deposit ratios of both national and local peer groups. The bank's average loan-to-deposit ratio for the 20 most recent quarters ending December 31, 2015, was 78% based on information contained in its Consolidated Report of Condition and Income. This ratio was reasonable compared with the national peer average of 80% for similarly-situated banks, and was above the average ratio of 70% for six similarly-situated banks located in the assessment area during the same period.

## Exhibit I Assessment Area Demographics

Assessment Area: MD 35644 - Bergen/Passaic Counties

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	21	7.5	15,830	4.5	5,980	37.8	56,920	16.2
Moderate-income	31	11.1	35,452	10.1	6,166	17.4	44,585	12.7
Middle-income	62	22.2	73,501	21	5,402	7.3	57,482	16.4
Upper-income	164	58.8	225,977	64.4	6,512	2.9	191,773	54.7
Unknown-income	1	0.4	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>279</b>	<b>100</b>	<b>350,760</b>	<b>100</b>	<b>24,060</b>	<b>6.9</b>	<b>350,760</b>	<b>100</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	27,288	3,213	1	11.8	20,579	75.4	3,496	12.8
Moderate-income	57,279	17,181	5.5	30	34,932	61	5,166	9
Middle-income	119,340	55,936	17.8	46.9	56,474	47.3	6,930	5.8
Upper-income	322,438	238,117	75.7	73.8	68,870	21.4	15,451	4.8
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>526,345</b>	<b>314,447</b>	<b>100</b>	<b>59.7</b>	<b>180,855</b>	<b>34.4</b>	<b>31,043</b>	<b>5.9</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	2,889	3.5	2,622	3.6	252	3.3	15	5.5
Moderate-income	7,904	9.7	7,014	9.5	867	11.3	23	8.4
Middle-income	16,428	20.2	14,666	19.9	1,716	22.5	46	16.8
Upper-income	54,195	66.5	49,207	66.9	4,799	62.8	189	69.2
Unknown-income	21	0	16	0	5	0.1	0	0
<b>Total Assessment Area</b>	<b>81,437</b>	<b>100.0</b>	<b>73,525</b>	<b>100.0</b>	<b>7,639</b>	<b>100.0</b>	<b>273</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.3</b>		<b>9.4</b>		<b>0.3</b>



## Lending in the Assessment Area

CBBC originated a majority of its loans, 77% by number and 71% by dollar amount, in its assessment area. For each loan category, CBBC originated 77% of its HMDA-related loans, 82% of its consumer loans, and 76% of its small business loans by number within its assessment area, as shown in the following table:

<b>Exhibit II</b>												
<b>Lending Inside and Outside the Assessment Area</b>												
Loan Type	Inside				Outside				Total			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase	124	67.4	46772	66.3	60	32.6	23800	33.7	184	100.0	70572	100.0
Home Improvement	85	94.4	10677	96.0	5	5.6	450	4.0	90	100.0	11127	100.0
Multi-Family Housing	4	44.4	1083	29.6	5	55.6	2570	70.4	9	100.0	3653	100.0
Refinancing	145	78.8	30816	69.6	39	21.2	13485	30.4	184	100.0	44301	100.0
<b>Total HMDA related</b>	<b>358</b>	<b>76.7</b>	<b>89,348</b>	<b>68.9</b>	<b>109</b>	<b>23.3</b>	<b>40,305</b>	<b>31.1</b>	<b>467</b>	<b>100.0</b>	<b>129,653</b>	<b>100.0</b>
Small Business	53	75.7	16,984	73.1	17	24.3	6,243	26.9	70	100.0	23,228	100.0
Consumer Loans	84	81.6	15,334	85.7	19	18.4	2,555	14.3	103	100.0	17,889	100.0
<b>TOTAL LOANS</b>	<b>495</b>	<b>77.3</b>	<b>121,666</b>	<b>71.2</b>	<b>145</b>	<b>22.7</b>	<b>49,103</b>	<b>28.8</b>	<b>640</b>	<b>100.0</b>	<b>170,770</b>	<b>100.0</b>

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

Lending performance in the assessment area relating to borrower distribution is reasonable overall, and reflects reasonable penetration among individuals of different income levels (including LMI) and businesses of different sizes. Opportunities to lend in the assessment area were limited by the cost of housing as the median sales price for homes in Bergen County exceeded median family income for a low-income borrower by 8.1 times and for a moderate-income borrower by 5.1 times. For Passaic County the median sales price exceeded median family income for a low-income borrower by 8.5 times and for a moderate-income borrower by 5.3 times.

### *Home Purchase Loans*

CBBC's distribution of home purchase loans to LMI borrowers is reasonable. Although CBBC did not make any home purchase loans to low-income borrowers, 9% of its loans were made to moderate-income borrowers, which exceed the aggregate. Sixteen percent of families are of low-income while 13% are of moderate-income. Opportunities for home purchase lending to LMI borrowers are impacted by the affordability of housing in the assessment area. This is confirmed by the performance of the aggregate, which made 0.7% of its home purchase loans to low-income borrowers and 6% to moderate-income borrowers in 2014.

**Exhibit III**  
**2014 Aggregate Comparison Loan Distribution Table**  
 Assessment Area/Group: Bergen/Passaic Counties

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
<b>Home Purchase</b>										
Low	0	0.0%	0.0%	1.3%	0.6%	0	0.0%	0.0%	0.7%	0.2%
Moderate	3	8.6%	3.3%	6.5%	3.8%	3	8.6%	2.4%	6.1%	2.8%
Middle	5	14.3%	8.0%	16.8%	12.7%	5	14.3%	9.4%	17.3%	11.5%
Upper	27	77.1%	88.6%	75.3%	82.8%	22	62.9%	58.0%	59.4%	70.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	5	14.3%	30.2%	16.6%	15.3%
<i>Total</i>	<i>35</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>35</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
<b>Refinance</b>										
Low	0	0.0%	0.0%	1.1%	0.9%	0	0.0%	0.0%	2.3%	1.2%
Moderate	1	5.6%	8.3%	5.4%	3.7%	1	5.6%	1.1%	5.8%	3.0%
Middle	3	16.7%	18.4%	16.1%	12.5%	5	27.8%	17.2%	13.6%	8.8%
Upper	14	77.8%	73.4%	77.4%	82.9%	11	61.1%	77.6%	60.4%	69.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	5.6%	4.0%	17.8%	17.5%
<i>Total</i>	<i>18</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>18</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
<b>Home Improvement</b>										
Low	0	0.0%	0.0%	0.8%	0.4%	0	0.0%	0.0%	2.1%	0.3%
Moderate	0	0.0%	0.0%	3.2%	2.3%	1	11.1%	4.6%	5.7%	1.9%
Middle	2	22.2%	13.5%	15.6%	11.4%	2	22.2%	9.6%	13.9%	8.2%
Upper	7	77.8%	86.5%	80.4%	86.0%	6	66.7%	85.8%	70.1%	79.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	8.3%	10.6%
<i>Total</i>	<i>9</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>9</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
<b>Multi-Family</b>										
Low	1	100.0%	100.0%	22.9%	9.9%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	18.8%	24.3%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	32.6%	23.7%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	25.7%	42.1%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	100.0%	100.0%	100.0%	100.0%
<i>Total</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
<b>HMDA Totals</b>										
Low	1	1.6%	1.2%	1.4%	1.5%	0	0.0%	0.0%	1.4%	0.6%
Moderate	4	6.3%	4.2%	6.0%	5.5%	5	7.9%	2.2%	5.9%	2.6%
Middle	10	15.9%	10.7%	16.6%	13.6%	12	19.0%	11.1%	15.5%	9.5%
Upper	48	76.2%	83.9%	76.0%	79.4%	39	61.9%	63.8%	59.8%	64.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	7	11.1%	22.9%	17.4%	23.3%
<i>Total</i>	<i>63</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>63</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
		Bank			Aggregate					
	#	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)	% \$(000s)
Low	0	0.0%	0.0%	0.0%	0.0%	2.1%	0.0%	2.3%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	9.2%	0.0%	11.7%	0.0%	0.0%
Middle	2	20.0%	20.0%	11.2%	11.2%	21.9%	21.9%	21.8%	21.9%	21.8%
Upper	8	80.0%	80.0%	88.8%	88.8%	65.7%	65.7%	63.6%	65.7%	63.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tract Unknown	0	0.0%	0.0%	0.0%	0.0%	1.1%	0.0%	0.6%	1.1%	0.6%
<i>Total</i>	<i>10</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
<b>By Revenue</b>										
\$1 Million or Less	9	90.0%	90.0%	82.9%	82.9%	43.2%	43.2%	31.1%	43.2%	31.1%
<b>By Loan Size</b>										
\$100,000 or less	2	20.0%	20.0%	5.3%	5.3%	94.1%	94.1%	39.5%	94.1%	39.5%
\$100,001-\$250,000	2	20.0%	20.0%	9.4%	9.4%	2.8%	2.8%	13.6%	2.8%	13.6%
\$250,001-\$1 Million	6	60.0%	60.0%	85.4%	85.4%	3.1%	3.1%	46.9%	3.1%	46.9%
<i>Total</i>	<i>10</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>

### ***Refinance Loans***

CBBC's distribution of refinance loans to LMI borrowers is reasonable. As shown in Exhibit III above, CBBC did not make any refinance loans to low-income borrowers and 5.6% of its refinance loans were to moderate-income borrowers in the assessment area. This is compared to the performance of the aggregate, which made 2% of its refinance loans to low-income borrowers and 5.8% to moderate income borrowers in 2014.

### ***Home Improvement Loans***

CBBC's distribution of home improvement loans to LMI borrowers is reasonable based on excellent performance to moderate-income borrowers. As shown in Exhibit III, CBBC made no home improvement loans to low-income borrowers whereas the aggregate shows 2%. However, the bank made 11% of its home improvement loans to moderate-income borrowers, almost double the aggregate performance of 5.7%.

### ***Consumer Loans***

CBBC's distribution of consumer loans to LMI borrowers is reasonable. As shown in Exhibit IV below, CBBC made no consumer loans to low-income borrowers and 4% of its consumer loans were to moderate-income borrowers in 2014; however, considering CBBC's performance in 2015, 11% of its consumer loans were made to low-income borrowers and no consumer loans were made to moderate income borrowers. Sixteen percent of households are of low-income while 13% are of moderate-income.

### ***Small Business Loans***

The level of lending to small businesses is reasonable. As shown in Exhibit III, CBBC made 90% of its small business loans to businesses with GAR of \$ 1 million or less. Ninety percent of business establishments in the assessment area have GAR of \$1 million or less. During the review period, 20% of CBBC's total small business loans were in amounts of \$100,000 or less. The comparison of loans in the amount of \$100,000 or less is skewed as the aggregate includes large national credit card lenders which are typically offered in smaller dollar amounts. The average size of small business loans was \$331,800. Loans in smaller amounts are particularly responsive to the needs of small businesses.

**Exhibit IV**  
**Consumer Loan Distribution Table**  
Assessment Area/Group :Bergen/Passaic Counties 2014

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Consumer Loans							
Low	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Moderate	2	8.70%	115	1.90%	1	4.30%	5	0.10%
Low/Moderate Total	2	8.70%	115	1.90%	1	4.30%	5	0.10%
Middle	2	8.70%	90	1.50%	4	17.40%	365	6.10%
Upper	19	82.60%	5,778	96.60%	17	73.90%	5,583	93.30%
Unknown	0	0.00%	0	0.00%	1	4.30%	30	0.50%
Tract Unknown	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	23	100.00%	5,983	100.00%	23	100.00%	5,983	100.00%

### Geographic Distribution of Loans

CBBC's geographic distribution of loans reflects reasonable dispersion throughout the assessment area. HMDA-related and consumer lending performances were reasonable among moderate-income borrowers while small business performance was poor. Although there was poor penetration in low-income tracts, opportunities for HMDA and consumer lending were limited due to strong competition from large banks and that 38% of the families residing in these tracts have incomes below the poverty line.

### Home Purchase Loans

Overall, CBBC's home purchase performance is reasonable. As shown in Exhibit III, although CBBC made no home purchase loans in low-income census tracts and 9% in moderate-income tracts, the performance is reasonable given that only 1% of all owner-occupied housing units are in low-income tracts and 6% are in moderate-income tracts. As indicated in the performance context, housing affordability is an issue in this assessment area.

### Refinance Loans

CBBC's refinance lending performance is reasonable. CBBC did not make any refinance loans in low-income census tracts but made 6% in moderate-income tracts. This performance is reasonable given that only 1% of all owner-occupied housing units are low-income tracts and 6% of owner-occupied units are in moderate-income tracts. Additionally, the aggregate made 1% of refinance loans in low-income census tracts and 5.4% in moderate-income tracts in 2014.

### Home Improvement Loans

CBBC did not make any home-improvement loans in LMI census tracts while 1% of all owner-occupied housing units are in low-income tracts and 5.5% of owner-occupied units are in moderate-income tracts as shown in Exhibit I. However, opportunities for home improvement lending are limited, as indicated by the performance of the aggregate. As shown in Exhibit III, the aggregate made less than 1% of home improvement loans in low-income census tracts and 3% in moderate-income tracts in 2014. Performance in 2015 compared equally with 2014.

### ***Consumer Loans***

Consumer lending performance is adequate. As shown in Exhibit IV, CBBC did not make any consumer loans in low-income tracts; however, 9% of its consumer loans were in moderate-income tracts. Only 1% of all households reside in low-income census tracts, while 3% reside in moderate-income census tracts. Opportunities for consumer lending are limited as 38% of families residing in low-income tracts and 17% of families residing in moderate-income tracts have incomes below the poverty level.

### ***Small Business Loans***

Small business performance was poor. CBBC did not make any small business loans in LMI tracts in 2014. However, performance in 2015 compared more favorable in moderate-income tracts. Four percent and 10% of business establishments are located in low- and moderate-income census tracts respectively.

## **RESPONSE TO COMPLAINTS**

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

## **COMMUNITY DEVELOPMENT TEST**

CBBC's community development performance demonstrates reasonable responsiveness to the needs of its assessment area through community development loans, qualified investments, and community development services, considering CBBC's capacity and the need and availability of such opportunities in CBBC's assessment area. During the examination period, loans and qualified investments benefiting its assessment area totaled \$2,738,349. Eighty eight percent of CBBC's loans and investments went to support affordable housing initiatives throughout its assessment area and 12% targeted community development service activity. Community development investments totaled \$258,070. Community development loans totaled \$2,405,279 with \$2,185,279 made within CBBC's assessment area and \$220,000 benefiting the larger statewide area.

When compared to four similarly-situated banks operating in the assessment area, CBBC's annualized community development loans and qualified investments as a percentage of average assets, total deposits, and its tier one capital was comparable to its peers.

This assessment also considered CBBC's capacity and the need and availability of opportunities for community development in the assessment area. The bank was determined to have met the needs of its assessment area; therefore, community development activities outside of the

assessment area were also considered.

Examples of CBBC's community development loans include:

- \$650,000 loan to rehabilitate a 17-unit affordable housing rooming house.
- \$345,000 loan to upgrade and renovate a 6-unit affordable housing apartment building.

### ***Community Development Services***

CBBC provided a reasonable level of community development services in its assessment area. Bank officers and employees provided professional services to local organizations that provide affordable housing, promote economic development and community services to LMI individuals.

Bank officers serve on the boards and committees of three community development organizations. These organizations include:

- One officer serves as chairman of the board of directors for an organization dedicated to providing educational, mental and behavioral health services for at-risk youth residing in LMI geographies.
- One officer serves as a member of the board for an organization promoting economic development in an area that includes the low- and moderate-income areas in the city of Paterson.
- One officer serves on the fund raising committee for an organization that assists individuals with disabilities who are LMI.

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

The bank is in compliance with substantive provisions of anti-discrimination laws and regulations. No evidence of discriminatory or other illegal credit practices were identified.

## CRA APPENDIX A

### GLOSSARY

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All agencies have adopted the following language. 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; or, 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 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 Urban and 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 the 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).

**Community Development Financial Institution ("CDFI"):** A CDFI is an organization that has been certified by the U.S. Treasury as a provider of loans and services that assist specially funded institutions that revitalize LMI areas and assist LMI persons.

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

**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, and withdrawn).

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

**Household:** A household consists of all persons who occupy a housing unit. Persons not living in households are classified as living in group quarters.

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

**Metropolitan Area (“MA”):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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 a 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 a 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 a geography.



# CRA APPENDIX B MAP OF ASSESSMENT AREA

