



**NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2010

**Institution: GOLDMAN SACHS BANK USA
200 WEST STREET
NEW YORK, NY 10281**

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

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Goldman Sachs Bank USA (“GS Bank”), New York Operations prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2010.

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

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

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

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall CRA Rating: "Outstanding"

GS Bank's performance was evaluated according to the community development test for wholesale or limited purpose banking institutions pursuant to Part 76.11 of the General Regulations of the Banking Board. The assessment period commenced from November 28, 2008 when the bank was chartered by NYS, to December 31, 2010. This is the first evaluation of GS Bank's CRA performance pursuant to the NYS laws and regulations.

GS Bank is rated "1" indicating an "Outstanding" record of helping to meet community credit needs.

This rating is based on the following factors:

Community Development Activity (Loans, Investments, Services): "Outstanding"

GS Bank's community development performance demonstrated excellent responsiveness to the community development needs of its assessment area considering GS Bank's capacity, the need and availability of such opportunities for community development in its assessment area. In addition, GS Bank conducted community development activities in New York State outside of its assessment area, and in designated disaster areas outside of New York State.

Community Development Loans: "Outstanding"

During the evaluation period, GS Bank originated \$396 million in new community development loans, and had \$51 million outstanding from loans made in New York State by affiliates of the Utah chartered GS Bank prior to the charter conversion. The total loans amounted to \$447 million, including the \$54 million loans made for the affordable housing projects in the designated disaster areas hard hit by Hurricane Katrina.

Community Development Qualified Investments: "Outstanding"

During the evaluation period, GS Bank made \$320 million in new community development investments in New York State and designated disaster areas, and had \$30 million outstanding from the prior evaluation period made by affiliates of the Utah-chartered GS Bank prior to its charter conversion. Total grants contributed amounted to \$27 million.

Community Development Services: "Outstanding"

GS Bank demonstrated an excellent level of community development services over the course of the evaluation period. GS Bank has provided diversified and innovative

community services through the participation of its officers and employees, including those of the parent holding company GS Group.

Innovative or Complex Practices: “Outstanding”

GS Bank demonstrated an excellent level of innovative, complex and flexible community development practices.

Responsiveness to Credit and Community Development Needs: “Outstanding”

GS Bank demonstrated an excellent level of responsiveness to credit and community development needs.

This Evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution Profile:

Goldman Sachs Bank USA (**GS Bank**) was established as a New York State chartered Federal Reserve member bank as part of Goldman Sachs Group's (**GS Group**) transition to a bank holding company. It combined several pre-existing Goldman Sachs legal entities, including the Utah Industrial Bank and the Goldman Sachs Trust Company. GS Bank is one of the six primary entities of the GS Group operating in the U.S. It has its main office at 200 West Street, New York City and a branch at Salt Lake City, Utah.

On November 28, 2008, GS Bank was chartered by New York State, and received approval to become a member bank of the Federal Reserve System. The evaluation period for this examination extends from November 28, 2008 through December 31, 2010.

GS Bank's primary businesses include corporate lending, derivatives, mortgage related investing, agency lending, hedge fund administration, custody and private banking activities. It does not directly originate retail consumer loans or small business loans other than as an accommodation to its high net worth clients and/or employees. GS Bank is a designated wholesale bank for CRA purposes, approved by the Federal Reserve Bank of New York on July 9, 2009.

As per the Consolidated Report of Condition (the Call Report) as of December 31, 2010, GS Bank reported total assets of \$89 billion, of which \$4.4 billion were net loans receivables, and \$38 billion were trading assets. Total liabilities reported were \$71 billion, including domestic deposits of \$32 billion and trading liabilities of \$16 billion.

A summary of the bank's loan portfolio, based on Schedule RC-C of the bank's December 31, 2008, December 31, 2009 and December 31, 2010 Call Reports, is provided on the following page.

TOTAL GROSS LOANS OUTSTANDING						
Loan type	12/31/2008		12/31/2009		12/31/2010	
	\$000's	%	\$000's	%	\$000's	%
Real estate loans						
1-4 family residential mortgage	533,000	12.5	678,000	21.2	972,000	22.2
Commercial Mortgage	8,000	0.2	8,000	0.3	144,000	3.3
Multifamily (5 or more)	0	0.0	0	0.0	15,000	0.3
Construction Loans	0	0.0	23,000	0.7	29,000	0.7
Commercial & Industrial	2,650,000	62.1	887,000	27.8	824,000	18.8
Consumer Loans	146,000	3.4	171,000	5.4	222,000	5.1
Other loans						
Loans to purchase securities	338,000	7.9	89,000	2.8	233,000	5.3
Loans to banks outside U.S.	0	0.0	0	0.0	0	0.0
All other Loans	591,000	13.9	1,340,000	41.9	1,934,000	44.2
Total Gross Loans	4,266,000	100.0	3,196,000	100.0	4,373,000	100.0

There are no known financial or legal impediments that adversely impacted the bank's ability to meet the credit needs of its community.

Assessment Area:

GS Bank's assessment area consists of the five boroughs of New York City. There are 2,217 census tracts in the area, of which 326 are low-income, 613 moderate-income, 663 middle-income, 557 upper-income and 58 tracts with no income indicated. Overall, LMI areas represented 42.4% of the total census tracts, and were concentrated in Bronx County, New York County (Upper Manhattan) and Kings County (Central Brooklyn) constituting 81% of total LMI areas.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	14	132	98	65	46	355	64.8
Kings	15	119	297	235	117	783	53.1
New York	9	60	59	24	144	296	40.2
Queens	18	12	148	310	185	673	23.8
Richmond	2	3	11	29	65	110	12.7
Total	58	326	613	663	557	2,217	42.4

The assessment area appears reasonable based upon the location of the bank's offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Demographic & Economic Data

The assessment area had a population of 8.0 million according to the 2000 U.S. Census. Approximately 11.7% of the population were over the age of 65 and 21.6% were under the age of 16.

Of the 1.87 million families in the assessment area, 30.7% were low-income, 16.7% were moderate-income, 17.0% were middle-income and 35.5% were upper-income families. New York City has a large share of both high-income households (35.5%) and low-income households (30.7%).

There were 3 million households in the assessment area, of which 19.7% had income below the poverty level and 7.5% were on public assistance. Poverty levels and other indicators of need, including the number of recipients of public assistance and the area's unemployment rate were highest in the Bronx and Kings Counties.

The MSA median family income within the assessment area in 2000 was \$49 thousand. Among the five counties, Bronx County had the lowest median household income at \$29 thousand while Richmond County (Staten Island) was the highest (at \$56 thousand). The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area was \$66 thousand for the year of 2010.

There were 3.2 million housing units within the assessment area, of which 39.1% were one- to four-family units, and 61.0% were multi-family units. A majority (65.9%) of the area's housing units were renter-occupied, while 28.5% were owner-occupied. Of the 2.1 million renter-occupied housing units, 53.38% were in low- to moderate-income geographies while 23.6% were in middle-income tracts. The median monthly gross rent was \$745.

Of the 912 thousand owner-occupied housing units, 20.64% were in low- to moderate-income tracts and 34.4% were in middle-income tracts. The median age of the housing stock was 60 years and the median home value in the assessment area was \$241 thousand.

There were 499 thousand non-farm businesses in the assessment area. Of these, 74.9% were businesses with reported revenues of less than or equal to \$1 million, 5.3% reported revenues of more than \$1 million and 19.8% did not report their revenues. Major industries in the area were service providers (46.4%), followed by retail trade industry (16.9%), and finance, insurance and real estate (9.5%), while 8.7% of businesses in the assessment area were not classified.

Of all the businesses in the assessment area, 83.8% were businesses with less than fifty employees while 92.5% operated from a single location. The majority of businesses (67%) had one to four employees.

Statistics on Pre-foreclosure Filings (PFF), Modifications or Foreclosures

New York State's 2009 Mortgage Foreclosure Law, approved on December 15, 2009, requires that a pre-foreclosure notice be sent, at least 90 days before the lender commences legal action against all borrowers with home loans. The latest report on the 90-day pre-foreclosure notice mailing requirement compiled and issued by the New York State Banking Department covered the period between February 13, 2010 and August 31, 2010. It involved 134,000 borrowers with mortgages on owner-occupied 1-to-4 family residential properties in New York State.

PFF notices were highest in Queens County among the five New York City counties and second highest among all 62 counties in New York State.

A breakdown of all PFF notices filed in the five counties representing the New York City region during the February 2010 – August 2010 period follows:

County	PFF Volume	% to total filings
Queens	15,184	11.3%
Kings	11,037	8.2%
Bronx	4,639	3.5%
Richmond	4,620	3.4%
New York	2,980	2.2%

The statewide average of 90-day pre-foreclosure filings as a percentage to total mortgages on comparable properties was 5.2% representing 134,000 borrowers and 2.577 billion mortgage loans. All county filings (except New York County) were above the statewide average, as indicated in the chart below.

PFF notices as a percentage to total mortgages on comparable properties for the 5 boroughs during the February 2010 – August 2010 period follows:

County	PFF Volume	% to PFF notices	Mortgages (in thousands)	% of Mortgages
Bronx	4,639	3.5%	62,226	7.5%
Queens	15,184	11.3%	223,351	6.8%
Kings	11,037	8.2%	175,471	6.3%
Richmond	4,620	3.4%	87,260	5.3%
New York	2,980	2.2%	108,125	2.8%

New York State Department of Labor unemployment rates

Statistics published by the New York State Department of Labor showed that the average unemployment rate for New York State rose from 5.3% in 2008 to 8.4% in 2009 and 8.6% in 2010. The same upward trend was also manifested in the five counties of the New York City region.

The chart below describes how unemployment rates in the five counties comprising the New York City Region compared with statewide averages for the last three years.

Assessment Area Unemployment Rate						
Year	NYS	Bronx	Kings	New York	Queens	Richmond
2008	5.3%	7.3%	5.8%	4.7%	4.9%	4.9%
2009	8.4%	12.2%	10.1%	8.5%	8.6%	8.4%
2010	8.6%	12.8%	10.2%	8.0%	8.5%	8.7%

Community Information

Examiners also reviewed information provided by several community development intermediaries and non-profit organizations to obtain further insight into the community credit needs in GS Bank's assessment area.

The following community development corporations (CDCs) were interviewed:

- The New York branch of a large U.S. community development intermediary founded by the Ford Foundation in 1979. The non-profit provides grants, financing, and technical assistance to community development corporations that are active in distressed areas.
- A city-wide, tax-exempt, not-for-profit organization, founded in 1970 whose mission is to preserve and develop affordable housing for low and moderate-income New Yorkers with emphasis on senior citizens in NYC neighborhoods.
- A leading CDFI that provides loans, grants and technical assistance for affordable housing, schools, child care facilities, green buildings, healthy food outlets and transit oriented developments. The CDFI manages a newly formed fund that will finance fresh food retailers that serve LMI areas aimed at increasing fresh food stores to help mitigate growing health concerns such as child obesity and diet related diseases.
- A NYC non-profit member organization composed of 98 neighborhood based groups engaged in housing, community development and economic

development in low- and moderate-income neighborhoods throughout the five boroughs in the New York City.

The economic crisis of 2008 and 2009 continued to impact the credit markets, posing challenges to the community development (CD) industry nationwide. GS Bank observed a sharp decline in the availability of credit for community development projects, due to drop in prices of Low Housing Tax Credits (LIHTCs)¹ as more corporate profits diminished; unwillingness of banks to lend during this period; reduced federal, state and city government subsidies faced with loss of tax revenues; and declining level of private philanthropy. These observations were also shared by the Executive Director and Senior Loan Officer of a leading CDFI contacted during the exam.

GS Bank identified the lack of affordable housing as a priority community need of the assessment area. Even with declining home values, the New York City area remains the least affordable housing market in the country. Other needs commented by the community groups interviewed were affordable housing support for special groups such as senior citizens, disabled and veterans; and the funding need to refinance overleveraged multi-family apartments buildings, with some of which in a state of disrepair.

The community based organizations contacted during the evaluation credited GS Bank for employing direct methods of deploying capital, as well as for using innovative and complex financing structures such as New Market Tax Credits, to provide financial and technical assistance to meet the challenges brought about by changes in economy and demographics in NYC. Some of the contacts, however, commented that GS Bank should utilize its resources to provide more philanthropic endowments to non-profit and community-based organizations, in their common objective of providing much needed community services to low- to moderate-income New Yorkers.

¹ Low Income Housing Tax Credit (LIHTC) is a dollar-for-dollar tax credit to corporate investors to encourage affordable housing investments.

PERFORMANCE TEST AND ASSESSMENT FACTORS

The Banking Department evaluates the CRA performance of wholesale banks pursuant to the “community development test,” as provided for in Section 76.11 of the General Regulations of the Banking Board. Performance criteria include (1) the number and amount of community development loans, qualified investments or community development services; (2) the use of innovative or complex qualified investments, community development loans or community development services and the extent to which investments are not routinely provided by private investors; and (3) the banking institution’s responsiveness to credit and community development needs. In addition, the following factors were also considered in assessing GS Bank’s record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications; evidence of prohibited discriminatory or other illegal credit practices; record of opening and closing offices and providing services at offices; and process factors such as activities to ascertain credit needs; and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Article 2, Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

This is the initial evaluation of GS Bank’s CRA performance pursuant to the above criteria. The assessment period covers the time from November 28, 2008 when the bank was licensed as a New York State chartered bank, till December 31, 2010.

Statistics employed in this evaluation were derived from various sources. The demographic data referred to in this report were derived from the 2000 U.S. Census data with the updated median family income figures provided by the U.S. Department of Housing and Urban Development (“HUD”). Business demographic data used in this report were derived from information on US businesses, enhanced by Dun & Bradstreet and updated annually. Call report data that the institution filed with the Federal Deposit Insurance Corporation (FDIC), are also used in the analysis.

Prior to its conversion to the New York State charter, GS Bank operated as a Utah state-chartered bank and received a CRA rating of “Satisfactory” as of June 16, 2008 from the FDIC.

Current CRA Rating: “Outstanding”

Community Development Activities: “Outstanding”

GS Bank’s community development performance demonstrated an excellent responsiveness to the community development needs of its assessment area, considering GS Bank’s capacity and the need for community development in its assessment area. In addition, GS Bank conducted community development activities in

New York State outside of its assessment area, and in designated disaster areas outside of New York State.

During the evaluation period, GS Bank originated a total of \$823 million in community development loans, investments and grants in the above mentioned areas. Details of the community development activity are provided below:

Community Development Lending: "Outstanding"

During the evaluation period, GS Bank originated \$396 million in new community development loans, and had \$51 million outstanding from loans made in New York State by affiliates of the Utah chartered GS Bank prior to the charter conversion. The total loans amounted to \$447 million, including the \$54 million loans made for the affordable housing projects in the designated disaster areas hard hit by Hurricane Katrina.

Total community development loans represented an annualized rate of 0.24% of total assets as of 12/31/2010. The volume level and the high degree of innovativeness, complexity, and flexibility of the loan products in responding to immediate credit needs of the communities demonstrated an excellent level of lending over the course of the evaluation period.

Community Development Loans				
Purpose	This Evaluation Period		Outstanding from Prior Evaluation Period	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	9	135,579	1	47,500
Economic Development	4	42,422	-	-
Community Services	3	73,800	-	-
Revitalization & Stabilization	11	144,459	1	3,080
Total	27	396,260	2	50,580

Below are highlights of GS Bank's community development lending activities:

- GS Bank participated \$11.5 million in a \$32 million non-revolving line of credit (LOC) to Restored Homes, a housing development finance corporation (HDFC) for affordable housing. The facility helped to acquire, rehabilitate and sell real estate owned (REO) and other distressed 1-4 family homes in NYC neighborhoods that had the highest concentration of foreclosures. GS Bank was the largest provider of capital to the loan fund (NYC REO Fund) facility.
- GS Bank granted a \$20 million term loan facility to Seedco Financial Services to provide financial assistance to small businesses. Seedco is a national community development loan fund (CDLF) that provides affordable financing and

comprehensive technical assistance to non-profit organizations and small businesses located in economically distressed and underserved communities. The loan was part of GS Bank's initiative to assist small businesses, as well as strengthen the capacity of CDFIs to promote small business lending. This initiative, titled "10,000 Small Businesses", is a \$500 million program developed to assist LMI small businesses through a combination of capital, technical assistance, educational and business support services.

GS Bank engaged in innovative and complex deals in its community development lending. GS Bank also demonstrated flexibility by making a significant number of direct loans to facilitate affordable housing and mixed use projects in LMI neighborhoods. GS Bank is a pioneer in making direct loans to real estate developers to acquire lands and in providing funds for pre-development expenses of affordable housing and other community projects. Examples of its projects are listed below:

- GS Bank committed \$40 million to a newly formed loan fund that finances fresh food retailers in low-income communities in New York State that otherwise would not have a convenient source of fresh food. The highly innovative New York Healthy Food and Healthy Communities Fund managed by the Low Income Investment Fund (LIIF), provides financing for food markets throughout New York State. LIIF is a national community development financial institution (CDFI) that provides a variety of financing and technical assistance to help low-income communities.
- GS Bank made a \$10 million commitment to a real estate developer to acquire and prepare sites for the construction of new affordable housing and mixed-use projects that help to address the needs of affordable housing and neighborhood revitalization. To date, this facility has financed two projects in LMI census tracts of Brooklyn and Bronx.
- GS Bank participated \$10 million in a \$72 million Standby Letter of Credit to provide credit support for the construction of two multi-family affordable housing projects in East Harlem, part of New York County. The project is one of several complex deals using different fund sources and the coordination of multiple city agencies, for-profit and not-for profit developers and private investors.

Community Development Investments: "Outstanding"

During the evaluation period, GS Bank made \$320 million in new community development investments in New York State and designated disaster areas, and had \$30 million outstanding from the prior evaluation period made by affiliates of the Utah-chartered GS Bank prior to its charter conversion. Total grants contributed amounted to \$27 million.

	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	9	\$ 225,896	5	12,253
Economic Development	1	\$ 7,698	-	-
Community Services	3	\$ 24,389	-	-
Revitalization & Stabilization	6	\$ 61,765	3	17,806
Total	19	\$ 319,748	8	30,059
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	9	\$ 733		
Economic Development	5	\$ 2,811		
Community Services	58	\$ 22,881		
Revitalization & Stabilization	3	\$ 365		
Total	75	\$ 26,790		

Total investments of \$377 million represented an annualized rate of 0.2% of GS Bank’s total assets as of 12/31/2010. More than 50% of its investments in New York were for affordable housing, while the rest were for small business and other projects benefitting LMI communities. In addition to meeting the credit needs of the communities in New York, GS Bank made \$56 million investments and \$300 thousand grants in the designated disaster areas hard hit by Hurricane Katrina, to finance the projects of affordable housing and economic development.

This demonstrated an excellent level of community development investments over the course of the evaluation period.

Many of the investments were made in the form of purchases of Low Income Housing Tax Credits (LIHTCs) for affordable housing projects, and New Market Tax Credits (NMTCs) to finance small businesses, mixed-use buildings, and charter schools.

- LIHTCs¹ involve a great deal of complexity due to the multi-layer sources of debt and equity financing, as well as coordination with several government agencies. Underwriting of these deals also involve a complex process of evaluating income, demographics, housing demand and availability of government subsidies. GS invested \$172 million in affordable housing projects by the purchase of LIHTCs. One example was a \$6.6 million investment to acquire, rehabilitate and preserve an existing multi-family rental building at 1428 5th Ave, in the low-income neighborhood of Harlem located in New York County.
- NMTCs are complex because of the highly complex imbedded legal structure.

¹ Refer to the Glossary Section of this report for more information in Low Income Housing Tax Credits and New Markets Tax Credits.

NMTCs offer tax credits to investors by making qualified equity investments in community development entities (CDEs), which in turn use the proceeds to make qualified investments geared to stimulate economic and community development and job creation in low-income communities. A total of \$75.5 million was invested in NMTC for community development activities during the evaluation period. One example is a \$15.6 million investment in NMTC to finance a mixed-use rental housing project located at 11 Broadway in Kings County. The building consists of 160 housing units and approximately 20,000 square feet of retail space, leased to a fresh food grocer. The project thus provides rental housing for LMI individuals along with access to fresh foods.

GS Bank has designed some of its mix-used projects in LMI communities to be built on lands donated by the NYC Department of Housing Preservation and Development. As part of the projects, GS Bank funded the acquisition of private land adjacent to city-owned lands to create larger community development projects. A total of \$36 million was invested in achieving this goal. An example of this is an \$11.3 million equity investment to finance the pre-development and new construction of two mixed-use projects in the Bedford-Stuyvesant neighborhood of Kings County.

Grants:

Approximately 90% of the philanthropic endowments or grants made during the evaluation period were in the various forms of community services, promoting educational for LMI individuals, particularly benefitting LMI students and youths; and economic opportunities for small businesses. For example:

- \$1 million was donated to a community based organization dedicated to helping LMI children and their families in Central Harlem. Specifically, the grant was used to support a school facility serving low and moderate income students.
- Over \$1 million in grant was contributed to a school in Harlem to provide free educational programs for LMI children, such as mentoring and after school activities.
- \$1.6 million was donated to a foundation to support the organization's housing, educational, food, job training and health programs for families in one of New York's poorest neighborhoods.
- Substantial amount of grants were provided to GS Bank's partners in the "10,000 Small Businesses" program to fund a free 80-hour business management course offered to small business owners.

Community Development Services: "Outstanding"

GS Bank demonstrated an excellent level of community development services over the

course of the evaluation period. GS Bank has provided diversified and innovative community services through the participation of its officers and employees, including those of the parent holding company GS Group.

Most of the services provided were ongoing board activities. At least 30 senior officers from the Urban Investment Group (UIG) and GS Group actively participated on 55 boards of key community development intermediaries and non-profit organizations that are engaged in affordable housing, economic development and community services to LMI families and neighborhoods. In addition, community development services provided included participation in government initialized task forces and advisory committees that focused on issues affecting the community development industry.

The most significant new service initiative that the firm has engaged during the evaluation period was the “10,000 Small Businesses” program. In response to the severe contraction of credit to small businesses and in consideration of the impact small businesses have on the community as retail service providers and employers, GS Bank developed this \$500 million program to assist small businesses through a combination of capital, technical assistance, educational and business support services. The service component of the 10,000 Small Businesses Program was comprised of a comprehensive business development curriculum offered free of charge to small business owners who lacked access to traditional business education. In NYC, GS Bank partnered with LaGuardia Community College located in Queens County, to provide the financial education services. Over forty senior business leaders of the firm, including partners and managing directors participated in workshops and one-on-one mentoring sessions. During the one-on-one sessions, GS Bank employees helped small business owners in setting their business plans, and offered general legal counseling services.

In addition, GS Bank staff provided technical assistance in financial literacy programs, and workshop events such as NMTC financing. The financial literacy classes and workshop events helped participants to better understand personal financial management, banking and business basics, enabling them to explore career opportunities in financial services. Workshops conducted on NMTC helped public agencies and non-profit organizations better understand and utilize the complex structure of NMTC financing. More than 200 employees volunteered in 56 of these events.

Listed below were two examples of GS Bank’s community development services:

- A Managing Director of GS Bank served as a board member of a non-profit organization that provides foreclosure counseling and consumer education, and a CDFI that provides funding to a variety of community development projects.
- Two officers of GS Bank, including the Managing Director of UIG were members of the New York State Supermarket Commission, a government task force established in 2008 to help New Yorkers gain access to fresh and healthy foods.

Innovative or Complex Practices: “Outstanding”

GS Bank demonstrated an excellent level of innovative, complex and flexible community development practices. Following are a few examples:

- GS Bank created the “10,000 Small Businesses Program” designed to provide access to capital; educational and business support services to small businesses in LMI communities. In partnership with a community college in Queens, GS Bank developed a comprehensive business development curriculum offered free of charge, to small business owners, who lacked access to traditional business education.
- GS Bank pioneered in addressing the community needs for fresh and healthy foods. It provided financial support to the “Healthy Food/Healthy Communities Initiative” designed to encourage the growth of supermarkets and new grocery stores in low-income communities.
- GS Bank invested significantly in LIHTCs and NMTCs, which were innovative and highly complex. In addition, it contributed a significant amount of resources and staff time to train and help community development stakeholders to better understand the tax/credit benefits of obtaining financing under the complex LIHTC and NMTC programs.
- GS Bank demonstrated excellent flexibility by making direct equity investments to acquire lands, and fund other pre-development costs to create larger and more efficient affordable housing developments.

Responsiveness to Credit and Community Development Needs: “Outstanding”

GS Bank demonstrated an excellent level of responsiveness to credit and community development needs. The following are some of its noteworthy CRA activities:

- It provided direct and complex equity investments to finance projects that will revitalize neighborhoods and provide affordable housing for low-income individuals;
- It developed the “10,000 Small Businesses” program to provide small businesses with capital, education, technical assistance and business support services;
- It invested in mixed-use/mixed-income developments to revitalize communities; and
- It invested in projects to provide community services to help alleviate health concerns.

Additional Factors

The extent of participation by the banking institution's board of directors/trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act

GS Bank's board of directors had nine members, consisting of six managing directors of GS Group and three external members. The board was responsible for the annual review of the bank's CRA program. Senior management provided the board with periodic briefings and presentations on the bank's CRA performance.

During the evaluation period, presentations made before the board included an initial CRA overview after the approval of GS Bank as a NYS chartered bank in 2008, an annual reporting on the highlights of the bank's CRA activities, and updates to the CRA plan.

The CRA Officer provided the board with training materials on CRA regulatory requirements to guide the board in its review of GS Bank's compliance with the Community Reinvestment Act. The CRA Officer also prepared a comprehensive CRA Self Assessment Report for the evaluation period and presented it to the board for its review.

Discrimination and other illegal practices –

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

NYSBD noted no practices that were intended to discourage applications for the types of credit offered by the institution.

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

NYSBD noted no evidence of prohibited discriminatory or other illegal practices.

The banking institution's record of opening and closing offices and providing services at offices

GS Bank had two branches since it converted to a New York State-chartered bank, the main headquarters in New York City, and a branch in Salt Lake, Utah, which is the site of the prior Utah state-chartered GS Bank. As a wholesale bank, GS Bank does not offer retail services at its offices.

Process Factors

Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with

members of its community regarding the credit services being provided by the banking institution.

GS Bank identified affordable housing and job creation as the priority community needs. Its ascertainment efforts included meetings with public and private community development organizations non-profit organizations, and City and state agencies including the New York City Department of Housing Preservation and Development, the New York City Economic Development Corporation and the New York City Mayor's Office. Extensive research and peer analysis, and membership on boards of non-profit organizations and community development intermediaries, as well as frequent meetings with non-profit organizations and public sector leaders enabled GS Bank to identify the credit needs in its assessment area.

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

Marketing efforts included activities such as hosting meetings with community based groups, non-profit organizations and public sector leaders; active participation in community activities through membership on boards of non-profits and government agencies. GS Bank also uses external website and press events as marketing tools.

To promote its "10,000 Small Businesses" initiative, GS Bank employed several marketing and outreach measures to get qualified business owners into the program. These efforts included direct marketing to business owners through email outreach by local partners, such as CDFIs, technical assistance providers, local merchant associations and community colleges; participation in trade shows and business expos organized in low- to moderate-income areas; and the development of multiple websites that provided interested parties with up-to-date information and application materials.

Other factors that in the judgment of the Superintendent and Banking Board bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community

None

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3) above.

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

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

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

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

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

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM "Training Machines" available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;

- ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

The income level of the person, family or household is based on the income of person, family or household. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

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

Loans to Small Businesses

Small business loans to businesses with gross annual revenues (“GAR”) of \$1 million or less (“< = \$ 1MM”).

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

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

family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

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

LMI Penetration Rate

A number that depicts the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Low-Income Housing Tax Credit (LIHTC)

LIHTC is a dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986 that gives incentives to invest on projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer’s federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

New Markets Tax Credit (NMTC)

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

Small Business Loans

Loans to businesses with original amounts of \leq \$1MM.