



## **PUBLIC DISCLOSURE**

September 9, 2013

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

National Bank of New York City  
Charter Number 15070

136-29 38th Avenue  
Flushing, NY 11354-4112

Office of the Comptroller of the Currency

New York Field Office  
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 overall rating is based on the following factors:

- The loan-to deposit ratio is outstanding given the bank's size, financial condition, lending-related activities, and assessment area (AA) credit needs;
- A substantial majority of loans are originated inside the AA;
- The bank's record of lending to borrowers of different income meets the standard for satisfactory performance; and
- The bank has had no consumer complaints regarding community reinvestment performance.

**SCOPE OF EXAMINATION**

The small bank Community Reinvestment Act (CRA) examination of the National Bank of New York City (NBNYC) was assessed under the Lending Test for the period of July 1, 2008 to May 31, 2013. NBNYC does not engage in residential lending and is not a HMDA reporter. Commercial real estate (CRE) and commercial and industrial loans are the bank's primary loan products with CRE loans representing 98.59% of total loans as of March 31, 2013. Our sample included the entire population of loans made during the assessment period. Conclusions were derived from data obtained from internal bank loan origination reports. A data integrity review of CRA information systems was conducted in May 2013. The data was found to be overall accurate and reliable for use in this examination. We evaluated loans made from July 1, 2008 to December 31, 2011 separately from loans originated in January 1, 2012 through May 31, 2013. Loan originations from 2011 and prior years were evaluated based on 2000 census data and originations from 2012 through 2013 were evaluated in accordance with 2010 census data.

## **DESCRIPTION OF INSTITUTION**

NBNYC is a single branch national bank located in Flushing, NY. It operates as an independent bank with no subsidiaries or affiliates. As of March 31, 2013, NBNYC had \$209 million in total assets, \$164 million in loans, and \$141 million in deposits. NBNYC's deposit base represents 0.01% of the assessment area (AA) market share. The loan portfolio is composed of 98.59% commercial real estate with the remainder in commercial and industrial loans not secured by real estate. NBNYC does not originate any retail consumer loans and as such, is not a HMDA reporter. However, a referral process is in place for directing customers to local financial institutions that offer those products. NBNYC is a commercial bank that focuses on originating commercial real estate and other loans small businesses.

According to NBNYC management, there is strong competition in the AA. Large national banks, such as JPMorgan Chase, The Bank of New York Mellon, Bank of America, Citibank, HSBC Bank, and Capital One, dominate the AA. According to the FDIC, only 13 banks control over 80% of the deposits in the AA, although this represents a slight decrease in concentration from the prior CRA examination in 2008, when 10 institutions controlled the same amount. As a result of the high level of competition within the AA, NBNYC chooses not to compete with the large banks for loans to larger businesses, but instead focuses on lending to small businesses for commercial real estate and other business loans. During the assessment period, the bank originated 40 loans, nine of which came from brokers, one from a customer referral, and the remainder from existing customers. This marks a significant change since the prior CRA examination when the bank relied heavily on brokers to originate 98% of their new loans.

During this assessment period, NBNYC was not subject to any legal, financial, or regulatory restrictions that would impede its ability to help meet the credit needs of its assessment area. The prior CRA examination occurred in April 2008 from which NBNYC received a rating of Satisfactory.

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

NBNYC's AA includes all of Kings (Brooklyn), Queens (Queens), and New York (Manhattan) counties in New York. The unique county or Federal Information Processing Standards (FIBS) codes for these counties are 047, 081, and 061. The AA falls into the New York-Wayne-White Plains, NY-NJ metropolitan statistical area/metropolitan division (MSA/MD) #35644, which is part of the larger New York-Northern New Jersey-Long Island, NY-NJ-PA MSA #35620. All five New York City boroughs are part of the same MSA and MD. The AA constitutes a contiguous area comprising of three whole counties and whole census tracts. There is no arbitrary exclusion of any low- or moderate-income areas. NBNYC is a one-branch bank located in Queens county.

During our last CRA evaluation in early 2008, portions of the nation including the bank's AA were already in a financial crisis, later to be dubbed the "Great Recession." The first signs of problems were felt in early 2007 with negative signs in subprime mortgages and mortgage related securities, and by December 2007, the recession had officially started. The recession was declared to be over as of June 2009, however, the recovery has been slow depending on the region. The AA experienced job losses but has seen a gradual return, mirroring state and national trends. Growth in employment in the AA following the turnaround, and especially from 2012 to 2013, has been seen in Leisure and Hospitality, Education and Health Services, and Professional and Business Services.

The New York City unemployment rate, which stood at 4.5% in 2008, had increased steadily to 9.9% in 2012 before moving down to 8.7% as of July 2013. The unemployment rate has declined in the three boroughs that form the AA. In the borough of Brooklyn (Kings county), the rate has declined from 10.7% in July 2012 to 9.6% as of July 2013; in the borough of Queens (Queens county), the rate declined from 8.8% to 7.7%; and in the borough of Manhattan (New York county), the rate declined from 8.2% to 7.2%. In the MSA, a similar improvement was noted with the unemployment rate at a low of 5.3% in 2008, increasing to 9.0% in 2010, and declining to 8.0% as of August 2013.

The Great Recession affected housing values in the AA. The median home value reached historic highs during the housing boom through 2007 and 2008 and then decreased gradually in 2009 and 2010. Residential and nonresidential construction is rebounding in the AA. Following the housing bubble, office rental rates fell 29.7%. However, office rental rates increased for the first time in 2011. The population has increased in the AA from 2000 to 2010. The population of New York City (NYC) increased 2.5% from 8.0 million in 2000 to 8.2 million in the 2010 census. The three boroughs constituting the AA together comprise over 75% of the population of NYC.

We contacted a community development organization in the AA that indicated that the needs of the community include preserving affordable housing, providing assistance and training to empower small business and revitalization after the economic crisis.

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

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

**NBNYC's quarterly average loan-to-deposit (LTD) ratio of 133% reflects an outstanding performance.** This figure was derived taking the average loan-to-deposit ratios of the institution from reports filed with the regulatory agencies since the previous CRA exam. NBNYC's current LTD represents a significant increase since the last CRA evaluation in 2008 of 95%.

**Lending in Assessment Area**

**Lending in the AA is outstanding.** A substantial majority of the loans sampled were originated in the AA. The number and dollar amount of loans originated in the AA was 77.50% and 74.82%, respectively, and meets the standard for outstanding performance. This is an improvement from the prior CRA examination when these same ratios stood at 63.00% and 65.00%.

Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Loans to Businesses	31	77.50	9	22.50	40	26,987,230	74.82	9,083,000	25.18	36,070,230

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

**The borrower distribution of loans to businesses is outstanding.** NBNYC’s record of lending to small businesses reflects excellent penetration among the AA. When considering both the number of loans and the dollar amount of loans originated, NBNYC makes proportionally more loans to small businesses and is effectively servicing the credit needs of small businesses within its community.

Borrower Distribution of Loans to Businesses in Kings, Queens, and New York Counties			
Business Revenues	<\$1,000,000	>\$1,000,000	Total
% of AA Businesses	89.41%	10.59%	100%
% of Bank Loans in AA by #	91.67%	8.33%	100%
% of Bank Loans in AA by \$	81.58%	18.42%	100%

*Source: Loan sample with information from bank provided data; 2000 U.S.Census Data*

Borrower Distribution of Loans to Businesses in Kings, Queens, and New York Counties			
Business Revenues	<\$1,000,000	>\$1,000,000	Total
% of AA Businesses	95.95%	4.05%	100%
% of Bank Loans in AA by #	71.43%	28.57%	100%
% of Bank Loans in AA by \$	93.14%	6.86%	100%

*Source: Loan sample with information from bank provided data; 2010 U.S.Census Data*

**Geographic Distribution of Loans**

**The geographic distribution of loans to businesses is satisfactory.** The dispersion of loans throughout census tracts of different income levels in the AA is reasonable.

Loans made during 2008, 2009, 2010 and 2011 represent a fairly strong correlation to the percent of businesses in the AA per the 2000 census data. Although the bank does make a larger proportion of its loans to middle- and upper-income census tract businesses, it is in line with the area’s demographics at the time. During 2012 and 2013, the bank originated more loans to businesses in upper- and middle-income census tracts than loans to low- and moderate-income census tracts per the 2010 census data. However, given the limited sample size of seven applicable loans during this time period, the fact that one loan was made to a business in a low- or moderate-income census tract does not imply discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

<b>Geographic Distribution of Loans to Businesses in Kings, Queens, and New York Counties</b>							
Low		Moderate		Middle		Upper	
% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans
6.85%	4.17%	21.80%	20.83%	22.43%	25.00%	48.92%	50.00%

*Source: Loan sample with information from bank provided data; 2000 U.S. Census Data*

<b>Geographic Distribution of Loans to Businesses in Kings, Queens, and New York Counties</b>							
Low		Moderate		Middle		Upper	
% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans
11.98%	14.29%	31.01%	0%	29.06%	42.86%	27.95%	42.86%

*Source: Loan sample with information from bank provided data; 2010 U.S. Census Data*

### **Responses to Complaints**

NBNYC did not receive any consumer complaints related to CRA during the evaluation period.

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

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