

PUBLIC DISCLOSURE

July 30, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BNB Bank
RSSD No. 23504

2200 Montauk Highway
Bridgehampton, New York 11932

Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

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

TABLE OF CONTENTS

Institution Rating	
Overall Rating.....	1
Performance Test Ratings Table.....	1
Summary of Major Factors Supporting Rating.....	1
 Institution	
Description of Institution	2
Scope of Examination	3
Conclusions With Respect to Performance Tests	10
 Appendix	
CRA Appendix A: Scope of Examination	24
CRA Appendix B: Lending Tables.....	25
CRA Appendix C: Glossary.....	27
CRA Appendix D: Assessment Area Map.....	30

INSTITUTION'S CRA RATING

INSTITUTION'S CRA RATING: Satisfactory.

The following table indicates the performance level of BNB Bank with respect to the lending, investment and service tests.

PERFORMANCE LEVELS	<u>BNB BANK</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests in the overall rating.

The major factors supporting the institution's rating follow:

- Lending levels reflected good responsiveness to assessment area credit needs;
- A substantial majority of loans were made in the bank's assessment area;
- The geographic distribution of loans reflected good penetration throughout the assessment area;
- The distribution of borrowers reflected, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes;
- The bank made a relatively high level of community development loans;
- The bank made a significant level of qualified community development investments and grants;
- Delivery systems were reasonably accessible to the bank's geographies and individuals of differing income levels in its assessment area;
- The bank was a leader in providing community development services throughout its assessment area.

INSTITUTION

DESCRIPTION OF INSTITUTION

BNB Bank (“BNB or the bank”), headquartered in Bridgehampton, New York, is a full-service commercial bank with 38 branches in Long Island, and in New York City, New York. The bank is a wholly-owned subsidiary of Bridge Bancorp Inc., a one-bank holding company. Established in 1910, BNB was formerly known as Bridgehampton National Bank and adopted its new name in January of 2018 as it transitioned from a national charter to a state chartered bank. BNB completed two acquisitions in 2014 and 2015, expanding its market area from Suffolk County on Long Island to Nassau County, Long Island and New York City. BNB acquired First National Bank of New York (FNBNY) on February 14, 2014. FNBNY had assets of \$250 million and a loan portfolio of \$100 million. As a result of this acquisition, the assessment area was expanded to include Nassau County. Additionally, BNB acquired Community National Bank (“CNB”) of Long Island, a \$950 million bank with branches on Long Island and in New York City on June 19, 2015. The CNB acquisition did not affect BNB’s assessment area for its 2015 CRA evaluation as it was completed less than six months before the October 2015 CRA evaluation.

The bank offers a variety of credit products to consumers and businesses. Consumer products include residential mortgages (fixed and adjustable rate), home equity loans and lines of credit, and unsecured personal loans. Commercial products include commercial mortgages, term loans, lines of credit, construction loans, equipment lines, SBA 7A and 504 loans to small businesses.

As of March 31, 2018, BNB had total assets of \$4.5 billion, gross total loans and leases of \$3.2 billion and total domestic deposits of \$3.4 billion. The chart below shows the composition of BNB’s loan portfolio and trend as of March 31, 2018.

COMPOSITION OF LOAN PORTFOLIO		
Loan Type	3/31/2018	
	\$(000s)	Percent
Construction and Development	105,474	3.3
Secured by One to Four Family Dwellings	582,355	18.2
Other Real Estate - Multifamily	602,161	18.8
Other Real Estate - Nonfarm nonresidential	1,314,415	41.1
Commercial and Industrial	577,144	18.0
Loans to Individuals	18,506	0.6
All Other	1,842	0.1
Total	3,201,897	100.0
This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are not included in this table.		

BNB operates in a competitive market with branches of numerous local, regional, and national banks operating in the bank's assessment area. Local peer banks include Ridgewood Savings Bank, Peoples United Bank, Sterling National Bank, Dime Community Bank, New York Commercial Bank, and 1st National Bank of Long Island. Based on deposits reported to the Federal Deposit Insurance Corporation ("FDIC") on June 30, 2017, BNB ranked 34th in deposit market share (.22%) in MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA), the assessment area where the bank conducted the majority of its business.

BNB, formerly known as Bridgehampton National Bank, received a "Satisfactory" rating as a result of the October 26, 2015 CRA Performance Evaluation conducted by the Office of the Comptroller of the Currency ("OCC"). The lending test was rated high satisfactory; the investment test was rated high satisfactory and the service test was rated high satisfactory. There were no financial or legal factors that would prevent BNB Bank from fulfilling its responsibility under CRA.

BNB has one assessment area, MSA 35620 (New York-Newark-Jersey City, NY, NJ, PA), which consists of the following:

- MD 35614 (New York-Jersey City-White Plains, NY-NJ), consisting of Bronx, Kings, New York, Queens, and Richmond Counties, NY
- MD 35004 (Nassau County and Suffolk County, NY)

BNB's assessment area is in compliance with the requirements of Section 228.41 of Regulation BB and does not arbitrarily exclude low- and moderate-income ("LMI") geographies. Additional assessment area data can be found in the Assessment Area Demographics table. See CRA Appendix D for a map of the assessment area.

SCOPE OF EXAMINATION

Procedures

BNB's CRA performance was reviewed using the Federal Financial Institutions Examination Council's ("FFIEC") Interagency CRA Procedures for Large Institutions, which consist of the lending test, investment test, and service test. The evaluation considered the CRA performance context, including the bank's asset size, financial condition, market competition, assessment area demographics and credit and community development needs. The evaluation included a full-scope review of the bank's single assessment area consisting of Nassau and Suffolk Counties on Long Island and all of New York City in MSA 35620 (New York-Newark-Jersey City, NY, NJ, PA).

Products

Home purchase, refinance, multifamily and home improvement loans reportable under the Home Mortgage Disclosure Act ("HMDA") and small business and small farm loans reportable under CRA were analyzed for overall lending activity. Examiners verified the integrity of the 2016 and 2017 HMDA and small business loan data reported by BNB. Home improvement and small farm loans

were not analyzed for geographic and borrower loan distribution, as the volume was insufficient. Multifamily loans were also considered in the evaluation of community development lending.

Evaluation Period

HMDA-related and small business loans originated between January 1, 2016 and December 31, 2017 were used in the analysis. Community development loans, investments, philanthropic grants, and services provided between November 1, 2015 and June 30, 2018 were evaluated as qualifying community development activities.

Lending Analysis

The borrower and geographic loan distribution analyses were based on loan activity in BNB's assessment area. BNB's performance in 2016 and 2017 was compared to the U.S. Department of Commerce's Bureau of the Census ("2010 Census") and 2015 American Community Survey ("2015 ACS") demographic data.

To evaluate geographic distribution of lending, the proportion of home purchase and refinance lending was compared to the proportion of owner-occupied housing units located in low- and moderate-income ("LMI") geographies. Multifamily loans were compared to the proportion of renter-occupied housing units located in LMI geographies. For small business loans, the analysis compared the proportion of loan originations to the proportion of businesses located in LMI geographies, as reported by Dun and Bradstreet ("D&B").

In order to analyze the borrower characteristics of home purchase and refinance lending, the proportion of originations to LMI borrowers was compared with the proportion of LMI families residing in the assessment area. Income estimates from the U.S. Department of Housing and Urban Development ("HUD") and the FFIEC were used to categorize borrower income. FFIEC-adjusted median family income figures for 2016 were used to categorize borrower income levels of 2016 loans and 2017 FFIEC-adjusted median family income estimates were used to categorize borrower income levels of 2017 loans. Multifamily lending was not considered for an analysis of lending to borrowers of different income levels as borrower income is not reported. For small business lending, BNB's percentage of loans to businesses with gross annual revenues ("GAR") of \$1 million or less was compared to the percentage of all such businesses located in the assessment area, as reported by D&B. The size of the small business loans were also used as a proxy to identify lending to businesses with GAR of \$1 million or less.

Borrower and geographic distribution analyses were based on BNB's 2016 and 2017 performance compared, respectively, to the 2016 and 2017 performance data for the aggregate of all loan reporters in the assessment area. Aggregate lenders include all lenders required to report HMDA-reportable and CRA small business lending data within BNB's assessment area.

Community Development Activity Analysis

Community development activities were reviewed to determine whether the activities had community development as a primary purpose and whether the community development activities were within the assessment area or the broader statewide or regional area, including the assessment area. The eligibility of a loan, investment, or service as a community development activity was based on demographic information at the time the community development activity was undertaken. Qualified community development activities were analyzed from both the quantitative and qualitative perspectives to understand the volume of activity impacting a particular assessment area, the innovativeness of those activities, and the responsiveness to local community development and credit needs. When appropriate, peer comparisons were conducted using annualized metrics to gauge the relative performance of the institution in a particular assessment area.

PERFORMANCE CONTEXT

The following demographic and economic information was used to describe the assessment area and to evaluate the context in which BNB operates. Information was obtained from publicly available sources including the 2010 Census, 2015 ACS, FFIEC, D&B, National Association of Realtors (“NAR”), the U.S. Department of Labor (“DOL”), and the U.S. Department of Housing and Urban Development (“HUD”).

Demographic Characteristics

BNB’s assessment area in MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) included MD 35004 (Nassau County-Suffolk County, NY) and the New York City portion of MD 35614 (New York-Jersey City-White Plains, NY-NJ), consisting of Bronx, Kings, New York, Queens, and Richmond Counties. Long Island, where the majority of BNB’s branches are located, is adjacent to New York City and is comprised of Nassau and Suffolk counties. According to the 2010 Census and 2015 ACS, the population of BNB’s assessment area was 11,282,728. New York City’s population of 8,426,743 accounts for 74.7% of BNB’s assessment area population. It is the most populous city in the United States, and comprises 42.8% of New York State’s population. New York City is a very diverse area, resulting from the city historically serving as a primary point of entry into the U.S. for immigrants. Long Island’s population of 2,855,985 accounted for the remaining 25.3% of the population of BNB’s assessment area.

According to the 2010 Census and 2015 ACS, BNB’s assessment area consisted of 2,774 census tracts, of which 360 or 13.0% were low-income, 704 or 25.4% were moderate-income, and 1,634 or 58.9% were middle- and upper-income. There were 76 tracts in the assessment area with an “unknown” income designation. The LMI geographies were concentrated in upper Manhattan, northern Brooklyn and southern Bronx County. Approximately 42.5% of the assessment area population resided in LMI geographies. In the New York City portion of the assessment area, approximately 50.0% of the population resided in LMI geographies. In the Long Island portion

(Nassau and Suffolk Counties) of the assessment area, 20.4% of the population resided in LMI geographies.

Income Characteristics

Out of the 2,570,713 families in the assessment area, 29.3% were low-income, 16.6% were moderate-income, and 358,322 (13.9%) families lived below the poverty level. The 2016 and 2017 MSA 35620 (New York-Northern New Jersey-Long Island, NY-NJ-PA) FFIEC-adjusted MFI estimates for the assessment area are shown in the table to the right. In New York City, poverty levels are concentrated geographically with 28.2% of families living below the poverty level in Bronx County, and 19.6% of families living below the poverty level in Kings County. Therefore, community development activities that target LMI individuals and families are particularly important in New York City.

FFIEC MEDIAN FAMILY INCOMES		
Area	2016	2017
MD 35614	\$72,600	\$73,700
MD 35004	\$106,200	\$110,800

Housing Characteristics

The MSA 35620 (New York-Newark-Jersey City, NY- NJ- PA) assessment area contained 4,459,675 housing units, of which 39.0% or 1,737,517 were owner-occupied, according to the 2010 Census. Of the 1,737,517 owner-occupied housing units in the assessment area, 3.2% were in low-income census tracts and 17.0% were in moderate-income census tracts. According to NAR, the median sales price for existing single-family homes in MD 35614 (New York-Jersey City-White Plains, NY-NJ) in 2017 was \$382,500 and \$462,000 in MD 35004 (Nassau County-Suffolk County, NY). Higher values are found in in Manhattan (New York County) and the suburban areas of Nassau County.

In the assessment area, 84.4% of all housing units in low-income census tracts and 64.4% of all housing units in moderate-income tracts are rental properties. Multifamily lending in LMI census tracts on buildings whose housing units are affordable to low- and moderate-income tenants is an important source of housing within the MSA 35620 (New York-Newark-Jersey City, NY- NJ- PA) assessment area. Mortgage loans for multifamily housing in both low-and moderate-income census tracts provides additional opportunity to increase affordable housing.

As shown in the table to the right, the median sales price of homes ranged from a high of \$1,140,000 in New York County to a low of \$312,000 in Bronx County in 2017 while on Long Island housing costs, in 2017, were \$490,000 in Nassau County and \$350,000 in Suffolk County. In New York City, housing is expensive relative to income levels, causing significant affordability issues for the LMI population. In 2017, housing costs were estimated to be about four to nine times the income of moderate-

MEDIAN HOUSING SALES PRICE		
County	2016	2017
Suffolk County	\$335,000	\$350,000
Nassau County	\$460,000	\$490,000
Bronx County	\$305,000	\$312,000
Kings County	\$490,000	\$539,342
New York County*	\$1,100,000	\$1,140,000
Queens County	\$460,000	\$517,500
Richmond County	\$452,000	\$507,000

Source NYS Association of Realtors

*Douglas Elliman Associates - Manhattan CO-OP's and Condo's

income borrowers and six to fourteen times the income of low-income borrowers in all counties, except New York County, in which housing costs were unaffordable to both low- and moderate-income borrowers. The need to provide affordable mortgage programs and develop affordable rental properties for LMI residents is high for this geography. On Long Island, housing costs are also high while rental stocks are low, increasing the burden on LMI families. Information received from community contacts also identified the need for affordable housing in both the New York City and Long Island portions of the assessment area.

Labor, Employment and Economic Characteristics

According to 2017 D&B data, the MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) assessment area had a total of 447,175 businesses, of which 88.4% were small businesses with GAR of \$1 million or less. New York City is a global hub of international businesses and commerce. The city is a major center for finance, insurance, real estate and the arts in the United States. Many major corporations are headquartered in New York City, including 43 Fortune 500 companies. New York is also unique among American cities for its large number of foreign corporations. One of 10 private sector jobs in the city is with a foreign company.

Within the Long Island's portion of MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA), where the bank has a majority of its branch locations, top industry sectors include manufacturing, education and health services, government, professional and business services, and retail. As shown in the table, according to the DOL, the average annual unemployment rate was 4.6% for New York City and 4.4% for Long Island in 2017. According to the New York State Department of Labor's December 2017 newsletter, Long Island's work force is aging. Nearly one in four private sector jobs is held by someone age 55 or over, up from 17.6% in 2006. Industries, such as manufacturing, may have difficulty in maintaining skill levels as an aging workforce retires.

AVERAGE ANNUAL UNEMPLOYMENT RATES		
Area	2016	2017
MD 35614	5.2%	4.6%
MD 35004	4.2%	4.4%

The subsequent table provides a summary of the Assessment Area Demographics for MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA).

Assessment Area Demographics MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) - 2017									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract			Families by Family Income	
	#	%	#	%	#	%		#	%
Low-income	360	13.0	393,918	15.3	143,851	36.5		752,204	29.3
Moderate-income	704	25.4	657,537	25.6	120,558	18.3		427,231	16.6
Middle-income	982	35.4	907,079	35.3	68,727	7.6		450,882	17.5
Upper-income	652	23.5	609,078	23.7	24,752	4.1		940,396	36.6
Unknown-income	76	2.7	3,101	0.1	434	14.0		0	0.0
Total Assessment Area	2,774	100.0	2,570,713	100.0	358,322	13.9		2,570,713	100.0
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied			Rental			Vacant	
		#	%	%	#	%		#	%
Low-income	644,375	56,142	3.2	8.7	543,690	23.5	84.4	44,543	6.9
Moderate-income	1,109,003	295,423	17.0	26.6	714,480	30.9	64.4	99,100	8.9
Middle-income	1,440,364	794,868	45.7	55.2	522,222	22.6	36.3	123,274	8.6
Upper-income	1,255,432	588,615	33.9	46.9	523,278	22.6	41.7	143,539	11.4
Unknown-income	10,501	2,469	0.1	23.5	6,837	0.3	65.1	1,195	11.4
Total Assessment Area	4,459,675	1,737,517	100.0	39.0	2,310,507	100.0	51.8	411,651	9.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million			Revenue Not Reported	
	#	%	#	%	#	%		#	%
Low-income	34,306	7.7	31,417	7.9	2,726	5.6		163	6.2
Moderate-income	78,889	17.6	71,874	18.2	6,672	13.6		343	13.1
Middle-income	146,942	32.9	133,643	33.8	12,537	25.5		762	29.2
Upper-income	177,965	39.8	152,338	38.5	24,371	49.6		1,256	48.1
Unknown-income	9,073	2.0	6,182	1.6	2,806	5.7		85	3.3
Total Assessment Area	447,175	100.0	395,454	100.0	49,112	100.0		2,609	100.0
	Percentage of Total Businesses:			88.4		11.0			0.6
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS									
Note: Percentages may not add to 100.0 percent due to rounding									

Community Contacts

In order to learn more about community credit needs, examiners conducted interviews and received comments from four non-profit agencies.

The first contact was with a non-profit community development organization whose mission is to provide affordable housing for those that would be unable to secure a decent and safe home. The organization is a partnership made up of ten corporations that focus on affordable housing and community development through a housing fund, a land trust, a Community Development Financial Institution (“CDFI”), and housing development fund. The organization develops, manages, and provides technical assistance to developers and municipalities for affordable housing across Long Island and also provides counseling services for first time home buyers. The contact stated that there is a need for affordable rental housing across Long Island. The contact indicated that the organization works with many banks on Long Island, including BNB, and that the banks have been helpful in providing the necessary funding for affordable housing.

A second contact was with a non-profit community development organization that also worked with affordable housing initiatives on Long Island. The contact stated that conditions on Long Island are improving but are still difficult as Long Island has a high cost of living, limited public transportation, and a high housing cost. Additionally, housing costs are high while rental stocks are low, indicating a need for more affordable rental units as people have difficulty finding rental housing. The contact also indicated a need to provide financial services to clients experiencing financial difficulty and is conducting a survey with property owners to determine obstacles that are preventing them from improving their financial health.

A third contact was with a non-profit organization whose mission is to create opportunity for LMI people through affordable housing in diverse, thriving communities. The contact serves New York City and the surrounding communities. The contact noted that, in New York City, one of the biggest concerns is that rents are high and that the average cost of rents is increasing more than the pace of real wages. The contact noted that the Bronx and Brooklyn was where most of the affordable housing is being built but that it was important to have affordable housing in all neighborhoods.

A fourth contact was with a U.S. Treasury-certified CDFI that serves the New York City market. The CDFI provides loans to medical practices to update, modernize, or expand their practices to better serve their patients. The contact noted that there is a need in New York City, especially in the Bronx and Central Brooklyn, for investment and development in healthcare services. The contact also indicated a need for financial literacy programs to better serve populations with special needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

BNB's performance relative to the lending test is rated high satisfactory. Lending levels reflected good responsiveness to community needs and a substantial majority of loans were made in the bank's assessment area. The bank's performance with regard to the geographic distribution of loans reflected good penetration throughout the assessment area. The distribution of borrowers reflected adequate penetration among customers of different income levels and businesses of different sizes. Also, the bank made a relatively high level of community development loans.

Lending Activity

BNB's responsiveness to the retail credit needs of its assessment area was good, given the bank's capacity to meet assessment area credit needs, overall market conditions and performance context factors. Overall, 1,442 home purchase, refinance, home improvement, multifamily, small business and small farm loans were made during the evaluation period, totaling \$558 million. Lending activity increased 53.0% by number on an annualized basis and 70.6% by dollar in comparison to the last evaluation, driven primarily by the expansion of the assessment area into New York City due to the merger with CNB.

The bank's loan origination volumes were significant in relation to other HMDA- and CRA reporters in MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA). In 2017, BNB ranked 86th in HMDA lending out of 508 HMDA reporting institutions and ranked 38th in small business lending out of 242 CRA reporting institutions.

Peer comparisons based on the number of loans per billion dollars of deposits indicated that the bank's performance was comparable with the lending volume of peer banks. When compared to the six other similarly-situated peer banks, BNB ranked 3rd in terms of the total HMDA and small business loans per million dollars of deposits, 5th for HMDA loans per million dollars of deposits, and 2nd for small business loans per million dollars of deposits. BNB's lending activity is summarized in the following chart.

SUMMARY OF LENDING ACTIVITY JANUARY 1, 2016 – DECEMBER 31, 2017				
<i>LOAN TYPES</i>	#	%	\$(‘000s)	%
Home Purchase	171	11.9	\$98,027	17.6
Refinancing	125	8.7	\$52,573	9.4
Home Improvement	39	2.7	\$22,110	3.9
Multifamily	83	5.7	\$125,936	22.6
Total HMDA-Related	418	29.0	\$298,646	53.5
Total Small Business	1,023	70.9	\$258,952	46.4
Total Small Farm	1	0.1	\$468	0.1
TOTAL LOANS	1,442	100.0	\$558,066	100.0

Note: This table includes bank and affiliate loans made within the evaluation period. Percentages may not add to 100.0 percent due to rounding

Assessment Area Concentration

A substantial majority of the loans originated by BNB were extended in the bank’s assessment area, as detailed in the following table. BNB extended 93.8% of its loans and 94.1% of the dollars to individuals and business residing in or located within its assessment area.

LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA JANUARY 1, 2016 – DECEMBER 31, 2017								
<i>LOAN TYPES</i>	Inside				Outside			
	#	%	\$(‘000s)	%	#	%	\$(‘000s)	%
Home Purchase	156	91.2	\$87,111	88.9	15	8.8	\$10,916	11.1
Refinancing	109	87.2	\$44,349	84.4	16	12.8	\$8,224	15.6
Home Improvement	38	97.4	\$21,362	96.6	1	2.6	\$748	3.4
Multifamily	82	98.8	\$125,448	99.6	1	1.2	\$488	0.4
Total HMDA-Related	385	92.1	\$278,270	93.2	33	7.9	\$20,376	6.8
Total Small Business	967	94.5	\$246,215	95.1	56	5.5	\$12,737	4.9
Total Small Farm	1	100.0	\$468	100.0	0	0.0	\$0	0.0
TOTAL LOANS	1,353	93.8	\$524,953	94.1	89	6.2	\$33,113	5.9

Note: This table includes only loans originated or purchased by the bank. Affiliate loans are not included. Percentages may not add to 100.0 percent due to rounding.

Geographic Distribution of Loans

BNB’s overall geographic distribution of loans reflected good dispersion throughout the entire assessment area, including LMI census tracts based on the aggregate analysis of penetration analysis, as well as the product geographic distribution analysis. HMDA-related and small business lending performance was good. BNB’s overall performance in 2016 was comparable to its 2017 performance with regard to geographic distribution.

Penetration Analysis

As shown in the following table, in 2017 BNB originated loans in only 10.3% of the census tracts within the assessment area and in 2016 only 8.5% of the census tracts within the assessment area. BNB's presence is limited to only three branches in New York City and eight branches in Nassau County, which were acquired in 2014 and 2015 as a result of the two mergers. Penetration was weakest in these markets and strongest in Suffolk County where the majority of BNB's branches are located. BNB ranked 86th in 2017 and 139th in 2016 in HMDA market share in MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) and 38th in 2017 and 39th in 2016 in CRA small business market share.

Penetration was adequate in low-income census tracts given performance context factors. In 2017, 2.2% of all low-income census tracts had HMDA or small business lending. In 2016, 5.4% of all low-income census tracts had HMDA or small business lending. Opportunities for HMDA-related lending in low-income census tracts were limited. According to the 2010 Census data, 3.2% of the total owner-occupied housing units in the assessment area were located in low-income tracts. Of the total housing in low-income tracts, 8.7% were owner-occupied and 84.4% were rental units. Approximately 15.3% of families resided in low-income tracts and the poverty rate for low-income tracts was 36.5%. According to D&B data, 7.7% of business establishments were located in low-income census tracts.

Penetration was adequate in moderate-income census tracts given performance context factors. In 2017, 8.0% of all moderate-income census tracts had HMDA or small business lending. This was consistent with 2016, as 7.8% of all moderate-income census tracts had HMDA or small business lending. Data from the 2010 Census indicated that 17.0% of the total owner-occupied housing units in the assessment area were located in moderate-income tracts. Within moderate-income tracts, 26.6% of the housing units were owner-occupied and 64.4% were rental units. Approximately 25.6% of all families in the assessment area resided in moderate-income tracts and the poverty rate in moderate-income tracts was 18.3%. According to D&B data, 17.6% of business establishments were located in moderate-income census tracts.

Penetration in middle- and upper-income census tracts was also relatively low as shown in the following table.

MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA)			
Tract Income Levels	Number of Tracts	Tracts with no Loans	Penetration
2017			
Low	360	352	2.2%
Moderate	704	648	8.0%
Middle	982	847	13.7%
Upper	652	567	13.0%
Unknown	76	75	1.3%
Total Tracts	2,774	2,489	10.3%
2016			
Low	349	330	5.4%
Moderate	729	672	7.8%
Middle	999	887	11.2%
Upper	625	578	7.5%
Unknown	73	73	0.0%
Total Tracts	2,775	2,540	8.5%

Home Purchase Loans

Overall, BNB's home purchase performance was good based primarily on its performance in moderate-income census tracts, as BNB's home purchase lending activity in low-income census tracts was limited. BNB's home purchase lending performance in low-income census tracts was poor even when considering performance context factors that made HMDA-related lending challenging in low-income census tracts. In 2017, BNB did not originate any of its home purchase loans in low-income census tracts while in 2016 it originated one home purchase loan or 3.6% by both number and dollar volume in low-income census tracts. Performance was above the market aggregate, which in 2016, made 3.3% of its home purchase loans by number and 3.2% by dollar in low-income census tracts. Performance was above the demographic, where according to the 2010 Census, 3.2% of owner-occupied housing units were located in low-income census tracts. While BNB's 2016 share of lending in low-income census tracts was above demographic and aggregate data, the low level of lending was taken into account when evaluating the bank's performance.

BNB's performance in moderate-income census tracts was excellent. In 2017, BNB originated 21.1% of its home purchase loans in moderate-income census tracts by number and 17.3% by dollar compared to the demographic of the 2010 Census, which indicated that 17.0% of owner-occupied housing units were located in moderate-income census tracts in the MSA. BNB's performance in moderate-income census tracts was above the market aggregate, which made 17.7% of its home purchase loans in moderate-income census tracts by number and 14.3% by dollar in 2017. Home purchase lending performance in moderate-income census tracts in 2016 was also excellent as it exceeded both demographic and market aggregate data.

Refinance Loans

Overall, BNB's refinance lending performance was good based primarily on its performance in moderate income census tracts, as BNB's refinance lending activity in low-income census tracts was limited. The bank's lending performance in low-income census tracts was poor even when considering performance context factors that made HMDA-related lending challenging in low-income census tracts. In 2017, BNB originated only one refinance loan or 1.4% of refinance loans in low-income census tracts while, in 2016, it did not originate any refinance loans in low income census tracts. Under the 2010 Census, 3.2% of owner-occupied housing units were in low-income census tracts. The market aggregate originated 4.2% of its refinance loans by number and 4.2% by dollar in low-income census tracts in 2017.

BNB's refinance lending performance in moderate-income census tracts was excellent. In 2017, BNB originated 28.2% of its refinance loans in moderate-income census tracts by number and 24.4% by dollar compared to the demographic, which indicated that 17.0% of owner-occupied housing units were located in moderate-income census tracts in this MSA. BNB's performance was also above the market aggregate, which originated 18.1% of its refinance loans in moderate-income census tracts by number and 15.9% by dollar. BNB's 2016 refinance lending performance was also excellent, as it exceeded both demographic and market aggregate data.

Multifamily Loans

Performance in multifamily lending in LMI census tracts was good overall based on adequate performance in low-income census tracts and excellent performance in moderate-income census tracts. Performance in low-income census tracts was adequate overall as 2017's performance was poor while 2016's performance was excellent. In 2016, 83.4% of all housing units in low-income census tracts were rental units while, in 2017, 84.4% of all housing units were rental units. The bank made 5.9% of multifamily loans in low-income census tracts in 2017 and 31.3% in 2016.

BNB's multifamily performance in moderate-income geographies was excellent in both 2016 and 2017. The bank made 39.6% of multifamily loans in moderate-income census tracts in 2016 and 52.9% in 2017 compared to 34.6% of all rental properties that were located in moderate-income census tracts in 2016 and 30.9% in 2017. In 2016, 64.8% of all housing units in moderate-income census tracts were rental units while in 2017, 64.4% of all housing units were rental units. Performance also exceeded the market aggregate in 2016 and 2017, as the market aggregate made 36.5% and 30.6% of its multifamily loans in moderate-income census tracts in 2016 and 2017, respectively. In terms of dollars, BNB was above the market aggregate in 2017 and below the market aggregate in 2016. The bank's loans in moderate-income census tracts accounted for 31.1% and 43.1% of total dollars in 2016 and 2017 respectively, compared to the aggregate's 33.1% in 2016 and 40.1% in 2017. A substantial majority of BNB's multifamily loans consisted of loans to purchase or refinance properties in LMI census tracts which were then leased to tenants at or below the U.S. Department of Housing and Urban Development's (HUD's) fair market rent guidelines.

Small Business Loans

BNB's overall small business lending performance in LMI census tracts was good based on the aggregating of poor performance in low-income census tracts and excellent performance in moderate-income census tracts. In 2017, BNB's small business performance was poor in low-income census tracts as the bank made 1.6% of its small business loans in low-income census tracts by number and 1.1% by dollar compared to 7.7% of business establishments located in low-income census tracts. BNB's performance was below the market aggregate by number, which had 9.0% of its small business loans by number and 7.8% by dollar in low-income census tracts. The bank's performance in 2016 was comparable to its performance in 2017.

BNB's small business performance in moderate-income census tracts was excellent in 2017 as BNB made 23.8% of its small business loans by number and 22.2% by dollar in moderate-income census tracts compared to 17.6% of business establishments located in moderate-income census tracts. BNB's performance in moderate-income census tracts was above the market aggregate, which made 18.5% of its small business loans by number and 16.4% by dollar in moderate-income census tracts. BNB's performance in 2016 was also excellent as it exceeded both demographic and market aggregate data.

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

BNB's overall distribution of HMDA-related and small business loans in the MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) assessment area reflected adequate overall penetration among individuals of different income levels and businesses of different sizes. Multifamily lending was not considered for an analysis of lending to borrowers of different income levels as borrower income is not reported. In reaching conclusions about performance, consideration was given to performance context factors, such as the high cost of housing for LMI persons. As noted in the performance context section, the median housing value for the MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) in 2017 is estimated to be about four to nine times the income of moderate-income borrowers and six to fourteen times the income of low-income borrowers in all counties, except New York County where housing costs were unaffordable to both low- and moderate-income borrowers.

Home Purchase Loans

BNB's overall distribution of home purchase loans to LMI borrowers was adequate based on adequate distribution to both low- and moderate income borrowers. Opportunities for home purchase lending to LMI borrowers was impacted by the high cost of housing in relation to income, as the median cost of a home was at least six to fourteen times the income of a low-income borrower and four to nine times the income of a moderate-income borrower. BNB's performance with low-income borrowers was adequate considering these performance factors. In 2017, BNB made 3.1% of its home purchase loans by number and 1.5% by dollar volume to low-income borrowers while 29.3% of the families in the MSA were of low income. BNB's performance was above the market

aggregate, which made 2.7% of its home purchase loans to low-income borrowers by number and 1.2% by dollar. BNB's performance in 2016 was poor as it made no home purchase loans to low-income borrowers.

Performance in lending to moderate-income borrowers was overall adequate based on excellent performance in 2017 and poor performance in 2016. In 2017, 18.8% of BNB's home purchase loans by number and 7.8% by dollar were made to moderate-income borrowers while 16.6% of families were of moderate-income. BNB's performance was above the market aggregate, which made 13.0% of its home purchase loans by number and 6.5% by dollar to moderate-income borrowers in 2017. BNB's 2016 performance was poor as performance was below both demographic and market aggregate data.

Refinance Loans

BNB's overall distribution of refinance loans to LMI borrowers was adequate based on adequate performance to low-income borrowers and adequate performance to moderate-income borrowers. Considering performance context challenges, BNB's distribution of refinance loans to LMI borrowers was adequate overall. In 2017 refinance lending to low-income borrowers was adequate as 2.8% of refinance loans by number and 1.3% by dollar were made to low-income borrowers, while 29.3% of all families were of low income. BNB's performance was below the market aggregate, which made 4.1% of its refinance loans to low-income borrowers by number and 1.9% by dollar. In 2016, BNB did not make any refinance loans to low-income borrowers.

BNB's distribution of refinance loans to moderate-income borrowers was adequate. In 2017, 8.5% of refinance loans by number and 6.7% by dollar were made to moderate-income borrowers compared to the 16.6% of all families were of moderate-income. BNB's performance was below the market aggregate by number and similar to by dollar, as the market aggregate made 11.9% of its refinance loans to moderate-income borrowers by number and 6.7% by dollar. BNB's 2016 performance was below its performance in 2017 as only one refinance loan was made to a moderate-income borrower.

Small Business Loans

The overall level of lending to small businesses was adequate based on adequate performance in both 2016 and 2017. In 2017, according to D&B data, 88.4% of businesses in the assessment area were small businesses with GAR of \$1 million or less. BNB made 34.4% of its small business loans by number and 26.3% by dollar to businesses with GAR of \$1 million or less. Performance was below the market aggregate, which made 49.0% by number and 32.2% by dollar to businesses with GAR of \$1 million or less. Further, of these loans to small businesses, 44.4% by number and 10.1% by dollar volume were in amounts of \$100,000 or less, which is considered the most impactful loan size to small businesses. The aggregate made 95.3% by number and 44.5% by dollar volume of its small business loans in amounts of \$100,000 or less in the same period. The comparison of loans in the amount of \$100 thousand dollars or less included large national credit card lenders, which typically offered loans in smaller dollar amounts and may have impacted the aggregate number.

In 2016, BNB's performance was comparable. In 2016, according to 2016 D&B data, 89.3% of businesses in the assessment area were small businesses with GAR of \$1 million or less. BNB's 2016's performance was adequate as 38.0% of its small business loans by number and 25.6% by dollar were made to businesses with GAR of \$1 million or less. Performance was slightly below the market aggregate, which reported 42.2% by number and 26.8% by dollar to small businesses. Approximately 43.2% by number and 9.6% by dollar volume were in amounts of \$100,000 or less.

Innovative or Flexible Lending Practices

BNB made limited use of innovative and/or flexible lending practices in serving assessment area credit needs. Two of BNB's products were responsive to specific community needs in the bank's assessment areas, as illustrated below:

First Time Homebuyer Mortgage Products. This flexible product is available for first time home buyers. The product has no minimum loan amount and loans up to an 85% loan to value. Private Mortgage Insurance ("PMI") covering the portion of the mortgage exceeding an 80% loan to value is not required. The bank also does not charge any fees. The borrower must cover the 15% down payment from personal resources and or gifts and donations. Five first time home buyer mortgages were made over the evaluation period. However, none of the borrowers were LMI.

Second Look Program. In 2017, the bank piloted an innovative second look program for small businesses, whereby not yet bankable small businesses can be referred to two local non-profit CDFI's for financing and or technical assistance. The bank has made several referrals to these CDFI's.

Community Development Lending

BNB had a relatively high level of community development loan activity. BNB made 81 loans for a total of \$306.2 million during the 32 month review period, which represented 9.6% of BNB's total assets. Community development lending has increased by dollar amount since the prior examination by the OCC when the bank made 84 loans for \$249 million over a 46 month review period.

Community development lending activities focused on affordable housing, which is consistent with the needs of the assessment area. Many of the communities in the bank's assessment area, most notably New York City, have large concentrations of low- and moderate-income families and families living below the poverty level. Consequently, affordable rental housing is in demand in these areas. Community contacts identified affordable housing as a primary community need for LMI individuals, making these loans particularly responsive to the assessment area's needs.

Community Development Lending Summary										
November 1, 2015 - June 30, 2018										
Assessment Area	#	Affordable Housing (\$000s)	#	Community Services (\$000s)	#	Economic Development (\$000s)	#	Revitalize and Stabilize (\$000s)	#	Total (\$000s)
MD 35004 (Nassau County-Suffolk County, NY)	14	42,289	3	7,675	6	17,829	1	3,101	24	70,894
MD 35614 (New York-Jersey City-White Plains, NY-NJ)	49	211,658	4	9,750	3	3,885	1	10,000	57	235,293
Total - MSA 35620 (New York-Newark-Jersey City, NY-NJ)	63	253,947	7	17,425	9	21,714	2	13,101	81	306,187
Total CD Loans	63	253,947	7	17,425	9	21,714	2	13,101	81	306,187
Percent Total # / \$	77.8%	82.9%	8.6%	5.7%	11.1%	7.1%	2.5%	4.3%	100.0%	100.0%

When compared to the five other similarly-situated banks operating in the assessment area (four of which are rated outstanding), BNB's level of total annualized community development lending, measured as a percentage of average assets and Tier 1 capital, was comparable or slightly below.

Community development loans included:

- Fifty-four commercial mortgage loans to acquire, refinance, and upgrade multifamily properties containing 2,539 housing units that are affordable to LMI individuals and families.
- A \$1.3 million line of credit to a non-profit organization that provides supportive housing for LMI individuals with a focus on housing for people living with HIV/AIDS.
- A \$750,000 term loan to a non-profit CDFI that specializes in affordable housing and community facilities for the disabled. The facility provided the seed capital to the organization to finance projects in New York City and Long Island.
- An \$11.5 million commercial mortgage to acquire a large orchard located in a moderate income community of Suffolk County. The orchard is an important source of employment for the community, with 60 year-round workers and that number rising to over 150 during the spring and summer. The orchard grows flowers/plants to fulfill orders from BJs and the Home Depot.
- A \$1.0 million line of credit to a Community Development Corporation ("CDC"), which is also a CDFI, to provide seed capital for small loans to income qualified residents of Suffolk County to replace their septic systems with environmentally friendly septic systems. This is a Suffolk County sponsored program designed to enhance water quality in the county.

INVESTMENT TEST

BNB's performance relative to the investment test is rated high satisfactory based on a significant level of qualified investments and grants with BNB occasionally in a leadership position. The bank made occasional use of innovative and complex investments, and it exhibited good responsiveness to credit and community development needs by supporting affordable housing for low- and moderate-income individuals.

During the evaluation period, BNB made a total of 136 investments and grants totaling approximately \$52.1 million. The level of investments increased \$15.7 million compared to the previous evaluation period. Of the total of \$52.1 million in qualified investments, \$48.5 million or 93.1% were made in the assessment area while \$3.6 million or 6.9% were made in the broader statewide or regional areas, which included the assessment area and 51.0% represented new investments made since the prior evaluation.

Qualified Investment Summary										
November 1, 2015 - June 30, 2018										
Assessment Area	#	Affordable Housing (\$000s)	#	Community Services (\$000s)	#	Economic Development (\$000s)	#	Revitalize and Stabilize (\$000s)	#	Total (\$000s)
MD 35004 (Nassau County-Suffolk County, NY)	24	26,251	32	4,549	4	56	0	0	60	30,856
MD 35614 (New York-Jersey City-White Plains, NY-NJ)	22	17,251	14	70	33	288	0	0	69	17,609
Total - MSA 35620 (New York-Newark-Jersey City, NY-NJ)	46	43,502	46	4,619	37	344	0	0	129	48,465
Broader Statewide / Regional Including AA	0	0	3	75	4	3,509	0	0	7	3,584
Total Qualified Investments	46	43,502	49	4,694	41	3,853	0	0	136	52,049
Percent Total # / \$	33.8%	83.6%	36.0%	9.0%	30.1%	7.4%	0.0%	0.0%	100.0%	100.0%

Community development investments were primarily dedicated to affordable housing, which represented 83.6% of the total dollar volume. Affordable housing was identified by local community contacts as a prominent need in the assessment area. In terms of dollar volume, 61.3% of BNB's total qualified investments consisted of mortgage-backed securities, collateralized by loans targeted to LMI individuals; 19.9% were municipal bonds that targeted affordable housing; and 8.4% were collateralized mortgage obligations that targeted community services. The balance of 10.4% were investments in Small Business Investment Companies ("SBIC's"), a Low-Income Housing Tax Credit ("LIHTC") and grants and donations.

When compared to the five peer banks operating in the assessment area, BNB's level of total annualized qualified investments exceeded the performance of the similarly situated banks as a percentage of average assets, tier one capital, and assessment area deposits.

Qualified community development investments include:

- A \$10.3 million investment in municipal bonds that targeted affordable housing development in New York City and East Hampton, New York.
- A \$3.0 million investment in a LIHTC fund that supported affordable housing development in Bronx and Queens Counties, New York.
- An \$8.4 million investment in collateralized mortgage obligations that supported development of a nursing home in Nassau County where the majority of the residents are of low- or moderate-income.
- A \$1.5 million investment in an SBIC fund that finances small businesses across the broader regional area, including the assessment area.

Performance with respect to grant and donation activity also impacted the investment test rating. During the review period, the bank made 106 grants and donations for \$891,000 or 1.7% of total qualified investments to a variety of organizations serving the assessment area. Of the qualifying grants and donations, 20 (\$217,000) targeted affordable housing initiatives, 47 (\$321,000) benefited community service organizations, and 39 (\$353,000) benefited economic development organizations.

SERVICE TEST

BNB Bank's performance relative to the service test is rated high satisfactory based on delivery systems that were reasonably accessible to the bank's geographies and individuals of different income levels in its assessment area; a record of opening and closings of branches that has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and low-and moderate-income individuals; services that were tailored to the convenience and needs of the assessment area; and that the bank was a leader in providing community services to its assessment area.

Retail Services

BNB Bank's delivery systems were reasonably accessible to the bank's geographies and individuals of differing income levels in its assessment area. As of March 31, 2018, the bank operated a network of 38 branch locations (including its main office and branches), as well as one loan production office (LPO), which also functioned as a branch. No branches were located in low-income census tracts, while six were located in moderate-income census tracts. Nineteen branches were located in middle-income census and twelve were located in upper-income census tracts. One branch was located in an unknown-income census tract. Although there were no bank branches in low-income census tracts, four branches were adjacent or were within one-half mile from low-income and moderate-income census tracts.

BNB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals. BNB opened a total of four branches during the evaluation period. One new branch was located in a moderate-income census tract, two were in middle-income census tracts and one was opened in an upper-income census tract. In addition, the bank closed a total of six branches on February 18, 2018 to address redundancies caused as a result of its merger with First National Bank of New York. Of the branches closed, one branch was located in a moderate-income census tract. The census tract changed from middle-income to moderate-income in 2018 based on 2015 ACS census data and was updated after the closure of the branch location. The closure of the branch in the moderate-income tract did not adversely affect the delivery systems in low- or moderate-income geographies or to low or moderate-income individuals. Of the other five branch closures, three were in middle income census tracts and two were in upper income census tracts. These changes did not impact the overall accessibility of the bank's delivery systems as BNB already had branches serving these markets. BNB's branches and ATMs are summarized in the subsequent chart:

BNB Bank Assessment Area MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) Branch Location By Census Tract Income Level As Of March 31, 2018						
Tract Income Category	Branches		ATMs			
			Full service		Cash Only	
	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0
Moderate	6	15.8	7	20.6	5	35.7
Middle	19	50.0	17	50.0	3	21.4
Upper	12	31.6	10	29.4	6	42.9
Unknown	1	2.6	0	0.0	0	0.0
Total	38	100.0	34	100.0	14	100.0

Cash Only ATMs include both branch and off-site locations.

BNB Bank operated Automated Teller Machines ("ATMs") at 36 of its branches. There were four branches that each maintained two ATMs. Two of those branches were located in moderate-income census tracts and two in upper-income census tracts. BNB also maintained proprietary cash-only ATMs at eight off-site locations. All ATMs in moderate-income branch locations accepted deposits. The table above summarizes BNB's branches and ATMs by census tract income level.

In addition, BNB Bank had contracted with Handy Pantry, a local chain of food stores, and Handy Pantry's vendor, ATMs Unlimited, to issue BNB Bank-branded ATMs at 11 Handy Pantry locations. These ATMs were not owned or operated by the Bank or exclusively for Bank customer use. BNB Bank maintained a similar agreement with Walgreens, a national chain of drug stores, for placement of BNB Bank branded non-proprietary ATMs at three Walgreens locations. BNB Bank also had an agreement with Rite Aid, a national chain of drug stores, for placement of BNB Bank branded non-proprietary ATMs at 601 Rite Aid locations during most of the evaluation period. Transactions made at all proprietary and BNB Bank nonproprietary ATMs were free of charge for BNB Bank

customers. The Bank terminated the agreements with Handy Pantry, Walgreens, and Rite Aid on February 28, 2018.

All BNB Bank products and services were available at each branch location. Branch hours did not vary in a way that inconvenienced its assessment area, particularly LMI geographies and/or LMI individuals. Approximately 97% of the branches in the assessment area had extended morning, evening and Saturday hours available, including all those located in moderate-income census tracts. In general, branches were opened from 8:30AM to 4:00PM from Monday through Thursday and from 8:30AM to 6:00PM on Fridays. In addition to regular hours, five branches had drive-thru services which were available until 4:30PM from Monday through Thursday. Thirty-six branches were also open on Saturday from 9:00AM to 1:00PM. One branch was opened two days per week at a Senior Center.

In addition to its branches and ATMs, BNB Bank maintained a full-service website which offered customers online banking products, including checking and savings accounts, money market accounts, and Certificates of Deposit (“CDs”). Customers were able initiate residential home loan and home equity finance applications online. BNB Bank’s products and services were also accessible through the Bank’s mobile application, which was available on both Android and IOS platforms. In addition, the Bank’s website offered a suite of products and services to business customers.

Community Development Services

BNB Bank was a leader in providing community development services in its assessment area during the review period. As presented in the subsequent chart, BNB Bank conducted 74 community service events. These consisted of a wide variety of events related to the financial education of children and adults, small business seminars and technical assistance events, participation in small business “pitch contests” and participation on panels at multiple CDFI and small business-related conferences.

Three categories of events were deemed innovative. The first was a partnership BNB Bank developed with Everfi, Inc., an education technology company, to develop a BNB-branded on-line financial education course for children. During the review period, the BNB-branded financial education course was successfully delivered 23 times in elementary, middle and high schools throughout the Bank’s assessment area where a majority of students received free or reduced rate lunches. The second was a partnership with 1010 WINS, one of the New York City metropolitan area’s most prominent all-news radio stations, on a series of “Small Business Challenge” contests during which 10 local small business owners competed by “pitching” their business ideas to a panel of experts (including BNB Bank executives) for a \$10,000 prize. Individual feedback and technical assistance were provided to each contestant on the merits of each business idea. Contests were held quarterly beginning in April, 2016. The Bank also partnered with 1010 WINS on an event and

seminar for small businesses in Queens, New York. This event focused on the arts sector and was held at the Bank's Astoria, Queens branch and the Kaufman Astoria Studios, in Queens, New York.

Summary of Community Development Services November 1, 2015 – June 30, 2018	
Activity Type	Current Evaluation Total
Residential Mortgage/First-time Homebuyers Seminars	7
Technical Assistance to Small Businesses	29
Financial Literacy Events	38
TOTAL ACTIVITY	74

Bank officers and senior staff also served on the boards and committees of 29 community development organizations during the review period, providing on-going financial and management expertise, as well as technical assistance. Some examples of this service include:

- A Bank Vice President served on the Board of Directors of an organization that provides affordable housing to low- and moderate-income individuals.
- Bank officers served on the Board of Directors of three CDFIs and on the Loan Committee of one CDFI.
- Bank officers served on the Board of Directors of three small business organizations focused on development in LMI areas.
- The Bank's CRA Officer was on the Advisory Board of a CDC focused on home ownership.
- The Bank's CRA Officer was on a Board Committee of a CDC focused on workforce development.
- Bank officers sat on the Advisory Boards, Board of Directors, and various Board Committees of 17 community service organizations focused on LMI youth, children in foster care, victims of domestic abuse, LMI individuals requiring women's services, support for homeless individuals and supportive housing for at-risk and disabled individuals.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

CRA APPENDIX A

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Lending Test: January 1, 2016 - December 31, 2017 Community Development Loans/Investments: November 1, 2015 – June 30, 2018		
FINANCIAL INSTITUTION BNB Bank 2200 Montauk Highway Bridgehampton, New York 11932			PRODUCTS REVIEWED • Home purchase • Refinancing • Multifamily • Small business • Community Development
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None			
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
New York • MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA)	Full Scope	898 Veterans Memorial Highway Hauppauge, NY 11788	

CRA APPENDIX B

2017 Aggregate Comparison Loan Distribution Table
Assessment Area/Group: MSA 35620

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank		Aggregate			Bank		Aggregate		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	3.9%	3.6%	4	3.1%	1.5%	2.7%	1.2%
Moderate	27	21.1%	17.3%	17.7%	14.3%	24	18.8%	7.8%	13.0%	6.5%
Middle	60	46.9%	41.1%	44.8%	35.6%	11	8.6%	5.2%	22.3%	14.7%
Upper	41	32.0%	41.6%	33.4%	46.2%	78	60.9%	77.9%	49.8%	64.0%
Unknown	0	0.0%	0.0%	0.2%	0.2%	11	8.6%	7.5%	12.3%	13.7%
Total	128	100.0%	100.0%	100.0%	100.0%	128	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	1	1.4%	1.9%	4.2%	4.2%	2	2.8%	1.3%	4.1%	1.9%
Moderate	20	28.2%	24.4%	18.1%	15.9%	6	8.5%	6.7%	11.9%	6.7%
Middle	34	47.9%	47.7%	47.5%	38.6%	9	12.7%	11.4%	22.0%	15.6%
Upper	16	22.5%	26.0%	30.2%	41.1%	40	56.3%	65.8%	47.6%	60.4%
Unknown	0	0.0%	0.0%	0.1%	0.2%	14	19.7%	14.8%	14.4%	15.4%
Total	71	100.0%	100.0%	100.0%	100.0%	71	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	3.9%	4.0%	0	0.0%	0.0%	5.0%	1.7%
Moderate	11	30.6%	18.4%	17.6%	16.4%	0	0.0%	0.0%	12.6%	5.6%
Middle	15	41.7%	52.0%	47.8%	35.9%	5	13.9%	12.4%	23.4%	14.6%
Upper	10	27.8%	29.6%	30.6%	43.8%	24	66.7%	80.2%	53.0%	64.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	7	19.4%	7.4%	6.1%	13.5%
Total	36	100.0%	100.0%	100.0%	100.0%	36	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	2	5.9%	3.1%	20.5%	15.6%	0	0.0%	0.0%	0.0%	0.0%
Moderate	18	52.9%	43.1%	30.6%	40.1%	0	0.0%	0.0%	0.0%	0.0%
Middle	10	29.4%	29.6%	18.2%	15.7%	0	0.0%	0.0%	0.0%	0.0%
Upper	4	11.8%	24.2%	30.3%	27.8%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.4%	0.8%	34	100.0%	100.0%	100.0%	100.0%
Total	34	100.0%	100.0%	100.0%	100.0%	34	100.0%	100.0%	100.0%	100.0%
HMDA Totals										
Low	3	1.1%	1.2%	4.3%	6.0%	6	2.2%	0.9%	3.2%	1.1%
Moderate	76	28.3%	25.7%	18.0%	19.6%	30	11.2%	4.5%	12.4%	5.3%
Middle	119	44.2%	40.4%	45.3%	32.5%	25	9.3%	5.7%	21.9%	12.1%
Upper	71	26.4%	32.7%	32.2%	41.5%	142	52.8%	54.8%	48.4%	51.0%
Unknown	0	0.0%	0.0%	0.2%	0.3%	66	24.5%	34.0%	14.1%	30.5%
Total	269	100.0%	100.0%	100.0%	100.0%	269	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
By Tract Income										
	#	Bank		Aggregate			Bank		Aggregate	
		%	% \$(000s)	%	% \$(000s)		%	% \$(000s)	%	% \$(000s)
Low	8	1.6%	1.1%	9.0%	7.8%					
Moderate	121	23.8%	22.2%	18.5%	16.4%					
Middle	282	55.4%	56.4%	30.6%	28.8%					
Upper	97	19.1%	20.2%	39.6%	43.5%					
Unknown	1	0.2%	0.2%	1.7%	3.1%					
Tract Unknown	0	0.0%	0.0%	0.6%	0.4%					
Total	509	100.0%	100.0%	100.0%	100.0%					
By Revenue										
\$1 Million or Less	175	34.4%	26.3%	49.0%	32.2%					
By Loan Size										
\$100,000 or less	226	44.4%	10.1%	95.3%	44.5%					
\$100,001-\$250,000	129	25.3%	19.9%	2.5%	14.0%					
\$250,001-\$1 Million	154	30.3%	70.0%	2.2%	41.6%					
Total	509	100.0%	100.0%	100.0%	100.0%					

Originations and Purchases

2016 Aggregate Comparison Loan Distribution Table
Assessment Area/Group: MSA 35620

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	1	3.6%	3.6%	3.3%	3.2%	0	0.0%	0.0%	2.7%	1.2%
Moderate	14	50.0%	36.9%	18.2%	15.2%	1	3.6%	1.2%	13.3%	6.6%
Middle	11	39.3%	45.5%	46.0%	37.0%	4	14.3%	8.5%	23.2%	15.1%
Upper	2	7.1%	14.0%	32.5%	44.5%	7	25.0%	39.5%	49.1%	62.2%
Unknown	0	0.0%	0.0%	0.0%	0.1%	16	57.1%	50.7%	11.7%	14.8%
Total	28	100.0%	100.0%	100.0%	100.0%	28	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	3.2%	3.2%	0	0.0%	0.0%	3.0%	1.4%
Moderate	21	55.3%	37.5%	16.3%	13.8%	1	2.6%	0.1%	9.9%	5.3%
Middle	13	34.2%	50.9%	47.2%	38.6%	1	2.6%	2.3%	20.4%	14.1%
Upper	4	10.5%	11.6%	33.4%	44.3%	14	36.8%	51.8%	49.0%	61.2%
Unknown	0	0.0%	0.0%	0.0%	0.2%	22	57.9%	45.8%	17.6%	18.1%
Total	38	100.0%	100.0%	100.0%	100.0%	38	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	3.6%	3.5%	0	0.0%	0.0%	4.8%	1.5%
Moderate	1	50.0%	76.0%	17.9%	15.9%	0	0.0%	0.0%	12.7%	5.2%
Middle	1	50.0%	24.0%	48.2%	36.4%	0	0.0%	0.0%	21.8%	12.0%
Upper	0	0.0%	0.0%	30.3%	44.2%	1	50.0%	24.0%	55.7%	69.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	50.0%	76.0%	5.0%	11.4%
Total	2	100.0%	100.0%	100.0%	100.0%	2	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	15	31.3%	37.4%	17.0%	15.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	19	39.6%	31.1%	36.5%	33.1%	0	0.0%	0.0%	0.0%	0.0%
Middle	8	16.7%	13.8%	19.7%	16.0%	0	0.0%	0.0%	0.0%	0.0%
Upper	6	12.5%	17.7%	26.8%	35.9%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	48	100.0%	100.0%	100.0%	100.0%
Total	48	100.0%	100.0%	100.0%	100.0%	48	100.0%	100.0%	100.0%	100.0%
HMDA Totals										
Low	16	13.8%	27.3%	3.5%	5.2%	0	0.0%	0.0%	2.9%	1.1%
Moderate	55	47.4%	33.0%	17.9%	17.9%	2	1.7%	0.2%	11.8%	5.1%
Middle	33	28.4%	23.5%	46.0%	33.8%	5	4.3%	1.4%	21.7%	12.2%
Upper	12	10.3%	16.2%	32.6%	43.0%	22	19.0%	12.9%	48.4%	51.4%
Unknown	0	0.0%	0.0%	0.0%	0.1%	87	75.0%	85.5%	15.3%	30.2%
Total	116	100.0%	100.0%	100.0%	100.0%	116	100.0%	100.0%	100.0%	100.0%
SMALL BUSINESS										
	By Tract Income					By Revenue				
	Bank		Aggregate		Bank		Aggregate		Aggregate	
	#	%	% \$(000s)	%	%	% \$(000s)	%	% \$(000s)	%	% \$(000s)
	6	1.3%	2.0%	7.9%	7.4%					
	104	22.7%	25.3%	19.5%	17.6%					
	284	62.0%	54.7%	33.7%	32.0%					
	64	14.0%	18.0%	36.1%	39.0%					
	0	0.0%	0.0%	2.0%	3.5%					
	0	0.0%	0.0%	0.8%	0.5%					
	458	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	By Loan Size					By Revenue				
	174	38.0%	25.6%	42.2%	26.8%					
	198	43.2%	9.6%	95.7%	46.0%					
	110	24.0%	17.3%	2.3%	13.7%					
	150	32.8%	73.0%	2.1%	40.3%					
	458	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Originations and Purchases

APPENDIX C

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

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

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

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

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

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

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

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

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

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

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loan originated and purchased by all reporting lenders in the MSA.

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

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

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

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

Multifamily: Refers to a residential structure that contains five or more units.

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

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

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

BNB Assessment Area
MSA 35620 (New York-Newark-Jersey City)

