NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
CONSUMER PROTECTION AND FINANCIAL ENFORCEMENT DIVISION

One State Street
New York, NY 10004

PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Date of Evaluation: December 31, 2017

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

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

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Savoy Bank ("SB" 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 December 31, 2017.

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

(1) Outstanding record of meeting community credit needs;

(2) Satisfactory record of meeting community credit needs;

(3) Needs to improve in meeting community credit needs; and

(4) Substantial noncompliance in meeting community credit needs.

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated SB according to the small banking institution performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2014 through 2017. SB is rated **"Satisfactory"** or "2." This rating means SB had a satisfactory record of helping to meet community credit needs.

The rating is based on the following factors:

Lending Test: Satisfactory

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

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

SB's average LTD ratio of 86.9% for the evaluation period exceeded the peer's average LTD ratio of 78.4%. SB's quarterly LTD ratio exceeded the peer group's ratio for all but one quarter out of the sixteen quarters in the evaluation period.

Both SB's and the peer group's overall LTD ratios were higher than in the prior evaluation period (80.1% and 77.3%, respectively).

Assessment Area Concentration: "Satisfactory"

SB originated 81.5% by number and 78.3% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This majority of lending inside of its assessment area reflects a reasonable concentration of lending within SB's assessment area.

Results were similar for both HMDA-reportable and small business loans, with each showing a majority of lending inside the Bank's assessment area.

Distribution by Borrower Characteristics: "Satisfactory"

SB was evaluated solely on its business lending for this performance criterion because its HMDA-reportable one-to-four family lending was to commercial entities and not natural persons, and therefore borrower income was not available for analysis.

Small business lending demonstrated a reasonable distribution of loans among businesses of different revenue sizes.

SB originated 39.7% by number and 37.1% by dollar value of its small business loans to businesses with gross annual revenues less than or equal to $1 million compared to 47.3% and 30.5%, respectively, for the aggregate.

Geographic Distribution of Loans: “Satisfactory”

SB’s origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

The distribution of HMDA-reportable loans among census tracts of varying income levels was excellent throughout the evaluation period, while the distribution of small business loans was reasonable.

Action Taken in Response to Written Complaints with Respect to CRA: “N/A”

Neither DFS nor SB received any written complaints regarding SB's CRA performance during the evaluation period.

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 GRS Part 76.

PERFORMANCE CONTEXT

Institution Profile

SB, formed in 2008, is a New York State-chartered, FDIC-insured commercial bank located at 600 Fifth Avenue, New York, NY 10020. The Bank's deposit products include commercial and consumer checking, savings, and money market accounts, and certificates of deposit. Loans are confined to conventional and government guaranteed U. S. Small Business Administration ("SBA") commercial mortgages, term loans, and lines of credit. The Bank does not originate consumer or residential mortgage loans.

Per the Consolidated Report of Condition (the "Call Report") as of December 31, 2017, filed with the Federal Deposit Insurance Corporation ("FDIC"), the Bank reported total assets of $293.4 million, of which $247.1 million were net loans and lease financing receivables. It also reported total deposits of $257.4 million, resulting in an LTD ratio of 96%. According to the latest available comparative deposit data as of June 30, 2018, SB had a market share of 0.02%, or $307.6 million in a market of $1.35 billion, ranking it 76th among 115 deposit-taking institutions in Bronx, Kings, Nassau, New York, Queens, and Richmond counties.

The following is a summary of SB's loan portfolio, based on Schedule RC-C of the Bank's December 31, 2014, 2015, 2016, and 2017 Call Reports:

TOTAL GROSS LOANS OUTSTANDING								
	12/31/2014		12/31/2015		12/31/2016		12/31/2017	
Loan Type	$000's	%	$000's	%	$000's	%	$000's	%
1-4 Family Residential Mortgage Loans	14,305	14.0	25,395	16.9	37,427	14.9	52,684	21.0
Commercial & Industrial Loans	16,552	16.3	17,123	11.4	21,147	8.4	21,351	8.5
Commercial Mortgage Loans	52,436	51.5	78,936	52.4	95,565	38.1	109,951	43.8
Multifamily Mortgages	17,740	17.4	28,536	19.0	47,286	18.8	56,871	22.7
Construction Loans	0	0.0	516	0.3	1,865	0.7	9,654	3.8
Other Loans	775	0.8	2	0.0	30	0.0	423	0.2
Loans to Depository Institutions	50	0.0	0	0.0	0	0.0	0	0.0
Total Gross Loans	**101,858**		**150,508**		**203,320**		**250,934**	

As illustrated in the above table, the Bank is primarily a commercial mortgage lender, with 43.8% of its loan portfolio in commercial mortgage loans, followed by multifamily mortgage loans at 22.7% and one-to-four family residential mortgage loans of 21%.

The Bank's only location is at 600 Fifth Avenue, 17th Floor, New York, NY, 10020, which is in Rockefeller Center. The Bank does not operate ATM machines.

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

Assessment Area

The Bank's assessment area is comprised of Bronx, Kings, Nassau, New York, Queens, and Richmond counties. The assessment area is unchanged from the prior evaluation period.

There are 2,451 census tracts in the area, of which 354 are low-income, 636 are moderate-income, 790 are middle-income, 596 are upper-income, and 75 have no income indicated.

Assessment Area Census Tracts by Income Level								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Dis-tressed %
Bronx	7	160	90	56	26	339	74%	74%
Kings	14	115	280	211	141	761	52%	52%
Nassau	9	7	28	159	81	284	12%	12%
New York	15	44	51	20	158	288	33%	33%
Queens	27	24	176	308	134	669	30%	30%
Richmond	3	4	11	36	56	110	14%	14%
Total	**75**	**354**	**636**	**790**	**596**	**2,451**	40%	40%

Demographic & Economic Data

The assessment area had a population of 9,781,355 during the evaluation period. About 13.2% of the population were over the age of 65 and 19% were under the age of sixteen.

Of the 2,203,187 families in the assessment area 30.5% were low-income, 16.3% were moderate-income, 16.5% were middle-income, and 36.7% were upper-income. There were 3,554,175 households in the assessment area, of which 17.8% had income below the poverty level and 3.8% were on public assistance.

The weighted average median family income in the assessment area was $78,236.

There were 3,889,481 housing units within the assessment area, of which 45.2% were one- to four-family units, and 54.5% were multifamily units. A minority (34.6%) of the area's housing units were owner-occupied; 56.8% were rental units. Of the 1,345,127 owner-occupied housing units, 20% were in LMI census tracts while 79.8% were in middle- and upper-income census tracts. The median age of the housing stock was 76 years, and the median home value in the assessment area was $532,360.

There were 625,797 non-farm businesses in the assessment area. Of these, 86.2% were businesses with reported revenues of less than or equal to $1 million, 7.1% reported revenues of more than $1 million and 6.7% did not report their revenues. Of all the businesses in the assessment area, 97% had less than fifty employees while 91.4% operated from a single location. The largest industries in the area were services (48%), retail trade (15.3%), and finance, insurance, & real estate (9.5%); 9.1% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, New York State's average unemployment rate for the evaluation period was 5.3%. The rate for all counties in the assessment area decreased during the period, except for Nassau County, which had a slight increase in 2017. Bronx County had the highest average unemployment rate each year of the evaluation period.

Assessment Area Unemployment Rate							
	Statewide	**Bronx**	**Kings**	**Nassau**	**New York**	**Queens**	**Richmond**
2014	6.3	9.8	7.6	4.8	6.1	6.4	7.4
2015	5.3	7.8	5.9	4.2	4.9	5.0	5.8
2016	4.8	7.1	5.3	3.9	4.5	4.5	5.2
2017	4.7	6.2	4.6	4.1	4.0	4.0	4.6
Average	5.3	7.7	5.9	4.3	4.9	5.0	5.8

Community Information

Examiners interviewed two nonprofit organizations with ties to local LMI communities in the assessment area.

At the first organization examiners spoke to the executive director and program manager. This organization primarily serves the five boroughs of New York City, Westchester, Nassau, and Suffolk counties, focusing on creating affordable homeownership opportunities. There are nineteen lenders who are members of this organization to help with these goals. Each year the organization helps 300 to 500 low- to middle-income homebuyers finance the purchase of their first homes.

The organization sees a large demand for housing counseling in the communities it serves. Its counseling programs attract many banks and lenders as participants. They think it is difficult to find enough CRA-eligible loans to serve the local housing needs because of higher loan standards and increased housing prices in New York City. The organization provided several possible solutions to close this gap:

- Increasing AMI ("Area Median Income") eligibility criteria for affordable housing from the current 80%;
- Creative loan products from banks and lenders;
- Down-payment assistance programs;
- Direct investments towards affordable housing developments;

- More banks offering affordable housing counseling and education.

The second organization focuses on encouraging the development and retention of small businesses and jobs in upper Manhattan and the western Bronx. It offers business development counseling, technical assistance, and referral services through its entrepreneurial assistance centers, as well as loans of up to $50,000.

According to the organization's executive director, many small business owners in the communities are recent immigrants. It has become increasingly difficult for small businesses to make money. Major banks have essentially abandoned these neighborhoods; smaller banks are more helpful but do not have the same level of resources. Financing costs are extremely high for many in these communities because of both mistrust of banks and lack of access to standard loan products.

The organization's executive director advocates closer partnerships between non-profits and financial institutions and more financial literacy programs to meet the specific needs of local small businesses.

The executive director also indicated a need for a strengthening of the CRA regulation and increased enforcement to improve its effectiveness and provide incentives to local financial institutions to provide needed assistance.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated SB under the small banking institution performance standards in accordance with Sections 76.7 and 76.12 of the GRS, which consist of the following lending test criteria:

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

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

1. *The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
2. *Evidence of practices intended to discourage credit applications;*
3. *Evidence of prohibited discriminatory or other illegal credit practices;*
4. *The institution's 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, DFS considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which SB helps meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. SB submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

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

The evaluation period included calendar years 2014 through 2017.

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

SB is not required to report small business loan data, so SB's small business lending is not included in the aggregate data. The aggregate data are shown only for comparative purposes.

At its **prior** Performance Evaluation as of September 30, 2014 DFS assigned SB a rating of "2," reflecting a "Satisfactory" record of helping to meet the credit needs of SB's communities.

Current CRA Rating: "Satisfactory"

<u>Lending Test</u>: "Satisfactory"

SB's HMDA-reportable and small business lending activities were reasonable in light of 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.

<u>Loan-to-Deposit Ratio and Other Lending-Related Activities</u>: "Satisfactory"

SB's average LTD ratio was reasonable considering its size, business strategy, and financial condition, as well as the lending activity of its peer group and the demographic characteristics and credit needs of its assessment area.

During the evaluation period, SB's average LTD ratio was 86.9%, exceeding the peer group's ratio of 78.4%. SB's quarterly LTD ratio exceeded the peer group's ratio for all but one of the sixteen quarters in the evaluation period. The Bank's ratios were at their highest in 2017.

The Bank's average LTD ratio ranged from a high of 97.3% in Q2 2017 to a low of 78.8% in Q3 2016, while the peer group's ratio ranged from a high of 79.7% in Q4 2017 to a low of 76.1% in Q1 2014. Both SB's and the peer group's average LTD ratios were higher than at the prior evaluation period (80.1% and 77.3%, respectively).

The table below shows SB's LTD ratios in comparison with the peer group's ratios for the 16 quarters representing calendar years 2014 through 2017.

Loan-to-Deposit Ratios

	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	Avg.
Bank	83.0	80.6	82.1	91.3	84.6	86.5	80.3	89.7	83.4	85.8	78.8	89.7	94.0	97.3	88.0	96.0	86.9
Peer	76.1	77.3	77.5	78.1	77.8	79.0	78.6	78.7	77.9	79.1	79.4	78.9	77.9	79.1	79.2	79.7	78.4

<u>Assessment Area Concentration</u>: **"**Satisfactory"

During the evaluation period, SB originated 81.5% by number and 78.3% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This majority of lending inside of its assessment area reflects a reasonable concentration of lending within SB's assessment area.

Results were similar for both HMDA-reportable and small business loans, with each showing a majority of lending inside the Bank's assessment area.

HMDA-Reportable Loans

SB originated 83.1% by number and 77.7% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of its assessment area reflects a reasonable concentration of lending within SB's assessment area.

The percentage of SB's HMDA-reportable loans originated within the assessment area ranged from a high of 93.8% in 2016 to a low of 78.9% in 2014. By dollar value of loans, the percentage of SB's HMDA-reportable loans originated within the assessment area ranged from a high of 86.4% in 2016 to a low of 70.2% in 2014.

Small Business Loans

SB originated 80.2% by number and 79.2% by dollar value of its small business loans within the assessment area. This majority of lending inside of its assessment area reflects a reasonable concentration of lending within SB's assessment area.

The percentage of loans originated within the assessment area ranged from a high of 83.3% in 2016 to a low of 79.2% in 2015. These percentages were relatively consistent during the evaluation period. By dollar value of loans, the percentage originated within the assessment area ranged from a high of 94.2% in 2017 to a low of 65.5% in 2015.

The following table shows the percentages of SB's HMDA-reportable and small business loans originated inside and outside of the Bank's assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		$	%	$	%	
HMDA-Reportable										
2014	15	78.9%	4	21.1%	19	10,192	70.2%	4,325	29.8%	14,517
2015	17	81.0%	4	19.0%	21	13,214	71.5%	5,260	28.5%	18,474
2016	15	93.8%	1	6.3%	16	13,310	86.4%	2,100	13.6%	15,410
2017	12	80.0%	3	20.0%	15	9,511	85.7%	1,582	14.3%	11,093
Subtotal	59	83.1%	12	16.9%	71	46,227	77.7%	13,267	22.3%	59,494
Small Business										
2014	23	79.3%	6	20.7%	29	7,501	73.5%	2,710	26.5%	10,211
2015	19	79.2%	5	20.8%	24	5,982	65.5%	3,144	34.5%	9,126
2016	15	83.3%	3	16.7%	18	9,025	81.7%	2,016	18.3%	11,041
2017	16	80.0%	4	20.0%	20	9,714	94.2%	599	5.8%	10,313
Subtotal	73	80.2%	18	19.8%	91	32,222	79.2%	8,469	20.8%	40,691
Grand Total	132	81.5%	30	18.5%	162	78,449	78.3%	21,736	21.7%	100,185

Distribution by Borrower Characteristics: “Satisfactory”

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

SB was not required to report the income on its HMDA-reportable lending because such lending was to commercial entities and not natural persons. Therefore, the Bank was evaluated solely on its business lending for this performance criterion.

Small Business Loans

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

SB originated 39.7% by number and 37.1% by dollar value of small business loans to businesses with gross annual revenue less than or equal to $1 million, compared to 47.3% and 30.5%, respectively, for the aggregate. The Bank’s and the aggregate’s results were considerably lower than the business demographics for each year of the evaluation period. The business demographics showed that 72% to 86% of businesses in the assessment area had gross annual revenues less than or equal to $1 million.

The following table provides a summary of the distribution of SB’s small business loans by the revenue size of the business.

Distribution of Small Business Lending by Revenue Size of Business									
2014									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. < = $1MM	13	56.5%	3,930	52.4%	94,225	41.6%	1,977,050	30.2%	72.3%
Rev. > $1MM	10	43.5%	3,571	47.6%	132,347		4,560,133		5.7%
Rev. Unknown		0.0%		0.0%					22.0%
Total	**23**		**7,501**		**226,572**		**6,537,183**		
2015									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. < = $1MM	5	26.3%	1,365	22.8%	124,080	49.3%	1,895,296	28.6%	77.2%
Rev. > $1MM	14	73.7%	4,617	77.2%	127,463		4,722,346		6.2%
Rev. Unknown		0.0%		0.0%					16.6%
Total	**19**		**5,982**		**251,543**		**6,617,642**		
2016									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. < = $1MM	5	33.3%	3,550	39.3%	120,050	45.6%	2,118,633	28.1%	86.0%
Rev. > $1MM	10	66.7%	5,475	60.7%	143,115		5,417,159		7.2%
Rev. Unknown		0.0%		0.0%					6.8%
Total	**15**		**9,025**		**263,165**		**7,535,792**		
2017									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. < = $1MM	6	37.5%	3,110	32.0%	140,958	51.7%	2,780,138	34.3%	86.2%
Rev. > $1MM	10	62.5%	6,604	68.0%	131,887		5,321,489		7.1%
Rev. Unknown		0.0%		0.0%					6.7%
Total	**16**		**9,714**		**272,845**		**8,101,627**		
GRAND TOTAL									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. < = $1MM	29	39.7%	11,955	37.1%	479,313	47.3%	8,771,117	30.5%	
Rev. > $1MM	44	60.3%	20,267	62.9%	534,812		20,021,127		
Rev. Unknown		0.0%		0.0%					
Total	**73**		32,222		**1,014,125**		**28,792,244**		

Geographic Distribution of Loans: “Satisfactory”

SB’s origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

The distribution of HMDA-reportable loans among census tracts of varying income levels was excellent overall and throughout the current evaluation period, while the distribution of small business loans was reasonable.

HMDA-Reportable Loans

The distribution of SB's HMDA-reportable loans among census tracts of varying income levels was excellent.

SB's overall distribution of HMDA-reportable loans to LMI geographies was 55.9% by number and 50.6% by dollar value of loans compared to 20.4% and 24.3%, respectively, for the aggregate. SB's overall distribution of loans also compared favorably to the non-owner occupied LMI demographic of 55.1%.

The following table provides a summary of the distribution of SB's HMDA-reportable loans by the income level of the geography where the property was located.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2014									
Geographic	**Bank**				**Aggregate**				**Non OO**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	4	26.7%	2,500	24.5%	2,750	4.4%	2,754,570	7.1%	22.5%
Moderate	3	20.0%	3,054	30.0%	10,312	16.3%	6,680,153	17.1%	34.5%
LMI	7	46.7%	5,554	54.5%	13,062	20.7%	9,434,723	24.2%	57.0%
Middle	8	53.3%	4,638	45.5%	23,763	37.6%	9,524,475	24.4%	22.1%
Upper	0	0.0%	0	0.0%	26,316	41.6%	19,911,045	51.1%	21.0%
Unknown	0	0.0%	0	0.0%	77	0.1%	91,533	0.2%	0.0%
Total	**15**		**10,192**		**63,218**		**38,961,776**		
2015									
Geographic	**Bank**				**Aggregate**				**Non OO**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	4	23.5%	2,244	17.0%	3,142	4.2%	2,895,787	6.1%	22.5%
Moderate	4	23.5%	2,440	18.5%	11,968	15.9%	7,767,811	16.4%	34.5%
LMI	8	47.1%	4,684	35.4%	15,110	20.0%	10,663,598	22.5%	57.0%
Middle	6	35.3%	5,740	43.4%	28,966	38.4%	12,025,199	25.4%	22.1%
Upper	3	17.6%	2,790	21.1%	31,347	41.5%	24,588,124	52.0%	21.0%
Unknown	0	0.0%	0	0.0%	38	0.1%	40,282	0.1%	0.0%
Total	**17**		**13,214**		**75,461**		**47,317,203**		
2016									
Geographic	**Bank**				**Aggregate**				**Non OO**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	3	20.0%	2,018	15.2%	3,458	4.3%	3,284,632	6.3%	22.5%
Moderate	6	40.0%	6,320	47.5%	12,780	15.9%	8,833,107	17.0%	34.5%
LMI	9	60.0%	8,338	62.6%	16,238	20.2%	12,117,739	23.3%	57.0%
Middle	3	20.0%	2,425	18.2%	31,323	38.9%	13,373,086	25.7%	22.1%
Upper	3	20.0%	2,547	19.1%	32,888	40.9%	26,390,424	50.8%	21.0%
Unknown	0	0.0%	0	0.0%	32	0.0%	56,993	0.1%	0.0%
Total	**15**		**13,310**		**80,481**		**51,938,242**		
2017									
Geographic	**Bank**				**Aggregate**				**Non OO**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	3	25.0%	1,625	17.1%	3,741	4.9%	3,672,229	7.0%	24.4%
Moderate	6	50.0%	3,173	33.4%	11,939	15.7%	10,321,491	19.8%	30.7%
LMI	9	75.0%	4,798	50.4%	15,680	20.7%	13,993,720	26.8%	55.1%
Middle	2	16.7%	2,178	22.9%	28,973	38.2%	12,894,121	24.7%	21.2%
Upper	1	8.3%	2,535	26.7%	31,042	40.9%	25,104,213	48.1%	23.2%
Unknown	0	0.0%	0	0.0%	170	0.2%	226,052	0.4%	0.0%
Total	**12**		**9,511**		**75,865**		**52,218,106**		
GRAND TOTAL									
Geographic	**Bank**				**Aggregate**				
Income	#	%	$000's	%	#	%	$000's	%	
Low	14	23.7%	8,387	18.1%	13,091	4.4%	12,607,218	6.6%	
Moderate	19	32.2%	14,987	32.4%	46,999	15.9%	33,602,562	17.6%	
LMI	33	55.9%	23,374	50.6%	60,090	20.4%	46,209,780	24.3%	
Middle	19	32.2%	14,981	32.4%	113,025	38.3%	47,816,881	25.1%	
Upper	7	11.9%	7,872	17.0%	121,593	41.2%	95,993,806	50.4%	
Unknown	0	0.0%	0	0.0%	317	0.1%	414,860	0.2%	
Total	**59**		**46,227**		**295,025**		**190,435,327**		

Small Business Loans

The distribution of SB's small business loans among census tracts of varying income levels was reasonable.

For the overall evaluation period, the bank originated 30.1% by number and 34.9% by dollar value of its small business loans in LMI geographies. This compared favorably to the aggregate percentages of 28.9% and 24.8%, respectively. For 2014 and 2015, the Bank's results trailed the aggregate, while for 2016 and 2017 SB's results were better than the aggregate. SB's results were also comparable to the business demographics for all years except 2014. In 2014, SB's results were considerably lower than the business demographics. The number of loans was higher in 2014 and 2015 than in 2016 and 2017 (42 versus 31), but the dollar value was less.

The following table provides a summary of the distribution of SB's small business loans by the income level of the geography where the businesses were located.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2014									
Geographic	**Bank**				**Aggregate**				**Bus.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	2	8.7%	320	4.3%	20,718	9.1%	515,562	7.9%	9.3%
Moderate	2	8.7%	980	13.1%	43,396	19.2%	1,114,274	17.0%	19.7%
LMI	4	17.4%	1,300	17.3%	64,114	28.3%	1,629,836	24.9%	29.0%
Middle	12	52.2%	3,576	47.7%	63,144	27.9%	1,698,172	26.0%	28.2%
Upper	7	30.4%	2,625	35.0%	93,261	41.2%	2,922,952	44.7%	40.3%
Unknown	0	0.0%	0	0.0%	6,053	2.7%	286,223	4.4%	2.6%
Total	**23**		**7,501**		**226,572**		**6,537,183**		
2015									
Geographic	**Bank**				**Aggregate**				**Bus.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	1	5.3%	40	0.7%	24,187	9.6%	525,012	7.9%	9.3%
Moderate	4	21.1%	1,325	22.1%	51,319	20.4%	1,084,632	16.4%	19.9%
LMI	5	26.3%	1,365	22.8%	75,506	30.0%	1,609,644	24.3%	29.2%
Middle	5	26.3%	1,700	28.4%	70,892	28.2%	1,682,647	25.4%	28.5%
Upper	9	47.4%	2,917	48.8%	98,701	39.2%	3,015,276	45.6%	39.9%
Unknown	0	0.0%	0	0.0%	6,444	2.6%	310,075	4.7%	2.5%
Total	**19**		**5,982**		**251,543**		**6,617,642**		
2016									
Geographic	**Bank**				**Aggregate**				**Bus.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	4	26.7%	3,190	35.3%	24,357	9.3%	638,115	8.5%	9.3%
Moderate	3	20.0%	1,475	16.3%	51,960	19.7%	1,268,194	16.8%	19.8%
LMI	7	46.7%	4,665	51.7%	76,317	29.0%	1,906,309	25.3%	29.1%
Middle	3	20.0%	1,800	19.9%	74,883	28.5%	1,947,927	25.8%	28.3%
Upper	4	26.7%	1,635	18.1%	105,306	40.0%	3,350,871	44.5%	40.1%
Unknown	1	6.7%	925	10.2%	6,659	2.5%	330,685	4.4%	2.6%
Total	**15**		**9,025**		**263,165**		**7,535,792**		
2017									
Geographic	**Bank**				**Aggregate**				**Bus.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	3	18.8%	2,079	21.4%	27,739	10.2%	722,521	8.9%	9.5%
Moderate	3	18.8%	1,825	18.8%	49,305	18.1%	1,280,663	15.8%	18.3%
LMI	6	37.5%	3,904	40.2%	77,044	28.2%	2,003,184	24.7%	27.8%
Middle	5	31.3%	2,385	24.6%	71,268	26.1%	1,904,622	23.5%	27.2%
Upper	5	31.3%	3,425	35.3%	119,086	43.6%	3,898,667	48.1%	42.6%
Unknown	0	0.0%	0	0.0%	5,447	2.0%	295,154	3.6%	2.4%
Total	**16**		**9,714**		**272,845**		**8,101,627**		
GRAND TOTAL									
Geographic	**Bank**				**Aggregate**				**Bus.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	10	13.7%	5,629	17.5%	97,001	9.6%	2,401,210	8.3%	
Moderate	12	16.4%	5,605	17.4%	195,980	19.3%	4,747,763	16.5%	
LMI	22	30.1%	11,234	34.9%	292,981	28.9%	7,148,973	24.8%	
Middle	25	34.2%	9,461	29.4%	280,187	27.6%	7,233,368	25.1%	
Upper	25	34.2%	10,602	32.9%	416,354	41.1%	13,187,766	45.8%	
Unknown	1	1.4%	925	2.9%	24,603	2.4%	1,222,137	4.2%	
Total	**73**		**32,222**		**1,014,125**		**28,792,244**		

Action Taken In Response to Written Complaints With Respect to CRA: "N/A"

Neither DFS nor SB received any written complaints during the evaluation period regarding SB's CRA performance.

Additional Factors

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

SB's board reviews and approves the Bank's CRA policy annually and ensures compliance with CRA regulations. The board reviews CRA-related information during the review of the Bank's lending activity at each monthly board meeting.

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

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

Evidence of prohibited discriminatory or other illegal credit practices.

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

Record of opening and closing offices and providing services at offices

In 2016 SB closed its one branch located at 1675 Broadway, New York, NY, and consolidated its operations, including the opening of a new branch, at 600 5th Ave, New York, NY. Branch hours of operation are Monday through Friday, 9 am to 5 pm. SB does not own or operate any ATM machines.

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

Process Factors

- *Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution*.

  SB informally monitors community needs through the media and discussions with customers and brokers. The Bank has evaluated and continues to evaluate new means of better serving the needs of LMI customers. The Bank has not elected to pursue any new initiatives since starting SBA lending in 2015.

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

  SB does not and has not marketed credit-related products.

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

None.

GLOSSARY

Aggregate Lending

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 Metropolitan Statistical Area ("MSA") or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

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 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.