



**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: Savoy Bank
600 Fifth Avenue, 17th floor
New York, NY 10020

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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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Savoy Bank (“SB”) 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.

OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated SB according to the small bank performance criteria pursuant to Part 76.12 of the General Regulations of the Superintendent ("GRS"). The assessment period included calendar years 2010, 2011, 2012, 2013 and the first nine months of 2014 (ending September 30, 2014). DFS assigns SB a rating of "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"

SB's average loan-to-deposit ("LTD") ratio for the evaluation period was 80.1%, slightly above its peer ratio of 77.3%, and reasonable considering its size, business strategy, financial condition and peer group activity.

- **Assessment Area Concentration:** "Satisfactory"

During the evaluation period, SB originated 79.6% by number, and 75.0% by dollar value of its total HMDA-reportable and small business loans within its assessment area. This majority of lending inside the assessment area was a reasonable record of lending.

- **Distribution by Borrower Characteristics:** "Satisfactory"

SB's small business lending demonstrated a reasonable distribution of loans to businesses of different revenue sizes. The rating for this criterion was based solely on small business lending as the small number of 1-4 family HMDA-reportable loans prevented a meaningful analysis.

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

SB's distribution of loans based on lending in census tracts of varying income levels demonstrated reasonable rates of lending in LMI geographies.

- **Action Taken in Response to Written Complaints with Respect to CRA:** "Not Rated"

Neither DFS nor SB received any written complaints regarding SB's CRA performance.

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

Chartered in 2008 by the New York State Banking Department, Savoy Bank (“SB”) is a one branch commercial bank located at 1675 Broadway, New York. As a state-chartered, nonmember bank of the Federal Reserve System, SB focuses mainly on commercial lending. SB’s business hours are Monday through Friday, 9:00 AM to 5:00 PM and it did not operate any automated teller machines (ATMs) during the evaluation period.

As per its Consolidated Report of Condition (“Call Report”) as of September 30, 2014, filed with the Federal Deposit Insurance Corporation (“FDIC”), SB reported total assets of \$120.0 million, of which \$87.9 million were net loans and lease finance receivables. It also reported total deposits of \$107.0 million resulting in a loan-to-deposit ratio of 82.1%. According to deposit data as of June 30, 2014, SB had a market share of .01%, or \$101.2 million in a market of \$956.5 billion, ranking it 87th among 106 deposit-taking institutions in its assessment area.

The following table is a summary of the SB’s loan portfolio, based on Schedule RC-C of the bank’s December 31, 2010, 2011, 2012, 2013, and September 30, 2014 Call Reports.

TOTAL GROSS LOANS OUTSTANDING										
Loan Type	2010		2011		2012		2013		9/30/2014	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mtge	6,572	10.5	6,113	10.9	3,889	6.5	6,283	8.2	12,536	13.9
Commercial & Industrial	10,200	16.3	8,286	14.8	12,050	20.2	12,387	16.2	17,466	19.4
Commercial Mtge	20,528	32.9	22,013	39.3	27,280	45.7	40,152	52.5	42,267	46.9
Multifamily Mtge	20,273	32.5	17,545	31.4	15,664	26.2	16,926	22.1	16,984	18.8
Consumer Loans	30	0.0	24	0.0	0	0.0	0	0.0	0	0.0
Agricultural Loans	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Construction Loans	3,866	6.2	1,091	1.9	0	0.0	0	0.0	0	0.0
Obligations of States & Munis	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Other Loans	960	1.5	889	1.6	819	1.4	769	1.0	729	0.8
Loans to other depositories	0	0.0	0	0.0	0	0.0	0	0.0	109	0.1
Total Gross Loans	62,429		55,961		59,702		76,517		90,200	

SB is primarily a commercial lender with 85.2% of its loan portfolio dedicated to commercial lending, which includes 46.9% in commercial mortgage loans, 19.4% in commercial and industrial loans and 18.9% in multifamily mortgage loans. Residential 1-4 family mortgage loans made up 13.9% of the portfolio.

During most of the evaluation period SB was subject to a regulatory order from DFS. In June 2009, DFS (formerly the New York State Banking Department) issued a Cease and Desist order to SB and in October 2010 DFS issued an Amended Order to Cease and Desist to SB. These supervisory actions related to

safety and soundness matters are publicly available on the NYSDFS website. Although addressing safety and soundness concerns, these orders may have affected SB's level of lending activity. The orders, however, did not affect SB's ability to lend in LMI geographies or to LMI borrowers. DFS lifted the Amended Cease and Desist Order in March 2014.

Assessment Area

SB's assessment area initially consisted of Kings, Queens and New York counties; however, effective February 2013, SB expanded the assessment area to also include Bronx, Nassau, and Richmond counties.

There are 2,452 census tracts in the assessment area, of which 345 are low-income, 659 are moderate-income, 802 are middle-income, 574 are upper-income and 72 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx*	10	143	97	60	29	339	70.8
Kings	13	125	295	213	115	761	55.2
New York	12	44	61	25	146	288	36.5
Nassau*	8	9	26	157	84	284	12.3
Queens	26	21	169	314	139	669	28.4
Richmond*	3	3	11	33	61	111	12.6
Total	72	345	659	802	574	2,452	40.9

*Added in 2013

Demographic & Economic Data

The assessment area had a population of 9.5 million during the evaluation period; 12.3% of the population were over the age of 65 and 19.2 % were under the age of sixteen.

Of the 2.2 million families in the assessment area 29.6% were low-income, 17.1% were moderate-income, 17.5% were middle-income and 35.7% were upper-income families. There were 3.5 million households, of which 16.5% had income below the poverty level, and 3.8% were on public assistance.

The weighted average median family income in the assessment area was \$73,038.

There were 3.8 million housing units within the assessment area, of which 53.9% were multifamily units and 45.9% were one-to-four family units. A majority 55.6% of the area's housing units were rental units, while 35.9% were owner-occupied. Of the 1.4 million owner-occupied housing units, 20.1% were in low- and moderate-income census tracts and 79.9% were in middle- and upper-income census tracts. The median age of the housing stock was 70 years and the median home value in the assessment area was \$527,491.

There were 696,073 non-farm businesses in the assessment area. Of these, 72.3% were businesses with reported revenues of less than or equal to \$1 million, 5.7% reported revenues of more than \$1 million and 22.0% did not report their revenues. Of all the businesses in the assessment area, 79.3 % were businesses with less than fifty employees, and 93.1% operated from a single location. The largest industries in the area were services (45.5%), retail trade (14.8%), and finance, insurance and real estate (9.0%), while 12.9% of businesses were not classified.

According to the New York State Department of Labor, the average yearly unemployment rate for Nassau County was the lowest of all the counties in SB's assessment area, while Bronx County had the highest average yearly unemployment rate. Bronx, Kings and Richmond counties also had consistently higher unemployment rates than New York State.

Assessment Area Unemployment Rate							
	NYS	Bronx	Kings	New York	Queens	Nassau	Richmond
2010	8.6%	12.8%	10.3%	8.1%	8.7%	7.1%	8.8%
2011	8.3%	12.4%	9.8%	7.5%	8.2%	6.8%	8.3%
2012	8.5%	12.8%	10.0%	7.8%	8.4%	7.0%	8.7%
2013	7.7%	11.8%	9.4%	7.2%	7.8%	5.9%	7.8%
2014	6.3%	9.8%	7.7%	6.0%	6.4%	4.8%	7.2%
Average	7.9%	11.9%	9.4%	7.3%	7.9%	6.3%	8.2%

Community Information

As a part of the evaluation, examiners met and interviewed a key person from a nonprofit organization operating in Harlem, NY. The interviewee noted that the demographics are changing as gentrification continues. Thus, the area needs more affordable housing as low-income residents become displaced by the arrival of upper-income residents. The interviewee noted banking services in the area as satisfactory in meeting the needs of LMI individuals.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated SB under the small banking institution's performance standards in accordance with GRS Parts 76.7 and 76.12. SB's performance was evaluated according to the small bank performance criteria, 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. 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 Banking Law that reasonably bear upon the extent to which SB helped to meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. SB 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 from the FDIC. DFS calculated loan-to-deposit ratios from information in the bank's Uniform Bank Performance Report ("UBPR") 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 U.S. Department of Housing and Urban Development ("HUD"). DFS based business demographic data on Dun & Bradstreet reports which are updated annually. DFS obtained unemployment data from the New York State Department of Labor.

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

Examiners considered SB's small business, and HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test as noted above.

Small business loan aggregate data are shown for comparative purposes. SB is not required to report this data and as such it is not included in the aggregate data.

At its **prior** Performance Evaluation, conducted by the New York State Banking Department as of December 31, 2009, SB received a rating of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs.

Current CRA Rating: “Satisfactory”

Lending Test: “Satisfactory”

SB’s small business and HMDA-reportable lending activities were reasonable in light of the lending activities of the aggregate and its peer group activity and demographic characteristics of the assessment area.

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

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

During the evaluation period SB’s average, LTD ratio was 80.1%, slightly above the peer group’s ratio of 77.3%.

The table below shows SB’s quarterly LTD ratios compared to its peer group’s ratios for the evaluation period.

Loan-to-Deposit Ratios																				
	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	2014 Q3	Avg.
Bank	79.8	87.8	90.9	88.6	80.2	77.6	71.5	76.4	73.4	73.5	74.6	76.3	81.5	80.6	79.6	83.5	83.0	80.6	82.1	80.1
Peer	79.6	80.5	81.0	82.5	81.2	80.4	79.2	78.7	78.1	80.0	81.1	81.1	67.7	68.8	69.5	69.0	76.2	77.3	77.7	77.3

Assessment Area Concentration: “Satisfactory”

During the evaluation period SB originated 79.6% by number and 75.0% by dollar value of its total HMDA-reportable and small business loans within its assessment area. This majority of lending inside the assessment area was a reasonable record of lending.

HMDA-Reportable Loans:

During the evaluation period SB originated 79.5% by number and 74.6% by dollar value of its HMDA-reportable loans within its assessment area. This majority of lending inside the assessment area was a reasonable record of lending.

Small Business Loans:

During the evaluation period SB originated 79.6 % by number and 75.3% by dollar value of its small business loans within its assessment area. This majority of lending inside the assessment area was a reasonable record of lending.

The following table shows the percentages of the SB's small business and HMDA-reportable 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
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2010	3	60.0%	2	40.0%	5	1,583	59.3%	1,085	40.7%	2,668
2011	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0
2012	7	77.8%	2	22.2%	9	3,830	76.9%	1,150	23.1%	4,980
2013	10	90.9%	1	9.1%	11	7,876	84.5%	1,450	15.5%	9,326
2014	15	78.9%	4	21.1%	19	10,192	70.2%	4,325	29.8%	14,517
Subtotal	35	79.5%	9	20.5%	44	23,481	74.6%	8,010	25.4%	31,491
Small Business										
2010	16	66.7%	8	33.3%	24	7,834	69.8%	3,382	30.2%	11,216
2011	16	100.0%	0	0.0%	16	4,158	100.0%	0	0.0%	4,158
2012	13	61.9%	8	38.1%	21	4,002	52.3%	3,644	47.7%	7,646
2013	22	95.7%	1	4.3%	23	7,941	93.5%	550	6.5%	8,491
2014	23	79.3%	6	20.7%	29	7,501	73.5%	2,710	26.5%	10,211
Subtotal	90	79.6%	23	20.4%	113	31,436	75.3%	10,286	24.7%	41,722
Grand Total	125	79.6%	32	20.4%	157	54,917	75.0%	18,296	25.0%	73,213

Distribution by Borrower Characteristics: "Satisfactory"

SB's small business lending demonstrated a reasonable distribution of loans to businesses of different revenue sizes. The rating for this criterion was based solely on small business lending as the small number of 1-4 family HMDA-reportable loans prevented a meaningful analysis.

HMDA-Reportable Loans:

SB's small number of 1-4 family HMDA-reportable loans prevented a meaningful analysis of its loan distribution by borrower income.

Small Business Loans:

SB's small business lending demonstrated a reasonable distribution of loans to businesses of different revenue sizes.

SB's rate of lending to businesses with gross annual revenues of \$1 million or less exceeded its peer group's rate every year (aggregate data was not available for 2014) of the evaluation period. SB's rate of lending to businesses with annual revenue of \$1 million or less for the evaluation period totaled 54.4% by number and 46.1% by dollar value.

The following table provides a summary of SB's small business lending distribution based on revenue size.

Distribution of Small Business Lending by Revenue Size of Business									
2010									
Revenue	Bank				Aggregate				Bus Dem.
Size	#	%	\$000's	%	#	%	\$000's	%	%
Rev <= \$1 MM	8	50.0%	4,246	54.2%	19,524	16.5%	667,352	21.2%	74.3%
Rev >\$1 MM	5	31.3%	1,908	24.4%					5.5%
Rev Unknown	3	18.8%	1,680	21.4%					20.1%
Total	16		7,834		117,986	0.0%	3,153,682	0.0%	
2011									
Revenue	Bank				Aggregate				Bus Dem.
Size	#	%	\$000's	%	#	%	\$000's	%	%
Rev <= \$1 MM	9	56.3%	2,131	51.3%	50,894	33.3%	1,056,056	26.7%	64.6%
Rev >\$1 MM	6	37.5%	1,827	43.9%					3.9%
Rev Unknown	1	6.3%	200	4.8%					31.5%
Total	16		4,158		152,940	0.0%	3,955,144	0.0%	
2012									
Revenue	Bank				Aggregate				Bus Dem.
Size	#	%	\$000's	%	#	%	\$000's	%	%
Rev <= \$1 MM	10	45.5%	1,571	39.3%	62,842	39.4%	1,311,680	30.2%	70.3%
Rev >\$1 MM	9	40.9%	1,461	36.5%					5.3%
Rev Unknown	3	13.6%	970	24.2%					24.4%
Total	22		4,002		159,319	0.0%	4,342,038	0.0%	
2013									
Revenue	Bank				Aggregate				Bus Dem.
Size	#	%	\$000's	%	#	%	\$000's	%	%
Rev <= \$1 MM	10	76.9%	3,660	46.1%	86,109	44.0%	2,001,305	32.2%	72.7%
Rev >\$1 MM	0	0.0%	3,091	38.9%					5.3%
Rev Unknown	3	23.1%	1,190	15.0%					22.0%
Total	13		7,941		195,561	0.0%	6,219,335	0.0%	
2014									
Revenue	Bank				Aggregate				Bus Dem.
Size	#	%	\$000's	%	#	%	\$000's	%	%
Rev <= \$1 MM	12	52.2%	2,895	38.6%					72.3%
Rev >\$1 MM	8	34.8%	3,366	44.9%					5.7%
Rev Unknown	3	13.0%	1,240	16.5%					22.0%
Total	23		7,501						
GRAND TOTAL									
Revenue	Bank				Aggregate				Bus Dem.
Size	#	%	\$000's	%	#	%	\$000's	%	%
Rev <= \$1 MM	49	54.4%	14,503	46.1%	219,369	35.1%	5,036,393	28.5%	
Rev >\$1 MM	28	31.1%	11,653	37.1%		0.0%		0.0%	
Rev Unknown	13	14.4%	5,280	16.8%					
Total	90		31,436		625,806	0.0%	17,670,199	0.0%	

Geographic Distribution of Loans: "Satisfactory"

SB's distribution of loans based on lending in census tracts of varying income levels demonstrated reasonable rates of lending in LMI geographies.

HMDA-Reportable Loans:

SB's distribution of HMDA-reportable loans based on the income level of the geography demonstrated a reasonable rate of lending in LMI geographies.

SB originated 40.0% by number and 47.8% by dollar value of loans in LMI census tracts during the evaluation period. In addition, SB's rate of lending in LMI geographies exceeded the aggregate's rate and the percentage of owner-occupied housing for every year except 2011 when SB did not originate any HMDA-reportable loans.

The following table provides a summary of SB's HMDA-reportable lending distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census tract									
2010									
Borrower Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,747	3.5%	878,932	3.6%	2.5%
Moderate	1	33.3%	893	56.4%	7,788	15.4%	3,161,015	12.9%	18.5%
LMI	1	33.3%	893	56.4%	9,535	18.8%	4,039,947	16.5%	21.0%
Middle	1	33.3%	390	24.6%	14,757	29.2%	5,140,496	21.0%	36.3%
Upper	1	33.3%	300	19.0%	26,185	51.7%	15,183,788	62.0%	42.7%
Unknown	0	0.0%	0	0.0%	136	0.3%	122,968	0.5%	0.0%
Total	3		1,583		50,613		24,487,199		
2011									
Borrower Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,837	3.6%	1,360,198	4.9%	2.5%
Moderate	0	0.0%	0	0.0%	8,030	15.8%	4,248,315	15.4%	18.5%
LMI	0	0.0%	0	0.0%	9,867	19.4%	5,608,513	20.3%	21.0%
Middle	0	0.0%	0	0.0%	14,485	28.5%	5,296,939	19.2%	36.3%
Upper	0	0.0%	0	0.0%	26,292	51.8%	16,565,693	60.0%	42.7%
Unknown	0	0.0%	0	0.0%	146	0.3%	159,636	0.6%	0.0%
Total	0		0		50,790		27,630,781		
2012									
Borrower Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	14.3%	1,350	35.2%	2,733	2.9%	1,733,469	3.8%	3.1%
Moderate	0	0.0%	0	0.0%	10,562	11.2%	5,137,201	11.2%	18.1%
LMI	1	14.3%	1,350	35.2%	13,295	14.1%	6,870,670	15.0%	21.1%
Middle	2	28.6%	1,055	27.5%	32,034	34.0%	11,175,405	24.4%	34.2%
Upper	4	57.1%	1,425	37.2%	48,564	51.6%	27,548,765	60.1%	44.7%
Unknown	0	0.0%	0	0.0%	246	0.3%	274,898	0.6%	0.0%
Total	7		3,830		94,139		45,869,738		
2013									
Borrower Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	20.0%	2,350	29.8%	2,932	3.2%	2,086,838	4.5%	2.9%
Moderate	3	30.0%	1,070	13.6%	11,251	12.5%	5,987,977	12.8%	14.3%
LMI	5	50.0%	3,420	43.4%	14,183	15.7%	8,074,815	17.3%	17.2%
Middle	2	20.0%	1,831	23.2%	30,861	34.2%	11,298,907	24.2%	40.7%
Upper	3	30.0%	2,625	33.3%	45,109	50.0%	27,228,421	58.2%	42.1%
Unknown	0	0.0%	0	0.0%	123	0.1%	150,214	0.3%	0.0%
Total	10		7,876		90,276		46,752,357		
2014									
Borrower Income	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	26.7%	2,500	24.5%					3.5%
Moderate	3	20.0%	3,054	30.0%					16.7%
LMI	7	46.7%	5,554	54.5%					20.1%
Middle	8	53.3%	4,638	45.5%					42.0%
Upper	0	0.0%	0	0.0%					37.9%
Unknown	0	0.0%	0	0.0%					0.0%
Total	15		10,192		#REF!	0.0%	-	0.0%	
GRAND TOTAL									
Borrower Income	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
Low	7	20.0%	6,200	26.4%		3.2%		4.2%	
Moderate	7	20.0%	5,017	21.4%		13.2%		12.8%	
LMI	14	40.0%	11,217	47.8%		16.4%		17.0%	
Middle	13	37.1%	7,914	33.7%		32.2%		22.7%	
Upper	8	22.9%	4,350	18.5%		51.1%		59.8%	
Unknown	0	0.0%	0	0.0%		0.2%		0.5%	
Total	35		23,481						

Small Business Loans:

The distribution of SB's small business loans by the income level of the geography demonstrated a reasonable rate of lending.

SB's small business loans originated during the evaluation period in LMI geographies represented 21.1% by number and 28.3% by dollar value. SB's rate of lending in LMI geographies exceeded the aggregate's rate in 2010 and 2013, but trailed the aggregate in 2011 and 2012. At the time of evaluation aggregate data was not available for 2014.

The following table provides a summary of SB'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									
2010									
Borrower	Bank				Aggregate				Bus Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	6.3%	1,000	12.8%	5,856	5.0%	153,963	4.9%	6.7%
Moderate	4	25.0%	2,316	29.6%	20,658	17.5%	508,554	16.1%	21.3%
LMI	5	31.3%	3,316	42.3%	26,514	22.5%	662,517	21.0%	27.9%
Middle	3	18.8%	1,230	15.7%	25,696	21.8%	647,557	20.5%	22.3%
Upper	8	50.0%	3,288	42.0%	64,067	54.3%	1,755,407	55.7%	48.4%
Unknown	0	0.0%	0	0.0%	1,709	1.4%	88,201	2.8%	1.4%
Total	16		7,834		117,986		3,153,682		
2011									
Borrower	Bank				Aggregate				Bus Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	6.3%	980	23.6%	8,645	5.7%	179,971	4.6%	6.8%
Moderate	0	0.0%	0	0.0%	29,191	19.1%	663,010	16.8%	22.4%
LMI	1	6.3%	980	23.6%	37,836	24.7%	842,981	21.3%	29.2%
Middle	2	12.5%	986	23.7%	35,092	22.9%	824,933	20.9%	23.5%
Upper	12	75.0%	2,162	52.0%	77,965	51.0%	2,199,964	55.6%	45.9%
Unknown	1	6.3%	30	0.7%	2,047	1.3%	87,266	2.2%	1.5%
Total	16		4,158		152,940		3,955,144		
2012									
Borrower	Bank				Aggregate				Bus Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	10,387	6.5%	255,156	5.9%	6.9%
Moderate	0	0.0%	0	0.0%	27,409	17.2%	680,528	15.7%	20.2%
LMI	0	0.0%	0	0.0%	37,796	23.7%	935,684	21.5%	27.1%
Middle	6	46.2%	2,324	58.1%	35,852	22.5%	960,977	22.1%	23.2%
Upper	7	53.8%	1,678	41.9%	79,244	49.7%	2,169,908	50.0%	46.0%
Unknown	0	0.0%	0	0.0%	6,427	4.0%	275,469	6.3%	3.7%
Total	13		4,002		159,319		4,342,038		
2013									
Borrower	Bank				Aggregate				Bus Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	13.6%	880	11.1%	14,385	7.4%	399,305	6.4%	8.0%
Moderate	6	27.3%	2,416	30.4%	31,889	16.3%	965,399	15.5%	18.3%
LMI	9	40.9%	3,296	41.5%	46,274	23.7%	1,364,704	21.9%	26.3%
Middle	5	22.7%	2,440	30.7%	54,914	28.1%	1,736,674	27.9%	28.3%
Upper	7	31.8%	2,155	27.1%	88,535	45.3%	2,825,207	45.4%	42.7%
Unknown	1	4.5%	50	0.6%	5,838	3.0%	292,750	4.7%	2.7%
Total	22		7,941		195,561		6,219,335		
2014									
Borrower	Bank				Aggregate				Bus Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	8.7%	320	4.3%					9.3%
Moderate	2	8.7%	980	13.1%					19.8%
LMI	4	17.4%	1,300	17.3%					29.0%
Middle	11	47.8%	2,651	35.3%					28.2%
Upper	8	34.8%	3,550	47.3%					40.3%
Unknown	0	0.0%	0	0.0%					2.6%
Total	23		7,501			0.0%		0.0%	
GRAND TOTAL									
Borrower	Bank				Aggregate				
Income	#	%	\$000's	%	#	%	\$000's	%	
Low	7	7.8%	3,180	10.1%		6.3%		5.6%	
Moderate	12	13.3%	5,712	18.2%		17.4%		15.9%	
LMI	19	21.1%	8,892	28.3%		23.7%		21.5%	
Middle	27	30.0%	9,631	30.6%		24.2%		23.6%	
Upper	42	46.7%	12,833	40.8%		49.5%		50.7%	
Unknown	2	2.2%	80	0.3%		2.6%		4.2%	
Total	90		31,436						

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

Neither DFS nor SB received any CRA related complaints during the evaluation period.

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.

SB’s board reviews and approves the CRA policy (most recently December 16, 2014) and ensures compliance with CRA. While CRA was not discussed at every board meeting, various board meeting minutes contained discussions on CRA issues.

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 SB that were intended to discourage applications for the types of credit offered by SB.

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

As of the evaluation date, SB did not open or close a branch. SB operated one branch office located in an upper-income census tract in Manhattan, New York County and business hours were Monday through Friday, 9:00 AM to 5:00 PM. SB did not operate any automated teller machines (ATMs) during the evaluation period.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
New York					1	1	0%
Total					1	1	0%

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.

SB, to ascertain the credit needs of the community participated in commercial lending events, nurtured relationships with past and current customers and hosted gatherings (next planned for September 2015) with customer who are business owners and have agreed to promote SB to their respective networks.

- *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.*

SB devised and utilized a five-prong approach to make the community aware of its credit services and products. The approach includes participating in commercial real estate and lending events, email blasts using an internally created master list, leveraging core relationships through the bank's shareholders, an informal group of bank customers' that are business owners and have agreed to promote SB to their respective networks and SB has engaged a third-party advertising and public relations agency to support its marketing and outreach activities.

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

DFS noted no other factors.

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.

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 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.