



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

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** September 30, 2016

**Institution:** Apple Bank for Savings  
122 East 42<sup>nd</sup> Street, 9<sup>th</sup> Floor  
New York, NY 10168

**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 Apple Bank for Savings (“Apple Bank” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of September 30, 2016.

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 an institution’s performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

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

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

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

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

DFS evaluated Apple Bank according to the large bank performance criteria pursuant to Sections 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent. This assessment period included all lending activities from January 1, 2013 through December 31, 2015 and community development activities from October 1, 2013 through September 30, 2016. Apple Bank 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"**

Apple Bank's high satisfactory rating was supported by its making a substantial majority of loans within its assessment area, outstanding amount of HMDA-reportable and MECA loans originated or purchased in LMI census tracts, and increased community development lending activities from the previous evaluation.

- **Lending Activity: "Low Satisfactory"**

Apple Bank's lending activity was adequate considering its size, business strategy and financial condition, as well as peer group activity and the demographics of its assessment area.

Apple Bank's average LTD ratio for the fifteen (15) quarters ended September 30, 2016 was 83.5% or 7.5% below its peer group, but significantly improved when compared with its average LTD ratio of 58.9% for the prior evaluation period.

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

During the evaluation period, Apple Bank originated 99.3% by number and 99.2% by dollar value of HMDA-reportable and MECA loans within the assessment area. This substantial majority of lending inside of its assessment area was an excellent record of lending.

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

Apple Bank's origination of HMDA-reportable and MECA loans in both number and dollar value in census tracts of varying income levels demonstrated an excellent distribution of lending.

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

Apple Bank's HMDA-reportable and MECA loans distribution demonstrated a more than reasonable distribution of loans among individuals of different income levels. Apple Bank's HMDA-reportable loans significantly exceeded its aggregate's ratios for number

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of loans granted and dollar value, although Apple Bank's MECA level of lending was inadequate compared to the LMI family demographics of the assessment area.

- Community Development Lending: "Outstanding"

During the evaluation period, Apple Bank originated \$312.4 million in new community development loans, and had \$161.6 million outstanding from prior evaluation periods, for a total of \$474.0 million. Apple Bank originated sixty community development loans, mostly supporting affordable housing in the assessment area. This demonstrated an excellent level of community development lending during the evaluation period.

### **Investment Test: "High Satisfactory"**

Apple Bank made a more than reasonable amount of qualified investments and grants during the evaluation period.

- Community Development Investments

During the evaluation period, Apple Bank made \$86.7 million in new community development investments, and had \$188.9 million outstanding from prior evaluation periods. In addition, Apple Bank made \$327,000 in community development grants. This demonstrated a more than reasonable level of community development investments and grants over the course of the evaluation period.

- Innovativeness of Community Development Investments

Apple Bank demonstrated an excellent use of innovative investments to support economic development.

- Responsiveness of Community Development Investments to Credit and Community Development Needs

Apple Bank exhibited reasonable responsiveness to credit and community development needs via its community development investments.

### **Service Test: "High Satisfactory"**

- Retail Banking Services: "Outstanding"

Apple Bank continued to provide excellent delivery systems, branch network, convenient branch hours and services, and alternative delivery systems accessible to LMI individuals or customers in LMI geographies.

- Community Development Services: "High Satisfactory"

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Apple Bank provided a high level of community development services, participating in various financial education and seminar programs in partnership with various local community development organizations.

*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**

Apple Bank, headquartered in Manhasset, NY, is a stock-owned savings bank, established in 1863. Apple Financial Holdings, Inc. is the holding company for Apple Bank. After acquiring 29 branches and related deposit accounts from Emigrant Savings Bank in 2013, Apple Bank's branch network expanded to include a total of 79 branch offices and 107 automated teller machines located throughout the five boroughs of New York City, as well as Nassau, Suffolk, Westchester, and Rockland counties. A new branch in the Town of Monsey in Rockland County was opened in October 2015.

Apple Bank's principal line of business is commercial lending to large commercial customers. Beginning in 2013, Apple Bank substantially decreased its 1-4 family, co-op, and condo mortgage originations due to the intense competition in its assessment areas. Currently, Apple Bank does not offer 1-4 family loans or consolidation, extension or modification agreements. Apple Bank does offer home equity lines of credit. During the current evaluation period, Apple Bank has actively purchased 1-4 family residential mortgages through several third-party mortgage entities to support the needs of its customers in the assessment area. Apple Bank also offers multifamily mortgages and consumer loans. Apple Bank's deposit products include checking and savings accounts, money market accounts, certificates of deposit (CDs), and individual retirement accounts (IRAs). A subsidiary of the bank, ABS Associates of New York, Inc, offers additional products including life insurance, annuities, and investment products.

As of September 30, 2016, Apple Bank reported total assets of \$12.9 billion, which included \$10.4 billion (80.6%) in net loans and leases and \$1.9 billion (14.7%) in investment securities. Apple Bank also reported total deposits of \$11.7 billion resulting in a loan-to-deposit ratio of 88.9%. According to the latest available comparative deposit data, as of June 30, 2016, Apple Bank had a market share of 0.85% or \$11.7 billion in a market of \$1.4 trillion, ranking it 15<sup>th</sup> among 131 deposit-taking institutions in its assessment area.

The following is a summary of Apple Bank's loan portfolio, based on Schedule RC-C of the bank's December 31, 2013, 2014, 2015, and January 1 through September 30, 2016 Call Reports.

TOTAL GROSS LOANS OUTSTANDING								
	12/31/2013		12/31/2014		12/31/2015		9/30/2016	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
Real Estates Loans:								
Commercial Mortgages	2,041,810	24.9	2,014,781	22.3	2,418,297	23.9	2,431,675	23.2
Multifamily Mortgages	922,721	11.3	1,026,047	11.3	1,310,998	13.0	1,418,199	13.5
1-4 Family Residential Mortgages	384,948	4.7	321,578	3.6	262,366	2.6	228,953	2.2
Construction Loans	42,004	0.5	9,700	0.1	0	0.0	0	0.0
Commercial & Industrial Loans	4,575,963	55.8	5,407,151	59.8	5,510,616	54.5	5,774,178	55.1
Loans to Depository Institutions	188,072	2.3	224,788	2.5	569,311	5.6	591,436	5.6
Consumer Loans	21,292	0.3	19,989	0.2	18,394	0.2	16,796	0.2
Other Loans	17,066	0.2	20,521	0.2	29,829	0.3	20,384	0.2
<b>Total Gross Loans</b>	<b>8,193,876</b>	<b>100.0</b>	<b>9,044,555</b>	<b>100.0</b>	<b>10,119,811</b>	<b>100.0</b>	<b>10,481,621</b>	<b>100.0</b>

As illustrated in the above table, the majority (78.3%) of Apple Bank's loan portfolio is comprised of commercial real estate and commercial & industrial loans. Residential mortgages including multi-family and 1-4 family mortgage loans have remained consistent, representing 15.7% of total gross loans as of September 30, 2016. The bank's 1-4 family residential mortgage loans have gradually declined as Apple Bank no longer originates these loans, but rather is engaged in purchasing the portfolios. Apple Bank's consumer lending is minimal and no small business or small farm loans were originated during the evaluation period.

*Examiners found no evidence of financial or legal impediments that had an adverse impact on Apple Bank's ability to meet the credit needs of its community.*

### **Assessment Area**

Apple Bank's assessment area included Bronx, Kings, Richmond, New York, Queens, Nassau, Suffolk, and Westchester counties. Rockland County was recently added to Apple Bank's CRA assessment area after the bank opened a branch there in October 2015, and therefore was not included in this evaluation for lending purposes. However, Apple Bank's community development activities in Rockland County were considered for this evaluation because the county is adjacent to the existing assessment area.

Apple Bank's assessment area is in and around the greater New York metropolitan area, which is primarily urban in character. The five boroughs that comprise New York City represent one of the largest and most densely populated metropolitan areas in the country. Nassau, Suffolk, and Westchester counties are primarily suburban.

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 are tracts with no income indicated. Low- and moderate-income census tracts constituted 37.1% of all census tracts in Apple Bank's assessment area, which is a slight increase from 33.6% at the previous evaluation period. Bronx County has the highest percentage of LMI census tracks at 70.8% followed by Kings County at 55.2%.



<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
Westchester	6	5	28	55	129	223	14.8
Nassau	8	9	26	157	84	284	12.3
Suffolk	1	4	70	197	51	323	22.9
<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>

### **Demographic & Economic Data**

The assessment area had a population of 12.0 million during the evaluation period. About 12.6% of the population were over the age of 65, and 20.0% were under the age of sixteen.

Of the 2.8 million 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 families. There were 4.3 million households in the assessment area, of which 14.6% had income below the poverty level and 3.4% were on public assistance. The weighted average median family income in the assessment area was \$80,105.

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. A majority (49.4%) of the area's housing units were rental-occupied, while 42.0% were owner-occupied. Of the 2.3 million rental-occupied housing units, 54.8% were in LMI census tracts while 45.2% were in middle- and upper-income census tracts. Of the 2 million owner-occupied housing units, 18.7% were in low- and moderate-income census tracts while 81.3% were in middle- and upper-income census tracts. The median age of the housing stock was 69 years, and the median home value in the assessment area was \$521,581.

There were nearly 1 million non-farm businesses in the assessment area. Of these, 78.12% were businesses with reported revenues of less than or equal to \$1 million; 6.05% reported revenues of more than \$1 million; and 15.8% did not report their revenues. Of all the businesses in the assessment area, 85.7% were businesses with less than fifty employees while 92.4% operated from a single location. The largest industries in the assessment area were services (50.8%), retail trade (14.7%), and

finance, insurance & real estate (8.7%), while 6.5% of the businesses were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State for the three full years of the evaluation period dropped from 7.7% to 5.3% for an average rate of 6.4%. This steady decline was experienced throughout Apple Bank’s assessment area. Bronx County had the highest unemployment rates during the period as well as the highest average rate of 9.7%. For the first nine months of 2016 the rate continued to decline statewide as well as in the assessment area.

<b>Assessment Area Unemployment Rate</b>									
	Statewide	Bronx	Kings	New York	Queens	Richmond	Nassau	Suffolk	Westchester
2013	7.7	11.7	9.3	8.8	7.7	8.9	5.9	6.6	6.3
2014	6.3	9.7	7.6	7.3	6.3	7.4	4.8	5.4	5.1
2015	5.3	7.7	5.9	5.7	5.0	5.8	4.3	4.8	4.6
<b>Avg. (3 yrs.)</b>	<b>6.4</b>	<b>9.7</b>	<b>7.6</b>	<b>7.3</b>	<b>6.3</b>	<b>7.4</b>	<b>5.0</b>	<b>5.6</b>	<b>5.3</b>
2016*	4.9	7.3	5.4	5.3	4.6	5.4	3.9	4.4	4.3

\* 9-month average

## **Community Information**

DFS examiners interviewed several community organizations that focus on community development through affordable housing, economic development, and community services within Apple Bank’s assessment area. The comments made by these organizations helped identify essential needs or credit opportunities available within the bank’s assessment area.

One community contact included a community based organization whose mission is to promote and protect affordable homeownership in New York so that LMI families can build strong, thriving communities. The organization works with several partners who provide resources and referrals to those organizations, which then offer direct assistance to homeowners. Homeowners across New York State are connected to free foreclosure prevention experts who can address the needs of the low- and moderate-income population. The contact indicated that there is a great need for more affordable loan programs. Affordable homes that are on the market may not be accessible to working individuals. Working families are having difficulty buying affordable homes, and working Individuals with credit issues are being denied credit. In addition, only those with higher credit scores can take advantage of some of the programs and affordable homes that are available. The cost for new rentals continues to rise, and the demand for affordable housing is extremely high. Finally, seniors may benefit from reverse mortgage programs that are available to them. Community contacts also indicated the need for local institutions to be more engaged and do more to provide more affordable loan programs and help prevent foreclosures.

DFS examiners also reviewed the community comment from a not-for-profit coalition

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comprised of over one hundred neighborhood-based affordable housing and economic development organizations, and community development corporations with over thirty years of experience engaging in bank reinvestment advocacy for low- and moderate-income communities. The coalition commented that Apple Bank is demonstrating good practices by increasing community development activities in the affordable housing area. The coalition was also pleased to see that the bank's multifamily lending increased, especially in low-income neighborhoods, and that the loans appear to be made responsibly and avoid many known bad actor landlords. However, the coalition saw opportunities for Apple Bank to increase its level of investment, improve its products, and increase access to banking for more New Yorkers by increasing its branch presence in LMI census tracts in the Bronx.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS evaluated Apple Bank under the large bank performance standards set forth in 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 New York 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. Apple Bank submitted bank-specific information both as part of the evaluation process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS calculated loan-to-deposit ("LTD") ratios from information shown in the bank's Uniform Bank Performance Report as submitted to the FDIC.

DFS sourced the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet update annually, and obtained unemployment data from the New York State Department of Labor. Some non-specific bank data were only available on a county-wide basis.

The evaluation period included lending activities from January 1, 2013 through December 31, 2015 and community development activities from October 1, 2013 through September 30, 2016.

Examiners considered Apple Bank's HMDA-reportable and MECA loans purchased and originated during the evaluation period in evaluating lending factors (1), (2), (3) and (4) of the lending test noted below.

Apple Bank did not make any farm loans and had minimal small business and consumer loans during the evaluation period. Therefore, the loan data for these categories were not collected from the bank for CRA consideration.

At its **prior** Performance Evaluation, as of September 30, 2013, DFS assigned Apple

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Bank a rating of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs.

**Current CRA Rating: “Satisfactory”**

**LENDING TEST:** “High Satisfactory”

*The bank’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.*

Apple Bank’s HMDA-reportable and MECA loan activities were reasonable considering its size, business strategy and financial condition, as well as aggregate and peer group activity, and the demographic characteristics and credit needs of its assessment area. Apple Bank’s community development lending demonstrated more than reasonable responsiveness to community credit needs.

**Lending Activity: “Low Satisfactory”**

Apple Bank’s lending levels were adequate considering its size, business strategy and financial condition, as well as peer group<sup>1</sup> activity and the demographic characteristics of its assessment area.

Apple Bank’s average LTD ratio for the fifteen (15) quarters ended September 30, 2016 was 83.5% or 7.5% below its peer group, but significantly better than its average LTD ratio of 58.9% for the prior evaluation period. This was a result of significant growth in commercial and industrial loans, and multifamily mortgages outpacing deposit growth during the evaluation period.

Overall, the total number of home mortgage and multifamily loans made within the assessment area decreased slightly (7%) when compared with the prior evaluation. However, the dollar value of total originations increased by 48%, primarily due to an increase in multifamily loans. According to the 2015 HMDA data, Apple Bank ranked 258<sup>th</sup> among 534 lenders originating or purchasing home mortgage loans in the bank’s assessment area, with its market share being minimal at 0.01%. The market competition for residential mortgages within the bank’s assessment area remains strong as nearly 50% of the market is dominated by only ten national or regional lenders such as Wells Fargo Bank, JPMorgan Chase Bank, Citibank, and Quicken Loans.

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<sup>1</sup> The Bank’s peer group includes 101 insured savings banks having assets greater than \$1 billion.

<b>Loan-to-Deposit Ratios</b>																
	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	Avg.
Bank	80.7	65.8	70.2	77.5	81.3	86.6	86.8	85.8	85.6	92.3	85.6	89.4	88.9	86.2	89.4	83.5
Peer	83.7	85.0	86.1	88.0	87.6	90.1	91.5	92.9	92.4	93.9	94.3	95.3	94.1	95.6	94.4	91.0

**Assessment Area Concentration: “Outstanding”**

During the evaluation period, Apple Bank originated 99.3% by number and 99.2% by dollar value of its total HMDA-reportable and MECA loans within the assessment area. This substantial majority of lending inside of its assessment area is an excellent record of lending.

HMDA-Reportable Loans

During the evaluation period, Apple Bank originated 99.2% by number and 99.5% by dollar value of its HMDA-reportable loans within the assessment area, demonstrating an excellent record of lending.

MECA Loans

During the evaluation period, Apple Bank originated 99.5% by number, and 99.2% by dollar value of the most of its MECA loans within the assessment area, indicating an excellent record of lending.

The following table shows the percentages of Apple Bank’s HMDA-reportable and MECA loans originated inside and outside of the assessment area.

<b>Distribution of Loans Inside and Outside of the Assessment Area</b>											
Loan Type	Number of Loans					Loans in Dollars (in thousands)					
	Inside		Outside		Total	Inside		Outside		Total	
	#	%	#	%		\$	%	\$	%		
<b>HMDA-Reportable</b>											
2013	239	100.0%	-	0.0%	239	75,429	100.0%	-	0.0%	75,429	
2014	190	98.4%	3	1.6%	193	57,425	98.9%	662	1.1%	58,087	
2015	188	98.9%	2	1.1%	190	57,031	99.6%	250	0.4%	57,281	
Subtotal	617	99.2%	5	0.8%	622	189,885	99.5%	912	0.5%	190,797	
<b>MECA Loans</b>											
2013	103	100.0%	-	0.0%	103	513,990	100.0%	-	0.0%	513,990	
2014	38	100.0%	-	0.0%	38	210,283	100.0%	-	0.0%	210,283	
2015	47	97.9%	1	2.1%	48	161,811	95.6%	7,500	4.4%	169,311	
Subtotal	188	99.5%	1	0.5%	189	886,084	99.2%	7,500	0.8%	893,584	
Grand Total	805	99.3%	6	0.7%	811	1,075,969	99.2%	8,412	0.8%	1,084,381	

**Geographic Distribution of Loans: “Outstanding”**

Apple Bank’s origination of loans in census tracts of varying income levels demonstrated

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an excellent distribution of lending.

### HMDA-Reportable Loans

The distribution of HMDA-reportable loans by the income level of the geography demonstrated an excellent rate of lending.

During the evaluation period, Apple Bank originated 50.7% by number and 46.9% by dollar value of its HMDA-reportable loans to individuals in LMI census tracts. This outperformed the aggregate's rate of lending 34.0% by number and 28.4% by dollar value of loans. In addition, the level of HMDA-reportable lending in LMI geographies exceeded the demographic of 18.7%.

The following table provides a summary of Apple Bank's HMDA-reportable lending distribution by the income level of the geography where the property is located.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2013									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	14	5.9%	3,877	5.1%	3,208	2.3%	2,150,169	3.4%	2.2%
Moderate	91	38.1%	24,833	32.9%	16,560	12.1%	7,526,921	11.8%	14.4%
LMI	105	43.9%	28,710	38.1%	19,768	14.5%	9,677,090	15.2%	16.6%
Middle	67	28.0%	17,184	22.8%	50,754	37.1%	18,043,587	28.4%	42.6%
Upper	67	28.0%	29,535	39.2%	66,049	48.3%	35,769,084	56.2%	40.9%
Unknown	0	0.0%	0	0.0%	130	0.1%	151,595	0.2%	0.0%
<b>Total</b>	<b>239</b>		<b>75,429</b>		<b>136,701</b>		<b>63,641,356</b>		
2014									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	13	6.8%	4,871	8.5%	2,984	3.1%	2,812,744	5.4%	2.6%
Moderate	71	37.4%	17,758	30.9%	14,708	15.4%	7,967,489	15.4%	16.1%
LMI	84	44.2%	22,629	39.4%	17,692	18.5%	10,780,233	20.8%	18.7%
Middle	80	42.1%	17,164	29.9%	37,883	39.5%	14,749,933	28.5%	43.6%
Upper	26	13.7%	17,632	30.7%	40,146	41.9%	26,152,366	50.5%	37.7%
Unknown	0	0.0%	0	0.0%	81	0.1%	92,233	0.2%	0.0%
<b>Total</b>	<b>190</b>		<b>57,425</b>		<b>95,802</b>		<b>51,774,765</b>		
2015									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	12	6.4%	4,046	7.1%	3,442	3.0%	2,971,987	4.7%	2.6%
Moderate	112	59.6%	33,649	59.0%	17,142	15.0%	9,647,511	15.2%	16.1%
LMI	124	66.0%	37,695	66.1%	20,584	18.0%	12,619,498	19.9%	18.7%
Middle	49	26.1%	12,292	21.6%	46,164	40.3%	18,812,522	29.7%	43.6%
Upper	15	8.0%	7,044	12.4%	47,636	41.6%	31,895,686	50.3%	37.7%
Unknown	0	0.0%	0	0.0%	43	0.0%	41,517	0.1%	0.0%
<b>Total</b>	<b>188</b>		<b>57,031</b>		<b>114,427</b>		<b>63,369,223</b>		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	39	6.3%	12,794	6.7%	9,634	2.8%	7,934,900	4.4%	
Moderate	274	44.4%	76,240	40.2%	48,410	14.0%	25,141,921	14.1%	
LMI	313	50.7%	89,034	46.9%	58,044	16.7%	33,076,821	18.5%	
Middle	196	31.8%	46,640	24.6%	134,801	38.9%	51,606,042	28.9%	
Upper	108	17.5%	54,211	28.5%	153,831	44.3%	93,817,136	52.5%	
Unknown	0	0.0%	0	0.0%	254	0.1%	285,345	0.2%	
<b>Total</b>	<b>617</b>		<b>189,885</b>		<b>346,930</b>		<b>178,785,344</b>		

### MECA Loans

During the evaluation period, Apple Bank's MECA loans originated in LMI geographies were 31.9% by number and 23.0% by dollar value, exceeding the LMI owner-occupied housing units' demographic of 18.7%.

The following table provides a summary of Apple Bank's MECA lending distribution by the income level of the geography where the property is located.



<b>Distribution of MECA Loans by Geographic Income of the Census Tract</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	18	17.5%	67,370	13.1%	2.2%
Moderate	18	17.5%	51,058	9.9%	14.4%
LMI	36	35.0%	118,428	23.0%	16.6%
Middle	11	10.7%	19,167	3.7%	42.6%
Upper	56	54.4%	376,395	73.2%	40.9%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>103</b>		<b>513,990</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	2	5.3%	4,150	2.0%	2.6%
Moderate	1	2.6%	1,675	0.8%	16.1%
LMI	3	7.9%	5,825	2.8%	18.7%
Middle	4	10.5%	12,961	6.2%	43.6%
Upper	31	81.6%	191,497	91.1%	37.7%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>38</b>		<b>210,283</b>		
<b>2015</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	5	10.6%	15,300	9.5%	2.6%
Moderate	16	34.0%	64,273	39.7%	16.1%
LMI	21	44.7%	79,573	49.2%	18.7%
Middle	3	6.4%	8,707	5.4%	43.6%
Upper	23	48.9%	73,531	45.4%	37.7%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>47</b>		<b>161,811</b>		
<b>GRAND TOTAL</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	25	13.3%	86,820	9.8%	
Moderate	35	18.6%	117,006	13.2%	
LMI	60	31.9%	203,826	23.0%	
Middle	18	9.6%	40,835	4.6%	
Upper	110	58.5%	641,423	72.4%	
Unknown	0	0.0%	0	0.0%	
<b>Total</b>	<b>188</b>		<b>886,084</b>		

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

Apple Bank’s HMDA-reportable and MECA loans distribution demonstrated a more than reasonable distribution of loans among individuals of different income levels.

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### HMDA-Reportable Loans (1-4 Family Loans)

Apple Bank's HMDA-reportable lending demonstrated an excellent distribution of loans among individuals of different income levels.

During the evaluation period, Apple Bank's level of lending to LMI borrowers was 42.9% by number of loans and 30.0% by dollar value. This significantly exceeded the aggregate's ratios of 15.1% and 7.1%, respectively. In addition, the number of loans made to LMI borrowers significantly increased compared with the first three years of the previous evaluation period, from 81 to 259.

During the current evaluation period, Apple Bank shifted its lending strategy from originating mortgages to purchasing residential mortgages targeting LMI borrowers or LMI geographic areas due to the strong competition for 1-4 family mortgages because of interest rates, loan program diversity and a slowing refinance market. Thus, the percentage of lending to LMI borrowers was greatly improved, exceeding the aggregate's performance as well as the prior evaluation period performance.

The following table provides a summary of the distribution of Apple Bank's 1-4 family loans based on borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2013									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	2.5%	670	0.9%	4,310	3.2%	738,814	1.4%	25.7%
Moderate	69	29.0%	14,243	18.9%	15,135	11.3%	3,012,013	5.6%	16.8%
LMI	75	31.5%	14,913	19.8%	19,445	14.6%	3,750,827	7.0%	42.5%
Middle	45	18.9%	9,977	13.3%	28,014	21.0%	7,115,437	13.3%	18.3%
Upper	115	48.3%	49,319	65.6%	80,399	60.2%	38,983,875	72.9%	39.3%
Unknown	3	1.3%	1,020	1.4%	5,647	4.2%	3,653,890	6.8%	0.0%
<b>Total</b>	<b>238</b>		<b>75,229</b>		<b>133,505</b>		<b>53,504,029</b>		
2014									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	22	12.2%	4,088	9.8%	3,392	3.6%	624,155	1.5%	27.1%
Moderate	78	43.1%	14,361	34.3%	11,360	12.2%	2,338,368	5.7%	17.1%
LMI	100	55.2%	18,449	44.0%	14,752	15.9%	2,962,523	7.3%	44.1%
Middle	29	16.0%	6,376	15.2%	19,955	21.4%	5,303,860	13.0%	18.2%
Upper	51	28.2%	15,590	37.2%	55,038	59.2%	29,388,454	72.0%	37.7%
Unknown	1	0.6%	1,500	3.6%	3,295	3.5%	3,152,466	7.7%	0.0%
<b>Total</b>	<b>181</b>		<b>41,915</b>		<b>93,040</b>		<b>40,807,303</b>		
2015									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	13	7.0%	1,581	3.1%	3,709	3.3%	738,711	1.4%	27.1%
Moderate	71	38.4%	15,483	30.5%	13,004	11.7%	2,865,578	5.6%	17.1%
LMI	84	45.4%	17,064	33.6%	16,713	15.0%	3,604,289	7.1%	44.1%
Middle	40	21.6%	11,402	22.5%	23,300	20.9%	6,575,712	12.9%	18.2%
Upper	61	33.0%	22,265	43.9%	63,593	57.1%	35,771,452	70.1%	37.7%
Unknown	0	0.0%	0	0.0%	7,729	6.9%	5,086,305	10.0%	0.0%
<b>Total</b>	<b>185</b>		<b>50,731</b>		<b>111,335</b>		<b>51,037,758</b>		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	41	6.8%	6,339	3.8%	11,411	3.4%	2,101,680	1.4%	
Moderate	218	36.1%	44,087	26.3%	39,499	11.7%	8,215,959	5.7%	
LMI	259	42.9%	50,426	30.0%	50,910	15.1%	10,317,639	7.1%	
Middle	114	18.9%	27,755	16.5%	71,269	21.1%	18,995,009	13.1%	
Upper	227	37.6%	87,174	51.9%	199,030	58.9%	104,143,781	71.7%	
Unknown	4	0.7%	2,520	1.5%	16,671	4.9%	11,892,661	8.2%	
<b>Total</b>	<b>604</b>		<b>167,875</b>		<b>337,880</b>		<b>145,349,090</b>		

### MECA Loans (1-4 Family Loans)

During the evaluation period, Apple Bank modified or extended eighteen 1-4 family mortgage loans totaling \$7.3 million. Only one of these loans was modified or extended to a LMI individual. This level of lending is less than adequate compared to the LMI family demographic of the assessment area.

The following table provides a summary of Apple Bank's MECA loans based on borrower income.

<b>Distribution of MECA Loans (1-4 family) by Borrower Income</b>					
<b>2013</b>					
<b>Borrower Income</b>	<b>Bank</b>				<b>Fam.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	25.7%
Moderate	0	0.0%	0	0.0%	16.8%
LMI	0	0.0%	0	0.0%	42.5%
Middle	2	11.8%	190	2.7%	18.3%
Upper	15	88.2%	6,968	97.3%	39.3%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>17</b>		<b>7,158</b>		
<b>2014</b>					
<b>Borrower Income</b>	<b>Bank</b>				<b>Fam.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	27.1%
Moderate	1	100.0%	161	100.0%	17.1%
LMI	1	100.0%	161	100.0%	44.1%
Middle	0	0.0%	0	0.0%	18.2%
Upper	0	0.0%	0	0.0%	37.7%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>1</b>		<b>161</b>		
<b>2015</b>					
<b>Borrower Income</b>	<b>Bank</b>				<b>Fam.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
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%	44.1%
Middle	0	0.0%	0	0.0%	18.2%
Upper	0	0.0%	0	0.0%	37.7%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	
<b>GRAND TOTAL</b>					
<b>Borrower Income</b>	<b>Bank</b>				<b>Fam.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	
Moderate	1	5.6%	161	2.2%	
LMI	1	5.6%	161	2.2%	
Middle	2	11.1%	190	2.6%	
Upper	15	83.3%	6,968	95.2%	
Unknown	0	0.0%	0	0.0%	
<b>Total</b>	<b>18</b>		<b>7,319</b>		

### **Community Development Lending: "Outstanding"**

Apple Bank originated \$312.4 million in new community development loans, and had \$161.6 million outstanding from prior evaluation periods, for a total of \$474.0 million. This demonstrated an excellent level of community development lending for the evaluation period.

During the evaluation period, Apple Bank originated 60 community development loans,

which primarily supported affordable housing in the assessment area. When compared with the prior evaluation, the annualized ratio of qualified community development loans to average assets increased from 0.73% to 0.98%. Apple Bank's community development loans more than doubled from \$226.7 million at the prior evaluation to \$474.0 million in this period.

Apple Bank's affordable housing lending activities totaled \$335.0 million, or 70.7%, of the community development loans it made in its assessment area during the evaluation period.

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	47	235,741	38	99,215
Economic Development	2	47,663	2	15,386
Community Services	1	1,375	5	17,540
Revitalize & Stabilize	10	27,642	3	29,457
<b>Total</b>	<b>60</b>	<b>312,421</b>	<b>48</b>	<b>161,598</b>

The following is a description of some of the community development loans made during the evaluation period.

#### *Affordable Housing*

- In 2013 Apple Bank refinanced a \$41.9 million loan secured by 17 multifamily residences in low- and moderate-income geographies in Nassau County. A review of the rents revealed all apartments provided affordable housing to low- and moderate-income individuals.
- In 2013 Apple Bank originated two loans totaling \$16 million for the purchase of a 317 unit 32-story apartment building in partnership with New York Affordable Housing Preservation Fund. The property is in a moderate-income census tract in the Bronx. The property was converted from an Article II affordable housing project to an Article XI affordable housing project, wherein rents would be capped at predetermined percentages of median family income and would fall under rent stabilization guidelines.
- In 2014 Apple Bank refinanced an \$8.9 million commercial mortgage secured by a fourteen-building multifamily property containing 336 units in a middle-income census tract on Long Island. The property was built for senior citizens as a housing

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and urban development project and has been operated as such. A review of the rents revealed these properties qualify as affordable housing.

- In 2015 Apple Bank financed a \$35 million commercial mortgage secured by seventeen multifamily properties in New York City. These properties qualify as affordable housing based on the rents that are charged in each building.
- In 2016 Apple Bank refinanced \$38.6 million in commercial mortgages secured by 26 affordable multifamily apartment buildings in moderate-income census tracts in Sunnyside, New York.

#### Community Services

- Apple Bank refinanced a \$1.4 million commercial loan secured by a 67-unit homeless shelter for women located in a moderate-income census tract in New York County.

#### Revitalize and Stabilize

- In 2014, Apple Bank refinanced a \$2 million commercial loan for a mixed-use building located in a low- and moderate-income geography in New York County. The property is occupied by a financial institution, thereby providing access to financial services in the area. The loan stabilizes the area by helping to retain existing residents and businesses.
- In 2016 Apple Bank refinanced an \$8 million commercial loan secured by a retail property located in a low-income census tract in New York City. The loan helps to stabilize the area by retaining and attracting businesses.

#### Economic Development

- Apple Bank refinanced a \$42.2 million commercial mortgage secured by a new hotel in New York City. The hotel provided permanent jobs to approximately 60 low- and moderate-income employees. The hotel meets the U. S. Small Business Administration (“SBA”) small business size standards.

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

Apple Bank made limited use of innovative lending practices to meet the credit needs of the communities it serves. Apple Bank offers low-cost personal loans to customers with little, no or poor credit histories to help establish or rebuild their credit through the bank’s SureCredit products as follows:

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- SureLine Personal Secured Line of Credit: A fixed-rate overdraft line of credit linked to the customer's checking account. The line of credit offers low monthly payments and no annual fee and offers the convenience, flexibility and protection in the event the customers overdraw their checking account. The minimum credit line is \$500.00 and is secured by the customer's Apple Bank savings or certificate of deposit account.
  - SureLoan Secured Personal Loan: A fixed-rate installment loan with flexible repayment terms up to 72 months. The minimum loan amount is \$500.00 and is secured by one or more Apple Bank savings or certificate of deposit accounts held by the customer.

**INVESTMENT TEST:** "High Satisfactory"

Apple's community development investments were more than reasonable considering the assessment area's credit needs.

**Amount of Community Development Investments:**

During the evaluation period, Apple Bank made \$86.7 million in new community development investments, and had \$188.9 million outstanding from prior evaluation periods. In addition, Apple Bank made \$327,000 in community development grants. This demonstrated a more than reasonable level of community development investments and grants over the course of the evaluation period.

Between evaluations, Apple Bank's average assets increased by nearly \$4 billion while the new community development investments decreased by \$91.4 million. As a result, the annualized ratio of qualified community development investments to average assets during the current evaluation period dropped sharply from 1.19% to 0.57% of average assets. In addition, the current period investment activities involved mostly mortgage-backed securities supporting the assessment area's credit needs for affordable housing. However, total qualified investment activities, including outstanding balances from prior evaluations were \$275.9 million, of which 60.2% of the investments were used in support of economic development activities.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	19	85,948	29	23,518
Economic Development	3	735	26	165,431
Community Services				
Other (Please Specify)				
<b>Total</b>	<b>22</b>	<b>86,683</b>	<b>55</b>	<b>188,949</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	29	58		
Economic Development	51	78		
Community Services	96	185		
Revitalize and Stabilize	8	6		
<b>Total</b>	<b>184</b>	<b>327</b>		

Below are highlights of Apple Bank’s community development investments.

Affordable Housing

- Apple Bank invested \$10 million in Freddie Mac mortgage-backed securities secured by a multifamily housing project. The property, located in Brooklyn, consists of 36 high-rise buildings containing 5,881 rental units and is subject to the Mitchell-Lama program, which was created to build affordable rental and cooperative housing for low- and moderate-income individuals.
- Apple Bank invested a significant amount in debentures issued by “Certified Development Companies” and guaranteed by the SBA. The proceeds of the debentures were used to fund loans to small businesses as defined in SBA regulations for construction or acquisition of physical plants or machinery and equipment.
- Apple Bank renewed \$245,000 in certificates of deposit with Carver Federal Savings Bank during the evaluation period. Carver is a community development financial institution (“CDFI”) certified by the U. S. Treasury Department.

Below are highlights of Apple Bank’s community development grants.

Affordable Housing

- Apple Bank contributed \$15,000 to a nonprofit organization that helps to create, preserve, and improve affordable housing and bring needed resources to its community. The organization makes low interest loans and provides technical



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assistance to community leaders, neighborhood groups and managers of affordable housing.

- Apple Bank contributed \$10,000 to an organization that provides affordable and supportive housing, child-care and community facilities; and \$9,600 to an organization that creates and preserves affordable housing, as well as opportunities for homeownership education, financial assistance and community leadership.

### Economic Development

- Apple Bank contributed \$59,350 to a nonprofit organization that fosters continued growth and development of the Harlem community. Harlem Week, in its fortieth year, continues to promote Harlem's rich African American, Hispanic, Caribbean and European history, culture, arts, religion, entertainment and sports.
- Apple Bank contributed \$4,000 to an organization that assists in the creation of micro enterprises in its community and makes loans to storefront businesses, street vendors, in-home businesses, and start-up businesses. These loans have created full-time jobs and new businesses in the community.

### Community Service

- Apple Bank contributed \$86,000 to an organization that helps people of all ages in its assessment area manage disabilities, surmount everyday challenges, heal from trauma, promote physical and emotional well-being, and manage during times of crisis. This organization, through its professional staff, meets the myriad social service and health needs of the general community in an integrated setting.
- Apple Bank contributed \$16,200 to an organization that offers financial assistance, emergency assistance, and meals to the elderly.
- Apple Bank contributed \$7,200 to an organization that provides funding for food, shelter, clothing and other vital requirements, as well as monthly and holiday stipends, and emergency aid during health crises for low- and moderate-income individuals.
- Apple Bank contributed \$10,000 to a nonprofit organization that works with youths in under-resourced public schools, communities and housing projects. It offers a comprehensive group of services from elementary school through high school. The organization provides quality educational and social services that build on the strengths of the low- and moderate-income community by helping abuse survivors and those with developmental disabilities.

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

Apple Bank demonstrated significant use of innovative investments to support economic development as shown in debentures issued by development companies and small business investment companies, designed to provide equity capital and funds for expansion and growth of small businesses.

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

Apple Bank exhibited adequate responsiveness to credit and community development needs via its community development investments.

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

*Apple Bank’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.*

*Apple Bank’s community development service performance is evaluated pursuant to the following criteria:*

- (1) The extent to which the banking institution provides community development services;*  
*and*
- (2) The innovativeness and responsiveness of community development services.*

### **Retail Banking Services:** “Outstanding”

Apple Bank has excellent delivery systems, branch network, branch hours, services, and alternative delivery systems.

### **Current distribution of the banking institution’s branches:**

Apple Bank has a more than reasonable distribution of branches within its assessment area.

Apple Bank has a network of 79 branches, including twenty-nine branches acquired from Emigrant Savings Bank in April 2013, which expanded services in its assessment area. Since 37.1% of Apple Bank’s assessment area is comprised of LMI income census tracts, Apple Bank’s LMI branch penetration of 32.0% demonstrates a reasonable distribution of branch locations. Bronx and Kings counties have the greatest number of low- and moderate-income census tracts at 70.8% and 55.2%, respectively. Apple Bank’s branches located in LMI census tracts in Bronx and Kings counties are 78% and 56%, respectively, which exceeds the demographic data.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Bronx		4	3	1	1	9	78%
Kings		4	6	6	2	18	56%
New York		1	3	1	14	19	21%
Queens		0	2	3	1	6	33%
Richmond		0	0	1	0	1	0%
Westchester		0	1	0	4	5	20%
Nassau		0	1	7	2	10	10%
Suffolk		0	0	9	1	10	0%
Rockland		0	0	1	0	1	0%
<b>Total</b>		<b>9</b>	<b>16</b>	<b>29</b>	<b>25</b>	<b>79</b>	<b>32%</b>

Record of opening and closing branches:

Apple's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies or LMI individuals.

In addition to the twenty-nine branches acquired from Emigrant Savings Bank, three branches were merged into the acquired Emigrant branches and two branches were relocated. Four of these branches were relocated within the same census tract as the original sites, and one was relocated from a moderate to a middle-income census tract. Three branches were opened in 2015 in middle-income census tracts in Kings and Rockland counties. All branches have ATMs. In addition, Apple Bank has two offsite ATMs located in an upper-income census tract. These ATMs do not accept deposits.

Availability and effectiveness of alternative systems for delivering retail services:

Apple Bank's delivery systems are readily accessible to significant portions of the bank's assessment area, particularly LMI geographies and individuals.

Apple Bank offers bank-by-mail, 24/7 free online, mobile, ATM and telephone banking, TDD phone service for speech or hearing-impaired customers, and ATMs with nationwide access through the VISA network. Apple Bank's website ([www.applebank.com](http://www.applebank.com)) offers on-line banking, deposit and loan product information, listing of all branch and ATM locations with banking hours, as well as a brochure for public use that provides information about the bank's products and services.

Range of services provided:

Apple Bank's services meet the convenience and needs of its assessment area,

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particularly LMI geographies and individuals.

All branches have ATMs, extended weekday hours and weekend hours on either Saturday or Sunday.

Apple Bank offers several products and services that support the credit and banking needs of low- and moderate-income individuals or small businesses such as:

- “Youth Savings” designed to encourage savings and knowledge of financial products among minors.
- Low cost checking options such as “Basic Value Checking,” and free checking options such as “Extra Value Checking” and “Class Value Checking.”
- “Supreme Value Business Checking,” a totally free business checking product.
- “Sure Credit” products to help customers establish a credit record.
- “Apple Edge,” a free NOW checking account and other benefits offered to employees of businesses and other organizations.
- “Grand Yield Advantage Savings,” a statement or passbook savings account designed to be well-priced for lower balance accounts, to meet the needs of lower income individuals.

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

Apple Bank provided a more than reasonable level of community development services over the course of the evaluation period.

Apple Bank continues to provide financial education and seminars in partnership with various community development organizations. These events include First Home Buyer Seminars, Economic Development Expositions, Affordable Housing Expositions, Home Buyer Fairs, Tax Preparation Seminars, Community Resource Fairs, and Financial Health Conferences. Apple Bank officers provided leadership, financial expertise, and technical assistance through memberships on committees or on boards of local not-for-profit organizations serving Apple Bank’s assessment area.

Below are highlights of Apple Bank’s community development services:

- A senior commercial mortgage officer was a member of the loan committee of a not-for-profit corporation sponsored by commercial banks, savings institutions and insurance companies. Its mission is to stabilize, strengthen, and sustain low- and mixed-income communities by working closely with a range of community partners to create and preserve affordable housing.

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- During the evaluation period, Apple Bank’s CRA officer served as the chairperson of a not-for-profit corporation that provides community-based and community directed social services in the Kingsbridge Heights section (a moderate-income area) of the Bronx.
  - An officer is a board member of a not-for-profit organization that revitalizes underserved neighborhoods by creating and preserving affordable housing and providing opportunities for homeownership education, financial assistance and community leadership.
  - An Apple Bank senior executive is on the board of NYC Housing Partnership, whose focus is on affordable homeownership.
  - A former Apple Bank CRA officer served on the board of the Leviticus Fund, a registered CDFI.
  - Representatives from Apple Bank provided basic banking education to students at schools located in low-income census tracts in Brooklyn and Manhattan.

### **Additional Factors**

The following factors were also considered in assessing Apple Bank’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 CRA.**

The Board of Directors plays an active role in formulating CRA policies and programs. The Board performs a periodic review of the bank’s CRA activities and appoints the CRA Officer. Apple Bank has a CRA Committee comprised of senior management from each business department such as residential lending and commercial mortgage, and chaired by the CRA Officer. The CRA Committee meets on a quarterly basis to evaluate the bank’s ongoing CRA efforts including findings of community outreach, self-assessment and related ascertainment endeavors to determine initiatives the bank may undertake, consistent with the bank’s CRA policy and procedures. The Board receives minutes of the CRA Committee meetings.

### **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 examiners did not note evidence of practices by Apple Bank intended to discourage applications for the types of credit offered by Apple Bank.

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

DFS examiners did not note 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 banking institution.*

Apple Bank determines the credit needs of its community via discussions with community groups as well as information from the general and industry press. Apple Bank also obtains information from its officers and staff who serve on the board of directors and committees of local nonprofit or business organizations in the assessment area, as well as participate in events that provide homebuyer and financial literacy education. The mortgage department staff also participate in community fairs and seminars.

In addition, branch managers are active in their local communities where they attend meetings of Chambers of Commerce, Policy Community Committees, and Business Improvement Districts. Bank staff also attend block and street fairs which allow them the ability to ascertain community needs and discuss Apple Bank's products and services.

- *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*

Apple Bank advertises its loan and deposit products in print media and other venues to make community members aware of the bank's credit services. Apple Bank also uses its financial education and free seminar series to promote its products and services to the LMI population and small business communities.

### **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

## **Small Business Loan**

A small business loan is a loan less than or equal to \$1 million.

## **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.