



**NEW YORK STATE BANKING DEPARTMENT**  
**CONSUMER SERVICES DIVISION**  
One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2009

**Institution:** Bank of India, New York Branch  
277 Park Avenue  
New York, NY 10172

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

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## GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of the New York Branch of the Bank of India (“BOINY”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2009.

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

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

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

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

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

## OVERVIEW OF INSTITUTION'S PERFORMANCE

### Overall Rating

BOINY's performance was evaluated according to the community development test for wholesale or limited purpose banking institutions pursuant to Part 76.11 of the General Regulations of the Banking Board. This assessment period included calendar years 2007 to 2009. BOINY is rated "3," indicating a "Needs to Improve" record of helping to meet community credit needs. This rating is a downgrade from the prior rating of "2" ("Satisfactory") based on the NYSBD Performance Evaluation dated December 31, 2006.

This rating is based on the following factors:

#### **Community Development Activity (Loans, Investments, Services): "Satisfactory"**

BOINY demonstrated a poor responsiveness to the community development needs of its assessment area. During the evaluation period, BOINY's community development loans and investments totaled \$4.3 million. Compared to the prior evaluation period, BOINY's CRA commitments were 17% lower for this evaluation period. In contrast, total assets increased during the evaluation period by 271%.

#### Community Development Lending: "Needs to Improve"

As of December 31, 2009, BOINY had \$1 million in community development loans. Given BOINY's asset size, this was a poor level of community development lending.

#### Qualified Investments: "Needs to Improve"

BOINY had a poor level of qualified investments and grants. As of December 31, 2009, BOINY had \$3.3 million in qualified investments, including \$114 thousand in eight qualified grants or donations.

#### Community Development Service: "Needs to Improve"

BOINY provided one community development service during the evaluation period. Given the size of the institution, this was a poor level of service.

#### **Innovative or Complex Practices: "Needs to Improve"**

BOINY did not have any innovative or complex qualified community development investments, loans or services.

#### **Responsiveness to Credit and Community Development Needs: "Needs to Improve"**

As evidenced by its volume of lending and investments, as well as the lack of innovative or flexible lending and investment programs, BOINY's responsiveness to community development needs was poor,

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

## PERFORMANCE CONTEXT

### **Institution Profile:**

BOINY was licensed in 1978 as the New York Branch of Bank of India, headquartered in Mumbai, India. BOINY is a wholesale commercial bank that focuses on serving the commercial accounts of Indian businesses in the United States and abroad. Many of these Indian-owned businesses engage in import - export activities between India and the United States.

BOINY is not in the business of originating or purchasing residential mortgage, housing rehabilitation, home improvement, small business or small farm loans to retail customers. Accordingly, in March 1998, the FDIC designated BOINY a wholesale institution for purposes of its evaluation under the CRA.

BOINY has one office located at 277 Park Avenue in New York, NY. Since the prior evaluation, the bank has not opened or closed any branches.

In its Call Report dated December 31, 2009, BOINY reported total assets of \$1.402 million, of which \$1,079 million (77%) were net loans and leases, and total deposits of \$1,064 million (76%). BOINY's total assets increased \$886 million since the last evaluation.

*There are no known legal or financial impediments that would adversely affect BOINY's ability to meet the credit needs of its assessment area.*

### **Assessment Area:**

BOINY's assessment area includes the five counties of New York City: Bronx, New York, Kings, Queens and Richmond, which is part of the New York—Northern New Jersey—Long Island MSA #5600, and falls within Metropolitan Division 35644. The assessment area consists of 2,217 census tracts, of which 939 or 42.4% are considered low- and moderate-income ("LMI").

*The assessment area appears reasonable based on the branch's location and BOINY's designation as a wholesale institution. There is no evidence that LMI areas are arbitrarily excluded.*

The following chart provides a summary of the census tracts within the assessment area:

Distribution of Census Tracts Within the Assessment Area								
County	Zero-Income Tracts	Low-Income Tracts	Moderate-Income Tracts	Middle-Income Tracts	Upper-Income Tracts	Total Census Tracts	LMI Tracts # %	
Bronx	14	132	98	65	46	355	230	64.8%
Kings	15	119	297	235	117	783	416	53.1%
New York	9	60	59	24	144	296	119	40.2%
Queens	18	12	148	310	185	673	160	23.8%
Richmond	2	3	11	29	65	110	14	12.7%
<b>Total</b>	<b>58</b>	<b>326</b>	<b>613</b>	<b>663</b>	<b>557</b>	<b>2,217</b>	<b>939</b>	<b>42.4</b>

### Demographic and Economic Data

According to the 2000 U.S. Census, the assessment area had a population of 8 million. About 11.7% or 938 thousand were over the age of 65 and 21.6% or 1.7 million were under the age of 16.

Of the 1.870 million families in the assessment area, 30.8% were low-income, 16.9% were moderate-income, 17.0% were middle-income and 35.5% were upper-income families. There were 3.022 million households in the assessment area, of which 19.7% had income below the poverty level and 7.5% were on public assistance.

According to the 2000 U.S. Census, the median family income within the assessment area was \$49 thousand. The U.S. Department of Housing and Urban Development estimated median family income for the area was 65 thousand in 2009.

There were 3.204 million housing units within the assessment area, including 1.3 million (39.2%) one- to four-family units and 1.9 million (60.8%) multifamily units. A majority of the area's housing units (65.9%) were rental-occupied, while 28.5% were owner-occupied units.

The assessment area had 663 thousand businesses. Of these 74.7% were businesses with reported revenues of less than or equal to \$1 million, 5.7% reported revenues of more than \$1 million, and 19.7% did not report their revenues. Of all the businesses in the assessment area, 81.8% were businesses with less than fifty employees while 93.5% operated from a single location. The largest industries in the area were service providers (44.0%), followed by retail trade companies (16.9%) and finance, insurance and real estate (9.5%), while 11.5% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State rose to 8.4% in 2009 from 5.3% in 2008, and 4.5% in 2007. From 2007 to 2009, unemployment rates increased for all five counties that make up the bank's

assessment area (New York City). From 2007 to 2009, the unemployment rate in the Bronx and Kings Counties remained above the state's average while New York, Richmond and Queens Counties were below the state average in 2008, but rose to match or exceed it in 2009. Overall, unemployment has risen significantly since the last evaluation in 2006. The increasing trend in all geographies was a result of the nationwide 2008-2009 economic downturn.

The following chart shows average yearly unemployment rates:

<b>Assessment Area Unemployment Rate for New York City Counties &amp; Statewide</b>							
	Statewide	NYC	New York	Kings	Queens	Bronx	Richmond
2008 - Annual	5.3	5.4	4.7	5.8	4.9	7.3	4.9
2009 - Annual	8.4	9.5	8.5	10.1	8.6	12.2	8.4
Dec-09	8.8	10.4	9.0	11.2	9.4	13.9	9.2

Source: New York State Department of Labor

## **PERFORMANCE TEST AND ASSESSMENT FACTORS**

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

This assessment period included calendar years 2007 to 2009.

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

BOINY received a rating of “2” on its prior CRA Performance Evaluation dated December 31, 2006, reflecting a “Satisfactory” record of helping to meet its community credit needs.

### **Current CRA Rating” “Needs to Improve”**

#### **Community Development Activities: “Needs to Improve”**

BOINY demonstrated a poor responsiveness to the community development needs of its assessment area. During the evaluation period, BOINY’s community development loans and investments totaled \$4.3 million, of which \$1.3 million (30%) was new money. Compared to the prior evaluation period’s \$5.1 million, BOINY’s CRA commitments were 17% lower for this evaluation period. In contrast, total assets increased during the evaluation period by 271%, from \$516.1 million to \$1.4 billion.

The following chart shows BOINY’s community development lending and investing within its assessment area:

<b>Community Development Activity during 2007, 2008 and 2009</b>				
	Affordable Housing	Economic Development	Community Service	Total
Loans	1,000,000	0	0	1,000,000
Investments	2,719,000	520,000	74,340	3,313,340
Total	3,179,000	520,000	74,340	3,773,340

Following are brief descriptions of BOINY’s community development activities during the evaluation period:

Community Development Lending: “Needs to Improve”

As of December 31, 2009, BOINY had \$1 million in community development loans. There were no outstanding loan balances from the prior evaluation period. The sole commitment was a working capital line of credit given to Neighborhood Housing Services of New York City, Inc., a community development organization focused on affordable housing. Given BOINY’s asset size, this was a poor level of community development lending.

Qualified Investments: “Needs to Improve”

BOINY had a poor level of qualified investments and grants. As of December 31, 2009, BOINY had \$3.3 million in qualified investments, including \$114 thousand in eight qualified grants or donations to the following organizations:

- As of December 31, 2009, the bank had an outstanding investment of \$2.7 million in FNMA (99%) and GNMA (1%) mortgaged backed securities collateralized by loans extended to low- and moderate- income borrowers within New York State.
- In addition, BOINY renewed a \$250,000 certificate of deposit with Carver Federal Savings Bank (“Carver”) and invested another \$250,000 in certificate of deposit with New York National Bank, now a division of Hudson Valley Bank. Both New York National and Carver are certified Community Development Financial Institutions (“CDFIs”).

The bank made \$114,000 in grants. Some of the recipients of these grants are listed below.

- Neighborhood Housing Services of New York - through financial empowerment and affordable lending, NHS enables individuals and families to invest in, preserve, and improve their neighborhoods and homes
- SoBRO - Not-for-profit organization dedicated to the revitalization of the South Bronx and nearby communities through economic development, housing, and education programs

- Catalog for Giving – funds afterschool programs for disadvantaged youth in NYC
- Congress for Racial Equality - a philanthropic omnibus human rights organization whose largest program, “Project Independence,” is a welfare to work program
- City Meal on Wheels – delivers nutritious meals to low- income homebound elderly New Yorkers on weekends, holidays, and times of emergency

Community Development Services: “Needs to Improve”

Annually, BOINY provides free technical assistance to several small businesses in the Indian immigrant community within the assessment area. Given the size of the institution, this was a poor level of service.

**Innovative or Complex Qualified Community Development Investments, Loans or Services: “Needs to Improve”**

BOINY did not have any innovative or complex qualified community development loans, investments or services.

**Responsiveness to Community Development Needs: “Needs to Improve”**

As evidenced by its volume of lending and investments, as well as the lack of innovative or flexible lending and investment programs, BOINY’s responsiveness to community development needs was poor.

**Additional Factors**

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

As a branch of a Foreign Banking Organization (FBO), BOINY does not have a board of directors. BOINY has a CRA officer, who is responsible for CRA efforts on a day-to-day basis and reports to a CRA Committee, which is headed by the BOINY CEO. The CRA Committee advocates for new projects and monitors CRA plans, programs, and performance. The committee met every quarter and on an annual basis in the fourth quarter, reviewed the CRA Statement.

**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.

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

Evidence of prohibited discriminatory or other illegal credit practices

No evidence of prohibited discrimination or other illegal credit practices was noted.

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

BOINY has not opened or closed any branches since the previous Performance Evaluation.

**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.

BOINY ascertained the credit needs of the community through its contact with community groups that are engaged in community development programs such as Neighborhood Housing Services of New York, South Bronx Overall Economic Development Corp., Center for Children's Initiatives (formerly Child Care, Inc.), and The Committee for Hispanic Children and Families. BOINY's officers attend briefings and meetings conducted by these organizations and gather information about their programs. At these meetings, the bank made these organizations aware of its services and products. BOINY officers also use their professional relationships to gather information on the needs of the assessment area.

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

BOINY did not have a formal marketing plan or offer special credit-related programs to the general public during the evaluation period. BOINY sponsored the annual literary and cultural event of Bharatiya Vidya Bhaven, a New York non-profit cultural events organization. Although the sponsorship did not qualify as a community development grant, it did provide a marketing opportunity. BOINY also advertises its products in several newspapers and magazines (*The Indian Express, Divya Bhaskar, NRI Today, Tathaslu, Tamil Sangham Souvenir and The Police Officer's Quarterly*). The bank also posted a flyer at the Hindu Center in Flushing, NY.

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

Neither BOINY nor the New York State Banking Department received any complaints related to its CRA performance during the evaluation period.

## GLOSSARY

### Aggregate Penetration Rate

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

### Community Development

The term “community development” is defined to mean:

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

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

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

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

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

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

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

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

**Home Mortgage Disclosure Act (“HMDA”)**

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

**Income Level**

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

<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 (“GAR”) of \$1 million or less (“< = \$ 1MM”).

**Low or Moderate Income (“LMI”) Geographies**

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

**LMI Borrowers**

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

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

### **LMI Individuals/Persons**

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

### **LMI Penetration Rate**

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

### **Small Business Loans**

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