



## **PUBLIC DISCLOSURE**

February 21, 2017

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

The First National Bank of Long Island  
Charter Number 13126

10 Glen Head Road  
Glen Head, NY 11545

Office of the Comptroller of the Currency

340 Madison Avenue  
4th Floor  
New York, NY 10173

**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, and should not 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.

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated “**Satisfactory.**”

The following table indicates the performance level of **The First National Bank of Long Island** (“FNBLI” or “the bank”) with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory			X
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The bank’s overall lending activity reflects adequate responsiveness to the assessment areas (AAs) credit needs taking into consideration the level of competition faced by FNBLI in each of their AAs;
- The bank originated the majority of loans inside the AAs;
- The overall geographic distribution of home mortgage loans and small loans to businesses is adequate;
- The Bank’s responsiveness to community development (“CD”) needs and opportunities in its AA is satisfactory, considering its capacity and AA opportunities;
- The bank’s performance under the investment test is outstanding. The bank has an excellent level of qualified investments totaling approximately \$28 million, or 9 percent of tier one capital; and
- The bank’s performance under the CD service test is high satisfactory. The bank provides a relatively high level of CD services.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**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 conduct 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 the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

**Home Mortgage Loans:** Such loans include home purchase, home improvement, and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number, and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, 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 loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division (MD):** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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

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

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

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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). 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.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

The First National Bank of Long Island (FNBLI) is a full service intrastate bank headquartered in Glen Head, New York in Nassau County on Long Island. The bank is the sole subsidiary of The First of Long Island Corporation and is publicly traded on the NASDAQ Stock Exchange (NASDAQ-CM: FLIC). FNBLI provides a wide range of financial services to individual, professional, corporate, institutional and government customers, primarily in Manhattan and in Nassau and Suffolk Counties in Long Island. FNBLI has 46 branches, with the majority, 40 branches located in Long Island, two in Manhattan, three in Queens, and one in Brooklyn. The bank established nine new branches, which includes all of the Brooklyn and Queens locations, since the last CRA evaluation. FNBLI's strategy is to build a growth-oriented company that can transition from a community bank into a small regional financial institution.

As of December 31, 2016, FNBLI has total assets of \$3.5 billion, which are largely comprised of \$2.5 billion (71 percent of total assets) in loans and approximately \$852 million (24 percent of total assets) in investments. Real estate loans total \$2.4 billion, and account for approximately 94 percent of total loans. The bank's main loan products are one-to-four family residential and commercial mortgages. Other loan products include home equity loans, credit cards, automobile loans, Small Business Administration (SBA) loans, and other commercial and industrial loans. The bank also offers various products and services including, personal and business deposit products, drive-thru and telephone banking, mobile banking, investment management and trust services, remote deposit capture, and mobile banking. FNBLI's tier one capital totaled approximately \$308 million and deposits totaled \$2.6 billion.

During the evaluation period, the bank experienced strong growth in loans and deposits. This is consistent with strategic initiatives to increase market share through branch network expansion. Expansion is largely within Nassau, Suffolk, Queens, and Kings Counties. The bank opened nine new branches since the last examination, and plans to continue opening, on average, two branches per year as outlined in the current strategic plan.

FNBLI operates in a very competitive banking market. There are 114 banks, which operate more than two thousand branches within the bank's AAs. The bank's competitors include large regional banks, local community banks, credit unions, mortgage companies, and non-bank financial institutions. Multinational institutions, such as JP Morgan Chase, the Bank of New York Mellon, HSBC Bank USA, Citibank NA, and Bank of America NA, dominate the deposit market. The aforementioned banks control 73 percent of the combined deposit market share in Nassau, Suffolk, New York, Kings, and Queens Counties.

FNBLI has two AAs within the New York-Northern New Jersey-Long Island, NY-NJ-PA MSA #35620. The AAs are Nassau County-Suffolk County, NY MD AA (#35004) and the New York-Jersey City-White Plains MD AA (#35614), both within New York State. The AAs appropriately include geographies where the bank has its main office, branches, and deposit-taking ATMs. FNBLI has the financial capacity to assist in meeting the credit needs of its AAs. There are no legal or financial factors, which would impact the bank's ability to help meet the credit needs of its community.

FNBLI's performance under the CRA was last evaluated on January 27, 2014, based upon standards applicable to large banks. The bank's overall level of performance was "Satisfactory."



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the lending test for home mortgages reported under the Home Mortgage Disclosure Act (HMDA) and small loans to businesses is from January 1, 2014 to December 31, 2016. The evaluation period for community development (CD) loans, investments, and services was from January 27, 2014 through February 20, 2017. We determined if these CD activities qualified based on an evaluation of the information and documentation provided by the bank compared to the CRA guidelines.

### Data Integrity

In January 2017, an evaluation of the integrity of FNBLI's publicly filed information was conducted in order to verify the accuracy and reliability of HMDA and CRA reportable small business lending data. The level of errors identified were minimal, and do not prevent an accurate evaluation of the bank's performance under the CRA. The bank's processes and control framework for the collection, verification, and reporting of HMDA and CRA data are satisfactory. This current CRA performance evaluation is based on reliable data.

### Selection of Areas for Full-Scope Review

We performed full scope reviews of both of the bank's AAs: Nassau County-Suffolk County MD AA (#35004) and the New York-Jersey City-White Plains MD AA (#35614). The bank defines the Nassau County-Suffolk County AA as all of Nassau County and the western and central portions of Suffolk County. This AA consists of 555 census tracts, the majority of which are middle- and upper-income tracts.

The New York-Jersey City-White Plains MD AA (#35614), hereafter referred to as the New York County AA, is defined as all of Queens County, all of Kings County, and the area south of Central Park in New York County. This AA consists of 1,556 census tracts, the majority of which are moderate- to high-income geographies. While the majority of the bank's lending takes place in the Nassau County-Suffolk County AA, the New York County AA represents a major market for the bank. As such, a full-scope review was also performed.

### Ratings

The Bank's overall rating is based primarily on the Bank's performance within the multi-state metropolitan area with more weight placed on the Nassau County-Suffolk County MD (35004), which represents the portion of the AA where the significant majority of loans were originated during the evaluation period. In addition, home purchase and home refinance loans reported under HMDA represent a majority of the Bank's lending in the MD and was weighted more heavily than home improvement loans or small loans to businesses.

## Other

For this performance evaluation, we contacted two CD organizations. The first organization serves the Nassau County-Suffolk County AA to address the need for, and to provide affordable housing to individuals and families, through development, mortgage counseling, and lending programs. The second organization is a statewide organization that focuses on business development through provision of access to loans for small business that do not meet the requirements for traditional financing. The organization conducts most of its development activities in the Nassau County-Suffolk County and New York County AAs, with a particular emphasis on minority and women-owned businesses. The community contacts provided an assessment of the community's needs, opportunities in which financial institutions may participate in addressing these needs, and information on the perception of financial institutions' involvement in the community.

Our contact from the Nassau-Suffolk AA confirmed there are opportunities for financial institutions to aid in the provision of affordable housing for low- to moderate-income (LMI) borrowers in Nassau and Suffolk Counties. According to the contact, financial institutions can participate in events that educate individuals seeking to purchase a house, and assist with keeping LMI borrowers in their current homes through financial counseling. The contact discussed the decline in the median family income over the evaluation period in the Nassau County-Suffolk County AA. According to the contact, there is a trend within the AA that has decreased homeownership and increased rental expenses, which coupled with stagnant income levels, hinders LMI individuals' ability to afford a house.

Our second contact from the New York County AA stated there is a systemic need to provide credit for small businesses. According to the contact, the largest opportunities for local financial institutions lies in forming partnerships with alternative lenders in order to create avenues for realistic funding options for small businesses that cannot obtain funding through traditional lenders.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c) and 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. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development (HUD), and the Consumer Financial Protection Bureau (CFPB).

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.

The OCC will consider any evidence of discriminatory or other illegal credit practices relative to this institution that other regulators may provide to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information provided concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Nassau County-Suffolk County and New York County AAs demonstrate adequate responsiveness to the credit needs of its AAs.

#### Lending Activity

Refer to Table 1 Lending Volume and Other in Appendix C for the facts and data used to evaluate the bank's lending activity.

The bank's overall lending activity in the Nassau County-Suffolk County AA and the New York County AA is reflective of adequate responsiveness to the credit needs of the AAs. The bank originated 1,629 reportable loans in the AA during the evaluation period, totaling approximately \$593 million. Home mortgage lending accounted for 50.9 percent of the total volume and 72.0 percent of total dollar amount, while small loans to businesses accounted for 49.0 percent of the total volume and 28.0 percent of the total dollar amount. The bank also originated two small loans to farms during the evaluation period totaling \$200 thousand.

Analysis for the lending test in the Nassau County-Suffolk County and New York County AAs focused primarily on home purchase, home refinance, and small loans to businesses. We placed less weight on home improvement loans in our analysis for the lending test, due to the limited volume of loans, as the bank originated a total ten loans out of 11 home improvement loan applications received over the review period. The analysis compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. In evaluating the bank's lending activity, we considered the lack of low- and moderate- income census tracts and large bank competition within the AAs. Additionally, as a gauge of the bank's lending activity, we also considered its deposit and lending market share.

Competition in the bank's AAs is strong for both loans and deposits. There are a high amount of financial institutions, which consist of large money centers, regional banks, community banks, and credit unions. However, FNBLI is able to maintain a reasonable market share in their AAs, which is supported by their ranking of 34th out of 114 institutions with 0.21 percent of the deposit market share in the bank's combined AAs as of June 30, 2016. The deposit market share for the Nassau County – Suffolk County AA ranked the bank as 12<sup>th</sup> out of 39 institutions, reflecting a deposit market share of 1.96 percent. However, the deposit market share for New York County AA is indicative of the high level of competition, as the bank ranked 75th out of 107, reflecting a deposit market share of 0.02 percent.

In addition, FNBLI has been able to maintain a reasonable market share when it comes to lending as well. The bank's home purchase market share ranked 93rd of 285 institutions with 0.12 percent of the market share in the Nassau County-Suffolk County AA and ranked 45th of 329 institutions with 0.43 percent in the New York County AA. For home mortgage refinances, the bank's market share ranked 76th of 282 institutions with 0.21 percent in the Nassau County-Suffolk County AA and ranked 47th of 339 institutions with 0.40 percent in the New York County AA. For home improvement loans, which is not one of the bank's primary loan products, the bank's market share was unranked in the Nassau County-Suffolk County AA, having less than 0.04 percent of the market share, and ranked 52nd of 165 institutions with 0.26 percent in the New York County AA. Although the bank's market share is low, it shows they are still in the top to middle lenders within their AAs.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans of both home mortgage loans and loans to small businesses reflects adequate penetration throughout the AAs.

#### **Nassau County-Suffolk County AA**

The geographic distribution of loans by income level of the geography reflects adequate penetration throughout the AA. The geographic distribution of home mortgage loans reflects excellent penetration, and the geographic distribution of small loans to businesses reflects adequate penetration throughout the AA.

#### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home purchase loans and home refinance loans reflects excellent penetration. Although the geographic distribution of home improvement loans has poor penetration within this AA, we placed less weight on this loan type given the low volume of applications, originations, and dollar amount in home improvement lending.

#### ***Home Purchase Loans***

The geographic distribution of home purchase loans in low- and moderate-income geographies reflects excellent penetration. The bank made 3.31 percent of home purchase loans in low-income geographies. This exceeds the 1.13 percent of owner occupied units in low-income geographies of the AA. The bank made 17.22 percent of home purchase loans in moderate-income geographies, which is well above the 12.04 percent owner occupied units in moderate-income geographies of the AA.

*Home Improvement Loans*

The geographic distribution of home improvement loans reflects poor penetration. However, with only five originated loans out of a total of five applications for this product reflecting minimal volume and dollar amount, more weight was placed on home purchase and home refinance loans. The percentage of home improvement loans in low- and moderate-income geographies is well below the aggregate lending level, as the bank originated no home improvement loans to borrowers in low- or moderate-income geographies. The bank originated all home improvement loans for the Nassau County-Suffolk County AA, in middle- and upper-income geographies.

*Home Refinance Loans*

The geographic distribution of home refinance loans reflects excellent penetration for both low- and moderate-income geographies. At 2.10 percent penetration in low-income geographies where owner occupied units are 1.13 percent, the geographic distribution of loans reflects good penetration. The geographic distribution of loans in moderate-income geographies also reflects excellent penetration at 23.08 percent, given owner occupied units are 12.04 percent.

***Small Loans to Businesses***

Refer to Table 6 in Appendix C for the data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The overall geographic distribution of small loans to businesses reflects adequate penetration. The percentage of small loans to businesses in low- and moderate-income geographies in the Nassau County-Suffolk County AA is similar to the percentage of all businesses in those geographies, indicating adequate distribution. The bank originated 1.06 percent of its small loans to businesses in low-income geographies compared to 1.63 percent of businesses in low-income geographies. The bank originated 13.10 percent of its small loans to businesses in moderate-income geographies, which contain 12.85 percent of businesses.

**New York County AA**

The geographic distribution of loans by income level of the geography reflects adequate penetration throughout this AA. The geographic distribution of home mortgage loans reflects adequate penetration, and the geographic distribution of small loans to businesses reflects poor penetration.

***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases

The overall geographic distribution of home mortgage loans is adequate stemming from the adequate penetration of loans in low- and moderate-income geographies for home purchase and refinance loans originated within the New York County AA.

*Home Purchase Loans*

The geographic distribution of home purchase loans in low- and moderate-income geographies reflects adequate penetration. The bank originated 1.90 percent of home purchase loans in low-income geographies compared to 3.96 percent of owner occupied units in the geography. The bank originated 18.67 percent of home purchase loans in moderate-income geographies, which is in line with the 22.99 percent of owner occupied units in moderate-income geographies within the New York County AA. This is reasonable given the bank's market share due to the level of competition within this AA, and the high cost of purchasing a home, which makes lending in these geographies more difficult.

*Home Improvement Loans*

The geographic distribution of home improvement loans reflects poor penetration, as the bank did not originate any home improvement loans to borrowers in low- or moderate-income geographies. All home improvement loans in this AA were in middle- and upper-income geographies. However, given the minimal volume and dollar amount of this loan product, performance is not indicative of the bank's willingness to lend to LMI individuals. The bank originated six out of seven home improvement loan applications received within the New York County AA during the evaluation period, and purchased one loan. Therefore, we placed more weight on home purchase and home refinance loans.

*Home Refinance Loans*

The geographic distribution of home refinance loans reflects adequate penetration throughout the AA. The bank originated 2.56 percent of home refinance loans in low-income geographies compared to 3.96 percent of owner occupied units in low-income geographies. The bank originated 20.51 percent of home refinance loans in moderate-income geographies, which is in line with the 22.99 percent of owner occupied units in moderate-income geographies of the New York County AA.

***Small Loans to Businesses***

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The overall geographic distribution of small loans to businesses reflects poor penetration. The bank originated no small loans to businesses in low-income geographies and 5.13 percent in moderate-income geographies. The performance reflects poor geographic distribution in the New York County AA where 8.15 percent and 22.89 percent of business are in low- and moderate-income geographies, respectively. We took into consideration the fact that competition in New York County AA is significant given the number of large banks competing with FNBLI in this particular AA. FNBLI originated only 34.99 percent of all loans and 5.14 percent of its small loans to businesses in the New York County AA. As a result, more weight was given to the bank's performance in the Nassau County –Suffolk County AA, where the bank sourced the majority of its deposits as well as originated 65.01 percent of its loans, and 94.86 percent of small loans to businesses.

### ***Lending Gap Analysis***

Our review of the geographic distribution of loans did not identify any conspicuous or unexplained gaps in lending patterns. The bank's Nassau County-Suffolk County and New York County AAs have a moderate volume of low- and moderate-income census tracts. Overall, the AAs contain 172 low-income census tracts and 554 moderate-income census tracts, which is respectively, 8.15 percent and 26.24 percent of the aggregate total census tracts. The bank's lending products are available to any potential borrower, regardless of their geography. None of the bank's branches are located in low-income geographies, and three branches are located in moderate-income geographies. However, branch locations are in close proximity to low- and moderate-income geographies, making the bank accessible to all segments of the AAs.

### ***Inside/Outside Ratio***

A majority of the bank's home mortgage loans and small loans to businesses were originated inside the Nassau County-Suffolk County and New York County AAs. The analysis was performed at the bank level as opposed to the AA level and includes bank originations and purchases only. During the evaluation period, approximately 76 percent of the bank's reportable loans (aggregate of home mortgage & small loans to businesses) were originated inside the bank's AAs. Specifically; 64.6 percent of all home purchase loans were within the AAs; 60.6 percent of all home refinance loans were within the AAs; 81.8 percent of all home improvement loans were within the AAs; and 96.5 percent of all small loans to businesses were originated inside the AAs.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by income level of the borrower reflects adequate penetration among borrowers of different income levels and business customers of different sizes. The borrower distribution of home mortgage loans reflects adequate penetration and the distribution of loans to businesses of different sizes reflects adequate penetration.

### **Nassau County-Suffolk County AA**

The distribution of loans to borrowers of different income levels and businesses of different sizes in this AA reflects adequate penetration. The borrower distribution of home mortgage loans reflects adequate penetration and the distribution of loans to businesses of different sizes reflects adequate penetration in this AA.



### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home purchase, home refinance, and home improvement loans in the Nassau County-Suffolk County AA reflects adequate penetration among borrowers of different income levels. Although lending to low income borrowers was poor, we deemed this reasonable, given the high cost of purchasing a home in this AA, which makes the availability of affordable housing more difficult for these borrowers in this very populated area.

#### *Home Purchase Loans*

The borrower distribution of home purchase loans in the Nassau County-Suffolk County AA is adequate. Penetration for lending to moderate-income borrowers is excellent, as the bank originated 28.48 percent of its home purchase loans to moderate-income borrowers. This lending level exceeded the 18.22 percent of moderate-income families in the AA. The bank's penetration for lending to low-income borrowers for home purchase loans is poor, at 3.90 percent compared to 18.41 percent of low-income families in the AA.

#### *Home Improvement Loans*

The borrower distribution of home improvement loans in the Nassau County-Suffolk County AA reflects good penetration. Loans made to moderate-income borrowers significantly exceeded the percentage of moderate-income families in the assessment area, indicating an excellent penetration among retail customers for this product type. The bank originated only five home improvement loans over the evaluation period, and 100 percent, were originated to moderate-income borrowers, compared to 18.22 percent of moderate-income families in the AA. However, given the minimal volume and dollar amount of home improvement loans, we placed more weight on home purchase and home refinance loans.

#### *Home Refinance Loans*

The borrower distribution of home mortgage refinance loans reflects adequate penetration. The bank's penetration to moderate-income borrowers is excellent at 30.07 percent. This exceeds the 18.22 percent of moderate-income families in the AA. However, penetration to low-income borrowers is poor with only 3.5 percent of the bank's home mortgage refinance loans originated to low-income borrowers, compared to 18.41 percent of low-income families in the AA.

***Small Loans to Businesses***

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses in the Nassau County-Suffolk County AA reflects adequate penetration given the level of competition within the Nassau County-Suffolk County AA. The bank's major competitors in the AA include American Express, Capital One, JPMorgan Chase, Citibank, and Bank of America. These five banks comprise over 75 percent of the Nassau County-Suffolk County AA market share for small business loans. The bank made 39.89 percent of the number of loans to businesses with revenues of \$1 million or less in the Nassau County –Suffolk County AA, which is significantly lower than the 87.03 percent of the amount of all businesses in the AA with revenues of \$1 million or less. However, given the fact that the bank has only a 0.31 percent market share among small loans to businesses and a 0.28 percent market share among those businesses with revenues of \$1 million or less in this AA, this distribution is indicative of a highly competitive lending market rather than preferential lending to businesses with revenues exceeding \$1 million.

**New York County AA**

The distribution of loans to borrowers of different income levels in this AA reflects poor penetration. The borrower distribution of home mortgage loans reflects poor penetration and the distribution of loans to businesses of different sizes reflects adequate penetration.

***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution by income of home purchase and home refinance loans in the New York County AA reflects poor penetration, and borrower distribution by income of home improvement loans in the AA reflects adequate penetration.

The bank's performance is reasonable, as the bank faces significant competition from large banks in this AA, as well as the fact that this AA is part of one of the most expensive housing markets in the country, which inherently restricts low- and moderate-income borrowers' ability to qualify for and receive home mortgage loans. The bank has a deposit market share of 0.02 percent in this AA compared the lending market share of 0.43 percent. The New York-Jersey City-White Plains MSA has a 22 percent higher cost of living than the US average, and the three counties that comprise the bank's AA skew this number further upward. Median home prices have increased 40 percent further than the national average comparative to equivalent home prices in 1Q1998 (220 percent increase vs. 180 for the national average).

### *Home Purchase Loans*

The borrower distribution of home purchase loans reflects poor penetration. The bank's percentage of loans to low- and moderate-income borrowers is significantly below the percentage of the aggregate lending level of the AA. FNBLI had only a 0.95 percent penetration to low-income borrowers, compared to 30.06 percent of low-income families in the AA. For moderate-income borrowers, the bank had an 8.25 percent penetration level, compared to 17.69 percent of moderate-income families.

### *Home Improvement Loans*

The borrower distribution of home improvement loans in the New York County AA reflects adequate penetration. The bank made 42.86 percent of loans to moderate-income borrowers, which exceeded the 17.69 percent of moderate-income families in the AA, indicating excellent distribution for this product type. However, there was zero penetration to low-income borrowers for home improvement loans during the same evaluation period, compared to 18.41 percent of low-income families in the AA. This is due to the bank only originating six home improvement loans during the evaluation period, all of which went to moderate-income borrowers. Given the minimal application volume and dollar amount of this loan product, more weight was placed on home purchase and home refinance loans.

### *Home Refinance Loans*

The borrower distribution of home refinance loans reflects poor penetration. The bank's percentage of loans to low-income borrowers is significantly below percentage of the aggregate lending level, at 1.03 percent compared to 30.06 percent of low-income families. The bank's percentage of loans to moderate-income borrowers is below the percentage of the aggregate lending level as well, at 10.31 percent compared to 17.69 percent of moderate-income families. This is reasonable given the bank's market share and the cost of purchasing and owning a home, which makes lending to these borrowers difficult.

### ***Small Loans to Businesses***

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of loans to businesses of different sizes reflects adequate penetration, given this highly competitive market. The major competitors in the New York County AA include American Express, Capital One, J.P. Morgan Chase, Citibank, and Bank of America. These five banks alone comprise approximately 82 percent of the market share for small business loans. At 39.02 percent of all loans reported as small loans to businesses, the number of small loans that the bank originated to businesses with revenues of \$1 million or less, is significantly below the 84.68 percent of businesses with revenues of \$1 million or less within the New York County AA. However, given the fact that the bank has only a 0.01 percent market share of both all small business lending and businesses with revenues of \$1 million or less in this AA, this distribution is indicative of a highly competitive lending market rather than preferential lending to businesses with revenues exceeding \$1 million.

Additionally, the bank made less than five percent of its small loans to businesses in this AA. As a result, more weight will be given to home mortgage loan products for this AA.

### **Community Development Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. Table 5 does not separately list CD loans.

The bank has made an adequate level of CD loans. This has a neutral impact on the lending test. The bank made 15 CD loans totaling \$11.02 million to 8 borrowers, which meet the CD lending criteria during the evaluation period of January 27, 2014 to February 20, 2017. There were 14 loans made in the Nassau County-Suffolk County AA , one loan made in the greater statewide or regional area, and no qualifying loans in the New York County AA during our review period that could still provide benefit to consumers in the bank's AAs. Of the 15 CD loans, four were to new borrowers and ten were renewals of previously extended lines. These loans include loans to community centers, community outreach programs, retail construction in low-income geographies, EPA Superfund cleanup, and business development funds, which provide access to credit or essential services to low- and moderate-income individuals and geographies. Some examples of the CD loans that were originated during the evaluation period included the financing of the following causes:

- A \$256 thousand loan to a community development group to construct a new YMCA and expand an existing YMCA facility, which provides activities for LMI children;
- A \$113 thousand loan to a small business to finance machinery to assist with the remediation of a federal designated disaster area; and
- A \$100 thousand loan to a state-wide organization that focuses on small business lending and economic development throughout New York State.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a neutral impact on the lending test conclusion. The bank offers standard loan products.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank's performance under the investment test is rated "Outstanding." Based on the full-scope reviews, the bank's performance in the Nassau County-Suffolk County AA is excellent and performance in the New York County AA is adequate.

Highlights of investment activities in the two AA's include:

- Nassau County-Suffolk County AA  
FNBLI has an excellent level of qualified investments and grants and exhibits good responsiveness to meeting the identified needs of the AA. The bank purchased 10 mortgage backed security (MBS) investments over the review period totaling \$21.17 million or 77.05 percent of total qualified investments. The bank has four investments held from the prior period that total \$6.1 million. The bank also made 48 donations totaling \$239,592 or 0.89 percent of total qualified investments.
- New York County AA  
FNBLI has a poor level of qualified investments and grants and low responsiveness to meeting the identified needs of the AA. There were two CD investments totaling \$205,893 or 0.75 percent of total qualified investments, and the bank made four donations totaling \$1,645 or 0.01 percent of total qualified investments. However, we placed less weight on performance within this AA given the limited number of branches, and most of the bank's employees live and work outside of the New York County AA.

Overall, the bank has an excellent level of qualified CD investments, totaling \$21.38 million, or 6.95 percent of Tier 1 Capital. The bank made \$21.17 million in qualified investments during the current evaluation period, while retaining \$6.10 million in qualified investments from the prior CRA evaluation cycle.

The bank makes significant use of innovative investments to support CD initiatives. The majority of the bank's qualified investment funds are in mortgage pass-through pools from Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), and Federal Home Loan Mortgage Corporation (FHLMC), in which the underlying borrowers are LMI individuals within the bank's AAs. When purchasing these MBS pools, the bank works with a broker to select pools based on census tract information.

The bank purchased 10 MBS pools in the current period, contributing \$21.17 million in qualified investments, which benefit the Nassau County-Suffolk County AA. Within nine of these pools, the majority of underlying borrowers are LMI. We considered the full book amount of these nine pools to qualify under CRA purposes. One of the pools was comprised of only 50 percent LMI borrowers. Therefore, in accordance with the 2010 CRA Interagency Questions & Answers, we considered the pro-rata amount for the underlying borrowers who are LMI.

We used the book value to determine the value of the bank's four MBS pools from the prior period. The bank also has two qualified CD investments with minority-owned banks totaling \$205 thousand.

The bank demonstrates leadership in CD through its membership in an organization that provides affordable housing to LMI individuals, through community development, mortgage counseling, and lending programs with strict income requirements for borrowers. Additionally, the bank made 48 qualified donations to community organizations designed to promote economic development or provide community services targeted to LMI individuals. Qualified donations and membership dues totaled \$241 thousand for the evaluation period.

Highlights of donations, grants, and investments within the Bank's AA include:

- A \$3.9 million mortgage backed security (MBS) that financed home loans for LMI borrowers or loan secured within LMI tracts with the purpose of affordable housing;
- Two Certificates of Deposit that totaled \$205.9 thousand to two locally minority-owned institutions; and
- A \$1.0 thousand donation to a non-profit organization to provide affordable housing opportunities on Long Island for those who are unable to afford homes, through development, technical assistance, mortgage counseling, homebuyer education and lending programs.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Nassau County-Suffolk County AA is excellent and performance in the New York County AA is adequate. More weight was placed on the bank's performance in the Nassau County-Suffolk County AA, as the majority of the bank's branches, deposits, and employees are located within that AA.

### **Retail Banking Services**

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

FNBLI's service delivery systems are readily accessible to geographies and individuals of different income levels throughout its Nassau County-Suffolk County AA and its New York County AA. Branch locations are mainly in middle- and upper-income geographies, but are in close proximity to low- and moderate-income geographies, accessible via main thoroughfares and public transportation. The bank opened nine new branches since the last CRA performance evaluation, and had no branch closings. Of the nine new branches, three were opened in Nassau County, with two located in middle-income census tracts and one in an upper-income census tract. Two branches were opened in Suffolk County, one branch in a moderate-income census tract and one in a middle-income census tract. In the New York County AA, the bank opened three branches in Queens County, all located in upper-income census tracts, and one in Kings County in a middle-income census tract.

FNBLI maintains no branches in low-income geographies, and three branches in moderate-income geographies in the Nassau County-Suffolk County AA. There are 13 low-income census tracts and 78 moderate-income census tracts in the AA. The majority, 58 percent of the geographies, are middle income tracts. At 7.50 percent, the number of branches located in the moderate-income geographies is well below the 16.06 percent of the population residing in moderate-income geographies in the Nassau County-Suffolk County AA. The bank maintains no branches in low- or moderate-income geographies in the New York County AA. Branch distribution across the bank's AAs include three branches in moderate-income geographies, 25 branches in middle-income geographies, and 19 branches in upper-income geographies.

The bank's hours of operations provide convenience and reasonable access for all AAs, and support delivery of all available loan and deposit products to all customers and do not preclude access for low- and moderate-income individuals. The bank has 38 full-service ATMs, 36 of which allow 24-hour access, and all ATMs accept deposits. Eighteen ATMs provide a language option for English or Spanish to facilitate customer use of the machines. Fourteen branches have drive-up facilities and 34 branches provide extended Friday evening and Saturday banking hours. The bank uses various alternative systems to deliver retail banking services to all customers, including LMI individuals and geographies. The bank's methods include online banking, telephone banking, mobile banking, and bank-by-mail.

Although the bank has no specific product or service geared toward LMI individuals, products and services have no income requirements. The bank offers a free checking account with no minimum balance that offers free online banking, e-statements, and bill pay, and also offers a free statement savings account with no minimum balance needed to earn interest.

## **Community Development Services**

The bank provides a relatively high level of CD services. During the evaluation period, 38 bank employees provided financial expertise and/or leadership services to 22 different qualifying CD organizations serving the bank's AAs.

The bank's performance under the CD Services Test is rated "High Satisfactory" for the Nassau County-Suffolk County AA. Thirty-two bank employees provided financial expertise and/or leadership services to 1 different qualifying CD organizations serving the bank's Nassau County-Suffolk County AA. These CD organizations include school programs dedicated to low- and moderate-income individuals, rotary clubs, programs that provide food and clothing to the homeless and needy families, business development centers, and organizations dedicated to providing low- and moderate-income individuals and families with affordable housing. The organizations are largely effective in serving the different cities, towns, and incorporated villages that make up Nassau and Suffolk Counties. Notable examples of the bank's participation in CD service serving this AA include:

- The bank's Chief Executive Officer is on the Board of Directors of an organization that strives to create jobs, spur private investment, promote economic development, reduce the property tax burden, and improve the overall business climate within the AA.
- The Chief Risk Officer serves on the Board of Directors of an organization that addresses the issues of hunger and homelessness by providing food, shelter, long-term housing, and support services in a dignified and respectful manner, to persons who seek needed help.
- The Executive Vice President of Operations sits on the Board of Directors of an organization that addresses the need for affordable housing within the AA. The programs provide opportunities for individuals/families who are unable to afford homes through technical assistance, mortgage counseling, homebuyer education, and lending programs.

The bank's performance under the CD Services Test is rated "High Satisfactory" for the New York County AA. Four bank employees provided financial expertise and/or leadership services to three qualifying CD organizations serving the bank's New York County AA. Given the tenure of the bank's presence within the Queens and Kings Counties in the New York County AA, the number of employees providing financial expertise within the AA is relatively high, as a majority of the bank's employees work and reside in the Nassau County-Suffolk County AA. One notable example of the bank's participation in CD service serving in this AA, is the Executive Vice President of Operations and the Vice President of Commercial Banking provide counseling to attendees of events for small business development, on deposit and loan products available to meet individual business needs.



Qualifying Community Development Organization in the broader statewide regional area

One employee provided financial expertise and/or leadership to one qualifying organization that provide general statewide services, which is inclusive of the Nassau County-Suffolk County and New York County AAs. The employee serves on the Board of Directors and the Credit Committee of the organization, which benefits the bank's AA in that it assists, promotes, and advances the business prosperity of the State of New York. The organization accomplishes their mission by providing loans to small businesses including start-up, early stage, and mature businesses with emphasis on minority- and women-owned businesses. The organization aims to be creative in underwriting, facilitates flexible amortizations, long-term pay-outs, and promotes SBA guarantees.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/2014 to 12/31/2016 Investment and Service Tests and CD Loans: 01/27/2014 to 02/20/2017	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
The First National Bank of Long Island (FNBLI) 10 Glen Head Road Glen Head, NY 11545	Home Mortgages, Small Loans to Businesses, CD Loans, Qualified CD Investments and Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Nassau County-Suffolk County #35004	Full-Scope	
New York County #35644	Full-Scope	

## Appendix B: Market Profiles for Full-Scope Areas

### Description of Assessment Area(s)

#### First National Bank of Long Island (FNBLI) Nassau County-Suffolk County, MD 35004

Demographic Information for Full-Scope Area: FNBLI - Nassau County-Suffolk County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	555	2.34	14.05	58.02	24.14	1.44
Population by Geography	2,589,487	2.54	16.06	58.66	22.58	0.16
Owner-Occupied Housing by Geography	694,396	1.13	12.04	60.90	25.93	0.00
Businesses by Geography	210,810	1.63	12.85	58.17	27.33	0.02
Farms by Geography	4,157	1.97	16.14	60.14	21.75	0.00
Family Distribution by Income Level	651,617	1.74	14.33	59.57	24.36	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	238,665	3.55	22.62	59.22	14.61	0.00
Median Family Income	= \$101,543					
HUD Adjusted Median Family Income for XXXX	= \$106,200					
Households Below the Poverty Level	= 5%					
				Median Housing Value	= \$490,549	
				Unemployment Rate	= 3.9%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and XXXX HUD updated MFI.

FNBLI has two AAs within the New York-Northern New Jersey-Long Island, NY-NJ-PA MSA #35620. They are the New York-Jersey City-White Plains, NY-NJ MD AA (#35614) and the Nassau County-Suffolk County, NY MD (#35004). As presented above, the AA is the Nassau Suffolk, New York, MD (#35004), includes Nassau and Suffolk Counties, which is also part of the New York-Northern New Jersey-Long Island MSA #35620. The AA meets regulatory guidelines, as it corresponds to accepted political subdivisions (counties) and does not arbitrarily exclude any low- or moderate-income areas.

The bank provides banking services throughout its Nassau County-Suffolk County AA with 40 full service retail branches and 33 ATMs, of which 25 are located in Nassau County, and 15 are located in the Suffolk County. As presented above, the AA is comprised of 555 census tracts in Nassau and Suffolk Counties. The AA census tracts are spread among 13 low-income (2.34 percent), 78 moderate-income (14.05 percent), 322 middle-income (58.02 percent), 134 upper-income (24.14 percent), and 8 N/A (1.44 percent) listed as unknown by the US Census Bureau. Total population within the AA is 2,589,487. The median family income is \$101,543. The AA consists of 651,617 families of which 104,721 or 16.07 percent are low-to-moderate income families.

Based on data from the US Bureau of Labor Statistics, the December 2016 preliminary unemployment rate for the New York State was 4.9 and the unemployment rate for the Nassau County-Suffolk County AA was 3.9 percent, compared to the national rate of 4.7 percent. The Nassau County-Suffolk County AA banking market is highly competitive. The deposit market is dominated by large multinational institutions. In this area, FNBLI's major competitors include JPMorgan Chase, National Association (N.A.); Capitol One, National Association; Citibank, National Association, Bank of America, National Association; and TD Bank, National Association. FNBLI's deposit market share is 1.96 percent, which makes the bank the 12th largest institution in the area (out of 39). The bank's strategy is to continue to grow and expand its market area by increasing its branch and lending network. Major employers in Nassau and Suffolk Counties are Northwell Health, Cablevision System Corp, Henry Schein Inc., CA Inc., Pall Corp, and Broadridge Financial Solutions Inc. Top industry sectors are manufacturing, education and health services, government, professional and business services, and retail.

Nassau County-Suffolk County has experienced economic volatility more recently. Payroll growth was unusually volatile in 2016, featuring both the two strongest months since 2012 and the weakest; the typical absolute monthly employment change is nearly three times the 2013-2015 average. Construction accounts for much of the recent pickup, with healthcare a solid contributor as well. However, consumer industries have slowed, and weakness on Wall Street are spilling into financial services. The unemployment rate remains the lowest among large New York metro areas or divisions, but the labor market is mixed; average hourly earnings are stuck in neutral and the labor force is shrinking.

Moody's Analytics report the strengths of the Nassau County-Suffolk County AA, which include the highly skilled workforce, linkages with New York City's economy supports high per capita income, and above average industrial diversity. However, among the area's weaknesses are high housing costs, lack of developable land, high tax burden for residents and firms, and weak population growth and rapidly rising share of retirement-age seniors.

Moody's Analytics believes that Nassau County-Suffolk County AA will gradually emerge from its rocky 2016, but subpar growth will be the norm. As housing struggles to emerge from its slow growth, Long Island will have a tough time achieving a self-sustaining expansion. Major projects, however, will keep Nassau and Suffolk Counties afloat while injecting upside risk into the outlook. Longer term, weak demographics will confine performance to below average.

**First National Bank of Long Island New York County, MD 35614**

Demographic Information for Full-Scope Area: FNBLI - New York County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1556	10.22	30.59	34.70	21.59	2.89
Population by Geography	5,349,602	12.46	35.15	31.68	20.65	0.007
Owner-Occupied Housing by Geography	698,468	3.96	22.99	40.08	32.97	0.00
Businesses by Geography	377,455	8.15	22.89	24.95	39.95	4.06
Farms by Geography	1,624	4.86	22.11	30.42	40.83	1.79
Family Distribution by Income Level	1,208,724	12.48	35.05	33.05	19.42	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	577,117	20.00	43.90	27.59	8.51	0.00
Median Family Income	= \$68,006					
HUD Adjusted Median Family Income for XXXX	= \$72,600					
Households Below the Poverty Level	= 17%					
				Median Housing Value	= \$549,407	
				Unemployment Rate	= 4.1%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and XXXX HUD updated MFI.

As presented above, the AA is the New York-Jersey City-White Plains, NY-NJ MD (#35614), includes Kings, Queens, and New York Counties, which is also part of the New York-Northern New Jersey-Long Island MSA #35620. The bank provides banking services throughout its New York County AA with six full service retail branches and five ATMs, of which one is located in Kings County, two in New York County, and three are located in Queens County. All of the branches are located within the AA.

As presented above, the AA is comprised of 1,556 census tracts in the Kings, Queens, and New York Counties. The AA census tracts are spread among 159 low income (10.22 percent), 476 moderate-income (30.59 percent), 540 middle-income (34.70 percent), 336 upper-income (21.59 percent), and 45 N/A (2.89 percent) listed as unknown by the US Census Bureau. Total population within the AA is 5,349,602. The median family income is \$68,006. The AA consists of 1,208,724 families of which 574,432 or 47.53 percent are low-to-moderate income families.

The New York County AA banking market is highly competitive. In this area, FNBLI's major competitors include; JPMorgan Chase, National Association; The Bank of New York Mellon; HSBC Bank, USA, National Association; Citibank, National Association; and Bank of America, National Association; Deutsche Bank Trust Company; and Capitol One, National Association. FNBLI's deposit market share is 0.02 percent, which makes the bank the 75th largest institution in the area (out of 107). Based on data from the US Bureau of Labor Statistics, the December 2016 preliminary unemployment rate for the New State was 4.9 percent, and the unemployment rate for the New York County AA was 4.1 percent, compared to the national rate of 4.7 percent.

Major employers in New York County AA are Northwell Health, JPMorgan Chase and Co., Mount Sinai Medical Center, Macy's Inc., Citibank, NA; New York-Presbyterian Healthcare System, and Bank of America. Top industry sectors are education and health services, professional and business services, government, and financial activities.

With two of its key catalysts slumping, New York City-Jersey City- White Plains is no longer growing at a high pace. Gains in construction have stopped, and financial services are again moving in a negative direction. The unemployment rate has settled in at just above five percent, not much different from a year ago, but labor force participation has significantly decreased in 2016. However, hospitals are still hiring at a high pace, and employment in leisure/hospitality has picked up. The increase in the latter, however, is tilting hiring back toward low-wage industries, putting downward pressure on income. The housing market, meanwhile, has slowed, with permits and prices slumping.

Moody's Analytics report the strengths of the New York County AA to be strong international immigration, high per capita income and limited exposure to manufacturing and financial capital of the world. However, among the area's weaknesses are high business costs, especially office rents and energy, costly housing and tax burdens, and overreliance on wealthy overseas buyers to support real estate market.

Moody's Analytics believes that the New York County AA will settle into a more sustainable growth path in the near term. Numerous drivers, including real estate and finance, will prove less potent, and consumption will disappoint as tourism slows. Longer term, solid demographics are an advantage, but a mature economy and stressed infrastructure will hold back growth.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies.

The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.



Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Institution ID: THE FIRST NATIONAL BANK OF LI (10000013126) (Included)

**Table 1. Lending Volume**

LENDING VOLUME		Geography: FNBLI				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016						
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
FNBLI - Nassau County-Suffolk County AA	65.01	300	107,887	757	156,106	2	200	9	11,020	1,059	264,193	1.96
FNBLI - New York County AA	34.99	529	319,113	41	10,049	0	0	0	0	570	329,162	0.02

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2014 to December 31, 2016.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: FNBLI				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share (%) by Geography*				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
FNBLI - New York County AA	316	67.67	3.96	1.90	22.99	18.67	40.08	21.84	32.97	57.59	0.43	0.15	0.35	0.23	0.72
FNBLI - Nassau County-Suffolk County AA	151	32.33	1.13	3.31	12.04	17.22	60.90	40.40	25.93	39.07	0.11	0.35	0.14	0.07	0.21

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: THE FIRST NATIONAL BANK OF LI (10000013126) (Included)

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: FNBLI						Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
FNBLI - New York County AA	7	58.33	3.96	0.00	22.99	0.00	40.08	57.14	32.97	42.86	0.18	0.00	0.00	0.34	0.17
FNBLI - Nassau County-Suffolk County AA	5	41.67	1.13	0.00	12.04	0.00	60.90	60.00	25.93	40.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: THE FIRST NATIONAL BANK OF LI (10000013126) (Included)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: FNBLI				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share (%) by Geography*				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	II					
<b>Full Review:</b>																
FNBLI - New York County AA	195	57.69	3.96	2.56	22.99	20.51	40.08	18.97	32.97	57.95	0.42	0.33	0.45	0.09	0.75	
FNBLI - Nassau County-Suffolk County AA	143	42.31	1.13	2.10	12.04	23.08	60.90	41.96	25.93	32.87	0.21	0.00	0.49	0.15	0.24	

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: THE FIRST NATIONAL BANK OF LI (10000013126) (Included)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: FNBLI					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share (%) by Geography*				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa ll	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
FNBLI - New York County AA	14	82.35	14.49	0.00	33.26	42.86	23.06	42.86	29.19	14.29	0.23	0.00	0.38	0.18	0.17	
FNBLI - Nassau County-Suffolk County AA	3	17.65	8.50	0.00	26.84	33.33	51.26	66.67	13.39	0.00	0.75	0.00	0.00	1.35	0.00	

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Institution ID: THE FIRST NATIONAL BANK OF LI (10000013126) (Included)

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: FNBLI				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *									
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
FNBLI - New York County AA	39	4.91	8.15	0.00	22.89	5.13	24.95	61.54	39.95	33.33	0.01	0.00	0.00	0.01	0.01					
FNBLI - Nassau County-Suffolk County AA	756	95.09	1.63	1.06	12.85	13.10	58.17	54.23	27.33	31.61	0.31	0.34	0.26	0.30	0.36					

\* Based on 2015 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2016).

Institution ID: THE FIRST NATIONAL BANK OF LI (10000013126) (Included)

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS												Geography: FNBLI				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*									
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
FNBLI - New York County AA	0	0.00	4.86	0.00	22.11	0.00	30.42	0.00	40.83	0.00	0.00	0.00	0.00	0.00	0.00					
FNBLI - Nassau County-Suffolk County AA	2	100.00	1.97	0.00	16.14	0.00	60.14	0.00	21.75	100.00	1.12	0.00	0.00	0.00	5.26					

\* Based on 2015 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2016).



Institution ID: THE FIRST NATIONAL BANK OF LI (10000013126) (Included)

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: FNBLI						Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>1</sup>	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
FNBLI - New York County AA	317	67.74	30.06	0.95	17.69	8.25	17.47	6.98	34.79	83.81	0.50	0.31	0.09	0.13	0.67
FNBLI - Nassau County-Suffolk County AA	151	32.26	18.41	3.97	18.22	28.48	23.70	12.58	39.68	54.97	0.13	0.09	0.02	0.04	0.29

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.4% of loans originated and purchased by bank.

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: THE FIRST NATIONAL BANK OF LI (10000013126) (Included)

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: FNBLI				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share*				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>2</sup>	% BANK Loans****	% Families** *	% BANK Loans****	% Families** *	% BANK Loans****						
<b>Full Review:</b>																
FNBLI - New York County AA	7	58.33	30.06	0.00	17.69	42.86	17.47	0.00	34.79	57.14	0.20	0.00	0.53	0.00	0.21	
FNBLI - Nassau County-Suffolk County AA	5	41.67	18.41	0.00	18.22	100.00	23.70	0.00	39.68	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: THE FIRST NATIONAL BANK OF LI (10000013126) (Included)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: FNBLI								Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>3</sup>	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans***	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
FNBLI - New York County AA	195	57.69	30.06	1.03	17.69	10.31	17.47	9.79	34.79	78.87	0.52	0.22	0.60	0.14	0.64
FNBLI - Nassau County-Suffolk County AA	143	42.31	18.41	3.50	18.22	30.07	23.70	19.58	39.68	46.85	0.27	0.10	0.38	0.26	0.24

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.3% of loans originated and purchased by bank.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: THE FIRST NATIONAL BANK OF LI (10000013126) (Included)

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: FNBLI			Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
FNBLI - New York County AA	41	5.14	84.86	39.02	39.02	26.83	34.15	0.01	0.01
FNBLI - Nassau County-Suffolk County AA	757	94.86	87.03	39.89	52.91	24.74	22.35	0.31	0.28

\* Based on 2015 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&amp;B - 2016).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Institution ID: THE FIRST NATIONAL BANK OF LI (10000013126) (Included)

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: FNBLI			Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
FNBLI - New York County AA	0	0.00	95.07	0.00	0.00	0.00	0.00	0.00	0.00
FNBLI - Nassau County-Suffolk County AA	2	100.00	95.93	100.00	100.00	0.00	0.00	1.12	2.86

\* Based on 2015 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2016).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Institution ID: THE FIRST NATIONAL BANK OF LI (10000013126) (Included)

**Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS																		Geography: FNBLI				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016			
Assessment Area:	Geographic Distribution										Borrower Distribution														
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers								
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans							
<b>Full Review:</b>																									
FNBLI - New York County AA	0	0.00	11.24	0.00	32.65	0.00	31.54	0.00	24.56	0.00	29.75	0.00	15.75	0.00	16.45	0.00	38.05	0.00							
FNBLI - Nassau County-Suffolk County AA	0	0.00	2.13	0.00	15.17	0.00	59.69	0.00	23.01	0.00	22.33	0.00	16.18	0.00	19.84	0.00	41.65	0.00							

\* Consumer Loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of households is based on 2010 Census Information.

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**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: FNBLI				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016			
Assessment Area:	Prior Period Investments <sup>*</sup>		Current Period Investments		Total Investments			Unfunded Commitments <sup>**</sup>	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
FNBLI - Nassau County-Suffolk County AA	4	6,101	58	21,420	62	27,521	99.25	0	0
FNBLI - New York County AA	0	0	6	207	6	207	0.75	0	0

<sup>\*</sup> 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

<sup>\*\*</sup> 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Institution ID: THE FIRST NATIONAL BANK OF LI (10000013126) (Included)

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: FNBLI				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					
MA/Assessment Area:	Deposit s	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
FNBLI - Nassau County-Suffolk County AA	1.96	40	86.96	0.00	7.50	60.00	32.50	2	0	0	1	1	0	2.54	16.06	58.66	22.58
FNBLI - New York County AA	0.02	6	13.04	0.00	0.00	16.67	83.33	4	0	0	0	1	3	12.46	35.15	31.68	20.65



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**Distribution of Branch and ATM Delivery System**

Distribution of Branch and ATM Delivery System				Geography: FNBLI				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016									
MA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
FNBLI - Nassau County-Suffolk County AA	1.96	40	86.96	0	8	60	33	33	86.84	0	1	20	12	2.54	16.06	58.66	22.58
FNBLI - New York County AA	0.02	6	13.04	0	0	17	83	5	13.16	0	0	1	4	12.46	35.15	31.68	20.65