



**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:** Spring Bank  
69 East 167 Street  
Bronx, NY 10452

**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 Spring 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 State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“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 institutions’ 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 record of meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary (“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 SB according to the small banking institution performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The assessment period included calendar years 2011 through 2017. SB is rated "Outstanding" or "1". This rating means that SB had an outstanding record of helping to meet community credit needs.

The rating is based on the following factors:

**Lending Test:** "Outstanding"

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

SB's average loan-to-deposit ("LTD") ratio was excellent 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.

SB's average LTD ratio was 89.1% compared with its peer's average of 75.5%; furthermore, SB's ratios generally trended upward during the evaluation period.

**Assessment Area Concentration:** "Outstanding"

During the evaluation period, SB originated 96.3% by number and 89.5% by dollar value of its total HMDA-reportable, small business and consumer loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

**Distribution by Borrower Characteristics:** "Outstanding"

SB's small business and consumer lending demonstrated an excellent distribution of loans among individuals of different income levels and businesses of different revenue sizes. HMDA-reportable loans were not evaluated under this criterion, as most of SB's HMDA-reportable loans did not include income and the number of remaining loans was too small for a meaningful analysis.

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

SB's origination of HMDA-reportable, small business, and consumer loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

**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.

*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 is a New York State-chartered community bank, headquartered in the Bronx, New York. In 2007, the Bank opened in the South Bronx, the only bank to establish its headquarters in this borough in over 25 years. The Bank opened its second branch in Harlem in 2012. SB has been designated by the U.S. Treasury as a Community Development Financial Institution (“CDFI”). Checkspring Community Corporation is the Bank’s holding company.

In 2016, SB became a Certified B Corporation, joining a for-profit, for-mission movement of companies recognized for socially responsible business practices.

Per the Consolidated Report of Condition (the “Call Report”) as of December 31, 2017, filed with the Federal Deposit Insurance Corporation (“FDIC”), SB reported total assets of \$187.5 million, of which \$152.7 million were net loans and lease financing receivables. It also reported total deposits of \$166.4 million, resulting in an LTD ratio of 91.8%. According to the latest available comparative deposit data as of June 30, 2018, SB had a market share of 0.01%, or \$156.3 million in a market of \$1.7 billion, ranking it 158th among 210 deposit-taking institutions in their assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2011 through December 31, 2017 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>								
Loan Type	12/31/2011		12/31/2012		12/31/2013		12/31/2014	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	7,244	15.1	7,124	10.6	11,160	13.7	11,797	14.5
Commercial & Industrial Loans	11,504	23.9	22,059	32.7	23,488	28.9	23,937	29.4
Commercial Mortgage Loans	16,672	34.7	24,230	35.9	32,852	40.4	37,199	45.7
Multifamily Mortgages	8,208	17.1	11,255	16.7	11,809	14.5	13,204	16.2
Consumer Loans	52	0.1	36	0.1	31	0.0	52	0.1
Construction Loans	4,380	9.1	2,811	4.2	2,030	2.5	3,764	4.6
<b>Total Gross Loans</b>	<b>48,060</b>		<b>67,515</b>		<b>81,370</b>		<b>89,953</b>	

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	12/31/2015		12/31/2016		12/31/2017	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	15,506	13.2	19,464	14.6	21,998	14.2
Commercial & Industrial Loans	14,228	12.1	16,072	12.0	13,075	8.4
Commercial Mortgage Loans	57,708	49.1	63,182	47.4	70,166	45.2
Multifamily Mortgages	18,508	15.8	24,973	18.7	27,877	17.9
Consumer Loans	324	0.3	786	0.6	1,009	0.6
Construction Loans	11,206	9.5	8,905	6.7	21,222	13.7
<b>Total Gross Loans</b>	<b>117,480</b>		<b>133,382</b>		<b>155,347</b>	

As illustrated in the above table, SB is primarily a commercial mortgage lender, with 45.2% of its loan portfolio in commercial mortgage loans, followed by 17.9% in multifamily mortgages.

SB operates two banking offices. One is in Harlem (2049 Frederick Douglass Blvd. New York, NY 10026) and the other is in the Bronx (69 E. 167th Street, Bronx, NY 10452) which is the headquarters. Supplementing the banking offices are two automated teller machines (“ATMs”).

*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 Westchester counties. There are 2,564 census tracts in the assessment area, of which 357 are low-income, 657 are moderate-income, 799 are middle-income, 674 are upper-income and 77 are tracts with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Distressed %
Bronx	7	160	90	56	26	339	73.7	74%
Kings	14	115	280	211	141	761	51.9	52%
Nassau	9	7	28	159	81	284	12.3	12%
New York	15	44	51	20	158	288	33.0	33%
Queens	27	24	176	308	134	669	29.9	30%
Westchester	5	7	32	45	134	223	17.5	17%
Total	77	357	657	799	674	2,564	39.5	40%

**Demographic & Economic Data**

The assessment area had a population of 10,276,189 during the evaluation period. About 13.3% of the population were over the age of 65 and 19.1% were under the age of sixteen.

Of the 2,318,101 families in the assessment area, 29.6% were low-income, 16% were moderate-income, 16.1% were middle-income and 38.3% were upper-income families. There were 3,730,257 households in the assessment area, of which 17.2% had income below the poverty level and 3.7% were on public assistance.

The weighted average median family income in the assessment area was \$82,114.

There were 4,081,377 housing units within the assessment area, of which 45.5% were

one-to-four family units and 54.4% were multifamily units. A majority (56.1%) of the area's housing units were renter-occupied, while 35.3% were owner occupied units. Of the 1,441,322 owner-occupied housing units, 19.1% were in LMI census tracts while 80.8% were in middle- and upper-income census tracts. The median age of the housing stock was 77 years, and the median home value in the assessment area was \$534,095.

There were 674,496 non-farm businesses in the assessment area. Of these, 86.1% were businesses with reported revenues of less than or equal to \$1 million, 7.2% reported revenues of more than \$1 million and 6.8% did not report their revenues. Of all the businesses in the assessment area, 97.4% were businesses with less than fifty employees while 91.3% operated from a single location. The largest industries in the area were services (48%), retail trade (15.1%), finance, insurance & real estate (9.6%), and 8.9% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State decreased to 4.7% in 2017 from 8.5% in 2012. Unemployment rates decreased in all the counties in the Bank's assessment area. Bronx County had the highest average unemployment rate for the evaluation period at 9.6%, followed by Kings County with 7.5%. Nassau County had the lowest average rate at 5.2%, followed by Westchester County at 5.6%.

<b>Assessment Area Unemployment Rate</b>							
	Statewide	Bronx	Kings	Nassau	New York	Queens	Westchester
2011	8.3	11.9	9.6	6.8	7.8	8.1	7.1
2012	8.5	12.4	9.8	7.0	8.0	8.3	7.3
2013	7.7	11.8	9.4	5.9	7.5	7.7	6.3
2014	6.3	9.8	7.6	4.8	6.1	6.4	5.1
2015	5.3	7.8	5.9	4.2	4.9	5	4.5
2016	4.8	7.1	5.3	3.9	4.5	4.5	4.3
2017	4.7	6.2	4.6	4.1	4.0	4.0	4.6
<b>Average</b>	<b>6.5</b>	<b>9.6</b>	<b>7.5</b>	<b>5.2</b>	<b>6.1</b>	<b>6.3</b>	<b>5.6</b>

### **Community Information**

A community-based organization that provides free on-site financial counseling and tax preparation services was interviewed as part of this evaluation. The organization is located in SB-owned premises in the Bronx. It was founded in 2003 with the mission of empowering low-wealth New Yorkers with effective tools and resources so they can make informed financial choices and achieve economic stability.

While the interviewee thinks the degree of involvement in the community by local financial institutions is low, SB's involvement is much better.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS 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 calculated 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 2011 through 2017.

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



At its **prior** Performance Evaluation as of December 31, 2010 DFS assigned SB a rating of “1,” reflecting an “Outstanding” record of helping to meet the credit needs of SB’s communities.

**Current CRA Rating: “Outstanding”**

**Lending Test:** “Outstanding”

SB’s small business, HMDA-reportable, and consumer lending activities were excellent 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.

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

SB’s average LTD ratio was excellent 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.

SB’s final average LTD ratio was 89.1% compared with its peer’s average ratio of 75.5%. SB’s ratios exceeded its peer group’s ratios every quarter of the evaluation period except the second quarter of 2011.

The table below shows SB’s LTD ratios in comparison with its peer group’s ratios for the 28 quarters since the prior evaluation.

Loan-to-Deposit Ratios														
	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2
Bank	79.7	75.4	81.5	85.9	84.5	84.3	87.0	84.7	84.0	89.2	87.4	92.3	92.2	95.0
Peer	77.4	77.6	76.6	77.2	68.8	69.7	69.7	69.4	67.7	68.7	69.1	68.7	76.1	77.3

Loan-to-Deposit Ratios															
	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	94.0	86.1	86.5	91.5	96.5	92.0	94.4	95.4	94.3	92.5	94.2	91.6	89.9	91.8	89.1
Peer	77.5	78.1	77.8	79.0	78.6	78.7	77.8	79.1	79.4	78.9	77.9	79.1	79.3	79.8	75.5

**Assessment Area Concentration:** “Outstanding”

During the evaluation period, SB originated 96.3% by number and 89.5% by dollar value of its total HMDA-reportable, small business and consumer loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

### HMDA-Reportable Loans

SB originated 92.7% by number and 96.8 % by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

### Small Business Loans

SB originated 85.7% by number and 81.7% by dollar value of its small business loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

### Consumer Loans

SB originated 97.6% by number and 97% by dollar value of its consumer loans within the assessment area. This substantial majority of consumer lending inside of its assessment area reflects an excellent concentration of lending.

The following table shows the percentages of SB's HMDA-reportable, small business, and consumer 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>										
2011	7	100.0%	0	0.0%	7	4,193	100.0%	0	0.0%	4,193
2012	7	100.0%	0	0.0%	7	4,270	100.0%	0	0.0%	4,270
2013	10	83.3%	2	16.7%	12	6,357	91.3%	602	8.7%	6,959
2014	4	100.0%	0	0.0%	4	2,608	100.0%	0	0.0%	2,608
2015	6	100.0%	0	0.0%	6	5,370	100.0%	0	0.0%	5,370
2016	6	75.0%	2	25.0%	8	4,328	87.3%	627	12.7%	4,955
2017	11	100.0%	0	0.0%	11	10,043	100.0%	0	0.0%	10,043
Subtotal	51	92.7%	4	7.3%	55	37,169	96.8%	1,229	3.2%	38,398
<b>Small Business</b>										
2011	10	83.3%	2	16.7%	12	5,371	87.7%	750	12.3%	6,121
2012	8	80.0%	2	20.0%	10	3,632	73.6%	1,300	26.4%	4,932
2013	6	100.0%	0	0.0%	6	3,176	100.0%	0	0.0%	3,176
2014	6	60.0%	4	40.0%	10	3,372	63.8%	1,910	36.2%	5,282
2015	13	92.9%	1	7.1%	14	7,153	92.3%	600	7.7%	7,753
2016	17	94.4%	1	5.6%	18	4,771	95.0%	250	5.0%	5,021
2017	18	85.7%	3	14.3%	21	3,688	63.1%	2,154	36.9%	5,842
Subtotal	78	85.7%	13	14.3%	91	31,163	81.7%	6,964	18.3%	38,127
<b>Consumer</b>										
2011	44	97.8%	1	2.2%	45	51	98.1%	1	1.9%	52
2012	9	90.0%	1	10.0%	10	34	97.1%	1	2.9%	35
2013	10	100.0%	0	0.0%	10	10	62.5%	6	37.5%	16
2014	38	97.4%	1	2.6%	39	59	98.3%	1	1.7%	60
2015	103	99.0%	1	1.0%	104	420	99.3%	3	0.7%	423
2016	277	97.2%	8	2.8%	285	551	96.0%	23	4.0%	574
2017	411	97.6%	10	2.4%	421	835	97.1%	25	2.9%	860
Subtotal	892	97.6%	22	2.4%	914	1,960	97.0%	60	3.0%	2,020
<b>Grand Total</b>	<b>1,021</b>	<b>96.3%</b>	<b>39</b>	<b>3.7%</b>	<b>1,060</b>	<b>70,292</b>	<b>89.5%</b>	<b>8,253</b>	<b>10.5%</b>	<b>78,545</b>

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Distribution by Borrower Characteristics: “Outstanding”

SB’s small business and consumer lending demonstrated an excellent distribution of loans among individuals of different income levels and businesses of different revenue sizes. HMDA-reportable loans were not evaluated under this criterion.

HMDA Loans

HMDA-reportable loans were not evaluated under the borrower characteristics criterion, as most of SB’s HMDA-reportable loans did not include income and the number of remaining loans was too small for a meaningful analysis.

Small Business Loans

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

During the evaluation period, SB’s rate of lending to businesses with gross annual revenues of \$1 million or less exceeded its peer group’s rate of lending. SB averaged 100% in both number and dollar value of loans, compared to its peer’s ratios of 46% and 30.2%, respectively.

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

Distribution of Small Business Lending by Revenue Size of Business									
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	10	100.0%	5,371	100.0%	76,154	33.8%	1,562,473	26.6%	66.2%
Rev. > \$1MM		0.0%		0.0%					3.7%
Rev. Unknown		0.0%		0.0%					30.1%
<b>Total</b>	<b>10</b>		<b>5,371</b>		<b>225,178</b>		<b>5,867,627</b>		
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	8	100.0%	3,632	100.0%	91,324	39.4%	1,871,771	29.4%	71.7%
Rev. > \$1MM		0.0%		0.0%					4.9%
Rev. Unknown		0.0%		0.0%					23.4%
<b>Total</b>	<b>8</b>		<b>3,632</b>		<b>231,949</b>		<b>6,369,347</b>		
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	6	100.0%	3,176	100.0%	92,705	44.1%	2,187,693	32.3%	72.9%
Rev. > \$1MM		0.0%		0.0%					5.3%
Rev. Unknown		0.0%		0.0%					21.8%
<b>Total</b>	<b>6</b>		<b>3,176</b>		<b>210,199</b>		<b>6,765,115</b>		
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	6	100.0%	3,372	100.0%	100,902	41.6%	2,132,035	30.0%	72.6%
Rev. > \$1MM		0.0%		0.0%					5.8%
Rev. Unknown		0.0%		0.0%					21.6%
<b>Total</b>	<b>6</b>		<b>3,372</b>		<b>242,596</b>		<b>7,099,722</b>		
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	13	100.0%	7,153	100.0%	131,516	49.1%	2,070,285	28.7%	77.3%
Rev. > \$1MM		0.0%		0.0%					6.2%
Rev. Unknown		0.0%		0.0%					16.5%
<b>Total</b>	<b>13</b>		<b>7,153</b>		<b>267,705</b>		<b>7,210,172</b>		
2016									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	17	100.0%	4,771	100.0%	128,284	45.7%	2,323,061	28.5%	85.9%
Rev. > \$1MM		0.0%		0.0%					7.3%
Rev. Unknown		0.0%		0.0%					6.9%
<b>Total</b>	<b>17</b>		<b>4,771</b>		<b>280,917</b>		<b>8,156,163</b>		
2017									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	18	100.0%	3,688	100.0%	150,718	68.8%	3,005,021	34.5%	86.1%
Rev. > \$1MM		0.0%		0.0%					7.2%
Rev. Unknown		0.0%		0.0%					6.8%
<b>Total</b>	<b>18</b>		<b>3,688</b>		<b>219,213</b>		<b>8,712,210</b>		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	78	100.0%	31,163	100.0%	771,603	46.0%	15,152,339	30.2%	
Rev. > \$1MM		0.0%		0.0%					
Rev. Unknown		0.0%		0.0%	0				
<b>Total</b>	<b>78</b>		<b>31,163</b>		<b>1,677,757</b>		<b>50,180,356</b>		

## Consumer Loans

SB's consumer lending demonstrated a reasonable distribution of loans among borrowers of different income levels.

SB's evaluation of consumer lending distribution by borrower characteristics was limited to years 2015 through 2017, as the bank did not require borrower income for most of its consumer loans originated from 2011 through 2014. The bank originates most of its consumer loans through its special consumer loan programs.

SB's average lending rates for loans to LMI borrowers were 91.2% by number and 80.7% by dollar value of loans, significantly exceeding the percentage (44.8% - 44.9%) of LMI households (Household Demographics) living in the bank's assessment area. SB's annual lending rates by number of loans and dollar value of loans to LMI borrowers also exceeded the percentage of LMI household for each year of the evaluation period.

The following table provides a summary of the distribution of SB's consumer lending by borrower income level.

<b>Distribution of Consumer Lending by Borrower Income</b>					
<b>2015</b>					
<b>Borrower</b>	<b>Bank</b>				<b>HH Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	64	62.1%	142	33.8%	29.6%
Moderate	33	32.0%	71	16.9%	15.3%
LMI	97	94.2%	213	50.7%	44.9%
Middle	3	2.9%	6	1.4%	16.1%
Upper	1	1.0%	1	0.2%	39.0%
Unknown	2	1.9%	200	47.6%	0.0%
<b>Total</b>	<b>103</b>		<b>420</b>		
<b>2016</b>					
<b>Borrower</b>	<b>Bank</b>				<b>HH Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	137	49.5%	276	50.1%	29.6%
Moderate	112	40.4%	209	37.9%	15.3%
LMI	249	89.9%	485	88.0%	44.9%
Middle	23	8.3%	57	10.3%	16.1%
Upper	4	1.4%	7	1.3%	39.0%
Unknown	1	0.4%	2	0.4%	0.0%
<b>Total</b>	<b>277</b>		<b>551</b>		
<b>2017</b>					
<b>Borrower</b>	<b>Bank</b>				<b>HH Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	241	58.6%	471	56.4%	30.3%
Moderate	134	32.6%	289	34.6%	14.5%
LMI	375	91.2%	760	91.0%	44.8%
Middle	27	6.6%	56	6.7%	15.4%
Upper	8	1.9%	16	1.9%	39.8%
Unknown	1	0.2%	3	0.4%	0.0%
<b>Total</b>	<b>411</b>		<b>835</b>		
<b>Grand Totals</b>					
<b>Borrower</b>	<b>Bank</b>				<b>HH Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	442	55.9%	889	49.2%	
Moderate	279	35.3%	569	31.5%	
LMI	721	91.2%	1,458	80.7%	
Middle	53	6.7%	119	6.6%	
Upper	13	1.6%	24	1.3%	
Unknown	4	0.5%	205	11.4%	
<b>Total</b>	<b>791</b>		<b>1,806</b>		

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Geographic Distribution of Loans: “Outstanding”

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

HMDA-Reportable Loans

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

During the evaluation period, for HMDA reportable lending, SB originated 68.6% by number and 59.8% by dollar value in LMI census tracts, which significantly exceeded the aggregate’s rates of 16.6% and 19.7%, respectively.

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**

2011									
Geographic Income	Bank				Aggregate				OO Hus %
	#	%	\$000's	%	#	%	\$000's	%	
Low	3	42.9%	1,448	34.5%	2,402	2.7%	1,726,902	4.2%	2.2%
Moderate	0	0.0%	0	0.0%	9,910	11.3%	5,047,779	12.2%	12.8%
LMI	3	42.9%	1,448	34.5%	12,312	14.1%	6,774,681	16.4%	15.1%
Middle	2	28.6%	1,350	32.2%	29,887	34.1%	9,566,397	23.2%	41.0%
Upper	2	28.6%	1,395	33.3%	45,174	51.6%	24,784,262	60.0%	43.9%
Unknown	0	0.0%	0	0.0%	156	0.2%	165,410	0.4%	0.0%
<b>Total</b>	<b>7</b>		<b>4,193</b>		<b>87,529</b>		<b>41,290,750</b>		
2012									
Geographic Income	Bank				Aggregate				OO Hus %
	#	%	\$000's	%	#	%	\$000's	%	
Low	2	28.6%	410	9.6%	2,745	2.7%	1,741,184	3.5%	2.7%
Moderate	4	57.1%	3,475	81.4%	10,683	10.4%	5,222,386	10.4%	13.5%
LMI	6	85.7%	3,885	91.0%	13,428	13.1%	6,963,570	13.9%	16.1%
Middle	0	0.0%	0	0.0%	32,830	32.0%	11,487,729	22.9%	38.8%
Upper	1	14.3%	385	9.0%	55,991	54.6%	31,327,817	62.6%	45.0%
Unknown	0	0.0%	0	0.0%	253	0.2%	276,400	0.6%	0.0%
<b>Total</b>	<b>7</b>		<b>4,270</b>		<b>102,502</b>		<b>50,055,516</b>		
2013									
Geographic Income	Bank				Aggregate				OO Hus %
	#	%	\$000's	%	#	%	\$000's	%	
Low	2	20.0%	507	8.0%	2,939	3.0%	2,092,648	4.1%	2.7%
Moderate	6	60.0%	3,350	52.7%	11,329	11.4%	6,108,193	11.9%	13.5%
LMI	8	80.0%	3,857	60.7%	14,268	14.4%	8,200,841	16.0%	16.1%
Middle	0	0.0%	0	0.0%	31,760	32.1%	11,556,038	22.6%	38.8%
Upper	2	20.0%	2,500	39.3%	52,876	53.4%	31,302,378	61.1%	45.0%
Unknown	0	0.0%	0	0.0%	130	0.1%	151,595	0.3%	0.0%
<b>Total</b>	<b>10</b>		<b>6,357</b>		<b>99,034</b>		<b>51,210,852</b>		
2014									
Geographic Income	Bank				Aggregate				OO Hus %
	#	%	\$000's	%	#	%	\$000's	%	
Low	2	50.0%	386	14.8%	2,737	4.0%	2,755,964	6.5%	3.2%
Moderate	2	50.0%	2,222	85.2%	10,565	15.3%	6,793,920	16.0%	15.8%
LMI	4	100.0%	2,608	100.0%	13,302	19.3%	9,549,884	22.5%	19.0%
Middle	0	0.0%	0	0.0%	24,143	35.0%	9,693,300	22.8%	39.8%
Upper	0	0.0%	0	0.0%	31,512	45.6%	23,153,391	54.5%	41.2%
Unknown	0	0.0%	0	0.0%	81	0.1%	92,233	0.2%	0.0%
<b>Total</b>	<b>4</b>		<b>2,608</b>		<b>69,038</b>		<b>42,488,808</b>		
2015									
Geographic Income	Bank				Aggregate				OO Hus %
	#	%	\$000's	%	#	%	\$000's	%	
Low	1	16.7%	240	4.5%	3,152	3.8%	2,903,177	5.7%	3.2%
Moderate	3	50.0%	2,805	52.2%	12,120	14.8%	7,963,741	15.5%	15.8%
LMI	4	66.7%	3,045	56.7%	15,272	18.6%	10,866,918	21.2%	19.0%
Middle	1	16.7%	775	14.4%	29,468	35.9%	12,320,965	24.0%	39.8%
Upper	0	0.0%	0	0.0%	37,274	45.4%	28,108,162	54.8%	41.2%
Unknown	1	16.7%	1,550	28.9%	43	0.1%	41,517	0.1%	0.0%
<b>Total</b>	<b>6</b>		<b>5,370</b>		<b>82,057</b>		<b>51,337,562</b>		
2016									
Geographic Income	Bank				Aggregate				OO Hus %
	#	%	\$000's	%	#	%	\$000's	%	
Low	1	16.7%	499	11.5%	3,462	4.0%	3,298,743	5.9%	3.2%
Moderate	3	50.0%	1,675	38.7%	12,984	14.9%	8,907,716	15.9%	15.8%
LMI	4	66.7%	2,174	50.2%	16,446	18.9%	12,206,459	21.8%	19.0%
Middle	2	33.3%	2,154	49.8%	31,996	36.7%	13,851,557	24.7%	39.8%
Upper	0	0.0%	0	0.0%	38,757	44.4%	29,944,719	53.4%	41.2%
Unknown	0	0.0%	0	0.0%	33	0.0%	57,069	0.1%	0.0%
<b>Total</b>	<b>6</b>		<b>4,328</b>		<b>87,232</b>		<b>56,059,804</b>		
2017									
Geographic Income	Bank				Aggregate				OO Hus %
	#	%	\$000's	%	#	%	\$000's	%	
Low	2	18.2%	822	8.2%	3,712	4.5%	3,673,024	6.6%	3.5%
Moderate	4	36.4%	4,390	43.7%	12,341	15.1%	10,507,702	18.8%	15.6%
LMI	6	54.5%	5,212	51.9%	16,053	19.6%	14,180,726	25.4%	19.1%
Middle	4	36.4%	3,518	35.0%	28,816	35.2%	12,832,823	23.0%	38.3%
Upper	1	9.1%	1,313	13.1%	36,836	45.0%	28,588,889	51.2%	42.5%
Unknown	0	0.0%	0	0.0%	174	0.2%	226,849	0.4%	0.0%
<b>Total</b>	<b>11</b>		<b>10,043</b>		<b>81,879</b>		<b>55,829,287</b>		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO Hus %
	#	%	\$000's	%	#	%	\$000's	%	
Low	13	25.5%	4,312	11.6%	21,149	3.5%	18,191,642	5.2%	
Moderate	22	43.1%	17,917	48.2%	79,932	13.1%	50,551,437	14.5%	
LMI	35	68.6%	22,229	59.8%	101,081	16.6%	68,743,079	19.7%	
Middle	9	17.6%	7,797	21.0%	208,900	34.3%	81,308,809	23.3%	
Upper	6	11.8%	5,593	15.0%	298,420	49.0%	197,209,618	56.6%	
Unknown	1	2.0%	1,550	4.2%	870	0.1%	1,011,073	0.3%	
<b>Total</b>	<b>51</b>		<b>37,169</b>		<b>609,271</b>		<b>348,272,579</b>		

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*Small Business Loans*

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

SB's small business loans originated during the evaluation period in LMI census tracts represented 53.8% by number of loans and 51.8% by dollar value, which significantly exceeded the aggregate's rates of 25.4% and 22.6%, respectively.

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									
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	2	20.0%	2,600	48.4%	11,413	5.1%	262,324	4.5%	7.1%
Moderate	5	50.0%	1,100	20.5%	35,042	15.6%	831,003	14.2%	18.6%
LMI	7	70.0%	3,700	68.9%	46,455	20.6%	1,093,327	18.6%	25.7%
Middle	2	20.0%	915	17.0%	63,775	28.3%	1,619,473	27.6%	29.2%
Upper	1	10.0%	756	14.1%	112,764	50.1%	3,056,992	52.1%	44.0%
Unknown	0	0.0%	0	0.0%	2,184	1.0%	97,835	1.7%	1.1%
<b>Total</b>	<b>10</b>		<b>5,371</b>		<b>225,178</b>		<b>5,867,627</b>		
2012									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	1	12.5%	100	2.8%	14,236	6.1%	401,596	6.3%	7.6%
Moderate	4	50.0%	2,215	61.0%	35,122	15.1%	934,220	14.7%	18.0%
LMI	5	62.5%	2,315	63.7%	49,358	21.3%	1,335,816	21.0%	25.6%
Middle	2	25.0%	1,167	32.1%	62,683	27.0%	1,719,062	27.0%	27.9%
Upper	1	12.5%	150	4.1%	113,451	48.9%	3,037,284	47.7%	44.1%
Unknown	0	0.0%	0	0.0%	6,457	2.8%	277,185	4.4%	2.5%
<b>Total</b>	<b>8</b>		<b>3,632</b>		<b>231,949</b>		<b>6,369,347</b>		
2013									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0%	0	0.0%	14,543	6.9%	406,993	6.0%	7.5%
Moderate	2	33.3%	1,425	44.9%	33,384	15.9%	1,038,580	15.4%	17.9%
LMI	2	33.3%	1,425	44.9%	47,927	22.8%	1,445,573	21.4%	25.3%
Middle	3	50.0%	1,701	53.6%	57,332	27.3%	1,842,703	27.2%	27.5%
Upper	1	16.7%	50	1.6%	99,097	47.1%	3,184,042	47.1%	44.7%
Unknown	0	0.0%	0	0.0%	5,843	2.8%	292,797	4.3%	2.5%
<b>Total</b>	<b>6</b>		<b>3,176</b>		<b>210,199</b>		<b>6,765,115</b>		
2014									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	5	83.3%	3,029	89.8%	20,857	8.6%	521,800	7.3%	8.7%
Moderate	0	0.0%	0	0.0%	45,177	18.6%	1,188,744	16.7%	19.4%
LMI	5	83.3%	3,029	89.8%	66,034	27.2%	1,710,544	24.1%	28.0%
Middle	0	0.0%	0	0.0%	65,994	27.2%	1,820,442	25.6%	27.4%
Upper	1	16.7%	343	10.2%	104,506	43.1%	3,282,435	46.2%	42.2%
Unknown	0	0.0%	0	0.0%	6,062	2.5%	286,301	4.0%	2.4%
<b>Total</b>	<b>6</b>		<b>3,372</b>		<b>242,596</b>		<b>7,099,722</b>		
2015									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	6	46.2%	3,275	45.8%	24,335	9.1%	532,736	7.4%	8.7%
Moderate	0	0.0%	0	0.0%	53,286	19.9%	1,157,177	16.0%	19.4%
LMI	6	46.2%	3,275	45.8%	77,621	29.0%	1,689,913	23.4%	28.1%
Middle	1	7.7%	560	7.8%	73,653	27.5%	1,797,523	24.9%	27.6%
Upper	6	46.2%	3,318	46.4%	109,984	41.1%	3,412,659	47.3%	42.0%
Unknown	0	0.0%	0	0.0%	6,447	2.4%	310,077	4.3%	2.3%
<b>Total</b>	<b>13</b>		<b>7,153</b>		<b>267,705</b>		<b>7,210,172</b>		
2016									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	3	17.6%	360	7.5%	24,548	8.7%	649,758	8.0%	8.7%
Moderate	6	35.3%	1,200	25.2%	54,058	19.2%	1,356,271	16.6%	19.4%
LMI	9	52.9%	1,560	32.7%	78,606	28.0%	2,006,029	24.6%	28.0%
Middle	4	23.5%	2,526	52.9%	77,822	27.7%	2,061,057	25.3%	27.4%
Upper	4	23.5%	685	14.4%	117,811	41.9%	3,758,145	46.1%	42.2%
Unknown	0	0.0%	0	0.0%	6,678	2.4%	330,932	4.1%	2.4%
<b>Total</b>	<b>17</b>		<b>4,771</b>		<b>280,917</b>		<b>8,156,163</b>		
2017									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	3	16.7%	680	18.4%	27,921	9.6%	726,812	8.3%	9.0%
Moderate	5	27.8%	143	3.9%	51,247	17.6%	1,356,075	15.6%	17.8%
LMI	8	44.4%	823	22.3%	79,168	27.2%	2,082,887	23.9%	26.8%
Middle	9	50.0%	2,265	61.4%	73,007	25.1%	2,001,319	23.0%	25.9%
Upper	1	5.6%	600	16.3%	133,596	45.9%	4,333,040	49.7%	45.0%
Unknown	0	0.0%	0	0.0%	5,442	1.9%	294,964	3.4%	2.3%
<b>Total</b>	<b>18</b>		<b>3,688</b>		<b>291,213</b>		<b>8,712,210</b>		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Low	20	25.6%	10,044	32.2%	137,853	7.9%	3,502,019	7.0%	
Moderate	22	28.2%	6,083	19.5%	307,316	17.6%	7,862,070	15.7%	
LMI	42	53.8%	16,127	51.8%	445,169	25.4%	11,364,089	22.6%	
Middle	21	26.9%	9,134	29.3%	474,266	27.1%	12,861,579	25.6%	
Upper	15	19.2%	5,902	18.9%	791,209	45.2%	24,064,597	48.0%	
Unknown	0	0.0%	0	0.0%	39,113	2.2%	1,890,091	3.8%	
<b>Total</b>	<b>78</b>		<b>31,163</b>		<b>1,749,757</b>		<b>50,180,356</b>		

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Consumer Loans

SB's consumer lending distribution by income level of the geography where the borrower was located was excellent.

SB's average consumer lending rates in LMI geographies during the evaluation period of 80% by number and 80.2% by dollar value of loans significantly exceeded the percentages (37.4% - 41.2%) of households living in LMI geographies (household demographics) within the assessment area. Furthermore, the bank's annual lending rates by number and dollar value significantly exceeded the annual household demographics for each year of the evaluation period, except for by dollar value (29.4%) in 2012.

The following table provides a summary of the distribution of SB's consumer lending by the income level of the geography where the borrower was located.

**istribution of Consumer Lending by Geographic Income of the Census Trac**

2011					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	34	77.3%	37	72.5%	12.3%
Moderate	8	18.2%	10	19.6%	25.3%
LMI	42	95.5%	47	92.2%	37.6%
Middle	2	4.5%	4	7.8%	31.3%
Upper	0	0.0%	0	0.0%	31.1%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>44</b>		<b>51</b>		
2012					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	4	44.4%	6	17.6%	12.6%
Moderate	3	33.3%	4	11.8%	24.8%
LMI	7	77.8%	10	29.4%	37.4%
Middle	1	11.1%	4	11.8%	30.6%
Upper	1	11.1%	20	58.8%	32.0%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>9</b>		<b>34</b>		
2013					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	6	60.0%	7	43.8%	12.6%
Moderate	2	20.0%	2	12.5%	24.8%
LMI	8	80.0%	9	56.3%	37.4%
Middle	2	20.0%	7	43.8%	30.6%
Upper	0	0.0%	0	0.0%	32.0%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>10</b>		<b>16</b>		
2014					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	26	68.4%	35	59.3%	14.4%
Moderate	7	18.4%	15	25.4%	26.9%
LMI	33	86.8%	50	84.7%	41.2%
Middle	3	7.9%	7	11.9%	29.6%
Upper	2	5.3%	2	3.4%	29.2%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>38</b>		<b>59</b>		
2015					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	60	58.3%	137	32.6%	14.4%
Moderate	31	30.1%	250	59.5%	26.9%
LMI	91	88.3%	387	92.1%	41.2%
Middle	7	6.8%	16	3.8%	29.6%
Upper	5	4.9%	17	4.0%	29.2%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>103</b>		<b>420</b>		
2016					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	125	45.1%	259	47.0%	14.4%
Moderate	83	30.0%	165	29.9%	26.9%
LMI	208	75.1%	424	77.0%	41.2%
Middle	53	19.1%	97	17.6%	29.6%
Upper	15	5.4%	28	5.1%	29.2%
Unknown	1	0.4%	2	0.4%	0.0%
<b>Total</b>	<b>277</b>		<b>551</b>		
2017					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	200	48.7%	392	46.9%	15.9%
Moderate	125	30.4%	258	30.9%	25.0%
LMI	325	79.1%	650	77.8%	40.9%
Middle	73	17.8%	159	19.0%	27.9%
Upper	13	3.2%	26	3.1%	30.9%
Unknown	0	0.0%	0	0.0%	0.3%
<b>Total</b>	<b>411</b>		<b>835</b>		
Grand Totals					
Geographic Income	Bank				HH Dem.
	#	%	\$000's	%	%
Low	455	51.0%	873	44.4%	
Moderate	259	29.0%	704	35.8%	
LMI	714	80.0%	1,577	80.2%	
Middle	141	15.8%	294	15.0%	
Upper	36	4.0%	93	4.7%	
Unknown	1	0.1%	2	0.1%	
<b>Total</b>	<b>892</b>		<b>1,966</b>		

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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**

The board of directors reviews a CRA report at its monthly board meetings to ensure that the Bank is fulfilling its service to its assessment area and obligations to LMI individuals and communities. The board of directors reviews and approves an annual CRA plan.

The CRA committee is comprised of members of the Bank's board of directors, senior management and the CRA officer. The CRA committee reviews and makes recommendations to the board regarding the assessment area coverage, business and consumer lending as related to CRA, community engagements, grants and community partnerships.

The credit committee reviews whether a recommended loan is in the assessment area, emphasizing a priority to make loans within the assessment area.

#### **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 of prohibited, discriminatory or other illegal practices committed by SB.

#### **Record of opening and closing offices and providing services at offices**

The Bank opened one branch during the evaluation period at 2049 Frederick Douglas Boulevard, New York, NY in December 2012. The Bank's branch hours are Monday, Tuesday, Wednesday and Friday, 9:00 am - 5:00 pm, and Thursday, 9:00 am - 6:00 pm.

No branches were closed during this evaluation period.

<b>Distribution of Branches within the Assessment Area</b>								
<b>County</b>	<b>N/A #</b>	<b>Low #</b>	<b>Moderate #</b>	<b>Middle #</b>	<b>Upper #</b>	<b>Total #</b>	<b>LMI %</b>	<b>LMI and Distressed or Underserved</b>
Bronx		1				1	100%	100%
Kings								
New York				1		1	0%	0%
Queens								
Westchester								
Nassau								
<b>Total</b>		<b>1</b>		<b>1</b>		<b>2</b>	<b>50%</b>	<b>50%</b>

## 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.*

### Community Advisory Board

As a community bank and a CDFI, SB is strongly committed to serving the needs of its customers. The members of its Community Advisory Board (“CAB”) serve a crucial role in keeping the Bank informed of those needs in the communities it serves, through their direct experiences and by providing feedback on the success and responsiveness of SB’s programs and services.

The CAB provides valuable input to the Bank’s board of directors by: Ensuring that the Bank board and management are aware of the financial service needs of existing and potential customers; Helping the Bank innovate products and services to meet these needs; Contributing knowledge and expertise as the Bank seeks to develop new branches and other access points to increase customer contact; Identifying other customer and community issues as they arise.

The CAB meets twice a year and always has members of the Governing Board and staff in attendance to ensure that input and feedback are directly relayed back to the Governing Board.

- *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 markets its products and services via its website, in-branch marketing, social media, in addition to local newspapers and websites. SB broadly promotes its checking, savings, money market and CD accounts, and works with a partner network across New York City, trained to intake, or refer clients, increasing the number of

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access points (especially for low-income consumers). SB also accepts NYC Municipal ID (“IDNYC”) to open accounts.

In addition, the Bank’s staff participate in events each year throughout New York City that provide opportunities for introducing products and services geared to LMI individuals and geographies. This includes credit products for both individuals and small businesses. For SB’s Employee Opportunity Loan program, they meet with employers and their employees.

Financial education, individual loan counseling, and community workshops are integral to SB’s mission. The Bank’s services are open to all community members with feedback integrated into delivery strategy to better fit the needs of underbanked or financially stressed households, and entrepreneurs seeking to improve management skills or funds to develop a business. Personal interaction provides opportunities to teach credit principles and discuss financing needs.

In 2016, SB created an online alternative credit scoring and financial health assessment tool with a partner, a Fintech/financial wellness company. It supports the Bank’s approach to consumer underwriting, by providing point in time and continuous analysis of spending and saving habits of prospective customers. SB reviews applicant account history (allowing for an imperfect history) but can also develop a well-rounded picture of loan-readiness. Borrowers can share information with key people like a financial counselor. It is promoted across programs for borrowers to help identify, adopt, and track financial management best practices.

**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**

SB, as a full-service certified B-Corp bank has a mission to aid underserved communities in New York City, help community development, provide effective and fair products, and conduct its business in an ethical manner.

The Bank’s community development strategic goals build on past achievements. SB continues to develop profitable business lines and offer products and services that fit a broad spectrum of need and will continue to advance the Bank’s community development mission.

SB specializes in creating asset-building opportunities for low-wealth people and small businesses and practices investing in local, economically distressed markets.

In 2017, SB directed over \$29 million in commercial real estate loans and \$6.4 million in business loans to support 37 neighborhood projects, small businesses and nonprofit organizations operating in low or moderate-income census tracts.

## 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.