



PUBLIC DISCLOSURE

June 30, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

City National Bank of New Jersey
Charter Number 16142

900 Broad Street
Newark, NJ 07102

Office of the Comptroller of the Currency

340 Madison Avenue
4th Floor
New York, NY 10017-2613

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.

Multistate Metropolitan Area Name: New York-Northern New Jersey-Long Island, NY-NJ-PA Rating: Satisfactory

- City National Bank of New Jersey's quarterly average net loan-to-deposit ratio is reasonable given the size and financial condition of the institution as well as the assessment areas' credit needs, and relevant competitive factors;
- The bank originates majority of its loans to borrowers within its assessment areas;
- The distribution of loans reflects reasonable penetration among borrowers of different incomes and businesses of different sizes in all assessment areas;
- The geographic distribution of loans reflects reasonable dispersion among geographies of different incomes in all assessment areas; and
- The bank has not received any CRA related consumer complaints covering the evaluation period with respect to the bank's lending performance in the assessment areas.

Scope of Examination

This Performance Evaluation is an assessment of City National Bank of New Jersey's (CNB) ability to meet the credit needs of the communities in which it operates. CNB was evaluated under the Small Bank examination procedures, which included a lending test. The lending test evaluates the bank's record of meeting the credit need of its assessment areas (AAs) through its lending activities.

The lending test for CNB covers its performance from January 1, 2011 through December 31, 2013. Conclusions regarding CNB's lending performance are based on CNB's primary lending products, business and consumer loans. We conducted a data integrity review of LAR data and found the data to be reliable. Our sample included 92 loans, 53 business loans and 39 consumer loans; we included all loans originated during our evaluation period in our loan sample. Community Development loans, investments, and services submitted by bank management were also verified to ensure they met the regulatory definition of community development.

Description of Institution

CNB is a \$277.9 million interstate community bank headquartered in Newark, New Jersey. It is a wholly owned subsidiary of City National Bancshares Corporation (CNBC). CNB does not have any operating subsidiaries; therefore, affiliate activities were not considered in this evaluation. Since our previous CRA examination, CNBC sold their membership interests in an equipment leasing company. In addition, CNB's

corporate structure incurred several corporate governance changes including a new president and Chief Executive Officer (CEO) who took office in 2011. CNB had a total of ten branch offices during the last CRA examination. CNB maintained five branch offices in New Jersey, four branch offices in New York, and one branch office in Pennsylvania.

CNB maintains seven branch offices, with the main office still located in Newark, New Jersey (Essex County) as of the date of this evaluation. CNB continues to maintain three branch offices in Newark, New Jersey; and one branch office in Paterson, New Jersey (Passaic County). CNB also continues to maintain one branch office in Roosevelt, New York (Nassau County); one branch office in Brooklyn, New York (Kings County); and one branch office in Harlem, New York (New York County). In October of 2010 CNB closed the Hackensack, New Jersey (Passaic County) and Philadelphia, Pennsylvania (Philadelphia County) branches. CNB closed the Hempstead, New York (Nassau County) branch in the first quarter of 2012.

As of March 31, 2014, CNB had total assets of \$277.9 million, comprised of \$158.9 million in gross loans and \$107.4 million in investments (includes interest bearing bank balances). Loans represent 57.2 percent of total assets, with an average loan to deposit ratio of 61.9 percent. The loan portfolio is comprised of \$113.3 million in commercial real estate loans (71.3 percent); \$19.3 million in residential mortgage and home equity loans (12.1 percent); \$19 million in commercial and industrial loans (11.9 percent); \$5.1 million in construction and development loans (3.2 percent); \$1.3 million in obligations to political subdivisions (0.8 percent); and \$1 million in consumer and other loans (0.7 percent).

CNB and CNBC maintain status as a Community Development Financial Institution (CDFI). This status is awarded to specialized financial institutions that work in markets that have not been adequately served by traditional financial institutions. Financial institutions receive CRA investment credit by maintaining deposits in a CDFI.

CNB offers a full range of deposit products, loan products, and services. Commercial lending is CNB's primary business focus, more specifically real estate and business lending in urban areas. There is no known legal circumstance impeding CNB's ability to meet the credit needs of its AAs; however, additional consideration for the bank's business strategy and financial condition were considered when determining capacity and ability to lend in its communities. CNB received a rating of "Satisfactory" during our last CRA examination dated February 1, 2010.

Conclusions with Respect to Performance Criteria

The evaluation period covered lending activities for business and consumer loans from January 1, 2011 through December 31, 2013. Loan data from 2011 was analyzed against the 2000 Census data and loan data from 2012-2013 was analyzed against the 2010 Census data. We analyzed and evaluated loan across the entire review period, but presented detailed data in table and narrative format only for the years (2012-2013) of activity of greatest significance to evaluation conclusions.

Loan-to-Deposit Ratio

CNB's loan-to-deposit (LTD) performance is reasonable given the size, financial condition, capacity to lend, and economic and demographic factors of its AAs. CNB's LTD ratio averaged 61.9 percent over the 17 quarters since the previous CRA examination. The LTD ratio ranged from a quarterly low of 52.9 percent during the second quarter of 2013 to a quarterly high of 69.2 percent during the fourth quarter of 2010.

CNB's average LTD ratio was in line with six other peer banks we measured with similar size, location, market share and products. The peer group had an average LTD ratio of 68.1 percent over the same 17 quarters ranging from a low of 59.5 percent to a high of 79.8 percent. While CNB's average LTD ratio was 6.2 percent less than peer, CNB is an urban oriented CDFI. CNB specifically tailors lending and deposit products to the needs of their low to moderate-income urban customer base. This can present some limitations in gathering new large deposits to help fund loans and the amount of loan activity undertaken. Additionally, 27.8 percent of deposits are from municipalities. Municipal deposit balances typically fluctuate and must be collateralized or secured which further reduces funds available for lending.

Lending in Assessment Area

CNB originated majority of loans inside the bank's AAs, which meets the standard for satisfactory performance. Management originated 70.65 percent of LAR loans (business and consumer) within the AAs between 2011 and 2013. The following table details the CNB's lending within the AAs by number and dollar amount during the evaluation period.

Table 1 - Lending in the Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business	32	60.38	21	39.62	53	6,644	54.93	5,453	45.07	12,096
Consumer	33	84.62	6	15.38	39	705	81.41	161	18.59	866
Totals	65	70.65	27	29.35	92	7,349	56.70	5,613	43.30	12,962

Source: LAR data and loan sample.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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

Multistate Metropolitan Area Rating

New York – Northern New Jersey – Long Island, NY-NJ-PA

CRA Rating for New York – Northern New Jersey – Long Island, NY-NJ-PA: “Satisfactory”

- The distribution of loans reflects reasonable penetration among borrowers of different incomes and businesses of different sizes in all AAs, particularly in the NJ-PA AA.
- The geographic distribution of loans reflects reasonable dispersion among geographies of different incomes in all AAs, particularly in the NJ-PA AA.
- CNB has not received any CRA related consumer complaints covering the evaluation period with respect to the bank’s lending performance in the AAs.

Description of Institution’s Operations and Scope of Evaluation in the New York – Northern New Jersey – Long Island, NY-NJ-PA Multistate Metropolitan Statistical Area

CNB operates seven branches in the New York – Northern New Jersey – Long Island, NY-NJ-PA Multistate Metropolitan Statistical Area (MMSA), including the head office. The bank has three AAs within this MMSA. Each AA falls within the boundaries of a metropolitan division (MD). The first AA, hereafter referred to as NJ-PA AA lies within the Newark-Union, NJ-PA MD, and is composed of Essex County, New Jersey. The second AA, hereafter referred to as NY-NJ AA, lies within the New York-White Plains-Wayne, NY-NJ MD, and is composed of Kings, New York, and Queens Counties, New York as well as Bergen and Passaic Counties, New Jersey. The third AA, hereafter referred to as NY AA, lies within the Nassau-Suffolk, NY MD, and is composed of Nassau County, New York.

A full scope review was performed for the NJ-PA AA, NY-NJ AA, and NY AA. Greater overall weight was placed on CNB’s overall performance in the NJ-PA AA as this was identified as the AA of greatest credit and CD need. Additionally, CNB plays a significant role in meeting the credit and CD needs of many of the communities in the NJ-PA AA. Greater weight was placed on the bank’s performance in the NY-NJ AA than the NY AA given the significantly diminished role as a credit provider and CD supporter in the NY AA versus the NY-NJ AA. Within the assessment of the bank’s lending performance in the NY-NJ and NY AAs, greater weight was placed on the business lending activities, as this is reflective of the bank’s business strategy within these AAs.

NJ-PA Assessment Area

Description of Assessment Area

The NJ-PA AA consists of 210 contiguous census tracts in Essex County in the State of New Jersey. The census tracts are distributed as 65 low-income (31%); 70 moderate income (33%); 27 middle-income (13%); and 46 upper-income (22%); and two with no income designation (1%). According to the 2010 census, the total population of this AA is 784 thousand people; median family income (MFI) is \$87.5 thousand; and the 2013 HUD adjusted MFI is \$90.1 thousand. The family distribution by income level within this AA is approximately 32% low-income; 18% moderate-income; 18% middle-income; and 32% upper-income. In this AA, 10 % and 24% of the total owner occupied housing is located in low- and moderate-income geographies respectively. Small businesses (i.e. revenue under one million dollars) account for 72% of the businesses in this AA. Businesses in low-income census tracts account for 20% while in moderate-income census tracts they account for 25%.

Table 2 - Demographic Information for Full Scope Area: City NB 35084 NJ Essx AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	210	30.95	33.33	12.86	21.90	0.95
Population by Geography	783,969	25.94	33.05	13.21	27.20	0.60
Owner-Occupied Housing by Geography	130,969	10.47	23.68	17.81	48.04	0.00
Business by Geography	64,322	19.60	24.92	13.66	41.02	0.80
Farms by Geography	631	9.03	13.47	18.38	59.11	0.00
Family Distribution by Income Level	182,826	32.47	17.89	17.60	32.04	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	92,073	38.04	41.29	9.89	10.76	0.03
Median Family Income		87,598	Median Housing Value		365,615	
HUD Adjusted Median Family Income for 2013		90,100	Unemployment Rate (2010 US Census)		5.30%	
Households Below Poverty Level		15%				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2013 HUD updated MFI

Economic conditions within this AA are slowly improving and hiring is occurring at a healthy rate. The unemployment rate in this AA declined to 7.4% as of March 31, 2014, from 9.9% in March 2010. However, unemployment in this AA remains above the national rate of 6.7% according to the U.S. Bureau of Labor and Statistics Data. The housing market within this AA is improving as house prices are among the fastest growing in New Jersey and benefit from the metro division's proximity to New York City. Single-family house prices increased 3.4% in the metro division in 2013, compared with the statewide average of 2.5%. The majority of businesses in this AA are in the services industry (46%); followed by retail trade (13%); finance, insurance & real estate (7%);

construction (6%); wholesale trade (4%); and transportation & communication (5%). Major employers include Newark International Airport, Verizon-Communications, Prudential Financial, Merck & Co. Inc, Continental Airlines, and University of Medicine-Dentistry.

Competition between financial institutions within this AA is strong. CNB maintains three branches within this AA including its main office. The bank competes with nationwide mortgage and business lenders, large regional banks, and a number of community banks for both loans and deposits. According to June 30, 2013 FDIC Summary of Deposit data, CNB ranked 31 out of 68 institutions competing within this AA, with a deposit market share of 0.26%. In regards to loan market share, CNB was unranked in Essex County as its market share was less than 0.01%.

Community development needs in this AA, include affordable housing; housing counseling; financial literacy; grants for non-profits; small business development; funding to replace funding lost due to budget cuts; and job retraining.

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

The distribution of loans to businesses reflects excellent penetration among businesses of different sizes. Small business lending exceeds that of the demographic comparator. Additionally, the bank’s geographic distribution of business loans reflects excellent dispersion throughout the census tracts of different income levels. The percent of loans made in LMI census tracts significantly exceed the percentage of businesses located in each respective census tract.

Business Loans

Based on the representative loan sample, the distribution of loans to businesses reflects excellent penetration among businesses of different sizes. Small business lending was identified as a credit need within this AA. Approximately 79% by number and 39% by dollar amount of the bank’s loans within this AA during the sampling period were made to small businesses; which account for approximately 72% of the businesses in this AA. This is considered excellent when compared to the demographic comparator. In addition, approximately 21% by number and 61% by dollar amount of the bank’s loans were made to businesses with revenues greater than \$1MM during the sampling period.

Table 3A - Borrower Distribution of Loans to Businesses in 35084 – NJ Essx AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.77	5.50	22.74	100%
% of Bank Loans in AA by #	78.57	21.43	0	100%
% of Bank Loans in AA by \$	38.93	61.07	0	100%

Source: 2013 Business Geodemographic Data and Loan Sample

Consumer Loans

The bank’s distribution by borrower income for consumer loans is excellent. The percentage of the number of consumer loans to low-income borrowers is 36%, compared to 32% to low-income households in the AA. The percentage of the number of consumer loans to moderate-income borrowers is 59%, compared to 18% to moderate-income households in the AA.

Table 3B - Borrower Distribution of Consumer Loans in 35084 - NJ Essx AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	32.47	36.36	17.89	59.09	17.60	4.55	32.04	0

Source: 2010 US Census and Loan Sample

Geographic Distribution of Loans

The distribution of business and consumer loans reflects excellent dispersion among census tracts of different income levels throughout the NJ-PA AA.

Business Loans

Based on the representative loan sample, the bank’s geographic distribution of business loans reflects excellent dispersion throughout the census tracts of different income levels. The percent of loans made in low- and moderate-income census tracts exceed the percentage of businesses in each respective census tract. Businesses in the low-income census tracts account for approximately 20% or 13 thousand, while businesses in moderate-income census tracts account for approximately 25% or 16 thousand of the total businesses within the NJ-PA AA. The bank originated approximately 21% and 57% of its business loans in LMI census tracts, respectively.

Table 4A - Geographic Distribution of Loans to Businesses in 35084 NJ Essx AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	19.60	21.43	24.92	57.14	13.66	14.29	41.02	7.14

Source: 2010 Census and Loan Sample

Consumer loans

The geographic distribution of consumer loans reflects reasonable dispersion throughout the census tracts within the AA. The percentage of consumer loans made in low-income census tracts at 36% is more than reasonable, when compared to the percentage of households in low-income census tracts at 25%. The percentage of consumer loans made in moderate-income census tracts at 59% is excellent, when compared to the percentage of households in moderate-income census tracts at 34%.

Table 4B - Geographic Distribution of Consumer Loans in 35084 NJ Essx AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	25.37	36.36	33.73	59.09	14.45	4.55	26.44	0

Source: 2010 Census and Loan Sample

Responses to Complaints

CNB has not received any CRA related consumer complaints covering the evaluation period with respect to the bank’s lending performance in this assessment area.

NY-NJ Assessment Area

Description of Assessment Area

The NY-NJ assessment area consists of 1,997 census tracts in Kings, Queens, and New York Counties in the State of New York as well as Bergen and Passaic Counties in the State of New Jersey. The census tracts are distributed as 181 low-income (9%); 482 moderate-income (25%); 619 middle-income (31%); 653 upper-income (33%); and 52 with no income designation (2%). According to the 2010 census, the total population of this AA is 7.7 million people; median family income (MFI) is \$64.1 thousand; and the 2013 HUD adjusted MFI is \$66 thousand. The family distribution by income level within this AA is 26% low-income; 16% moderate-income; 16% middle-income; and 42% upper-income. In this AA, two percent and 14% of the total owner occupied housing is located in low- and moderate-income geographies respectively. Small businesses (i.e. revenue under one million dollars) account for 71% of the businesses in this AA. Businesses in low-income census tracts account for six percent while in moderate-income census tracts they account for 17%.

Table 5 - Demographic Information for Full Scope Area: City NB 35644 NY-NJ AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,997	9.06	24.64	31.00	32.70	2.60
Population by Geography	7,727,637	10.52	27.22	27.67	34.52	0.08
Owner-Occupied Housing by Geography	1,107,791	2.47	14.00	29.29	54.24	0.00
Business by Geography	685,070	6.27	17.23	22.47	50.94	3.10
Farms by Geography	4,242	2.52	10.44	20.93	64.99	1.11
Family Distribution by Income Level	1,759,762	25.57	15.82	16.55	42.06	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	728,312	18.75	38.50	27.16	15.59	0.00
Median Family Income		64,171	Median Housing Value		552,029	
HUD Adjusted Median Family Income for 2013		66,000	Unemployment Rate (2010 US Census)		4.12%	
Households Below Poverty Level		15%				

(*) The NA category consists of geographies that have not been assigned an income classification. Source: 2010 US Census and 2013 HUD updated MFI

This AA contains a number of large and diverse economies including New York City and parts of Northern Jersey. New York City is the largest regional economy in the United States and is a leading center of finance and an integral part of the world economy. Economic conditions in the NY-NJ AA have improved at a slow but steady pace since the recent global recession. The unemployment rate in this AA declined to 7.9% as of March 31, 2014, from 10.2% in March 2010. However, unemployment in this AA remains above the national rate of 6.7% according to the U.S. Bureau of Labor and Statistics Data. The majority of businesses in this AA are in the services industry (44%); followed by retail trade (14%); finance, insurance & real estate (9%); wholesale trade (5%); and construction (5%). Major employers in Bergen and Passaic Counties include Hackensack Medical Center, Cytex Industries Inc, and Valley Health Systems, Inc. Major employers in Kings, Queens, and New York Counties include Metropolitan Transportation Authority, Citigroup, and JP Morgan Chase.

Competition between financial institutions within this AA is strong. CNB maintains three branches within this AA. The bank competes with nationwide mortgage and business lenders, large regional banks, and a number of community banks for both loans and deposits. According to June 30, 2013 FDIC Summary of Deposit data, CNB had a market share of .03% and ranked 53 out of 56 depository institutions that compete in Bergen and Passaic Counties. In addition, CNB had a market share of and ranked 95 out of 108 depository institutions that compete in Brooklyn, Queens, and Manhattan (BQM). In regards to loan market share, CNB was ranked 22 out of 152 lenders in BQM and the bank was unranked in Bergen and Passaic Counties, as its market share was less than 0.01%.

Community development needs identified by the community contacts include affordable housing, assistance for those who lost homes due to foreclosure, and additional grants to non-profit organizations.

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

In the NY-NJ AA the bank focuses on business lending, as no residential real estate loans were made in this AA during the sampling period. The distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. Small business lending generally meets the levels of the demographic comparator.

Business Loans

Based on the representative loan sample, the distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. Small business lending was identified as a credit need within this AA. Approximately 69% by number and 61% by dollar amount of the bank’s loans within this AA during the sampling period were made to small businesses; which account for approximately 72% of the businesses in this AA. This is considered reasonable due the fierce competition amongst commercial lenders within the AA. In addition, approximately 31% by number and 38% by dollar amount of the bank’s loans were made to businesses with revenues greater than \$1MM during the sampling period.

Table 6A - Borrower Distribution of Loans to Businesses in NY-NJ AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.66	5.76	22.58	100%
% of Bank Loans in AA by #	69.23	30.76	0	100%
% of Bank Loans in AA by \$	61.58	38.41	0	100%

Source: 2013 Business Geodemographic Data and Loan Sample

Consumer Loans

The bank’s distribution by borrower income for consumer loans is reasonable. The percentage of the number of consumer loans to low-income borrowers is 20%, compared to 26% to low-income households in the AA. The percentage of the number of consumer loans to moderate-income borrowers is 40% percent, compared to 16% to moderate-income households in the AA.

Table 6B - Borrower Distribution of Consumer Loans in 35644 NY-NJ AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	25.57	20	15.82	40	16.55	40	42.06	0

Source: 2010 Census and Loan Sample

Geographic Distribution of Loans

The distribution of business and consumer loans reflects excellent dispersion among census tracts of different income levels throughout the NY AA. The percent of loans made in LMI census tracts significantly exceed the percentage of businesses located in each respective census tract.

Business Loans

Based on the representative loan sample, the bank’s geographic distribution of business loans reflects excellent dispersion throughout the census tracts of different income levels. The percent of loans made in low- and moderate-income census tracts significantly exceed the percentage of businesses in each respective census tract. Businesses in the low-income census tracts account for approximately six percent or 43 thousand, while businesses in moderate-income census tracts account for approximately 17% or 118 thousand of the total businesses within the NY-NJ AA. The bank originated approximately 23% and 54% of its business loans in LMI census tracts, respectively.

Table 7A - Geographic Distribution of Loans to Businesses in NY-NJ AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	6.27	23.08	17.23	53.85	22.47	7.69	50.94	15.38

Source: 2010 Census and Loan Sample

Consumer loans

The geographic distribution of consumer loans reflects excellent distribution throughout the census tracts within the AA. The percentage of consumer loans made in low-income census tracts at 20% is excellent, when compared to the percentage of households in low-income census tracts at 9%. The percentage of consumer loans made in moderate-income census tracts at 40% is excellent, when compared to the percentage of households in moderate-income census tracts at 24.94%.

Table 7B - Geographic Distribution of Consumer Loans in 35644 NY-NJ AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	9.34	20	24.94	40	27.21	40	38.50	0

Source: 2010 Census and Loan Sample

Responses to Complaints

CNB has not received any CRA related consumer complaints covering the evaluation period with respect to the bank’s lending performance in this assessment area.

NY Assessment Area

Description of Assessment Area

The NY AA consists of 84 contiguous census tracts in Nassau County in the State of New York. The census tracts are distributed as 9 low-income (3%); 26 moderate-income (9%); 157 middle-income (55%); 84 upper-income (30%); and eight with no income designation (2%). According to the 2010 census, the total population of this AA is 1.3 million people; MFI is \$102 thousand; and the 2013 HUD adjusted MFI is \$106 thousand. The family distribution by income level within this AA is 18% low-income; 17% moderate-income; 22% middle-income; and 43% upper-income. In this AA 1% of the total owner occupied housing is located in a low-income geography and 7% is located in a moderate-income geography. Small businesses (i.e. revenue under one million dollars) account for 77% of businesses in this AA. Businesses in low-income census tracts account for 2% while in moderate-income census tracts they account for 9%.

Table 8 - Demographic Information for Full Scope Area: City NB 35004 NY Nssu AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	284	3.17	9.15	55.28	29.58	2.82
Population by Geography	1,339,532	3.17	10.04	58.39	28.09	0.31
Owner-Occupied Housing by Geography	363,366	1.09	6.92	60.29	31.70	0.00
Business by Geography	142,903	2.39	9.09	54.38	34.12	0.01
Farms by Geography	2,164	4.21	13.77	57.44	24.58	0.00
Family Distribution by Income Level	340,122	18.00	16.63	22.48	42.89	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	117,799	5.27	14.87	60.96	18.91	0.00
Median Family Income		101,543	Median Housing Value	534,568		
HUD Adjusted Median Family Income for 2013		105,900	Unemployment Rate (2010 US Census)	3.01%		
Households Below Poverty Level		5%				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2013 HUD updated MFI

The AA lies within Long Island, New York, which is one of the highest income areas in the state. The economy has weathered one of the worst recessions in recent history and the devastation of Superstorm Sandy. As of April 30, 2014, the unemployment rate in this AA dropped to 4.5%, one of the lowest in the State. This is a 2.5% decrease in

unemployment since December 2009 and well below the nationwide 6.1% unemployment rate according to the U.S. Bureau of Labor and Statistics Data. This is in contrast to three years ago when the County was faced with an environment of continuing economic uncertainty, high unemployment, and continuing marginal revenue growth. The majority of businesses in this AA are the services industry (48%); followed by retail trade (13%); finance, insurance & real estate (9%); construction (7%); and wholesale trade (5%). Major employers in this AA include Good Samaritan Hospital, GEICO, Hofstra University, Stop and Shop Supermarkets and JP Morgan Chase.

Competition between financial institutions within this AA is strong. CNB maintains one branch with this AA. The bank competes with nationwide mortgage and business lenders, large regional banks, and a number of community banks for both loan and deposits. According to June 30, 2013, FDIC/OTS Summary of Deposit data, CNB ranked 36 out of 40 institutions competing within this AA, with a deposit market share of 0.02%. In regards to loan market share, CNB was not ranked, as its market share was less than 0.01% for mortgage loans as well as small business loans.

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

The distribution of loans reflects reasonable dispersion among census tracts of different income levels throughout the NY AA.

Business Loans

Based on the representative loan sample, the distribution of loans to businesses reflects excellent penetration among businesses of different sizes. Small business lending was identified as a credit need within this AA. Within this AA area, 100% of the banks loans by number and by dollar amount during the sampling period were made to small businesses; which account for 76% of businesses in this AA.

Table 9A - Borrower Distribution of Loans to Businesses in 35004 – NY Nssu AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	76.13	5.24	18.63	100%
% of Bank Loans in AA by #	100	0	0	100%
% of Bank Loans in AA by \$	100	0	0	100%

Source: 2013 Business Geodemographic Data and Loan Sample

Consumer Loans

The distribution of consumer loans reflects reasonable penetration among borrowers of different income levels (including low- and moderate-income) given the demographics of the AA. The bank did not originate any consumer loans for low income individuals, however, the percentage of the number of consumer loans to moderate-income borrowers is 60%, compared to 17% moderate-income households in the AA. The percentage of the number of consumer loans to middle-income borrowers is 40%

percent, compared to 23% to middle-income households in the AA. The bank did not originate any consumer loans for upper-income individuals.

Table 9B - Borrower Distribution of Consumer Loans in 35004 NY Nssu AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	18	0	16.63	60	22.48	40	42.89	0

Source: 2010 US Census and Loan Sample

Geographic Distribution of Loans

The distribution of loans reflects reasonable dispersion among census tracts of different income levels throughout the NY AA.

Business Loans

Based on the representative loan sample, the bank’s geographic distribution of business loans reflects excellent dispersion throughout the census tracts of different income levels. The percentage of loans originated in moderate-income census tracts well exceeds the percentage of businesses. Businesses in the moderate-income census tract account for approximately 9%, where the bank originated approximately 67% of loans. Businesses in the middle-income census tracts account for approximately 54%, where the bank originated approximately 33% of loans. Although no consumer loans originated in low-income census tracts, this is reasonable considering that low income census tracts only compose 2% of the AA.

Table 10A - Geographic Distribution of Loans to Businesses in 35004 NY Nssu AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	2.39	0	9.09	66.67	54.38	33.33	34.12	0

Source: 2010 Census and Loan Sample

Consumer Loans

The geographic distribution of consumer loans reflects reasonable dispersion throughout the census tracts within the AA. The percentage of consumer loans originated in moderate-income census tracts at 60% is excellent, when compared to the percentage of households in moderate-income census tracts at 10%. The percentage of consumer loans originated in middle-income census tracts at 40% is reasonable, when

compared to the percentage of households in middle-income census tracts at 59%. Although no consumer loans originated in low-income census tracts, this is reasonable considering that low income census tracts only compose 3% of the AA.

Table 10B - Geographic Distribution of Consumer Loans in 35004 NY Nssu AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	3	0	9.61	60	59.02	40	28.37	0

Source: 2010 US Census and Loan Sample

Responses to Complaints

CNB has not received any CRA related consumer complaints covering the evaluation period with respect to the bank’s lending performance in this assessment area.