



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

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2014

**Institution:** Signature Bank  
565 Fifth Avenue  
New York, NY 10017

**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 Signature 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 December 31, 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**

SB's performance was evaluated according to the large bank performance criteria pursuant to Part 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent. This assessment period included calendar years 2011, 2012, 2013, and 2014. SB is rated "2," indicating a "**Satisfactory**" record of helping to meet community credit needs.

This rating is based on the following factors:

### **Lending Test: "High Satisfactory"**

SB's lending activities, particularly in consolidation, extension, and modification agreement ("CEMA") multi-family loans and small business loans were more than reasonable. The volume of community development loans made by SB demonstrated a high level of lending in LMI communities.

- **Lending Activity: "High Satisfactory"**

SB's lending levels were reasonable considering the bank's size, business strategy and financial condition, as well as peer group activity and the demographics of its assessment area. Average year-end gross loans increased by 138.5%, from \$5.2 billion (2-year average, 2009-2010) to \$12.4 billion (4-year average, 2011-2014). However, SB's average LTD ratio was not as strong as its peer group. During the last 16 quarters, SB's average LTD ratio was 9.2% below peer group's levels.

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

SB had 97.4.0% by number and 98.5% by dollar value of its CEMA multi-family, small business, HMDA-reportable, and CEMA 1-4 family loans within the assessment area. This substantial majority of lending inside the assessment area was an excellent record of lending.

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

The distribution of SB's small business and CEMA multi-family loans by census-tract income-level demonstrated more than reasonable levels of lending in low- and moderate-income ("LMI") census tracts. CEMA multi-family and small business loans represented the substantial majority (89.2%) of loans inside the assessment area

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

The distribution of SB's lending by borrower income level was based on just 23.4% of all loans SB made inside the assessment area, as borrower income is not reported on CEMA multi-family loans. This 23.4% consisted of small business loans (21.5% of total loans made by SB), HMDA reportable 1-4 family loans

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(1.2%) and CEMA 1-4 family loans (0.7%). For these loans, SB outperformed the aggregate levels of lending to businesses with revenues of \$1 million or less but underperformed the aggregate in HMDA lending and CEMA 1-4 family lending.

- **Community Development Lending: “High Satisfactory”**

During the evaluation period, SB had \$3.7 billion in community development loans demonstrating a reasonable level of community development lending over the course of the evaluation period.

SB’s community development loans consisted mainly of multi-family rental housing projects, which made up 72.7% of the total community development loans SB made. Of the loans SB submitted for CRA credit as affordable housing, DFS disqualified 11 multi-family loans totaling \$27.3 million. The properties financed by these loans had unacceptably high numbers of housing code violations, as reported to DFS by New York City’s Department of Housing, Preservation and Development and as reflected in high scores in the University Neighborhood Housing Program’s Building Indicator Project (BIP) database. These sources indicated that the properties financed by these loans were in significant physical or financial distress and thus not creditable as helping to promote or provide affordable housing.

- **Flexible and/or Innovative Lending Practices**

By extending credit facilities to developers participating in the Immigrant Investor Program (EB-5), SB assisted in the development of human capital aimed at revitalizing the five boroughs of New York City, encompassing LMI neighborhoods, and stimulating economic growth by providing jobs.

### **Investment Test: “High Satisfactory”**

*SB’s investment performance was evaluated pursuant to the following criteria: (1) The dollar amount of qualified investments; (2) The innovativeness or complexity of qualified investments; and (3) The responsiveness of qualified investments to credit and community development needs.*

SB maintained a reasonable level of community development investments in light of the assessment area’s credit and community development needs and exhibited adequate responsiveness to the credit and community development needs of the assessment area.

### **Service Test: “High Satisfactory”**

- **Retail Banking Services: “Low Satisfactory”**

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SB's level of retail services was adequate. SB provided accessibility to a range of products and services through its alternative delivery systems; internet banking access, automated teller machine ("ATM") network, telephone banking system, direct deposit and remote deposit capture.

- **Community Development Services: "Outstanding"**

During the evaluation period, SB was an active provider of community development services throughout its assessment areas. Senior officers and other employees participated in a range of community development services in approximately 48 instances. Such services included being active board and committee members of non-profit organizations involved in a range of community services; as well as, participation in organizations that provide financial education to LMI individuals and small businesses.

*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 General Regulations of the Superintendent.*

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## **PERFORMANCE CONTEXT**

### **Institution Profile:**

Chartered in May 2001, Signature Bank (“SB”) is a New York based full service commercial bank with its corporate headquarters located at 565 Fifth Avenue, New York, New York. SB operates from 28 branch locations throughout the New York metropolitan area, including the Bronx, Brooklyn, Manhattan, Queens, Staten Island, Long Island and Westchester.

SB offers a wide variety of business and personal banking products and services, such as multifamily residential and commercial real estate loans and taxi medallion loans, including loans for the lower cost green taxi medallions (operating in New York City). SB primarily serves the needs of privately owned businesses, including the owners and senior management of these businesses.

SB has two wholly owned subsidiaries. Signature Financial, LLC, a specialty finance company based in Melville, Long Island provides equipment financing and leasing, as well as transportation and taxi medallion financing. Signature Securities Group Corporation, a licensed broker-dealer and investment advisor offers investment, brokerage, asset management advice and insurance products and services.

Per the Consolidated Report of Condition (the “Call Report”) as of December 31, 2014, filed with the Federal Deposit Insurance Corporation, SB reported total assets of \$27.3 billion, of which \$17.7 billion were net loans and lease financing receivables. SB also reported total deposits of \$22.6 billion, resulting in a loan-to-deposit (“LTD”) ratio of 78.2%. According to the latest available comparative deposit data as of June 30, 2014, SB had a market share of 1.7%, or \$19.8 billion in a market of \$1.1 trillion, ranking it 10th among 134 deposit-taking institutions in the assessment area.

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

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2011		2012		2013		2014	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	459,899	6.3	500,489	4.9	519,584	3.7	626,473	3.4
Commercial & Industrial Loans	1,233,758	17.0	1,917,803	18.9	2,589,894	18.5	3,626,187	19.7
Commercial Mortgage Loans	2,218,053	30.6	2,919,709	28.8	3,651,538	26.1	4,833,123	26.2
Multifamily Mortgages	3,003,428	41.4	4,380,453	43.1	6,637,353	47.5	8,607,989	46.7
Consumer Loans	181,583	2.5	190,621	1.9	135,477	1.0	156,796	0.9
Construction Loans	63,775	0.9	99,475	1.0	125,334	0.9	64,824	0.4
Lease financing receivables	0	0.0	64,315	0.6	239,780	1.7	462,887	2.5
Obligations of States & Municipalities	0	0.0	4,650	0.0	739	0.0	559	0.0
Other Loans	90,894	1.3	74,481	0.7	72,103	0.5	65,672	0.4
Total Gross Loans	7,251,390	100.0	10,151,996	100.0	13,971,802	100.0	18,444,510	100.0

As illustrated in the above table, SB is primarily a commercial lender with 92.6% of its loan portfolio as of December 31, 2014 in multifamily mortgage loans, commercial mortgage loans and commercial and industrial loans. SB's highest concentration of loans was in multifamily mortgages with a four-year average of 45.4% of total loans. This was followed by commercial mortgages at 27.3% and commercial & industrial loans at 18.8%.

During the prior evaluation period (2009 and 2010), total loans averaged \$5.2 billion. The annual average for the current evaluation period was \$12.5 billion or 140.4% greater than the prior period.

There were no known financial or legal impediments that had an adverse impact on SB's ability to meet the credit needs of its community.

#### **Assessment Area:**

SB's assessment area includes a total of eight counties: Bronx, Kings, New York, Queens, Richmond, Nassau, Suffolk and Westchester.

There are 2,998 census tracts in the assessment area, of which 354 are low-income, 757 are moderate-income, 1,054 are middle-income, 754 are upper-income, and 79 have no income level indicated.



<b>Assessment Area Census Tracts by Income Level</b>							
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
Queens	26	21	169	314	139	669	28.4
Richmond	3	3	11	33	61	111	12.6
Nassau	8	9	26	157	84	284	12.3
Suffolk	1	4	70	197	51	323	22.9
Westchester	6	5	28	55	129	223	14.8
<b>Total</b>	<b>79</b>	<b>354</b>	<b>757</b>	<b>1,054</b>	<b>754</b>	<b>2,998</b>	<b>37.1</b>

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

**Demographic and Economic Data:**

Population and Income

The assessment area population during the examination period was 11.9 million. About 12.6% of the population were over the age of 65 and 19.6% were under the age of sixteen.

Of the 2,794,743 families in the assessment area, 27.1% were low income, 17.1% were moderate income, 18.2% were middle income and 37.7% were upper income. There were 4,331,166 households in the assessment area, of which 14.6% had income below the poverty level and 3.4% were receiving public assistance.

The weighted average median family income in the assessment area was \$80,105. The U.S. Department of Housing and Urban Development estimated median family income for the area was \$76,229 in 2014.

- Bronx, Kings and Queens counties had weighted average median family incomes lower than the MSA at \$42,639, \$54,363, and \$64,928, respectively.
- The following counties had weighted average median family income that exceeded MSA median family income: Richmond at \$83,600, Suffolk at \$99,186, New York at \$104,415, Nassau at \$113,801 and Westchester at \$114,927.

Housing Characteristics

There were 4.7 million housing units within the assessment area, of which 52.9% were one-to-four family units and 46.8% were multifamily units.

The most significant concentrations of multifamily housing units were in the following

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counties: Bronx at 71.2%, Kings at 50.0%, and New York at 95.2%. In Bronx County, 83.6% of multifamily housing units were located in LMI census tracts, while 68.6% were in LMI census tracts in Kings County. Although New York County had the highest percentage of multifamily housing units, only 31.0% of those were in LMI census tracts.

The following counties have more one-to-four family housing units than multifamily units: Suffolk County's housing stock was composed of 90.7% one-to-four family units, Nassau County's was 88.5%, Richmond County's was 86.7%, Westchester County's was 67.8%, and Queens County's was 60.9%.

Of the assessment area's total housing units, 49.4% were renter occupied while 42.0% were owner occupied.

- Of the renter-occupied units, 54.8% were in LMI census tracts while 45.2% were in middle- and upper-income census tracts.
- Of the eight counties in the assessment area, Bronx at 84.8% and Kings at 69.4% had the highest percentages of renter-occupied housing units in LMI tracts. The weighted average monthly gross rent in the assessment area was \$1,151.

Of the owner-occupied housing units, 18.7% were in LMI census tracts while 81.3% were in middle- and upper-income census tracts. The median age of the housing stock was 68 years and the median home value in the assessment area was \$521,181.

### Business Demographics

There were 909,162 non-farm businesses in the assessment area. Of these, 73.1% were businesses with reported revenues of less than or equal to \$1 million, 5.7% reported revenues of more than \$1 million and 21.2% did not report their revenues.

Of all businesses in the assessment area, 80.3% were businesses with less than fifty employees, and 93.1% operated from a single location. The largest industries in the area were: Services, at 45.6%, followed by Retail Trade (14.4%), and Finance, Insurance & Real Estate (8.7%); approximately 12% of businesses were not classified.

### Unemployment Rates

According to the New York State Department of Labor, the average unemployment rate for New York State for the four years of the evaluation period was 7.7%. Bronx County had the highest average unemployment rate at 11.7%, followed by Kings at 9.2%; Queens, New York and Richmond counties were comparable to the statewide average.

Nassau, Suffolk and Westchester counties had unemployment rates lower than the statewide average.

Assessment Area Unemployment Rate									
	Statewide	Bronx	Kings	Queens	New York	Richmond	Nassau	Suffolk	Westchester
2014	6.3	9.8	7.7	6.4	6.0	7.2	4.8	5.3	5.1
2013	7.7	11.8	9.4	7.8	7.2	7.8	5.9	6.4	6.3
2012	8.5	12.8	10.0	8.4	7.8	8.7	7.0	7.6	7.2
2011	8.3	12.4	9.8	8.2	7.5	8.3	6.8	7.4	7.0
Avg (4 yrs)	7.7	11.7	9.2	7.7	7.1	8.0	6.1	6.7	6.4

### **Community Information:**

Community information was derived from a report prepared by the Community Investment Advisory Board (“CIAB”)<sup>1</sup> and input from two nonprofit organizations serving the NYC region involved in helping small businesses and assisting consumers, particularly vulnerable populations,<sup>2</sup> in managing their financial affairs.

The CIAB report indicated some of the following concerns and issues negatively affecting low-income NYC residents and small businesses. These concerns were received from the public regarding credit, financial and banking services needed in NYC.<sup>3</sup>

- Affordability and availability of banking services and deposit accounts for LMI residents of New York City;
- Lack of bank branches in LMI communities;
- Financial education and counseling for LMI residents;
- Need for culturally specific services to be offered in non-English languages at local branches in communities where immigrants live and work;

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1. In 2012, the NYC Council passed the Responsible Banking Act (“RBA”) to understand the banking needs of low-income communities in NYC; further the RBA established a Community Investment Advisory Board to prepare a biennial Needs Assessment of the banking needs in NYC and an annual report that evaluates how well banks that do business with NYC are meeting those needs. This first report was designed to assess the credit, financial and banking services needs in NYC and determine how NYC designated banks, approved by the NYC Banking Commission to hold city funds, and were performing in meeting those needs.

2. The term “vulnerable population” includes economically disadvantaged individuals, racial and ethnic minorities, persons with disabilities, low-income individuals, elderly individuals, young children, homeless people and people at risk of becoming homeless.

3. Public perspectives were gathered through public hearings attended by community advocates, small business owners, property owners, tenants, immigrants, elected officials, legal and banking experts, representatives from municipal credit unions and CDFIs, and online surveys on CIAB’s website.

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- Lack of access to home mortgage loans for low-income borrowers;
  - Foreclosure crisis concerns such as banks' resistance in providing loan modifications in certain LMI neighborhoods; predatory real estate investors who targeted homeowners facing foreclosure;
  - Lending to landlords who leverage their rental properties to receive large mortgage loans from the banks, and raise rents that become unaffordable for long-term, low-income tenants. Tenants complained that some landlords did not use the money loaned by the banks to make repairs or improve their rental properties;<sup>4</sup> and
  - Difficulty that small business owners, especially start-up companies and minority-owned businesses, had in obtaining bank loans.

Community contacts interviewed were satisfied with SB's efforts in providing financial education services to low-income individuals but expressed concerns regarding some of the multifamily loans that SB financed for properties that had unresolved building code violations or complaints from tenants about unfit living conditions.

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4. These concerns and issues, as well as best practice recommendations are addressed in DFS's "Updated Final Guidelines for Bank Lending in Multifamily Properties Under the Community Reinvestment Act" dated December 4, 2014.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*SB was evaluated under the large bank performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent which consist of the lending, investment and service tests. The following factors were also considered 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;*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. 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 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.*

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 to the FDIC. Examiners 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 SB'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 ("Census") and the U.S. Department of Housing and Urban Development. Business demographic data used in this report are based on Dun & Bradstreet reports which are updated annually. Unemployment data were obtained from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis and were used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2011, 2012, 2013 and 2014.

Examiners considered SB's small business, HMDA-reportable, and consolidation, extension and modification agreement ("CEMA") multifamily loans in evaluating factors (2), (3) and (4) of the lending test noted below. CEMA 1-4 family loans, which made up less than 1.0% of SB's loans, are included in the lending tables but were not a significant component in the evaluation.

At its prior Performance Evaluation as of December 31, 2010, DFS assigned SB a rating of "2", reflecting a "Satisfactory" record of helping to meet community credit needs.

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**Current CRA Rating: “Satisfactory”**

**LENDING TEST: “High Satisfactory”**

*SB’s lending performance was evaluated pursuant to the following criteria:*

- (1) Lending Activity;*
- (2) Assessment Area Concentration;*
- (3) Geographic Distribution of Loans;*
- (4) Borrower Characteristics;*
- (5) Community Development Lending; and*
- (6) Flexible and/or Innovative Lending Practices.*

SB’s lending activities, particularly in CEMA multifamily loans and small business loans, were more than reasonable considering its size, business strategy and financial condition, peer group activity, demographics, and assessment area’s credit needs. In addition, SB’s volume of community development loans to address affordable housing, economic development, community services and revitalization and stabilization demonstrated high levels of responsiveness to LMI individuals and the needs of the community.

**Lending Activity: “High Satisfactory”**

SB’s lending levels were reasonable considering SB’s size, business strategy and financial condition, compared to peer group activity and the demographics of its assessment area.

SB’s small business lending ranked among the top 20 lenders in the assessment area for years 2011 through 2013; however, SB did not make the top 20 lenders in 2014. SB’s average year-end gross loans increased by 138.5%, from \$5.2 billion (2-year average, 2009-2010) to \$12.4 billion (4-year average, 2011-2014). SB’s most significant loan product during the evaluation period was CEMA multifamily loans which represented 67.7% of total loans submitted for this CRA performance evaluation.

SB’s average LTD ratios, however, were not as strong as those of its peer group. During the last 16 quarters ended December 31, 2014 SB’s LTD ratio was 70.3% overall, or 9.2% below peer group<sup>1</sup> levels.

<b>Loan-to-Deposit Ratios</b>																	
	2011	2011	2011	2011	2012	2012	2012	2012	2013	2013	2013	2013	2014	2014	2014	2014	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Bank	57.8	58.3	60.1	60.9	61.2	64.0	66.5	71.2	72.3	75.2	77.8	80.9	79.2	79.4	78.9	80.6	70.3
Peer	78.6	79.1	78.2	78.2	77.7	78.3	78.9	77.6	78.2	80.0	79.7	80.7	80.5	81.7	82.8	82.7	79.5

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<sup>1</sup> Insured commercial banks having assets greater than \$3 billion.

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### **Assessment Area Concentration: “Outstanding”**

SB made 97.4% by number and 98.5% by dollar value of its CEMA multifamily, small business, HMDA-reportable and consolidated, extended or modified (“CEMA”) 1-4 family loans within the assessment area. This substantial majority of lending inside the assessment area is an excellent record of lending.

#### *CEMA Multi-Family Loans*

SB originated 99.3% by number and 99.0% by dollar value of CEMA multifamily loans inside its assessment area. CEMA multifamily loans made up the greatest share of SB’s lending, and they were the largest contributor to the high lending concentration within SB’s assessment area. Of the total dollar amount all loans made by SB inside of its assessment area 67.7% were CEMA multi-family loans.

#### *Small Business Loans:*

SB originated 96.9% by number, and 97.0% by dollar value of small business loans within the assessment area. Of the total dollar amount of all loans made by SB inside of its assessment area, 21.5% were made to small businesses.

#### *HMDA-Reportable Loans:*

SB originated 98.1% by number, and 98.6% by dollar value of HMDA-reportable loans within the assessment area. By dollar value of loans within SB’s assessment area, HMDA-reportable loans constituted 10.2% of total loans.

#### *CEMA 1-4 Family Loans:*

SB originated 98.7% by number, and 99.5% by dollar value of CEMA 1-4 family loans within the assessment area. CEMA 1-4 family loans made up just 0.7% by dollar value of SB’s total loans inside the assessment area.

The following table shows the percentages of SB’s small business, CEMA 1-4 family, CEMA multifamily 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 Loans										
2011	85	98.8%	1	1.2%	86	131,383	99.8%	220	0.2%	131,603
2012	54	98.2%	1	1.8%	55	78,064	98.4%	1,238	1.6%	79,302
2013	97	97.0%	3	3.0%	100	251,102	98.6%	3,437	1.4%	254,539
2014	77	98.7%	1	1.3%	78	273,393	98.0%	5,500	2.0%	278,893
Subtotal	313	98.1%	6	1.9%	319	733,942	98.6%	10,395	1.4%	744,337
Small Business Loans										
2011	997	96.8%	33	3.2%	1,030	146,608	95.3%	7,224	4.7%	153,832
2012	1,122	98.1%	22	1.9%	1,144	363,898	98.5%	5,587	1.5%	369,485
2013	1,430	96.6%	51	3.4%	1,481	550,084	97.5%	14,333	2.5%	564,417
2014	1,609	96.4%	60	3.6%	1,669	492,398	95.8%	21,513	4.2%	513,911
Subtotal	5,158	96.9%	166	3.1%	5,324	1,552,988	97.0%	48,657	3.0%	1,601,645
CEMA 1-4-Family Loans										
2011	28	100.0%	-	0.0%	28	22,247	100.0%	-	0.0%	22,247
2012	18	94.7%	1	5.3%	19	7,016	96.6%	250	3.4%	7,266
2013	17	100.0%	-	0.0%	17	13,817	100.0%	-	0.0%	13,817
2014	11	100.0%	-	0.0%	11	8,841	100.0%	-	0.0%	8,841
Subtotal	74	98.7%	1	1.3%	75	51,921	99.5%	250	0.5%	52,171
CEMA Multi-Family Loans										
2011	187	100.0%	-	0.0%	187	676,864	100.0%	-	0.0%	676,864
2012	277	99.6%	1	0.4%	278	1,037,886	99.7%	3,450	0.3%	1,041,336
2013	362	98.1%	7	1.9%	369	1,509,047	97.0%	46,195	3.0%	1,555,242
2014	369	100.0%	-	0.0%	369	1,670,802	100.0%	-	0.0%	1,670,802
Subtotal	1,195	99.3%	8	0.7%	1,203	4,894,599	99.0%	49,645	1.0%	4,944,244
Grand Total	6,740	97.4%	181	2.6%	6,921	7,233,450	98.5%	108,947	1.5%	7,342,397



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**Geographic Distribution of Loans: “High Satisfactory”**

The distribution of SB’s HMDA-reportable, small business and CEMA multifamily loans demonstrated a more than reasonable percentage of loans in LMI census tracts. CEMA multifamily and small business loans constituted a substantial majority (89.2 %) of loans inside the assessment area. While the distribution of CEMA 1-4 family loans in LMI census tracts was less than reasonable, it made up only about 0.7% of SB’s total lending activity.

*HMDA-Reportable Loans:*

Based on the distribution of HMDA-reportable loans by census-tract income, SB made a more than reasonable percentage of loans in LMI census tracts. Total HMDA-reportable loans by dollar value made up only 10.1% of the loans made inside the assessment area.

SB originated 16.0% by number and 11.6% by dollar value of its HMDA-reportable loans in low-income census tracts during the current evaluation period, outperforming aggregate levels by 13.6% and 7.9%, respectively. Overall, lending in LMI census tracts was 41.2% by number and 33.9% by dollar value.

The following table provides a summary of SB’s HMDA-reportable lending distribution based on the income level of the geography and shows the percentage of owner occupied housing units in each income category.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2011									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	16	18.8%	34,535	26.3%	2,477	2.1%	1,742,510	3.5%	1.7%
Moderate	14	16.5%	17,091	13.0%	13,988	12.0%	6,137,069	12.2%	13.7%
LMI	30	35.3%	51,626	39.3%	16,465	14.1%	7,879,579	15.6%	15.4%
Middle	14	16.5%	11,800	9.0%	46,258	39.7%	14,894,372	29.5%	44.4%
Upper	41	48.2%	67,957	51.7%	53,599	46.0%	27,531,379	54.5%	40.2%
Unknown	0	0.0%	0	0.0%	161	0.1%	165,443	0.3%	0.0%
<b>Total</b>	<b>85</b>	<b>100.0%</b>	<b>131,383</b>	<b>100.0%</b>	<b>116,483</b>	<b>100.0%</b>	<b>50,470,773</b>	<b>100.0%</b>	<b>100.0%</b>
2012									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	7.4%	6,850	8.8%	2,885	2.1%	1,763,016	2.9%	2.2%
Moderate	14	25.9%	32,285	41.4%	15,574	11.3%	6,461,147	10.5%	14.4%
LMI	18	33.3%	39,135	50.1%	18,459	13.4%	8,224,163	13.4%	16.6%
Middle	17	31.5%	24,514	31.4%	52,709	38.3%	18,146,925	29.6%	42.6%
Upper	19	35.2%	14,415	18.5%	66,038	48.0%	34,629,177	56.5%	40.9%
Unknown	0	0.0%	0	0.0%	253	0.2%	276,400	0.5%	0.0%
<b>Total</b>	<b>54</b>	<b>100.0%</b>	<b>78,064</b>	<b>100.0%</b>	<b>137,459</b>	<b>100.0%</b>	<b>61,276,665</b>	<b>100.0%</b>	<b>100.0%</b>
2013									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	19	19.6%	27,831	11.1%	3,090	2.3%	2,113,810	3.4%	2.2%
Moderate	22	22.7%	52,823	21.0%	16,451	12.4%	7,469,321	12.0%	14.4%
LMI	41	42.3%	80,654	32.1%	19,541	14.8%	9,583,131	15.4%	16.6%
Middle	21	21.6%	39,201	15.6%	50,315	38.0%	17,908,135	28.7%	42.6%
Upper	35	36.1%	131,247	52.3%	62,254	47.1%	34,661,052	55.6%	40.9%
Unknown	0	0.0%	0	0.0%	130	0.1%	151,595	0.2%	0.0%
<b>Total</b>	<b>97</b>	<b>100.0%</b>	<b>251,102</b>	<b>67.9%</b>	<b>132,240</b>	<b>100.0%</b>	<b>62,303,913</b>	<b>100.0%</b>	<b>100.0%</b>
2014									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	14.3%	16,176	5.9%	2,888	3.1%	2,782,667	5.5%	2.6%
Moderate	29	37.7%	61,170	22.4%	14,555	15.7%	7,899,252	15.6%	16.1%
LMI	40	51.9%	77,346	28.3%	17,443	18.8%	10,681,919	21.0%	18.7%
Middle	17	22.1%	116,582	42.6%	37,593	40.6%	14,645,839	28.9%	43.6%
Upper	20	26.0%	79,465	29.1%	37,576	40.5%	25,341,272	49.9%	37.7%
Unknown	0	0.0%	0	0.0%	81	0.1%	92,233	0.2%	0.0%
<b>Total</b>	<b>77</b>	<b>100.0%</b>	<b>273,393</b>	<b>100.0%</b>	<b>92,693</b>	<b>100.0%</b>	<b>50,761,263</b>	<b>100.0%</b>	<b>100.0%</b>
GRAND TOTAL									
Geographic Income	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
Low	50	16.0%	85,392	11.6%		2.4%		3.7%	
Moderate	79	25.2%	163,369	22.3%		12.6%		12.4%	
LMI	129	41.2%	248,761	33.9%		15.0%		16.2%	
Middle	69	22.0%	192,097	26.2%		39.0%		29.2%	
Upper	115	36.7%	293,084	39.9%		45.8%		54.3%	
Unknown	-	0.0%	-	0.0%		0.1%		0.3%	
<b>Total</b>	<b>313</b>	<b>100.0%</b>	<b>733,942</b>	<b>100.0%</b>					

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*Small Business Loans:*

Based on the distribution of small business lending by census-tract income, SB made a more than reasonable percentage of these loans in LMI census tracts.

SB outperformed aggregate levels of lending by 4.6% by number and 9.4% by dollar value for small business loans made in LMI geographies.

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

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2011</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	50	5.0%	6,494	4.4%	11,597	4.3%	268,655	3.8%	5.9%
Moderate	147	14.7%	24,517	16.7%	41,969	15.5%	1,036,332	14.8%	18.4%
LMI	197	19.8%	31,011	21.2%	53,566	19.8%	1,304,987	18.6%	24.4%
Middle	302	30.3%	43,138	29.4%	88,481	32.7%	2,245,347	32.1%	33.5%
Upper	473	47.4%	67,585	46.1%	126,320	46.7%	3,351,736	47.9%	41.2%
Unknown	25	2.5%	4,874	3.3%	2,195	0.8%	98,088	1.4%	0.9%
<b>Total</b>	<b>997</b>	<b>100.0%</b>	<b>146,608</b>	<b>100.0%</b>	<b>270,562</b>	<b>100.0%</b>	<b>7,000,158</b>	<b>100.0%</b>	<b>100.0%</b>
<b>2012</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	58	5.2%	23,557	6.5%	14,487	5.2%	410,661	5.4%	6.4%
Moderate	162	14.4%	78,352	21.5%	42,530	15.3%	1,178,522	15.4%	18.0%
LMI	220	19.6%	101,909	28.0%	57,017	20.5%	1,589,183	20.8%	24.4%
Middle	470	41.9%	144,099	39.6%	88,836	31.9%	2,485,851	32.6%	32.8%
Upper	374	33.3%	109,115	30.0%	125,739	45.2%	3,282,700	43.0%	40.8%
Unknown	58	5.2%	8,775	2.4%	6,457	2.3%	277,185	3.6%	2.1%
<b>Total</b>	<b>1,122</b>	<b>100.0%</b>	<b>363,898</b>	<b>100.0%</b>	<b>278,049</b>	<b>100.0%</b>	<b>7,634,919</b>	<b>100.0%</b>	<b>100.1%</b>
<b>2013</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	87	6.1%	31,123	5.7%	14,779	5.9%	417,973	5.2%	6.3%
Moderate	277	19.4%	137,185	24.9%	40,042	16.0%	1,277,167	15.8%	17.9%
LMI	364	25.5%	168,308	30.6%	54,821	21.8%	1,695,140	21.0%	24.2%
Middle	657	45.9%	227,585	41.4%	80,573	32.1%	2,651,101	32.8%	32.5%
Upper	359	25.1%	146,460	26.6%	109,693	43.7%	3,432,362	42.5%	41.2%
Unknown	50	3.5%	7,731	1.4%	5,843	2.3%	292,797	3.6%	2.1%
<b>Total</b>	<b>1,430</b>	<b>100.0%</b>	<b>550,084</b>	<b>100.0%</b>	<b>250,930</b>	<b>100.0%</b>	<b>8,071,400</b>	<b>100.0%</b>	<b>100.0%</b>
<b>2014</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	132	8.2%	43,669	8.9%	21,151	7.3%	531,863	6.3%	7.3%
Moderate	458	28.5%	128,445	26.1%	53,033	18.4%	1,460,634	17.2%	19.2%
LMI	590	36.7%	172,114	35.0%	74,184	25.7%	1,992,497	23.5%	26.5%
Middle	554	34.4%	187,922	38.2%	92,340	32.0%	2,661,568	31.4%	32.6%
Upper	383	23.8%	126,362	25.7%	115,851	40.2%	3,527,600	41.7%	39.0%
Unknown	82	5.1%	6,000	1.2%	6,062	2.1%	286,301	3.4%	2.0%
<b>Total</b>	<b>1,609</b>	<b>100.0%</b>	<b>492,398</b>	<b>100.0%</b>	<b>288,437</b>	<b>100.0%</b>	<b>8,467,966</b>	<b>100.0%</b>	<b>100.0%</b>
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	327	6.3%	104,843	6.8%		5.7%		5.2%	
Moderate	1,044	20.2%	368,499	23.7%		16.3%		15.9%	
LMI	1,371	26.6%	473,342	30.5%		22.0%		21.1%	
Middle	1,983	38.4%	602,744	38.8%		32.2%		32.2%	
Upper	1,589	30.8%	449,522	28.9%		43.9%		43.6%	
Unknown	215	4.2%	27,380	1.8%		1.9%		3.1%	
<b>Total</b>	<b>5,158</b>	<b>100.0%</b>	<b>1,552,988</b>	<b>100.0%</b>					

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*CEMA Multifamily Loans:*

Based on the distribution of CEMA multifamily loans by census-tract income, SB made an excellent percentage of loans in LMI census tracts. Approximately 74.8% by number and 65.5% by dollar value of these loans were made in LMI census tracts.

As shown in the following table, annual and four-year average levels of lending in LMI census tracts were more than reasonable, comparing favorably to the distribution of owner-occupied housing units in the assessment area's LMI census tracts.

The following table provides a summary of SB's CEMA multifamily lending distribution by income level of the geography.

<b>Distribution of CEMA Multi-Family by Geographic Income of Census Tract</b>					
<b>2011</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	72	38.5%	240,293	35.5%	1.7%
Moderate	87	46.5%	299,391	44.2%	13.7%
LMI	159	85.0%	539,684	79.7%	15.4%
Middle	21	11.2%	90,355	13.3%	44.4%
Upper	7	3.7%	46,825	6.9%	40.2%
Unknown		0.0%	0	0.0%	0.0%
<b>Total</b>	<b>187</b>		<b>676,864</b>		<b>100.0%</b>
<b>2012</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	96	34.7%	392,197	37.8%	2.2%
Moderate	112	40.4%	341,774	32.9%	14.4%
LMI	208	75.1%	733,971	70.7%	16.6%
Middle	35	12.6%	141,290	13.6%	42.6%
Upper	34	12.3%	162,625	15.7%	40.9%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>277</b>		<b>1,037,886</b>		<b>100.0%</b>
<b>2013</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	86	23.8%	317,435	21.0%	2.2%
Moderate	173	47.8%	623,313	41.3%	14.4%
LMI	259	71.5%	940,748	62.3%	16.6%
Middle	64	17.7%	340,135	22.5%	42.6%
Upper	39	10.8%	228,164	15.1%	40.9%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>362</b>		<b>1,509,047</b>		<b>100.0%</b>
<b>2014</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	108	29.3%	452,599	27.1%	2.6%
Moderate	160	43.4%	537,097	32.1%	16.1%
LMI	268	72.6%	989,696	59.2%	18.7%
Middle	46	12.5%	203,785	12.2%	43.6%
Upper	55	14.9%	477,321	28.6%	37.7%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>369</b>		<b>1,670,802</b>		<b>100.0%</b>
<b>GRAND TOTAL</b>					
<b>Geographic Income</b>	<b>Bank</b>				
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	362	30.3%	1,402,524	28.7%	
Moderate	532	44.5%	1,801,575	36.8%	
LMI	894	74.8%	3,204,099	65.5%	
Middle	166	13.9%	775,565	15.8%	
Upper	135	11.3%	914,935	18.7%	
Unknown	-	0.0%	-	0.0%	
<b>Total</b>	<b>1,195</b>		<b>4,894,599</b>		

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CEMA 1-4 Family Loans:

SB extended or modified 14.9% by number and 8.0% by dollar value of its CEMA 1-4 family loans in LMI areas, which was less than favorable compared to the distribution of owner-occupied housing units in the assessment area.

The following table provides a summary of SB's CEMA 1-4 family lending distribution based on income level of the geography and owner-occupied housing units in the assessment area.

Distribution of CEMA 1-4 Family by Geographic Income of Census Tract					
2011					
Borrower	Bank				OO HUs
Income	#	%	\$000's	%	%
Low	1	3.6%	485	2.2%	1.7%
Moderate	3	10.7%	764	3.4%	13.7%
LMI	4	14.3%	1,249	5.6%	15.4%
Middle	6	21.4%	6,782	30.5%	44.4%
Upper	18	64.3%	14,216	63.9%	40.2%
Unknown	0	0.0%	0	0.0%	
<b>Total</b>	<b>28</b>		<b>22,247</b>		<b>100.0%</b>
2012					
Borrower	Bank				OO HUs
Income	#	%	\$000's	%	%
Low	1	5.6%	520	7.4%	2.2%
Moderate	2	11.1%	564	8.0%	14.4%
LMI	3	16.7%	1,084	15.5%	16.6%
Middle	8	44.4%	3,406	48.5%	42.6%
Upper	7	38.9%	2,526	36.0%	40.9%
Unknown	0	0.0%	0	0.0%	
<b>Total</b>	<b>18</b>		<b>7,016</b>		<b>100.0%</b>
2013					
Borrower	Bank				OO HUs
Income	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	2.2%
Moderate	2	11.8%	838	6.1%	14.4%
LMI	2	11.8%	838	6.1%	16.6%
Middle	4	23.5%	3,541	25.6%	42.6%
Upper	11	64.7%	9,438	68.3%	40.9%
Unknown	0	0.0%	0	0.0%	
<b>Total</b>	<b>17</b>		<b>13,817</b>		<b>100.0%</b>
2014					
Borrower	Bank				OO HUs
Income	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	2.6%
Moderate	2	18.2%	1,004	11.4%	16.1%
LMI	2	18.2%	1,004	11.4%	18.7%
Middle	2	18.2%	907	10.3%	43.6%
Upper	7	63.6%	6,930	78.4%	37.7%
Unknown	0	0.0%	0	0.0%	
<b>Total</b>	<b>11</b>		<b>8,841</b>		<b>100.0%</b>
GRAND TOTAL					
Borrower	Bank				
Income	#	%	\$000's	%	
Low	2	2.7%	1,005	1.9%	
Moderate	9	12.2%	3,170	6.1%	
LMI	11	14.9%	4,175	8.0%	
Middle	20	27.0%	14,636	28.2%	
Upper	43	58.1%	33,110	63.8%	
Unknown	-	0.0%	-	0.0%	
<b>Total</b>	<b>74</b>		<b>51,921</b>		



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**Distribution by Borrower Characteristics: “Low Satisfactory”**

Since borrower income for multifamily loans is not required in HMDA reporting, CEMA multifamily loans, which made up 67.7% of SB’s total loans inside its assessment area, were not included in the analysis of loan distribution by borrower characteristics.

Examiners reviewed the distribution of SB’s loans by borrower income for 23.4% of the total loans SB made inside its assessment area, which consisted of small business loans (21.5 %), HMDA-reportable 1-4 family loans (1.2%), and CEMA 1-4 family loans (0.7%).

*HMDA-Reportable Loans:*

Considering the distribution of SB’s HMDA-reportable 1-4 family loans by borrower income, SB made a poor percentage of loans to LMI borrowers.

SB originated 2.7% by number and 0.4% by dollar value to low-income individuals, underperforming aggregate levels 0.7% by number and 1.0% by dollar value. SB underperformed aggregate levels 11.7% by number and 6.7% by dollar value to LMI borrowers.

The following table provides a summary of the HMDA-reportable lending distribution based on household income.

Distribution of HMDA Reportable 1-4 Family Loans by Borrower Income									
2011									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	2.9%	191	0.7%	3,692	3.2%	522,812	1.2%	26.0%
Moderate	0	0.0%	0	0.0%	13,630	11.9%	2,620,433	6.0%	16.7%
LMI	1	2.9%	191	0.7%	17,322	15.2%	3,143,245	7.2%	42.7%
Middle	3	8.6%	584	2.2%	24,985	21.9%	6,183,884	14.1%	18.6%
Upper	30	85.7%	25,331	94.1%	67,404	59.0%	32,030,703	73.2%	38.7%
Unknown	1	2.9%	825	3.1%	4,565	4.0%	2,382,302	5.4%	
<b>Total</b>	<b>35</b>		<b>26,931</b>		<b>114,276</b>		<b>43,740,134</b>		
2012									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	3.7%	50	0.4%	4,616	3.4%	758,869	1.5%	25.7%
Moderate	1	3.7%	225	1.8%	15,845	11.8%	3,187,039	6.1%	16.8%
LMI	2	7.4%	275	2.2%	20,461	15.2%	3,945,908	7.6%	42.5%
Middle	2	7.4%	613	4.9%	29,057	21.6%	7,397,814	14.2%	18.3%
Upper	22	81.5%	10,917	86.6%	78,953	58.7%	37,372,166	71.5%	39.3%
Unknown	1	3.7%	800	6.3%	5,925	4.4%	3,532,805	6.8%	
<b>Total</b>	<b>27</b>		<b>12,605</b>		<b>134,396</b>		<b>52,248,693</b>		
2013									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	3.7%	74	0.3%	4,240	3.3%	726,282	1.4%	25.7%
Moderate	0	0.0%	0	0.0%	14,916	11.6%	2,978,570	5.7%	16.8%
LMI	1	3.7%	74	0.3%	19,156	14.8%	3,704,852	7.1%	42.5%
Middle	3	11.1%	756	3.3%	27,315	21.2%	6,970,267	13.3%	18.3%
Upper	15	55.6%	7,910	34.2%	77,084	59.7%	37,943,192	72.7%	39.3%
Unknown	8	29.6%	14,395	62.2%	5,512	4.3%	3,608,892	6.9%	
<b>Total</b>	<b>27</b>		<b>23,135</b>		<b>129,067</b>		<b>52,227,203</b>		
2014									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	3,316	3.7%	609,709	1.5%	27.1%
Moderate	0	0.0%	0	0.0%	11,207	12.5%	2,314,111	5.8%	17.1%
LMI	0	0.0%	0	0.0%	14,523	16.1%	2,923,820	7.3%	44.1%
Middle	1	4.8%	244	1.1%	19,403	21.6%	5,180,830	13.0%	18.2%
Upper	8	38.1%	7,215	31.8%	52,785	58.7%	28,635,074	71.8%	37.7%
Unknown	12	57.1%	15,259	67.2%	3,239	3.6%	3,123,545	7.8%	
<b>Total</b>	<b>21</b>		<b>22,718</b>		<b>89,950</b>		<b>39,863,269</b>		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	2.7%	315	0.4%		3.4%		1.4%	
Moderate	1	0.9%	225	0.3%		11.9%		5.9%	
LMI	4	3.6%	540	0.6%		15.3%		7.3%	
Middle	9	8.2%	2,197	2.6%		21.5%		13.7%	
Upper	75	68.2%	51,373	60.2%		59.1%		72.3%	
Unknown	22	20.0%	31,279	36.6%		4.1%		6.7%	
<b>Total</b>	<b>110</b>		<b>85,389</b>						

Small Business Loans:

Based on the distribution of small business lending by revenue size, SB originated 57.0% by number and 67.3% by dollar value of its small business loans to businesses with revenues of \$1 million or less, which was an excellent percentage of lending. This outperformed the aggregate levels of 17.6% by number and 38.3% 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									
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	195	19.6%	46,131	31.5%	91,343	33.8%	1,840,575	26.3%	67.1%
Rev. > \$1MM	198	19.9%	49,448	33.7%					3.7%
Rev. Unknown	604	60.6%	51,029	34.8%					29.3%
<b>Total</b>	<b>997</b>		<b>146,608</b>		<b>270,562</b>		<b>7,000,158</b>		<b>100.0%</b>
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	719	64.1%	255,486	70.2%	108,203	38.9%	2,187,108	28.6%	72.4%
Rev. > \$1MM	222	19.8%	66,145	18.2%					4.8%
Rev. Unknown	181	16.1%	42,267	11.6%					22.7%
<b>Total</b>	<b>1,122</b>		<b>363,898</b>		<b>278,049</b>		<b>7,634,919</b>		<b>100.0%</b>
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	952	66.6%	403,427	73.3%	109,807	43.8%	2,527,894	31.3%	73.5%
Rev. > \$1MM	326	22.8%	93,641	17.0%					5.2%
Rev. Unknown	152	10.6%	53,016	9.6%					21.3%
<b>Total</b>	<b>1,430</b>		<b>550,084</b>		<b>250,930</b>		<b>8,071,400</b>		<b>100.0%</b>
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	1,072	66.6%	340,221	69.1%	118,931	41.2%	2,494,573	29.5%	73.1%
Rev. > \$1MM	96	6.0%	26,992	5.5%					5.7%
Rev. Unknown	441	27.4%	125,185	25.4%					21.2%
<b>Total</b>	<b>1,609</b>		<b>492,398</b>		<b>288,437</b>		<b>8,467,966</b>		<b>100.0%</b>
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	2,938	57.0%	1,045,265	67.3%		39.4%		29.0%	
Rev. > \$1MM	842	16.3%	236,226	15.2%					
Rev. Unknown	1,378	26.7%	271,497	17.5%					
<b>Total</b>	<b>5,158</b>		<b>1,552,988</b>						

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### CEMA 1-4 Family Loans

Based on the distribution of its CEMA 1-4 family loans by borrower income, SB originated 9.5% by number and 3.6% by dollar value of these loans to LMI borrowers. This was substantially lower than the family demographic of the assessment area.

Distribution of CEMA 1-4 Family by Borrower Income					
2011					
Borrower	Bank				Fam.Dem
Income	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	26.0%
Moderate	3	10.7%	666	3.0%	16.7%
LMI	3	10.7%	666	3.0%	42.7%
Middle	3	10.7%	846	3.8%	18.6%
Upper	22	78.6%	20,735	93.2%	38.7%
Unknown	0	0.0%	0	0.0%	
<b>Total</b>	<b>28</b>		<b>22,247</b>		<b>100.0%</b>
2012					
Borrower	Bank				Fam.Dem
Income	#	%	\$000's	%	%
Low	1	5.6%	216	3.1%	25.7%
Moderate	1	5.6%	284	4.0%	16.8%
LMI	2	11.1%	500	7.1%	42.5%
Middle	3	16.7%	748	10.7%	18.3%
Upper	13	72.2%	5,768	82.2%	39.3%
Unknown	0	0.0%	0	0.0%	
<b>Total</b>	<b>18</b>		<b>7,016</b>		<b>100%</b>
2013					
Borrower	Bank				Fam.Dem
Income	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	25.7%
Moderate	2	11.8%	713	5.2%	16.8%
LMI	2	11.8%	713	5.2%	42.5%
Middle	0	0.0%	0	0.0%	18.3%
Upper	15	88.2%	13,104	94.8%	39.3%
Unknown	0	0.0%	0	0.0%	
<b>Total</b>	<b>17</b>		<b>13,817</b>		<b>100%</b>
2014					
Borrower	Bank				Fam.Dem
Income	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	27.1%
Moderate	0	0.0%	0	0.0%	17.1%
LMI	0	0.0%	0	0.0%	44.2%
Middle	1	9.1%	244	2.8%	18.2%
Upper	8	72.7%	7,215	81.6%	37.7%
Unknown	2	18.2%	1,382	15.6%	
<b>Total</b>	<b>11</b>		<b>8,841</b>		<b>100%</b>
GRAND TOTAL					
Borrower	Bank				
Income	#	%	\$000's	%	
Low	1	1.4%	216	0.4%	
Moderate	6	8.1%	1,663	3.2%	
LMI	7	9.5%	1,879	3.6%	
Middle	7	9.5%	1,838	3.5%	
Upper	58	78.4%	46,822	90.2%	
Unknown	2	2.7%	1,382	2.7%	
<b>Total</b>	<b>74</b>		<b>51,921</b>		

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## **Community Development Lending: “High Satisfactory”**

During the evaluation period, SB originated \$3.7 billion in community development loans. The annualized ratio of the average total assets to the average community development loan volume was 5.0% for the current evaluation period, which was 2.0% higher than the ratio for the prior evaluation period. This demonstrates a more than reasonable level of community development lending.<sup>2</sup>

SB’s community development loans consisted mainly of affordable housing projects, which made up 72.7% of all of SB’s community development loans.

DFS considers whether a bank has met its responsibility to ensure that a multifamily loan submitted for affordable housing or neighborhood revitalization credit under CRA contributes to, and does not undermine, the availability of affordable housing or neighborhood conditions<sup>3</sup>. Of the loans SB submitted for CRA credit as affordable housing, DFS disqualified 11 multifamily loans totaling \$27.3 million. The properties financed by these loans had unacceptably high numbers of housing code violations, as reported to DFS by New York City’s Department of Housing, Preservation and Development and as reflected in high scores in the University Neighborhood Housing Program’s Building Indicator Project (BIP) database. These sources indicated that the properties financed by these loans were in significant physical or financial distress and thus not creditable as helping to promote or provide affordable housing.

SB’s community development loans also included credit extensions to finance commercial real estate structures leased and occupied by a range of business establishments, such as retail stores and other small businesses. These loans helped neighborhood revitalization in LMI communities, and economic development by providing jobs to LMI individuals and providing services to the community. Loans for neighborhood revitalization and economic development were 25.5% of SB’s total community development loans while community services loans made up only 1.8%.

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2 For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the exam.

3 The Final Guidelines for Bank Lending to Multifamily Properties Under the Community Reinvestment Act : “A loan on a multifamily property would not be found to have a community development purpose and would not be a CRA eligible if it: 1. Significantly reduces or has the potential to reduce affordable housing; 2. Facilities substandard living conditions as evidenced by a high number of housing code violations, emergency repair liens, water bill liens or indexes of the University Neighborhood Housing Program’s Building’ Indicator Project (BIP) database; 3. Is in technical default; and 4. Has been underwritten in an unsound manner.”

Community Development Loans				
Purpose	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	848	2,663,353		
Economic Development	59	235,350		
Community Services	24	66,820		
Revitalize & Stabilize	148	699,975		
<b>Total</b>	<b>1,079</b>	<b>3,665,498</b>	<b>-</b>	<b>-</b>

The following are highlights of SB's community development loans made during the evaluation period.

#### Affordable Housing

- SB extended approximately \$2.7 billion of term loans and lines of credit to finance multifamily rental housing projects that provided affordable housing to LMI families with household incomes of less than 80.0% of the area median income.
- SB extended a \$4.5 million line of credit to a loan fund which provides flexible bridge loans for the purchase of vacant sites or occupied buildings, predevelopment, and moderate rehabilitation to developers committed to create or preserve affordable housing in NYC.

#### Revitalization and Stabilization and Economic Development

- SB committed \$92.4 million to finance four EB-5<sup>4</sup> projects. The loans included a \$50 million project to finance the construction of a major development in Manhattan that will transform the area into a vibrant, pedestrian friendly, transit oriented mixed use district. It will include office, hotel and retail spaces, housing units and a public school. Plans for this project, approved by the City of New York under Article IX (Special Purpose Districts), indicated that more than 30,000 people were expected to work within the district and that the residential component was expected to accommodate 10,000 residents.
- SB extended approximately \$700 million in term loans and lines of credit secured by commercial buildings leased to establishments such as discount stores, bank branches, warehouses, drugstores, restaurants, and medical offices located in LMI census tracts. These commercial tenants provided a range of essential services

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<sup>4</sup> Congress established the Immigrant Investor Program or EB-5 in 1990 in order to stimulate the economy. It encourages foreigners to invest in the U.S. creating American jobs in exchange for a U.S. green card. Under the program, a foreign national must invest \$500,000 in a new commercial enterprise in the U.S. and each \$500,000 investment must create 10 U.S. jobs.

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and products to residents including adjoining neighborhoods, thus providing the stimulus for economic growth and neighborhood revitalization.

- SB extended \$235 million in term loans and lines of credit secured by commercial buildings leased to small businesses such as retail stores, deli, and minority owned restaurants, creating permanent jobs for LMI individuals and facilitating economic development in LMI census tracts.
- SB extended a \$250,000 line of credit to a business development corporation. As a complement to conventional banking, the corporation promoted business prosperity and economic well-being in the area by providing loans to small businesses.

### Community Services

- SB extended \$6.6 million to two multifamily affordable housing projects leased to nonprofit organizations engaged in providing shelter for the homeless population.

### **Flexible and Innovative Lending Practices:**

By extending credit facilities to developers participating in the EB-5 Program, SB assisted in the development of infrastructure aimed to revitalize LMI neighborhoods in NYC and stimulate economic growth by providing jobs.

### **INVESTMENT TEST:** “High Satisfactory”

*SB’s investment performance is evaluated pursuant to the following criteria:*

- (1) The dollar amount of qualified investments;*
- (2) The innovativeness or complexity of qualified investments; and*
- (3) The responsiveness of qualified investments to credit and community development needs.*

SB maintained a reasonable level of community development investments in light of the assessment area’s credit and community development needs.

### **Amount of Community Development Investments:**

During the evaluation period, SB made \$72.2 million in new community development investments and had \$41.2 million outstanding from the prior evaluation periods. In addition, SB made \$2.1 million in community development grants. The amount of community development investments and grants for the current four-year evaluation period increased by \$115.6 million or 109.0% compared to the prior two-year evaluation period. However, the annualized ratio of average total assets to average community



development investments and grants for the current period was 0.16% which was 0.08% lower than the ratio for the prior evaluation period (0.24%). Overall, SB demonstrated a reasonable level of community development investments and grants over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	6	56,862	5	40,832
Economic Development			1	400
Community Services	1	2,421		
Revitalize & Stabilize	1	12,919		
<b>Total</b>	<b>8</b>	<b>72,202</b>	<b>6</b>	<b>41,232</b>
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing	74	1,160		
Economic Development	48	92		
Community Services	145	845		
Revitalize & Stabilize	6	28		
<b>Total</b>	<b>273</b>	<b>2,125</b>		

Below are examples of SB’s community development investments and grants:

SB primarily invested in Low Income Housing Tax Credit (“LIHTC”) affordable housing projects, made indirectly through proprietary and national funds supporting the creation, retention or preservation of affordable housing units in New York State.

- SB invested \$19.5 million in two housing projects in Bronx County consisting of rent-assisted housing units for low income elderly persons under the Section 202<sup>5</sup> Program.
- SB invested \$12.9 million in LIHTC eligible low-income dwelling units in a multifamily project in Queens County that has developed into a mixed-income housing facility with a variety of retail spaces, including a supermarket. This has enhanced the quality of life and promoted economic development in downtown Jamaica.
- SB invested \$12.3 million to finance the acquisition of two Section 8 housing

5 The U.S. Department of Housing and Urban Development provides capital advances to finance the construction, rehabilitation or acquisition of structures to serve as supportive housing for very low-income elderly persons by providing rent subsidies to help make them affordable, also known as Section 202 Supportive Housing for the Elderly Program.

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projects on Staten Island. At least 210 of the combined 219 units are affordable for households with incomes of 60.0% or less of the area median income.

### Community Development Grants

- SB contributed \$1.0 million towards the Federal Home Loan Bank of New York's ("FHLBNY") Affordable Housing Program ("AHP"). Each year the FHLBNY sets aside 10.0% of its earnings to support the creation and preservation of housing for lower income families and individuals through the AHP. The \$1.0 million was SB's share of the earnings based on their membership shares in the FHLBNY.
- SB contributed \$82,000 to a nonprofit organization that provides health care services to low-income individuals with developmental disabilities.
- SB contributed \$563,000 during the period to a nonprofit organization that advocates for solutions to prevent disease and improve community health by conducting research on public health issues, and funding other organizations that provide health wellness programs to LMI communities.

### **Innovativeness of Community Development Investments:**

SB did not use innovative investment choices to support community development. SB extensively invested in low-income housing projects that provided LIHTCs indirectly through national and proprietary funds.

### **Responsiveness of Community Development Investments to Credit and Community Development Needs:**

SB's community development investments exhibited adequate responsiveness to credit and community development needs.

### **SERVICE TEST:** "High Satisfactory"

*SB's retail service performance is evaluated pursuant to the following criteria:*

- (1) The current distribution of the banking institution's branches;*
- (2) The institutions record of opening and closing branches;*
- (3) The availability and effectiveness of alternative systems for delivering retail services;*  
*and*
- (4) The range of services provided.*

*SB's community development service performance is evaluated pursuant to the following criteria:*

- (1) The extent to which the banking institution provides community development services;*

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and  
 (2) *The innovativeness and responsiveness of community development services.*

**Retail Banking Services: “Low Satisfactory”**

SB’s level of retail services is somewhat less than reasonable. SB provided accessibility to a range of products and services through its alternative delivery systems which include: internet banking, ATM network, telephone banking, direct deposit and remote deposit capture. During the evaluation period, however, SB opened five branches in upper-income census tracts.

SB’s retail banking services and the distribution of branches are reasonably accessible to business clients within its assessment area, considering SB’s business model and strategy of serving privately owned businesses, their owners and senior managers.

*Current distribution of the banking institution’s branches*

SB had an adequate distribution of branches within its assessment area.

SB operates 28 full service branches, five of which were opened during the evaluation period. The distribution of branches within the assessment area are: one branch in a low income census tract in Bronx County; five branches in moderate-income census tracts of New York County (1), Kings County (2), and Queens County (2); and 22 branches in upper-income census tracts across eight counties. SB’s office locations are mainly in commercial areas.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
New York			1		8	9	11%
Kings			2		1	3	67%
Queens			2		2	4	50%
Bronx		1				1	100%
Richmond					2	2	0%
Nassau					5	5	0%
Suffolk					2	2	0%
Westchester					2	2	0%
<b>Total</b>	-	1	5	-	22	28	21%

*Record of opening and closing branches:*

SB’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems for LMI geographies or LMI individuals. Since the prior evaluation,

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SB opened five branches and closed one branch. Of the five opened, all are located in upper-income census tracts, with one opened as a result of relocation.

*Availability and effectiveness of alternative systems for delivering retail services:*

SB's delivery systems are generally accessible to SB's assessment area, particularly LMI geographies and individuals. SB currently operates 19 ATMs through 13 branches. A majority of the ATMs (84.0%) do not offer 24/7 access. These ATM's are limited to branch or building hours in which the branch is located. Nine (47.0%) ATMs also offer services in Spanish.

SB also offers internet banking services through its website, providing information regarding the products and services offered, its ATM and branch locations, and general bank information.

SB offers remote deposit capabilities to commercial customers who can scan and deposit checks into their accounts. Services are also available for commercial customers for their credit card payments and vendor pick-up (business clients may make arrangements with armored cars or cash vendors to pick up cash deposits directly from their business locations).

*Range of services provided:*

SB's retail services continue to meet the service and convenience needs of its assessment area.

All 19 ATMs dispense cash and 12 (63.0%) also accept deposits. Regular business hours are determined by the branch location and the needs of the community. Offices are generally open from 8:00 AM until 5:00 PM, Monday to Friday.

SB offers a low cost checking account to its customers. It has no minimum balance to open and customers receive eight free debit transactions with a monthly fee of \$3.00; a fee of \$1.50 is charged for each additional withdrawal.

**Community Development Services: "Outstanding"**

During the evaluation period, SB was an active provider of community development services throughout its assessment area. Senior officers and other employees participated in a range of community development services in approximately 48 instances. These services included being active board and committee members of nonprofit organizations involved in a range of community services, as well as participation in organizations that provide financial education to LMI individuals and small businesses.

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Below are highlights of SB's community development services:

- Several bank officers provided their financial expertise on the boards and committees of nonprofit organizations in 34 out of a total of 48 instances. These organizations are involved in an array of programs benefitting LMI individuals and communities. The programs consisted of promoting financial literacy and affordable housing, securing capital for small businesses, and revitalizing communities.

The following are examples of board and committee services performed by SB officers:

- A director served on the affordable housing loan and small business loan committees for a nonprofit alternative lender providing loans that create quality jobs, revitalize neighborhoods, and aid in affordable housing in Westchester County. This person is also a board member of a nonprofit that provides free tax preparation services to low-income families in Bronx County.
- A group director is a board member and former treasurer of a nonprofit social services organization in NYC that manages and develops housing programs for low-income households and housing for the homeless.
- A community development specialist is on the loan review committee of an organization that provides business services and credit to small businesses that do not have access to traditional lending. The specialist is also a board member of a nonprofit organization that revitalizes New York's LMI neighborhoods and communities through the redevelopment of brownfield sites.
- SB conducted financial education classes throughout its assessment area on vital topics ranging from investing, insurance, retirement, and college planning through its First Time Investor Program. This initiative consists of a nine week course primarily on the basics of securities investing. Since its inception in 2002, a total of 367 LMI participants have completed the class. Each participant invests \$750 matched by another \$750 from SB. Participants take the nine week course and receive two years of free assistance from SB to develop a portfolio in line with their personal investment goals.
- SB was actively involved with a nonprofit organization dedicated to improving people's understanding and ability in managing their financial affairs. SB developed and sponsored credit card financial literacy training sessions for LMI high school seniors.

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- SB partnered with a Bronx nonprofit organization with a mission of empowering low-income New Yorkers with effective tools and resources to enable them to make financial choices. In 2014, SB sponsored two free volunteer income tax assistance sites with this organization. Approximately 256 returns were prepared for clients with an average annual adjusted gross income of \$17,100 or less.

### **Additional Factors**

The following factors were also considered in assessing SB's record of performance.

#### **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 has a CRA, Fair Lending and Consumer Compliance Committee tasked with reviewing CRA activities. Two members of the board of directors are on this committee. Aside from the two board members, the committee includes the senior VP of loan operations and residential lending, the director of community development, and several other senior credit and compliance officers.

The director of community development meets with the board of directors annually to discuss the progress of the CRA program and also discuss CRA matters with senior management including the president and CEO on a regular basis, and whenever any issue needs attention.

#### **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.*

DFS did not note any practices that were intended to discourage applications for the types of credit offered by SB.

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

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

#### **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*

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banking institution.

The community development staff meet and participate in activities held by nonprofit organizations involved in affordable housing, economic development, financial literacy programs and other community services to ascertain community credit needs.

Ascertainment efforts also include memberships in community based organizations, attending annual meetings and conferences where community development issues are discussed, exchange of information and ideas with community development banking peers, as well as reviewing their own research and key publications.

- 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.

Management indicated that customers often choose SB based on recommendations from friends and associates. Also, management does not think that its primary clientele of small and mid-size businesses would select a bank based on an advertising slogan or advertising. Therefore, SB does not engage in any marketing efforts or participate in any radio, TV or printed media marketing programs or initiatives.

SB targets small businesses by offering a single point of contact for all of their banking needs and services. Most of SB's offices are located on the upper floors of office buildings since many services are provided to customers through online banking, remote check capture and other online services. A street level retail presence is not required to generate new customers and deposits.

**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.

<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.

### **Small Business Loans**

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