



**NEW YORK STATE  
DEPARTMENT OF FINANCIAL SERVICES  
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** September 30, 2014

**Institution:** NewBank  
146-01 Northern Boulevard  
Flushing, NY 11354

**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 Department of Financial Services concerning the safety and soundness of this financial institution.

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## TABLE OF CONTENTS

	Section
General Information .....	1
Overview of Institution's Performance .....	2
Performance Context .....	3
Institution Profile	
Assessment Area	
Demographic & Economic Data	
Community Information	
Performance Standards and Assessment Factors .....	4
Loan-to-Deposit Analysis and Other	
Lending-Related Activities	
Assessment Area Concentration	
Distribution by Borrowers Characteristics	
Geographic Distribution of Loans	
Action Taken in Response to Written Complaints	
With Respect to CRA	
Additional Factors	
Glossary .....	5

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## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of NewBank (“NB”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of September 30, 2014.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services 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 Superintendent implements Section 28-b and further requires that the 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 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 in 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 (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

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

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## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

DFS evaluated NewBank ("NB") according to the small bank performance criteria pursuant to Part 76.7 and 76.12 of the General Regulations of the Superintendent ("GRS"). This assessment period included calendar years 2009, 2010, 2011, 2012, 2013 and through September 30, 2014. NB is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs.

The rating is based on the following factors:

- **Loan-to-Deposit Ratio and Other Lending-Related Activities:** "Satisfactory"

NB's average loan-to-deposit ratio ("LTD") was reasonable considering its size, business strategy, financial condition and peer group activity. NB's average LTD ratio for the 22 quarters of the evaluation period was 78.2% just below its peer group's LTD of 81.8%.

- **Assessment Area Concentration:** "Outstanding"

During the evaluation period, NB originated 91.3% by number and 91.7% by dollar value of its small business loans within the assessment area. This substantial majority of lending inside of its assessment area was an excellent rate of lending.

- **Distribution by Borrowers Characteristics:** "Outstanding"

NB's small business lending demonstrated an excellent distribution of loans among businesses of different income levels.

- **Geographic Distribution of Loans:** "Satisfactory"

NB's small business loans originated in census tracts of varying income levels demonstrated a reasonable distribution of loans.

- **Action Taken in Response to Written Complaints with Respect to CRA:**

DFS nor NB received any CRA related complaints during the evaluation period. Therefore, this criterion was not rated.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York Banking Law and Part 76 of the GRS.

## PERFORMANCE CONTEXT

### Institution Profile

NB is a New York State-chartered (2006) commercial bank located in Flushing, New York. NB has three branch offices one branch is in New York State the other two branches are in the State of New Jersey.

NB is a full service commercial bank offering various deposit products and services for consumers and businesses. NB also provides customers with the convenience of online banking, mobile banking and remote deposit services. NB's loan products are primarily commercial loans, which include lines-of-credit, commercial mortgage loans, construction loans, small business administration ("SBA") loans and trade finance loans. NB was awarded the SBA Pinnacle Award in 2013 and 2014 by the Small Business Administration's New York Regional Office. The benefits of a SBA loan include lower down payments, longer repayment plans, fixed and variable rate options and up to 90% financing.

Per the Consolidated Report of Condition (the Call Report) as of September 30, 2014, filed with the Federal Deposit Insurance Corporation ("FDIC"), NB reported total assets of \$195.8 million, of which \$127.7 million were net loans and lease finance receivables. It also reported total deposits of \$161.0 million, resulting in a loan-to-deposit ratio of 79.3%. According to the latest available comparative deposit data as of June 30, 2014, NB obtained a market share of 0.01%, or \$113.4 million in a market of \$1.1 trillion, ranking it 100<sup>th</sup> among 134 deposit-taking institutions in the assessment area.

The following is a summary of NB's loan portfolio, based on Schedule RC-C<sup>1</sup> of the bank's December 31, 2009, 2010, 2011, 2012, 2013 and the September 30, 2014 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>												
Loan Type	2009		2010		2011		2012		2013		2014 (Sep)	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Res. Mortgage Loans		0.0		0.0		0.0		0.0	805	0.7	1,861	1.4
Commercial & Industrial Loans	42,891	51.3	58,112	56.0	50,357	50.5	47,636	44.0	64,575	52.5	66,457	49.3
Commercial Mortgage Loans	36,555	43.7	43,250	41.6	45,579	45.7	58,106	53.7	54,984	44.7	61,587	45.7
Multifamily Mortgages		0.0		0.0		0.0		0.0	1,743	1.4	3,584	2.7
Consumer Loans	34	0.0	1	0.0	13	0.0	2	0.0	2	0.0	2	0.0
Agricultural Loans		0.0		0.0		0.0		0.0		0.0		0.0
Construction Loans	1,987	2.4	1,493	1.4	2,690	2.7	1,486	1.4		0.0	200	0.1
Loans to Other Banks	2,000	2.4	1,000	1.0	1,000	1.0	1,000	0.9	1,000	0.8	1,000	0.7
Other Loans	220	0.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Lease financing		0.0		0.0		0.0		0.0		0.0		0.0
<b>Total Gross Loans</b>	<b>83,687</b>		<b>103,856</b>		<b>99,639</b>		<b>108,230</b>		<b>123,109</b>		<b>134,691</b>	

<sup>1</sup> Total Gross Loans outstanding should be the amount as indicated on Lines 1 through 10.

As illustrated in the above table, NB is a commercial lender with a total of 95.0% of its portfolio in commercial and industrial loans and commercial mortgage loans.

NB operates one branch office in Flushing, Queens County, New York. The branch is in a moderate-income census tract and supplemented by a deposit-taking automated teller machine (“ATM”) in the same building, but with its own entrance. The ATM is accessible 24 hours seven days a week. Customers also have worldwide surcharge free access to ATMs at retail locations worldwide through the Allpoint and STARsf networks.

*Examiners did not find evidence of financial or legal impediments that had an adverse impact on NB’s ability to meet the credit needs of its community.*

### **Assessment Area**

NB’s assessment area (New York State) is comprised of Bronx, Kings, New York, Queens, Richmond, Nassau and Westchester counties.

There are 2,675 census tracts in the area, of which 350 are low-income, 687 are moderate-income, 857 are middle-income, 703 are upper-income and 78 are tracts with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>							
<b>County</b>	<b>N/A</b>	<b>Low</b>	<b>Mod</b>	<b>Middle</b>	<b>Upper</b>	<b>Total</b>	<b>LMI %</b>
Bronx	10	143	97	60	29	339	70.8
Kings	13	125	295	213	115	761	55.2
Nassau	8	9	26	157	84	284	12.3
New York	12	44	61	25	146	288	36.5
Queens	26	21	169	314	139	669	28.4
Richmond	3	3	11	33	61	111	12.6
Westchester	6	5	28	55	129	223	14.8
<b>Total</b>	<b>78</b>	<b>350</b>	<b>687</b>	<b>857</b>	<b>703</b>	<b>2,675</b>	<b>38.8</b>

### **Demographic & Economic Data**

The assessment area had a population of 10.5 million during the examination period. About 12.5% of the population were over the age of 65 and 19.4% were under the age of sixteen.

Of the 2.4 million families in the assessment area 28.2% were low-income, 16.6% were moderate-income, 17.2% were middle-income and 38.1% were upper-income families. There were 3.8 million households in the assessment area, of which 15.7% had income below the poverty level and 3.6% were on public assistance.

The weighted average of median family income in the assessment area was \$77,100.

There were 4.2 million housing units within the assessment area, of which 47.8% were one-to-four family units, and 52.0% were multifamily units. Of the area's housing units 38.0% were owner-occupied, while 53.8% were rental units. Of the 1.6 million owner-occupied housing units, 18.0% were in low- and moderate-income census tracts while 82.0% were in middle- and upper-income census tracts. The median age of the housing stock was 69 years and the median home value in the assessment area was \$527,494.

There were 777,252 non-farm businesses in the assessment area. Of these, 72.6% were businesses with reported revenues of less than or equal to \$1 million, 5.7% reported revenues of more than \$1 million and 21.7% did not report their revenues. Of all the businesses in the assessment area, 79.7% were businesses with less than fifty employees while 93.1% operated from a single location. The largest industries in the area were services (45.8%), followed by retail trade (14.6%) and finance, insurance and real estate (9.1%), while 12.7% of businesses were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State during the evaluation period ranged between 6.4% in 2014 and 8.6% in 2010. Annual unemployment rates for Nassau and Westchester counties were consistently lower than the average rate for New York State. On the other hand, Bronx County consistently had the highest unemployment rate of all counties and exceeded the statewide average rate every year of the evaluation period. Kings and Richmond counties too experienced higher rates than the statewide average rate while Queens County rates were similar to the statewide rates.

<b>Assessment Area Unemployment Rate</b>								
	Statewide	Bronx	Kings	Nassau	New York	Queens	Richmond	Westchester
2009	8.3%	11.9%	9.8%	7.0%	8.4%	8.3%	8.1%	7.2%
2010	8.6%	12.8%	10.3%	7.1%	8.1%	8.7%	8.8%	7.3%
2011	8.2%	12.4%	9.8%	6.8%	7.5%	8.2%	8.3%	7.0%
2012	8.5%	12.8%	10.0%	7.0%	7.8%	8.4%	8.7%	7.2%
2013	7.7%	11.8%	9.4%	5.9%	7.2%	7.8%	7.8%	6.3%
2014	6.4%	10.3%	7.9%	4.8%	6.0%	6.6%	6.8%	5.2%
<b>Average</b>	<b>8.0%</b>	<b>12.0%</b>	<b>9.5%</b>	<b>6.4%</b>	<b>7.5%</b>	<b>8.0%</b>	<b>8.1%</b>	<b>6.7%</b>

### **Community Information**

As a part of the evaluation, examiners interviewed key personnel from two nonprofit community organizations to have a better understanding of the banking and financial needs of the communities within NB's assessment area.

One of the organization is in Flushing, New York primarily a middle-income residential

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neighborhood with many small businesses such as restaurants, vegetable and fish markets, super markets operating on main thoroughfares. The area is well served by public transportation.

The organization offers services and programs for education and achieving economic self-sufficiency primarily to low-income individuals and immigrants. We interviewed the director of senior and social services, who noted that the economic conditions were stable. He also noted that NB has provided financial support and volunteered personnel to community events hosted by the organization.

The other organization is in midtown Manhattan. It is a community based non-profit organization that reaches out to people who have been disabled, hospitalized, or suffer from socio-economic disadvantages. The organization offers programs such as concerts for hospitals, concerts for people with special needs and concerts for the elderly and their families. The person interviewed noted that NB has provided financial support to the organization, which helps the organization to continue to provide free concerts to the disadvantaged people it serves.



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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS evaluated NewBank (“NB”) under the small banking institution’s performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Superintendent, which consists of the lending test, which includes:*

- 1. Loan-to-deposit ratio and other lending-related activities;*
- 2. Assessment area concentration;*
- 3. Distribution by borrower characteristics;*
- 4. Geographic distribution of loans; and*
- 5. Action taken in response to written complaints regarding CRA.*

*DFS also considered the following factors in assessing the bank’s record of performance:*

- 1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications, evidence of prohibited discriminatory or other illegal credit practices;*
- 3. The institution’s record of opening and closing offices and providing services at offices; and*
- 4. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.*

*Finally, DFS considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which NB helped to meet the credit needs of its entire community.*

DFS derived statistics employed in this evaluation from various sources. NB submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council (“FFIEC”) and deposit data was obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank’s Uniform Bank Performance Report as submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2000 and 2010 U.S. Census and the FFIEC. DFS based business demographic data on Dun & Bradstreet (“D&B”) reports, which D&B updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The assessment period included calendar years 2009, 2010, 2011, 2012, 2013 and the first nine months of 2014 ending September 30.

Examiner considered only NB’s small business loans in evaluating factors (2), (3) and (4) of the lending test as noted above.

Small business loan data evaluated in this performance evaluation represented actual originations.

At its **prior** Performance Evaluation, as of December 31, 2008, DFS assigned NB a rating of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs.

**Current CRA Rating: “Satisfactory”**

**Lending Test:** “Satisfactory”

NB’s small business lending activities were reasonable in light of aggregate and peer group activity and demographics of its assessment area.

**Loan-to-Deposit Ratio and other Lending-Related Activities:** “Satisfactory”

NB’s average loan-to-deposit (“LTD”) ratio was reasonable considering its size, business strategy, financial condition and peer group activity.

NB’s average LTD ratio of 78.2% was slightly below its peer group ratio of 81.8% for the evaluation period. However, for 12 of the 22 quarters of the evaluation period NB’s quarterly LTD ratio was higher than its peer ratio.

The table below shows NB’s LTD ratios in comparison with the peer group’s ratios for the 22 quarters since the prior evaluation.

Loan-to-Deposit Ratios																							
	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	Avg.
Bank	71.3	72.7	69.7	74.2	73.3	72.8	74.8	87.9	83.3	77.6	75.3	79.2	80.6	85.0	89.8	80.7	79.6	78.6	79.7	79.4	76.7	79.2	78.2
Peer	91.2	89.8	87.5	88.2	86.3	85.6	84.9	84.5	76.0	75.8	74.9	75.0	73.6	84.8	84.6	82.9	83.9	85.2	75.4	75.6	76.2	77.3	81.8

**Assessment Area Concentration:** “Outstanding”

During the evaluation period, NB originated a substantial majority of its small business loans inside of its assessment area. This was an excellent record of lending within NB’s assessment area.

During the evaluation period, NB originated 91.3% by number, and 91.7% by dollar value of its small business loans within the assessment area. This was a substantial majority and an excellent rate of lending within the assessment area. It was also a significant improvement from the prior evaluation period’s rate of 66.5% by number and 61.0% by dollar value of loans originated within the assessment area.

The following table shows the percentages of the NB’s small business loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Business										
2009	96	94.1%	6	5.9%	102	34,607	94.1%	2,180	5.9%	36,787
2010	103	92.0%	9	8.0%	112	37,230	91.8%	3,330	8.2%	40,560
2011	49	87.5%	7	12.5%	56	18,090	87.4%	2,600	12.6%	20,690
2012	37	90.2%	4	9.8%	41	12,822	89.3%	1,530	10.7%	14,352
2013	57	91.9%	5	8.1%	62	24,047	91.6%	2,210	8.4%	26,257
2014	44	88.0%	6	12.0%	50	19,867	93.6%	1,360	6.4%	21,227
Subtotal	386	91.3%	37	8.7%	423	146,663	91.7%	13,210	8.3%	159,873
Grand Total	386	91.3%	37	8.7%	423	146,663	91.7%	13,210	8.3%	159,873

#### Distribution by Borrower Characteristics: "Outstanding"

NB's small business lending demonstrated an excellent distribution of loans among businesses of different revenue sizes.

NB's rate of lending to businesses with revenue of \$1 million or less for the evaluation period totaled 73.8% by number and 70.8% by dollar value of loans. Its rate of lending significantly exceeded the aggregate's rate of lending for each year of the evaluation period (aggregate data was not available for 2014). In addition, NB's rate of lending exceeded the business demographics of the assessment area in 2013 and 2012 while in 2009, 2010 and 2011 NB's rate of lending was just below the business demographics.

The following table provides a summary of NB's small business lending distribution based on revenue size during the evaluation period.

Distribution of Small Business Lending by Revenue Size of Business									
2009									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	73	76.0%	24,729	71.5%	33,278	16.6%	1,210,443	23.2%	75.9%
Rev. > \$1MM	23	24.0%	9,878	28.5%					5.5%
Rev. Unknown		0.0%		0.0%					18.5%
<b>Total</b>	<b>96</b>		<b>34,607</b>		<b>200,847</b>		<b>5,213,464</b>		
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	74	71.8%	26,631	71.5%	31,573	17.3%	1,087,886	22.4%	76.2%
Rev. > \$1MM	29	28.2%	10,600	28.5%					5.2%
Rev. Unknown		0.0%		0.0%					18.5%
<b>Total</b>	<b>103</b>		<b>37,231</b>		<b>182,059</b>		<b>4,862,588</b>		
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	35	71.4%	11,421	63.1%	78,941	33.9%	1,608,619	26.8%	66.3%
Rev. > \$1MM	14	28.6%	6,670	36.9%					3.7%
Rev. Unknown		0.0%		0.0%					30.0%
<b>Total</b>	<b>49</b>		<b>18,091</b>		<b>232,568</b>		<b>5,991,133</b>		
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	29	78.4%	9,322	72.7%	94,743	39.5%	1,931,077	29.6%	71.8%
Rev. > \$1MM	8	21.6%	3,500	27.3%					4.9%
Rev. Unknown		0.0%		0.0%					23.3%
<b>Total</b>	<b>37</b>		<b>12,822</b>		<b>239,842</b>		<b>6,526,581</b>		
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	43	75.4%	18,101	75.3%	95,897	44.2%	2,253,716	32.5%	73.0%
Rev. > \$1MM	14	24.6%	5,946	24.7%					5.3%
Rev. Unknown		0.0%		0.0%					21.7%
<b>Total</b>	<b>57</b>		<b>24,047</b>		<b>216,988</b>		<b>6,937,028</b>		
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	31	70.5%	13,587	68.4%	Aggregate Data Not Available				72.6%
Rev. > \$1MM	13	29.5%	6,280	31.6%					5.7%
Rev. Unknown		0.0%		0.0%					21.7%
<b>Total</b>	<b>44</b>		<b>19,867</b>						
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	285	73.8%	103,791	70.8%	334,432	31.2%	8,091,741	27.4%	
Rev. > \$1MM	101	26.2%	42,874	29.2%	-				
Rev. Unknown	-	0.0%	-	0.0%					
<b>Total</b>	<b>386</b>		<b>146,665</b>		<b>1,072,304</b>		<b>29,530,794</b>		

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Geographic Distribution of Loans: “Satisfactory”

NB's small business loans originated in census tracts of varying income levels demonstrated a reasonable distribution of loans.

NB's rate of lending to small businesses in LMI geographies for each year of the evaluation period exceeded the aggregate's rate except for 2012 (aggregate data not available for 2014). NB's rate of lending also exceeded the business demographics for 2011, 2012 and the first nine months of 2014. For the evaluation period NB originated 25.1% by number and 28.7% by dollar value of loans to small businesses located in LMI geographies.

The following table provides a summary of the NB's small business lending distribution based on the income level of the geography.

**Distribution of Small Business Lending by Geographic Income of the Census Tract**

2009									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	10.4%	5,429	15.7%	9,862	4.9%	238,872	4.6%	7.0%
Moderate	17	17.7%	5,038	14.6%	29,474	14.7%	766,124	14.7%	17.8%
LMI	27	28.1%	10,467	30.2%	39,336	19.6%	1,004,996	19.3%	24.8%
Middle	32	33.3%	10,734	31.0%	56,132	27.9%	1,419,911	27.2%	28.3%
Upper	35	36.5%	12,728	36.8%	103,724	51.6%	2,711,068	52.0%	46.0%
Unknown	2	2.1%	678	2.0%	1,655	0.8%	77,489	1.5%	1.0%
<b>Total</b>	<b>96</b>		<b>34,607</b>		<b>200,847</b>		<b>5,213,464</b>		
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	10.7%	3,880	10.4%	7,972	4.4%	233,751	4.8%	6.8%
Moderate	19	18.4%	8,930	24.0%	25,147	13.8%	653,850	13.4%	17.4%
LMI	30	29.1%	12,810	34.4%	33,119	18.2%	887,601	18.3%	24.2%
Middle	35	34.0%	13,391	36.0%	50,024	27.5%	1,343,617	27.6%	28.4%
Upper	36	35.0%	10,102	27.1%	97,086	53.3%	2,534,662	52.1%	46.4%
Unknown	2	1.9%	928	2.5%	1,830	1.0%	96,708	2.0%	1.0%
<b>Total</b>	<b>103</b>		<b>37,231</b>		<b>182,059</b>		<b>4,862,588</b>		
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	4.1%	930	5.1%	11,429	4.9%	263,237	4.4%	6.9%
Moderate	8	16.3%	3,370	18.6%	35,300	15.2%	833,139	13.9%	18.2%
LMI	10	20.4%	4,300	23.8%	46,729	20.1%	1,096,376	18.3%	25.1%
Middle	23	46.9%	8,453	46.7%	65,259	28.1%	1,647,788	27.5%	29.0%
Upper	16	32.7%	5,338	29.5%	118,393	50.9%	3,149,110	52.6%	44.9%
Unknown	0	0.0%	0	0.0%	2,187	0.9%	97,859	1.6%	1.0%
<b>Total</b>	<b>49</b>		<b>18,091</b>		<b>232,568</b>		<b>5,991,133</b>		
2012									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	14,269	5.9%	402,521	6.2%	7.3%
Moderate	5	13.5%	1,850	14.4%	35,485	14.8%	942,182	14.4%	17.6%
LMI	5	13.5%	1,850	14.4%	49,754	20.7%	1,344,703	20.6%	24.9%
Middle	18	48.6%	6,215	48.5%	64,493	26.9%	1,758,895	26.9%	27.8%
Upper	13	35.1%	4,679	36.5%	119,138	49.7%	3,145,798	48.2%	44.9%
Unknown	1	2.7%	78	0.6%	6,457	2.7%	277,185	4.2%	2.4%
<b>Total</b>	<b>37</b>		<b>12,822</b>		<b>239,842</b>		<b>6,526,581</b>		
2013									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	3.5%	1,725	7.2%	14,582	6.7%	408,636	5.9%	7.3%
Moderate	8	14.0%	4,349	18.1%	33,709	15.5%	1,045,205	15.1%	17.5%
LMI	10	17.5%	6,074	25.3%	48,291	22.3%	1,453,841	21.0%	24.8%
Middle	29	50.9%	8,850	36.8%	58,879	27.1%	1,887,323	27.2%	27.4%
Upper	17	29.8%	8,623	35.9%	103,975	47.9%	3,303,067	47.6%	45.5%
Unknown	1	1.8%	500	2.1%	5,843	2.7%	292,797	4.2%	2.4%
<b>Total</b>	<b>57</b>		<b>24,047</b>		<b>216,988</b>		<b>6,937,028</b>		
2014									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	No Aggregate Data Available				%
Low	6	13.6%	2,960	14.9%					8.4%
Moderate	9	20.5%	3,610	18.2%					19.0%
LMI	15	34.1%	6,570	33.1%					27.4%
Middle	13	29.5%	6,160	31.0%					27.4%
Upper	16	36.4%	7,137	35.9%					43.0%
Unknown	0	0.0%	0	0.0%					2.3%
<b>Total</b>	<b>44</b>		<b>19,867</b>						
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	31	8.0%	14,924	10.2%	58,114	5.4%	1,547,017	5.2%	
Moderate	66	17.1%	27,147	18.5%	159,115	14.8%	4,240,500	14.4%	
LMI	97	25.1%	42,071	28.7%	217,229	20.3%	5,787,517	19.6%	
Middle	150	38.9%	53,803	36.7%	294,787	27.5%	8,057,534	27.3%	
Upper	133	34.5%	48,607	33.1%	542,316	50.6%	14,843,705	50.3%	
Unknown	6	1.6%	2,184	1.5%	17,972	1.7%	842,038	2.9%	
<b>Total</b>	<b>386</b>		<b>146,665</b>		<b>1,072,304</b>		<b>29,530,794</b>		

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Action Taken in Response to Written Complaints with Respect to CRA: “Not Rated”

DFS nor NB received any CRA related complaints during the evaluation period. Therefore, this activity has not been rated.

**Additional Factors**

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

NB’s board of directors actively oversees CRA activities. At its monthly meetings, the board regularly discuss loan distribution. The board also reviews and approves NB’s CRA plan and self-assessment summary.

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

DFS examiners did not note evidence of practices by NB that were intended to discourage applications for the types of credit offered by NB.

**Evidence of prohibited discriminatory or other illegal credit practices:**

DFS examiners did not note evidence of prohibited, discriminatory or other illegal practices.

**Record of opening and closing offices and providing services at offices:**

NB did not open or close any branch office in New York during the evaluation period. NB operates one office located in Flushing, New York and two offices in the state of New Jersey. NB maintains one ATM at its Flushing branch. This ATM accepts deposits and is accessible 24 hours a day, seven days a week.

**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.

NB’s Flushing branch manager has joined a nonprofit organization that helps Asian women and their children who are victims of sexual abuse, domestic violence, etc. by providing emergency shelter and social services. NB has also established a relationship with the Flushing YWCA by providing financial support for its after-school program for low-income students. These relationships have been helpful to NB in

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ascertaining the credit needs of its community.

- *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*

NB advertises in local Korean newspapers (in Korean) and an Indian newspaper (in English). At the beginning of every year NB's CEO and CLO meet with two local Korean newspapers to discuss products and services offered by NB and for the newspapers to write and publish articles about NB.

**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**

NB makes financial contributions to many local community organizations which included the Women in Need Center, YWCA, EnoB and Elim Senior Day Inc. an adult day care center.



## **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**

“Community development”:

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.

### **Community Development Loan**

A loan that has 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.

## **Community Development Service**

Service that has community development as its *primary purpose*, 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.

## **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 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 for borrowers is based on household or family income. 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.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
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 of \$1 million or less.

## **Low or Moderate Income ("LMI") Geographies**

Those census tracts or block numbering areas where, according to the 2000 U.S. 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 cases 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 represents 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)**

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in 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)**

The 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).

### **Qualified Investment**

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. 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.