



PUBLIC DISCLOSURE

August 10, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Eastbank, National Association
Charter Number 18431

183 Centre Street
New York, NY 10013

Office of the Comptroller of the Currency

New York - Jersey City
1600 Plaza Five, Jersey City, NJ 07311

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

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

The primary factors supporting the overall rating are as follows:

- Eastbank's quarterly average loan-to-deposit ratio is reasonable given its size and financial condition, as well as the credit needs within the assessment areas.
- The Bank originated a majority of its loans inside its assessment areas.
- The penetration of loans to businesses of different sizes is excellent.
- The geographic distribution of loans is excellent.

SCOPE OF EVALUATION

The objective of this evaluation was to assess Eastbank, National Association's (Eastbank) performance under the Community Reinvestment Act (CRA). The evaluation period covers January 26, 2010 through August 10, 2015. Eastbank was evaluated under the Small Bank assessment, which includes the lending test. We did not review Community Development investments, loans, or services as part of this evaluation. The lending test evaluates the Bank's record of meeting the credit needs of its assessment areas through its lending activities from January 1, 2012 through December 31, 2014. Due to the changes in the Metropolitan Area (MA) definitions and boundaries, effective January 1, 2014, we evaluated 2014 lending activities separately from the 2012 and 2013 lending activities. The lending test focuses on Eastbank's primary loan products, which are business loans, consisting mostly of commercial real estate. Eastbank originated 75 business loans, totaling \$57.57 million from January 1, 2012 through December 31, 2014. Each business loan originated during our evaluation period was included in our loan sample. While the Bank also engages in residential mortgage lending, it is not the primary lending product, and as such, residential loans were not included in our evaluation.

A data integrity examination was conducted in February 2015, and examiners concluded that the information reported on the Home Mortgage Disclosure Act (HMDA) Loan Application Register and internal reports was accurate and reliable.

DESCRIPTION OF INSTITUTION

Eastbank was established in 1984 and is headquartered in the Chinatown section of New York County, NY. The Bank has one other full service branch located in the Flushing section of Queens County, NY. There are no other full service branches or deposit taking ATMs. There have been no branch openings or closings since the prior CRA performance evaluation, and the Bank maintains its two full-service branches in Chinatown and Flushing. The Bank is wholly owned by Eastbank Corporation (EBC), a

single-bank holding company and has a wholly owned subsidiary, EB America Inc., which owns Roosevelt Realty Development Corporation. The Bank’s community reinvestment performance is not impacted by either the holding company or the subsidiary.

The Bank offers non-sophisticated loan and deposit products such as commercial real estate loans, commercial & industrial loans, demand deposit accounts, checking accounts, and savings accounts. Residential real estate loans are offered but make up a small portion of the loan portfolio. Additional information regarding the products and services offered are available in the Bank’s Public File, which is available by request.

As of June 30, 2015, Eastbank reported total assets of \$194.54 million and net loans and leases of \$100.89 million, or 51.86 percent of total assets. Please refer to the table below for details regarding the composition of the Bank’s loan portfolio as of June 30, 2015.

Loan Type	Percentage of Portfolio
Non-Farm, Non-Residential Commercial Real Estate	66.83%
Multi-Family	21.49%
1-4 Family Residential	10.58%
Commercial and Industrial	1.10%

There were no merger or acquisition activities nor were there any legal or financial circumstances that affected the Bank’s operations during the CRA evaluation period. Eastbank received a rating of “Satisfactory” on its prior performance evaluation, dated January 26, 2010.

DESCRIPTION OF ASSESSMENT AREA(S)

The Bank designated Chinatown and Flushing, where each branch is located, as well as the surrounding neighborhoods as its Assessment Areas (AA). Eastbank designated 125 census tracts in New York County for its first AA, expanding from the southern tip of Manhattan to Central Park. Additionally, the Bank designated 58 census tracts in Queens County, consisting of Flushing and the surrounding neighborhoods of Whitestone, College Point, and Murray Hill, as the second AA. The AAs meet regulatory guidelines and do not arbitrarily exclude low- or moderate-income areas. The Bank’s services do not extend substantially across New York County or Queens County; therefore, including both counties in their entirety causes the assessment area to become too large for Eastbank to serve reasonably. While these two AAs are not contiguous, we have combined them for analysis purposes because they are both part of the same Metropolitan Division (MD #35644), and are homogeneous in demographics and business opportunities.

The MA changes, effective January 1, 2014 did affect the delineation of the AAs, but the AAs continue to consist mostly of upper-income census tracts. In 2012 through 2013,

the AAs consisted of 15 (7.65 percent) and 24 (13.11 percent) low- and moderate-income census tracts with a total of 212,071 non-farm businesses. In 2014, the AAs consisted of 16 (8.74 percent) and 28 (15.30 percent) low- and moderate-income census tracts, respectively, and a total of 185,443 non-farm businesses. In 2012 and 2013, 4.38 percent and 7.91 percent of non-farm businesses were located in low- and moderate-income census tracts, respectively. In 2014, 5.16 percent and 8.19 percent of non-farm businesses were located in low- and moderate-income census tracts, respectively. Please refer to the tables below for additional details on the demographic information of the AAs.

Demographic Information for Full Scope Area: Combined Eastbank NY and Queens AA for 2013						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	183	7.65	13.11	19.67	56.83	2.73
Population by Geography	840,596	8.99	15.77	17.55	57.64	0.04
Owner-Occupied Housing by Geography	109,695	1.85	8.81	16.70	72.64	0.00
Business by Geography	212,071	4.38	7.91	9.71	70.24	7.77
Farms by Geography	646	3.41	8.05	13.93	71.83	2.79
Family Distribution by Income Level	155,873	23.06	12.85	13.42	50.66	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	55,982	21.99	29.70	22.17	26.12	0.01
Median Family Income HUD Adjusted Median Family Income for 2013 Households Below Poverty Level		64,171 66,000 13%	Median Housing Value Unemployment Rate (2010 bls.gov)		674,616 9.50%	

Demographic Information for Full Scope Area: Combined Eastbank NY and Queens AA for 2014						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	183	8.74	15.30	19.67	53.55	2.73
Population by Geography	840,596	10.20	18.97	16.48	54.31	0.04
Owner-Occupied Housing by Geography	109,695	2.23	13.25	16.83	67.68	0.00
Business by Geography	185,443	5.16	8.19	9.99	68.85	7.81
Farms by Geography	611	4.09	8.67	15.71	69.39	2.13
Family Distribution by Income Level	155,873	24.57	13.01	13.70	48.72	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	58,574	23.97	34.46	18.79	22.77	0.01
Median Family Income HUD Adjusted Median Family Income for 2014 Households Below Poverty Level		68,006 68,900 13%	Median Housing Value Unemployment Rate (2010 bls.gov)		674,616 9.50%	

Eastbank faces significant competition in its AAs. Competitors include JPMorgan Chase, Bank of New York Mellon, Wells Fargo, and Bank of America, as well as several other small community institutions. Eastbank only has a 0.02 percent market share in deposits, ranking 75th out of 103.

New York City's economy continues to add jobs at a healthy rate, but growth has shifted into lower-paying sectors. Retail trade, hospitality, and education and health services have been the biggest contributors to job growth. These three sectors have created approximately 60 percent of jobs in the last year, while only representing 39 percent of the city's job base. This has caused inconsistent income growth; while up 5 percent in 2014, job growth in 2013 was negative. The retail investment market is healthy in New York City with sales volumes in good standing. Sales in 2013 were roughly even with sales pre-recession and 2014 was even higher.

New York County's economy continues to grow and it is considered the economic center of New York City. It has the lowest unemployment rate out of all five boroughs at 4.9 percent, as of June 2015. Despite being the smallest of the five boroughs, it has the highest population density. The median house value for New York County is \$980,000, roughly four times the US median house value. Additionally, the average weekly wage for New York County is the highest of all the boroughs at \$1,000 or more, followed by Queens County and Bronx County.

Queens County's economy remains stable overall, but there has been recent growth in the neighborhood of Flushing. The unemployment rate in Queens County continues to steadily to decrease. As of June 2015, the unemployment rate in Queens County equaled 5.1 percent, which was below the state's unemployment rate of 5.7 percent. Flushing, Queens is the fourth largest commercial district in New York City and is considered a major transportation hub for the area. However, Queens County has a mixed economy and there is no dominating industry overall. In Queens County, the majority (two-thirds) of businesses employ between one and four people only, making small businesses an important part of the County's economy. In Flushing explicitly, over 90 percent of the area's businesses have fewer than ten employees.

In assessing the Bank's performance within its AAs, we received input from two community organizations, both of which are community-based development groups. The first organization indicated that small businesses in the community are generating new jobs and revenue sources; therefore, services and loans to these small businesses is a vital need in the community. The second organization indicated affordable healthcare is a need within the community for low-income individuals. They indicated that financial institutions in the community are not proactive in responding to community needs. Despite the need for financial institutions to be more proactive, both organizations indicated the overall interactions between the community and financial institutions are positive.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The Bank's performance under the lending test is rated "satisfactory." Eastbank's lending activities reflect reasonable penetration within the assessment area. The lending test was based on the total business loans originated from January 1, 2012 through December 31, 2014, which total approximately \$56 million.

Loan-to-Deposit Ratio

Eastbank's loan-to-deposit (LTD) ratio is reasonable given its size, financial condition, and the credit needs of the AA. Eastbank's quarterly LTD ratio averaged 71.44 percent during the evaluation period. The Bank's LTD ratio ranged from a quarterly low of 66.21 percent to a quarterly high of 81.96 percent. We compared Eastbank's LTD ratio with seven comparable banks within New York and Queens Counties with asset sizes ranging from \$134 million to \$232 million. The averaged quarterly LTD ratio for the seven comparable institutions equaled 78.32 percent, ranging from a low of 62.49 percent to a high of 85.99 percent.

Lending in Assessment Area

Lending activities within the AAs are reasonable, as Eastbank originated a majority of its primary loan products inside the AAs. Approximately 72 percent of all business loans originated during the evaluation period were originated within the AAs, based on the number of originations. By dollar amount, a substantial majority of the loans were originated within the AAs. Approximately 87 percent, by dollar amount, were originated to businesses in the AAs.

Loan Type	Number of Loans				Total	Dollars of Loans				Total \$(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000)	%	\$(000)	%	
Business Loans	54	72.00	21	28.00	75	49,566	87.61	7,006	12.39	56,572

Lending to Businesses of Different Sizes

Eastbank's lending to businesses of different sizes reflects excellent penetration. The majority of the Bank's loans were originated to small businesses. Small business is defined as a business reporting gross revenue of \$1 million or less. As illustrated in the tables below, when compared to the number of small businesses in Eastbank's AAs, loans originated to small businesses was greater than the percentage of businesses with reported revenues under \$1 million within the AAs. In 2012 and 2013, all loans to businesses within the Bank's AAs were originated to small businesses. Additionally, Eastbank exceeded the standard for satisfactory performance in 2014. The number of loans to small businesses in 2014 was greater than the percentage of businesses with revenues under \$1 million within the AA.

Table 2a - Distribution of Loans to Businesses in New York and Queens Counties AAs 2012 and 2013				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	67.05%	9.76%	23.19%	100%
% of Bank Loans in AA by #	100.00%	0.00%	0.00%	100%
% of Bank Loans in AA by \$	100.00%	0.00%	0.00%	100%

Table 2b - Distribution of Loans to Businesses in New York and Queens Counties AAs 2014				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	66.80%	10.83%	22.37%	100%
% of Bank Loans in AA by #	70.00%	20.00%	10.00%	100%
% of Bank Loans in AA by \$	77.14%	15.79%	7.07%	100%

Geographic Distribution of Loans

Eastbank’s geographic distribution of loans represents excellent dispersion within the AA. Loan originations to small business in low- and moderate-income geographies exceed the dispersion of small businesses within low- and moderate-income geographies within the AA for 2012, 2013, and 2014, representing excellent dispersion.

Table 3a - Geographic Distribution of Loans to Businesses in New York and Queens Counties AAs 2012 and 2013										
Census Tract Income Level	Low		Moderate		Middle		Upper		Unknown	
Loan Type	% 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	% of AA Businesses	% of Number of Loans	% of AA Businesses
Business Loans	22.50%	4.38%	32.50%	7.91%	5.00%	9.71%	32.50%	70.42%	7.50%	7.58%

Table 3b - Geographic Distribution of Loans to Businesses in New York and Queens Counties AAs 2014										
Census Tract Income Level	Low		Moderate		Middle		Upper		Unknown	
Loan Type	% 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	% of AA Businesses	% of Number of Loans	% of AA Businesses
Business Loans	35.71%	5.16%	14.29%	8.19%	0.00%	9.99%	42.86%	68.85%	7.14%	7.81%

Responses to Complaints

There were no CRA-related complaints filed during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

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