



## **PUBLIC SUMMARY**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF METROPOLITAN COMMERCIAL BANK**

**AS OF DECEMBER 31, 2021**

New York State Department of Financial Services  
Consumer Protection and Financial Enforcement Division  
One State Street, New York NY 10004

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

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**I. - GENERAL INFORMATION**

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Metropolitan Commercial Bank (“MCB” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This Evaluation represents the Department’s current assessment and rating of the Bank’s CRA performance based on an evaluation conducted as of December 31, 2021.

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

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

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

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

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

**II. - OVERVIEW OF INSTITUTION’S PERFORMANCE**

The Department evaluated MCB according to the large banking institutions performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The evaluation period included calendar years 2019 and 2020 for lending activities and the period from September 30, 2018 to December 31, 2021 for the community development activities. The Department assigned MCB a rating of “2,” indicating a “Satisfactory” record of helping to meet community credit needs.

This rating is based on the following factors:

**A. Lending Test: Low Satisfactory**

MCB’s HMDA-reportable and small business lending activities were just satisfactory in light of the Bank’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

**1. Lending Activity: High Satisfactory**

MCB’s lending levels were highly satisfactory considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

MCB’s average LTD ratio for the evaluation period of 90.5% exceeded its peer group’s average ratio of 86.1%.

**2. Assessment Area Concentration: Outstanding**

During the evaluation period, MCB originated 93.6% by number and 93.5% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an outstanding concentration of lending.

**3. Geographic Distribution of Loans: Low Satisfactory**

MCB’s origination of loans in census tracts of varying income levels demonstrated a just satisfactory distribution of lending.

MCB’s HMDA-reportable lending in LMI census tracts was outstanding, while its small business lending demonstrated a poor distribution of loans to LMI census tracts.

**4. Distribution by Borrower Characteristics: Low Satisfactory**

MCB’s one-to-four HMDA-reportable and small business lending demonstrated a just satisfactory distribution of loans among individuals of different income levels and businesses of different revenue sizes.

MCB’s one-to-four family HMDA-reportable lending to LMI borrowers was outstanding, while its small business lending demonstrated a poor distribution of loans among businesses of different revenue sizes.

## METROPOLITAN COMMERCIAL BANK – CRA PERFORMANCE EVALUATION

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### 5. Community Development Lending: Outstanding

During the evaluation period, MCB originated \$441.4 million in new community development loans and had no loans outstanding from prior evaluation periods. This demonstrated an outstanding level of community development lending over the course of the evaluation period and was a significant increase from the \$165.8 million reported in the prior evaluation.

### **B. Investment Test: High Satisfactory**

#### 1. Qualified Investments

During the evaluation period, MCB made \$38.4 million in new qualified investments and had \$3 million outstanding from prior evaluation periods. In addition, MCB made \$565,000 in qualified grants. This demonstrated a highly satisfactory level of qualified investments and grants over the course of the evaluation period.

#### 2. Innovativeness of Qualified Investments:

MCB made no use of innovative investments to support community development.

#### 3. Responsiveness of Qualified Investments to Credit and Community Development Needs:

MCB's qualified investments exhibited highly satisfactory responsiveness to the assessment area's credit and community development needs.

### **C. Service Test: High Satisfactory**

#### 1. Retail Banking Services: Low Satisfactory

MCB has a just satisfactory branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

#### 2. Community Development Services: High Satisfactory

MCB provided a high satisfactory level of community development services.

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

## METROPOLITAN COMMERCIAL BANK – CRA PERFORMANCE EVALUATION

### III. - PERFORMANCE CONTEXT

#### A. Institution Profile

MCB was established and federally chartered in 1999 as Metropolitan National Bank. In 2013, the Bank became a New York State chartered bank and changed its name to Metropolitan Commercial Bank (“MCB”). MCB is wholly-owned by Metropolitan Bank Holding Corp and headquartered at 99 Park Avenue, New York City.

During the evaluation, MCB operated six full-service branch offices: four in Manhattan (New York County) including its main office; one in Brooklyn (Kings County); and one in Great Neck (Nassau County). Supplementing the branches is an automated teller machine network (“ATM”) consisting of 12 full-service and five cash-dispensing only ATMs. All branches in Manhattan and Brooklyn have at least two full-service ATMs, except the Lexington Avenue branch which has one full-service ATM. Great Neck has three full-service ATMs. Each branch except for the branch in Great Neck also has a cash-dispensing only ATM.

MCB offers traditional personal banking products including checking, savings and electronic banking. Additionally, MCB offers banking products and services to small businesses, middle-market enterprises, and public entities such as commercial real estate lending, commercial and industrial loans, trade finance, cash management, and other services.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2021, filed with the Federal Deposit Insurance Corporation (“FDIC”), MCB reported total assets of \$7.1 billion, of which \$3.7 billion were net loans and lease financing receivables. MCB also reported total deposits of \$6.5 billion resulting in a 56.9% LTD ratio. According to the latest available comparative deposit data as of June 30, 2021, MCB had a market share of 0.3% with \$5.3 billion in a market of \$2 trillion and ranking 23rd among 113 deposit taking institutions in its assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2018, 2019, 2020, and 2021 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	12/31/2019		12/31/2020		12/31/2021	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	151,552	5.7	135,554	4.3	129,534	3.5
Commercial & Industrial Loans	448,618	16.8	591,501	18.9	646,937	17.3
Commercial Mortgage Loans	1,465,628	54.7	1,691,860	53.9	2,261,076	60.6
Multifamily Mortgages	377,596	14.1	433,239	13.8	355,290	9.5
Consumer Loans	71,176	2.7	45,650	1.5	31,586	0.8
Construction Loans	109,097	4.1	238,469	7.6	306,726	8.2
Other Loans	54,073	2.0	0	0.0	0	0.0
Total Gross Loans	2,677,740	100.0	3,136,273	100.0	3,731,149	100.0

As illustrated in the above table, MCB is primarily a commercial lender with 60.6% of its loan portfolio in commercial real estate and 17.3% in commercial and industrial loans.

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

### **Assessment Area**

The Bank's assessment area is comprised of Bronx, Kings, New York, Nassau, Richmond, and Queens counties.

There are 2,451 census tracts in the Bank's assessment area, of which 296 are low-income, 598 are moderate-income, 801 are middle-income, 681 are upper-income, and 75 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	7	140	99	60	33	339	70.5
Kings	14	95	260	230	162	761	46.6
New York	15	34	57	21	161	288	31.6
Nassau	9	7	28	159	81	284	12.3
Richmond	3	4	8	28	67	110	10.9
Queens	27	16	146	303	177	669	24.2
Total	75	296	598	801	681	2,451	36.5

### **Demographic & Economic Data**

The assessment area had a population of 9,781,355 during the evaluation period. Approximately 13.2% of the population were over the age of 65 and 19% were under the age of 16. Of the 2,203,187 families in the assessment area, 30.5% were low-income, 16.3% were moderate-income, 16.6% were middle-income and 36.7% were upper-income. There were 3,554,175 households in the assessment area, of which 17.8% had income below the poverty level and 3.8% were on public assistance.

The weighted average median family income in the assessment area was \$78,236.

There were 3,889,481 housing units within the assessment area, of which 45.2% were one- to four-family units and 54.5% were multifamily units. A majority (59.5%) of the housing units were rental units while 34.6% were owner-occupied units.

Of the total 2,209,048 rental-occupied units, 51.5% were in LMI census tracts while 48.2% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,351.

Of the 1,345,127 owner-occupied housing units, 17.1% were in LMI census tracts while 82.7% were in middle- and upper-income census tracts. The median age of the housing stock was 80 years, and the median home value in the assessment area was \$532,360.

There were 1,284,903 non-farm businesses in the assessment area. Of these, 91.6% were businesses with reported revenues of less than or equal to \$1 million, 3.4% reported revenues of more than \$1 million and 5.1% did not report their revenues. Of all the businesses in the assessment area, 97.1% were businesses with less than fifty employees, while 95.4% operated from a single

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location. The largest industries in the area were services (34.7%), retail trade (11.5%), finance, insurance & real estate (9.6%); 30.2% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average annual unemployment rates were at its highest in 2020 statewide and all five counties in the assessment area, due to the impact of the COVID-19 pandemic. Over the course of the evaluation period, Bronx County had the highest average unemployment rate at 10.2%, followed by Kings County at 7.7%, Queens County at 7.3%, and Richmond County at 6.8%. Nassau County had the lowest average unemployment rate at 4.8%.

<b>Assessment Area Unemployment Rate</b>						
	Statewide	Bronx	Kings	Richmond	Nassau	Queens
2018	4.1	5.6	4.2	4.1	3.5	3.6
2019	3.8	5.2	4	3.7	3.3	3.4
2020	9.9	16.2	12.6	10.6	8	12.6
2021	6.9	13.6	10.1	8.7	4.5	9.6
Average of Years above	6.2	10.2	7.7	6.8	4.8	7.3

### **Community Information**

DFS examiners conducted community contacts interviews with representatives from two community organizations to assist in identifying banking and credit needs within MCB's assessment area. One of the organizations is a nonprofit organization that provides legal, financial, and marketing services to small businesses free of charge and guidance to entrepreneurs who wish to start a business. The other is a community development corporation whose mission is to empower low- and moderate-income women and minorities by offering programs that promote economic sufficiency, asset growth, and improve their lives through entrepreneurship. The corporation offers services that include business training, coaching, financing assistance, as well as assisting minority and women-owned business enterprises ("MWBE") in achieving their certification as a MWBE.

The representative of the nonprofit organization stated that it is very difficult for small business entrepreneurs to access traditional financing, as financial institutions look for financial stability, which many new businesses do not have. Also, there are many unbanked businesses in the communities, such as street vendors and online entities that do not qualify for traditional financing. Financial institutions are too quick to deny credit to new businesses and unbanked businesses. The representative also mentioned the need for banking facilities and services in areas of the Bronx and Kings counties that have high level of poverty. Local banks can assist community development organizations by encouraging bank employees to participate in economic development projects such as workshops and devoting more time and resources to assist entrepreneurs and small business owners in securing much needed financing.

The representative of the community development corporation stated that there is a high concentration of check cashing locations in the community and residents must pay a fee to cash their checks; hence, there is a need for more bank branches in the area to provide lower- or no-cost services. The representative also mentioned that many small business owners are struggling financially, as they did not receive loans through the Paycheck Protection Program ("PPP")



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because they lacked the knowledge or resources to obtain financial assistance. The representative also mentioned that areas in Bronx, Queens, and New York counties continue to deteriorate; therefore, local financial institutions need to participate in programs offered by community development organizations, by providing financial support and expertise to help with programs such as financial literacy, business workshops, entrepreneurial and professional services.

**IV. - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

The Department evaluated MCB under the large banking institutions performance criteria in accordance with Sections 76.7, 76.8, 76.9 and 76.10 of the GRS, which consist of the lending, investment and service tests. DFS also considered the following factors in assessing the Bank’s record of performance:

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

Finally, the Evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which MCB helps to meet the credit needs of its entire community.

DFS derived statistics employed in this Evaluation from various sources. MCB submitted bank-specific information both as part of the Evaluation process and in its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council (“FFIEC”) and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank’s Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2019 and 2020 for lending activities and the period from September 30, 2018 to December 31, 2021 for community development activities.

Examiners considered MCB’s HMDA-reportable and small business loans in evaluating factors (2), (3) and (4) of the lending test noted below.

Small business loan data evaluated in this performance evaluation represented actual originations, HMDA-reportable loan data represented originated and purchased loans.

At its prior Community Reinvestment Performance Evaluation as of December 31, 2016, DFS assigned MCB a rating of “2,” reflecting a “Satisfactory” compliance with regulatory standards.

**Current CRA Rating: Satisfactory**

## METROPOLITAN COMMERCIAL BANK – CRA PERFORMANCE EVALUATION

### **A. Lending Test:** Low Satisfactory

*The Bank's lending performance was evaluated pursuant to the following criteria:*

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

MCB's HMDA-reportable and small business lending activities were just satisfactory in light of MCB's size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area. MCB's level of community development lending was outstanding for community services and affordable housing purposes demonstrates the Bank's commitment to meet its community credit needs.

#### **1. Lending Activity:** High Satisfactory

MCB's lending activity levels were highly satisfactory considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

MCB's average LTD ratio for the evaluation period of 90.5% exceeded its peer group's average ratio of 86.1%. The decrease in the bank's 2020 quarterly LTD ratios was primarily due to the impact of the COVID-19 pandemic.

The table below shows MCB's LTD ratios in comparison with the peer group's ratios for the eight quarters of this evaluation period.

<b>Loan-to-Deposit Ratios</b>									
	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	Avg.
Bank	104.8	96.8	90.9	94.5	90.0	83.7	83.3	80.2	90.5
Peer	85.9	87.0	88.9	87.9	87.9	85.1	84.7	81.1	86.1

#### **2. Assessment Area Concentration:** Outstanding

During the evaluation period, MCB originated 93.6% by number and 93.5% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an outstanding concentration of lending.

##### **a. HMDA-Reportable Loans:**

During the evaluation period, MCB originated 98.3% by number and 94.5% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an outstanding concentration of lending.

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### b. Small Business Loans:

MCB originated 88% by number and 87% by dollar value of its small business loans within the assessment area during the evaluation period. This substantial majority of lending inside of its assessment area reflects an outstanding concentration of lending.

The following table shows the percentages of MCB’s HMDA-reportable and small business loans originated and purchased inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable</b>										
2019	76	98.7%	1	1.3%	77	147,508	95.2%	7,500	4.8%	155,008
2020	42	97.7%	1	2.3%	43	65,747	92.9%	5,000	7.1%	70,747
Subtotal	118	98.3%	2	1.7%	120	213,254	94.5%	12,500	5.5%	225,754
<b>Small Business</b>										
2019	43	82.7%	9	17.3%	52	17,622	84.5%	3,222	15.5%	20,844
2020	45	93.8%	3	6.3%	48	11,628	91.0%	1,145	9.0%	12,773
Subtotal	88	88.0%	12	12.0%	100	29,250	87.0%	4,367	13.0%	33,617
Grand Total	206	93.6%	14	6.4%	220	242,504	93.5%	16,867	6.5%	259,371

### 3. Geographic Distribution of Loans: Low Satisfactory

MCB’s origination of loans in census tracts of varying income levels demonstrated a just satisfactory distribution of lending. While MCB’s HMDA-reportable lending in LMI census tracts was outstanding, its small business lending demonstrated a poor distribution of loans in LMI census tracts.

#### a. HMDA-Reportable Loans:

The distribution of MCB’s HMDA-reportable loans by the income level of the geography was outstanding.

During the evaluation period, MCB’s average lending rates in LMI census tracts of 39.8% by number and 33.5% by dollar value of HMDA-reportable loans were well above the aggregate’s lending rates of 16.7% and 21.3%, respectively. In addition, MCB’s lending performance compared favorably to the owner-occupied housing demographics in the assessment area.

The following table provides a summary of the distribution of MCB’s HMDA-reportable loans by the income level of the geography where the property was located.

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<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2019</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	6	7.9%	3,581	2.4%	4,027	3.9%	5,992,055	7.3%	2.9%
Moderate	25	32.9%	32,815	22.2%	14,348	14.0%	12,634,400	15.3%	14.1%
LMI	31	40.8%	36,396	24.7%	18,375	17.9%	18,626,455	22.6%	17.0%
Middle	22	28.9%	30,441	20.6%	38,772	37.8%	20,687,360	25.1%	39.9%
Upper	23	30.3%	80,671	54.7%	45,347	44.2%	42,580,495	51.7%	42.9%
Unknown		0.0%		0.0%	202	0.2%	460,080	0.6%	0.2%
<b>Total</b>	<b>76</b>		<b>147,508</b>		<b>102,696</b>		<b>82,354,390</b>		
<b>2020</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	5	11.9%	9,374	14.3%	4,275	3.3%	4,953,695	5.5%	2.1%
Moderate	11	26.2%	25,769	39.2%	16,080	12.4%	13,189,720	14.6%	14.1%
LMI	16	38.1%	35,143	53.5%	20,355	15.7%	18,143,415	20.1%	16.2%
Middle	15	35.7%	8,303	12.6%	49,692	38.4%	24,056,460	26.7%	39.9%
Upper	11	26.2%	22,301	33.9%	59,126	45.7%	47,766,600	53.0%	42.9%
Unknown		0.0%		0.0%	235	0.2%	236,715	0.3%	0.2%
<b>Total</b>	<b>42</b>		<b>65,747</b>		<b>129,408</b>		<b>90,203,190</b>		
<b>GRAND TOTAL</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	11	9.3%	12,955	6.1%	8,302	3.6%	10,945,750	6.3%	
Moderate	36	30.5%	58,584	27.5%	30,428	13.1%	25,824,120	15.0%	
LMI	47	39.8%	71,539	33.5%	38,730	16.7%	36,769,870	21.3%	
Middle	37	31.4%	38,744	18.2%	88,464	38.1%	44,743,820	25.9%	
Upper	34	28.8%	102,972	48.3%	104,473	45.0%	90,347,095	52.4%	
Unknown	-	0.0%	-	0.0%	437	0.2%	696,795	0.4%	
<b>Total</b>	<b>118</b>		<b>213,254</b>		<b>232,104</b>		<b>172,557,580</b>		

**b. Small Business Loans:**

The distribution of MCB’s small business loans among census tracts of varying income levels was poor.

MCB’s average rates of small business lending in LMI census tracts during the evaluation period were 11.4% by number and 12.4% by dollar value of loans, this was well below the aggregate’s rates of 25.3% and 21%, respectively. In addition, MCB’s rates of lending in LMI census tracts trailed the aggregate’s rates each year of the evaluation period, as well as the small business demographics in the assessment area.

## METROPOLITAN COMMERCIAL BANK – CRA PERFORMANCE EVALUATION

The following table provides a summary of the distribution of MCB’s small business loans by the income level of the geography where the business was located.

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2019</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low		0.0%		0.0%	25,396	7.8%	638,246	7.1%	7.4%
Moderate	4	9.3%	2,111	12.0%	58,504	18.1%	1,460,012	16.1%	18.6%
LMI	4	9.3%	2,111	12.0%	83,900	25.9%	2,098,258	23.2%	26.0%
Middle	14	32.6%	5,363	30.4%	85,919	26.5%	2,166,216	24.0%	27.2%
Upper	23	53.5%	9,758	55.4%	146,857	45.4%	4,379,493	48.4%	44.5%
Unknown	2	4.7%	390	2.2%	7,106	2.2%	399,491	4.4%	2.3%
<b>Total</b>	<b>43</b>		<b>17,622</b>		<b>323,782</b>		<b>9,043,458</b>		
<b>2020</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	1	2.2%	64	0.6%	24,386	7.3%	955,225	5.8%	7.5%
Moderate	5	11.1%	1,455	12.5%	57,848	17.4%	2,303,320	14.0%	18.5%
LMI	6	13.3%	1,519	13.1%	82,234	24.7%	3,258,545	19.8%	26.0%
Middle	14	31.1%	5,151	44.3%	88,252	26.5%	3,756,574	22.8%	26.6%
Upper	24	53.3%	4,818	41.4%	154,342	46.4%	8,751,100	53.1%	45.1%
Unknown	1	2.2%	140	1.2%	7,776	2.3%	727,406	4.4%	2.3%
<b>Total</b>	<b>45</b>		<b>11,628</b>		<b>332,604</b>		<b>16,493,625</b>		
<b>GRAND TOTAL</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	1	1.1%	64	0.2%	49,782	7.6%	1,593,471	6.2%	
Moderate	9	10.2%	3,566	12.2%	116,352	17.7%	3,763,332	14.7%	
LMI	10	11.4%	3,630	12.4%	166,134	25.3%	5,356,803	21.0%	
Middle	28	31.8%	10,514	35.9%	174,171	26.5%	5,922,790	23.2%	
Upper	47	53.4%	14,576	49.8%	301,199	45.9%	13,130,593	51.4%	
Unknown	3	3.4%	530	1.8%	14,882	2.3%	1,126,897	4.4%	
<b>Total</b>	<b>88</b>		<b>29,250</b>		<b>656,386</b>		<b>25,537,083</b>		

#### 4. Distribution by Borrower Characteristics: Low Satisfactory

MCB’s one-to-four family HMDA-reportable and small business lending demonstrated a just satisfactory distribution of loans among individuals of different income levels and businesses of different revenue sizes. While MCB’s one-to-four family HMDA-reportable lending to LMI borrowers was outstanding, its small business lending demonstrated a less than satisfactory distribution of loans among businesses of different revenue sizes.

## METROPOLITAN COMMERCIAL BANK – CRA PERFORMANCE EVALUATION

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### a. One-to-four Family HMDA-Reportable Loans:

MCB's one-to-four family HMDA-reportable lending demonstrated an outstanding distribution of loans among individuals of different income levels.

MCB is primarily a commercial lender and the six one-to-four family HMDA-reportable loans with revenue unknown originated by the Bank in 2019 were made for the purpose of investment which does not require the reporting of borrower income. The remaining one-to-four family HMDA-reportable loans analyzed for 2019 and 2020 are loans purchased during the evaluation period.

MCB's average rates of lending to LMI borrowers were 45.1% by number and 23.8% by dollar value of loans were well above the aggregate's rates of 11.9% and 6.3%, respectively. In addition, MCB's average lending rate by number of loans was comparable to the LMI family demographics in the assessment area.

The following table provides a summary of the distribution of MCB's one-to-four family loans by borrower income.

**METROPOLITAN COMMERCIAL BANK – CRA PERFORMANCE EVALUATION**

<b>Distribution of One-to-Four Family Loans by Borrower Income</b>									
<b>2019</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	4	6.7%	1,273	3.1%	2,714	2.7%	772,870	1.4%	30.5%
Moderate	24	40.0%	6,676	16.4%	9,407	9.5%	2,562,685	4.7%	16.3%
LMI	28	46.7%	7,949	19.6%	12,121	12.3%	3,335,555	6.1%	46.8%
Middle	8	13.3%	2,127	5.2%	20,574	20.8%	6,839,120	12.5%	16.6%
Upper	18	30.0%	7,004	17.3%	59,323	60.0%	38,600,855	70.6%	36.7%
Unknown	6	10.0%	23,520	57.9%	6,822	6.9%	5,930,020	10.8%	
<b>Total</b>	<b>60</b>		<b>40,600</b>		<b>98,840</b>		<b>54,705,550</b>		
<b>2020</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	2	6.5%	551	4.8%	2,426	1.9%	726,370	1.1%	30.5%
Moderate	11	35.5%	3,921	34.1%	12,210	9.7%	3,717,320	5.4%	16.3%
LMI	13	41.9%	4,471	38.9%	14,636	11.6%	4,443,690	6.5%	46.8%
Middle	9	29.0%	3,345	29.1%	28,176	22.3%	10,414,050	15.2%	16.6%
Upper	9	29.0%	3,668	31.9%	75,569	59.9%	47,048,105	68.7%	36.7%
Unknown		0.0%		0.0%	7,777	6.2%	6,558,935	9.6%	
<b>Total</b>	<b>31</b>		<b>11,484</b>		<b>126,158</b>		<b>68,464,780</b>		
<b>GRAND TOTAL</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	6	6.6%	1,824	3.5%	5,140	2.3%	1,499,240	1.2%	
Moderate	35	38.5%	10,596	20.3%	21,617	9.6%	6,280,005	5.1%	
LMI	41	45.1%	12,420	23.8%	26,757	11.9%	7,779,245	6.3%	
Middle	17	18.7%	5,472	10.5%	48,750	21.7%	17,253,170	14.0%	
Upper	27	29.7%	10,672	20.5%	134,892	60.0%	85,648,960	69.5%	
Unknown	6	6.6%	23,520	45.2%	14,599	6.5%	12,488,955	10.1%	
<b>Total</b>	<b>91</b>		<b>52,085</b>		<b>224,998</b>		<b>123,170,330</b>		

**b. Small Business Loans:**

MCB’s small business lending demonstrated a poor distribution of loans among businesses of different revenue sizes.

To not to negatively skew the result of the “Distribution by Borrower Characteristics” analysis, DFS excluded PPP loans which did not require the collection and reporting of revenue for approval. The Bank, in 2020, originated 28 PPP loans for \$3.2 million within its assessment area.



## METROPOLITAN COMMERCIAL BANK – CRA PERFORMANCE EVALUATION

During the evaluation period, MCB’s average rates of lending to small businesses with annual revenue of \$1 million or less of 16.7% by number and 16.7% by dollar value of loans were significantly below the aggregate’s rates of 40.8% and 21.9%, respectively. MCB’s rates of lending also compared unfavorably to the small business demographics in the assessment area.

The following table provides a summary of the distribution of MCB’s small business loans by the revenue size of the business.

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2019</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	9	20.9%	3,343	19.0%	149,225	46.1%	2,590,792	28.6%	88.2%
Rev. > \$1MM	25	58.1%	9,628	54.6%					5.8%
Rev. Unknown	9	20.9%	4,651	26.4%					6.0%
<b>Total</b>	<b>43</b>		<b>17,622</b>		<b>323,782</b>		<b>9,043,458</b>		
<b>2020</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	1	5.9%	1,000	11.9%	118,378	35.6%	3,005,483	18.2%	91.0%
Rev. > \$1MM	11	64.7%	4,675	55.6%					4.3%
Rev. Unknown	5	29.4%	2,736	32.5%					4.7%
<b>Total</b>	<b>17</b>		<b>8,411</b>		<b>332,604</b>		<b>16,493,625</b>		
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	10	16.7%	4,343	16.7%		40.8%		21.9%	
Rev. > \$1MM	36	60.0%	14,303	54.9%					
Rev. Unknown	14	23.3%	7,387	28.4%					
<b>Total</b>	<b>60</b>		<b>26,033</b>						

#### 4. Community Development Lending: Outstanding

During the evaluation period, MCB originated \$441.4 million in new community development loans and had no loans outstanding from prior evaluation periods. This demonstrated an outstanding level of community development lending over the course of the evaluation period and was a significant increase from the \$165.8 million reported in MCB’s prior CRA evaluation.

MCB primarily made community development loans for the purpose of community services, which included financing for commercial mortgages or construction loans for schools, shelters, and healthcare facilities benefitting primarily LMI individuals and families. In addition, MCB provided financing for multifamily properties that provided affordable housing for LMI individuals and families.

## METROPOLITAN COMMERCIAL BANK – CRA PERFORMANCE EVALUATION

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	38	129,933		
Economic Development				
Community Services	34	277,238		
Revitalization & Stabilization	4	34,233		
<b>Total</b>	<b>76</b>	<b>441,404</b>	<b>0</b>	<b>0</b>

Below are highlights of MCB’s community development lending.

- MCB participated in the amount of \$20 million in a \$50.5 million construction loan for a nonprofit charter school facility in a moderate-income tract in the Bronx, NY. The school is for students in grades K-2 and provides educational opportunities for LMI students as more than 85% of students are eligible for the free- or reduced-lunch program.
- The Bank participated in the amount of \$19.3 million in a \$40 million construction loan of a shelter with 200 units, support offices and commercial space in Staten Island, NY. The shelter offers 200 units with 500 beds providing shelter for families with children.
- MCB refinanced a \$13 million commercial mortgage for a 182-bed skilled nursing facility located in Long Beach, NY. The majority (more than 70%) of revenues of the facility come from Medicaid.
- The Bank originated a \$10.1 million construction loan to complete a 48-unit rent stabilized and affordable rental apartment building located in the Bronx, NY. The rents for all 48 units are below HUD fair market rents providing affordable housing for LMI individuals and families.

**a. Flexible and/or Innovative Lending Practices:**

MCB made occasional use of flexible or innovative lending practices.

In 2020, MCB originated 28 PPP loans for a total of \$3.2 million to small businesses in the Bank’s assessment area. The PPP loans provided economic relief to small businesses that were adversely impacted by the COVID-19 pandemic.

**B. Investment Test:** High Satisfactory

MCB’s investment performance pursuant to the following criteria:

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

## METROPOLITAN COMMERCIAL BANK – CRA PERFORMANCE EVALUATION

### 1. Qualified Investments

During the evaluation period, MCB made \$38.4 million in new qualified investments and had \$3 million outstanding from prior evaluation periods. In addition, MCB made \$565,000 in qualified grants. This demonstrated a highly satisfactory level of qualified investments and grants over the course of the evaluation period.

<b>Qualified Investments and Grants</b>				
	<b>This Evaluation Period</b>		<b>Outstanding from Prior Evaluation Periods</b>	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	14	37,454	3	3,023
Economic Development	4	997		
Community Services				
Other				
<b>Total</b>	<b>18</b>	<b>38,451</b>	<b>3</b>	<b>3,023</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	12	200		
Economic Development	10	95		
Community Services	32	270		
Other				
<b>Total</b>	<b>54</b>	<b>565</b>		

Below are highlights of MCB’s qualified investments and grants.

#### Investments

- MCB invested in 13 mortgage-backed securities (“MBS”) issued by Freddie Mac, Fannie Mae, and GNMA totaling \$36.9 million. The MBS’ are secured by underlying mortgages of residential properties to LMI borrowers.
- During the evaluation period, MCB increased its existing equity investment from \$500,000 to \$1 million in a community development financial institution (“CDFI”) that provides financing and technical support for affordable housing and related services for people with disabilities.

#### Grants

- MCB made donations totaling \$55,000 to a nonprofit organization that builds and preserves affordable homes for LMI families in the New York City area.
- MCB made donations totaling \$50,000 to a nonprofit grantmaking organization that supports women and their families. The organization’s programs support economic justice for women of color and immigrant communities, safety of women from violence and abuse, and health equity for women.
- MCB made a \$10,000 donation to a CDFI that offers affordable financing to small businesses and nonprofit organizations that are financially viable but have difficulty accessing financing from banks or other conventional lenders.

## METROPOLITAN COMMERCIAL BANK – CRA PERFORMANCE EVALUATION

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### 2. Innovativeness of Qualified Investments:

MCB made no use of innovative investments to support community development. MCB's qualified investments during the evaluation period were primarily MBSs supporting affordable housing.

### 3. Responsiveness of Qualified Investments to Credit and Community Development Needs:

MCB's qualified investments exhibited highly satisfactory responsiveness to the assessment area's credit and community development needs.

### **C. Service Test: High Satisfactory**

MCB's retail service performance pursuant to the following criteria:

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

The Department evaluated MCB's community development service performance pursuant to the following criteria:

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

#### 1. Retail Banking Services: Low Satisfactory

MCB has a just satisfactory branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

##### *a. Current distribution of the banking institution's branches:*

MCB has a just satisfactory distribution of branches within its assessment area. MCB has six full-service branches. In addition to its headquarters at 99 Park Avenue, MCB operates three other full-service retail branches in midtown Manhattan (New York County). There is a full-service branch located in Brooklyn (Kings County) and another in Great Neck (Nassau County). Of the six branches, the branch in Brooklyn is in a low-income census tract, the branch in Great Neck is in a middle-income census tract and the four Manhattan branches are all in upper-income census tracts.

<b>Distribution of Branches within the Assessment Area</b>							
<b>County</b>	<b>N/A #</b>	<b>Low #</b>	<b>Moderate #</b>	<b>Middle #</b>	<b>Upper #</b>	<b>Total #</b>	<b>LMI %</b>
New York					4	4	0%
Kings		1				1	100%
Nassau				1		1	0%
<b>Total</b>	-	<b>1</b>	-	<b>1</b>	<b>4</b>	<b>6</b>	<b>17%</b>

## METROPOLITAN COMMERCIAL BANK – CRA PERFORMANCE EVALUATION

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### *b. Record of opening and closing branches:*

MCB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, including LMI geographies and/or LMI individuals. MCB did not open or close any branches during the current evaluation period.

### *c. Availability and effectiveness of alternative systems for delivering retail services:*

MCB's delivery systems are accessible to portions of the Bank's assessment area, including LMI geographies and individuals.

MCB provides alternative delivery systems including the following:

- Telephone banking services – MCB's telephone banking services gives its clients access to their account 24 hours a day, 7 days a week. Clients can check balances, verify deposits, verify checks paid, and withdrawals.
- Online/internet banking services – MCB's online banking services are available for 24 hours a day, 7 days a week. Clients can check balances, verify deposits, pay and track their bills.
- Mobile banking – MCB's mobile banking services are available for 24 hours a day, 7 days a week. With the mobile banking platform, clients can view account balances, transactions and internal transfers. Also, clients can pay bills and make mobile check deposits.

These systems and services are available to all MCB clients, including LMI individuals, families and households with mobile devices and computers with internet access.

### *d. Range of services provided:*

MCB's services meet the convenience and accessibility needs of its assessment area, including LMI geographies and individuals.

- ATM network - consists of 17 machines. Each branch has two full-service, deposit-taking ATMs and one cash-only ATM, except for the Great Neck branch with three full-service ATMs and the Lexington Avenue branch with one full-service and one cash-only ATM.
- MCB offers extended hours until 6:00 pm at least one day during the week at three branches in Manhattan and the branch in Brooklyn, while regular business hours for these four branches are Monday through Friday from 8:30 am to 4:30 pm. The Brooklyn branch, located in a low-income census tract, also offers Sunday hours from 10:00 am to 2:00 pm during the winter months. The business hours for the Great Neck branch are from 8:30 am to 5:00 pm from Monday through Friday and from 9:30 am through 1:30 pm on Saturday. The business hours for the Lexington Avenue branch are from 8:30 am to 4:30 pm from Monday through Friday.

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### 2. Community Development Services: High Satisfactory

MCB provided a highly satisfactory level of community development services. During the evaluation period, MCB directors, officers and staff participated in 76 qualifying community development services. These services included serving as board or committee members of nonprofit organizations involved in a range of community development activities. The Bank also provided financial literacy education to students in LMI communities.

<b>Community Development Services</b>	
<b>Activity Type</b>	<b>Number of Activities</b>
On-Going Board & Committee Memberships	10
Technical Assistance	33
Seminars	9
Other Services - Financial Education	24
<b>Total Community Development Services</b>	<b>76</b>

Below are highlights of MCB's community development services.

- MCB, partnering with an education technology company, provided financial education workshops in underserved schools, serving students from LMI families. With the topics varying from the basics of banking to the basics of investment, the program helps to build the foundation for students' future financial wellbeing.
- The Bank partnered with a nonprofit organization that provides workforce training programs that help low-income women to achieve career-track employment and economic self-sufficiency. Trainings offered include job-skill training such as job interview and resume writing, and continuous learning opportunities. The organization also offers placement services.
- The CRA officer of the Bank served on the resource development planning committee for a nonprofit organization that provides financial and homeownership education, loan origination, and mortgage facilitation to support the attainment and sustainability of homeownership for underserved New Yorkers.
- A MCB employee served as the treasurer for a nonprofit organization that provides music education programs for students from LMI families and financial aid to help LMI students continue their music studies.

### **D. Additional Factors**

The following factors were also considered in assessing MCB's record of performance.

1. The extent of participation by the banking institution's board of directors or board of trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the CRA.

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Members of the board of directors are kept informed about CRA, as they review and discuss CRA related activities during the board meeting. During the evaluation period, MCB's compliance team conducted a CRA self-assessment as of June 30, 2020, and the results were discussed during the board meeting.

### 2. Discrimination and other illegal practices

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

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

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

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

### 3. Process Factors

- *Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.*

MCB management engages with community groups, business groups, and local officials to ascertain the credit needs of its community, including the needs of LMI individuals, families and geographies within the Bank's assessment area. MCB also participates in symposiums and events with community development organizations.

- *The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution*

MCB does not make use of any type of advertising.

- *Action Taken in Response to Written Complaints with Respect to CRA*

Neither MCB nor DFS received any written complaints regarding MCB's CRA performance during the evaluation period.

### 4. Other factors that in the judgment of the Superintendent bear upon the extent to which MCB is helping to meet the credit needs of its entire community

DFS examiners noted no other factors.

**V - GLOSSARY**

**Aggregate Lending**

“Aggregate lending” means the number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

**Banking Development District (“BDD”) Program**

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

**Community Development**

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

**Community Development Loan**

“Community development loan” means a loan that has its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving LMI persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community



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loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;

- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

### **Community Development Service**

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

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

### **Community Development Financial Institution (“CDFI”)**

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

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### **Fair Market Rents (“FMRs”)**

Fair Market Rents are published and developed annually by the US Department of Housing and Urban Development (“HUD”) and used to determine rent payments for affordable housing projects such as Section 8 contracts in defined metropolitan statistical areas (“MSAs”) nationwide. For easy reference of annual FMRs in New York MSAs or counties, go to [www.huduser.gov/portal/datasets/fmr.html](http://www.huduser.gov/portal/datasets/fmr.html)

### **Geography**

“Geography” means a census tract delineated by the United States Bureau of the Census in the most recent decennial census.

### **Home Mortgage Disclosure Act (“HMDA”)**

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

### **Income Level**

The income level for borrowers is based on household or family income. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

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

### **LMI Geographies**

“LMI geographies” means those census tracts or block numbering areas where, according to the most current U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a MSA or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of Block Numbering Areas (“BNAs”) and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

### **LMI Borrowers**

“LMI borrowers” means borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income

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would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the Federal Financial Institutions Examination Council (“FFIEC”).

### **LMI Individuals/Persons**

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

### **LMI Penetration Rate**

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

### **Low-Income Housing Tax Credit (“LIHTC”)**

LIHTC were created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low-income Americans. The tax credits provide a dollar-for-dollar reduction in a taxpayer’s federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

### **Minority Depository Institutions (“MDIs”)**

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to [FDIC.gov](http://FDIC.gov) (Minority Depository Institutions Program) including list of MDIs.

### **New Markets Tax Credit (“NMTC”)**

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (“CDEs”). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer’s investments to make qualified investments in low-income communities. The Fund is administered by the CDFI Fund, an agency of the United States Department of the Treasury.

### **Paycheck Protection Program (“PPP”) Loans**

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%. The program officially ended May 31, 2021.

### **Qualified Investment**

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

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

### **Small Business Loan**

A small business loan is a loan in the amount of less than or equal to \$1 million.