



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

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2014  
(Community Development Activities June 30, 2015)

**Institution:** Banco Popular North America  
(Popular Community Bank)  
85 Broad Street  
New York, NY 10014

**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 Banco Popular North America (“BPNA”), doing business as Popular Community Bank (“PCB”), prepared by the New York State Department of Financial Services (the “Department” or “DFS”). The evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2014 for HMDA and small business lending, and June 30, 2015 for community development activities

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

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

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

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations 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 PCB's performance according to the large bank performance criteria pursuant to Parts 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent which consists of the lending, investment and service tests. This evaluation period included calendar years 2013 and 2014 for HMDA and small business loans. Community development activities, consisting of community development loans, investments and services included activities through June 30, 2015.

PCB is rated "2," indicating a "**Satisfactory**" record of helping to meet community credit needs.

This rating is based on the following factors:

### **LENDING TEST:** "High Satisfactory"

PCB's HMDA-reportable, small business and community development lending activities were more than reasonable considering PCB's size, business strategy and financial condition, as well as peer group activity, demographics, the assessment area's credit needs and economic conditions prevailing during the evaluation period.

Lending performance was evaluated based on the following criteria:

- Lending Activity: "High Satisfactory"

PCB's lending reflected more than reasonable levels considering its size, business strategy and financial condition compared to peer group<sup>1</sup> activity and assessment area demographics.

The average ratio of loans-to-deposits compared favorably to the peer group average during the eight quarters of the evaluation period. Since 2008 PCB's quarterly loans-to-deposits ratio has been above its peer group.

- Assessment Area Concentration: "High Satisfactory"

During the evaluation period, PCB originated 84.8% by number and 91.1% by dollar value of its HMDA-reportable and small business loans within the assessment area, which demonstrated more than a reasonable level of lending.

- Distribution by Borrower Characteristics: "High Satisfactory"

The distribution of loans based on borrower characteristics demonstrated a more than a reasonable rate of lending to low- and moderate-income borrowers, as well as businesses with gross annual revenues of \$1 million or less.

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

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- Geographic Distribution of Loans: “Outstanding”

PCB’s rate of lending in LMI census tracts for both HMDA-reportable and small business loans significantly outperformed the aggregate numbers, consistent with the rating for this component for the prior two evaluation periods.

- Community Development Lending: “High Satisfactory”

During the evaluation period PCB originated \$175.8 million in new community development loans, and had \$9.5 million outstanding from prior evaluation periods. This demonstrated a more than a reasonable level of community development lending. The level of community development lending increased by 38.5% compared to the prior evaluation period, and represented 0.94% of average total assets.

**INVESTMENT TEST:** “High Satisfactory”

PCB’s community development investments were more than reasonable considering the assessment area’s credit needs and investment opportunities available to the bank.

The level of investments and grants increased from \$15.7 million to \$50.0 million, or by 218.5%. This demonstrated a more than reasonable level of community development investing over the course of the evaluation period.

**SERVICE TEST:** “Outstanding”

Retail Banking Services: “Outstanding”

PCB continues to have delivery systems, a branch network, branch hours and services, and alternative delivery systems that are excellent.

Community Development Services: “Outstanding”

PCB demonstrated a strong level of community development services. Qualified services consisted primarily of financial literacy seminars targeting LMI individuals. During the evaluation period, PCB sponsored or participated in approximately 565 instances of service activities, which also included financial literacy classes for small businesses and first-time homebuyers. PCB officers also rendered financial services through active board and committee memberships at nonprofit organizations engaged in providing services to LMI individuals and communities.

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

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## **PERFORMANCE CONTEXT**

### **Institution Profile**

Banco Popular North America (“BPNA”), chartered in New York State in 1999, is a wholly-owned subsidiary of Popular, Inc., a bank holding company. Popular, Inc. was founded in Puerto Rico in 1893. Aside from BPNA, Popular, Inc. is also the parent company of another bank subsidiary, Banco Popular de Puerto Rico in San Juan, Puerto Rico. Additionally, Popular, Inc. operates “E-Loan,” a web-based loan referral and internet bank subsidiary offering online savings and CD accounts.

In 2010 BPNA rebranded itself, assuming the name Popular Community Bank (“PCB”), in its efforts to attract more non-Hispanic customers.

In 2014, because of financial setbacks and non-achievement of operational goals, PCB implemented a strategic reorganization plan that triggered a major transformation in the institution. The reorganization can be summarized in the following actions:

- The selling of offices in California, Illinois and Central Florida, including most of their depository activity and lending portfolio.
- Concentration in the traditional markets of the New York Metropolitan Area (New York and New Jersey) and South Florida (Miami-Dade and Broward counties).

All 32 branches in California and Illinois, and 10 branches in central Florida were sold in 2014. Three branches located in New York City were acquired from Doral Bank in 2015. From 91 branches operating in five states (California, Florida, Illinois, New York and New Jersey), PCB now has 49 branches in three states: 33 in New York, 10 in Florida and six in New Jersey.

PCB’s primary lines of business are commercial and retail banking, delivered through its branches and through its online and mobile banking platforms.

Per the Consolidated Report of Condition (the “Call Report”) as of December 31, 2014, filed with the Federal Deposit Insurance Corporation (“FDIC”), PCB reported total assets of \$5.5 billion, of which \$3.4 billion were net loans and lease financing receivables. It also reported total deposits of \$3.5 billion, resulting in a loan-to-deposit ratio of 99.3%. Per the latest available comparative deposit data as of June 30, 2014, PCB had a market share of 0.25%, or \$2.4 billion in a market of \$967.5 billion, ranking it 26<sup>th</sup> among 106 deposit-taking institutions in the assessment area. JPMorgan Chase, BNY Mellon and HSBC Bank, USA collectively controlled 63.0% of the deposit market with \$610.8 billion in deposits in 478 offices.

The following is a summary of PCB's loan portfolio, based on Schedule RC-C of the December 31, 2013 and 2014 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>				
Loan Type	2013		2014	
	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	1,832,847	32.0	1,474,355	42.3
Commercial & Industrial Loans	320,505	5.6	133,872	3.8
Commercial Mortgage Loans	1,821,567	31.8	771,281	22.1
Multifamily Mortgages	1,116,658	19.5	421,519	12.1
Consumer Loans	99,009	1.7	86,135	2.5
Agricultural Loans	158	0.0	0	0.0
Construction Loans	83,571	1.5	113,985	3.3
Other Loans	449,281	7.8	485,038	13.9
Lease Financing Receivables	3,002	0.1	1,760	0.1
<b>Total Gross Loans</b>	<b>5,726,598</b>	<b>100.0</b>	<b>3,487,945</b>	<b>100.0</b>

As illustrated in the above table, PCB has become primarily a residential mortgage lender, with 42.3% of its loan portfolio in 1-4 family residential mortgage loans as of December 31, 2014. PCB's secondary focus is commercial lending, with 38.0% of its loan portfolio in commercial & industrial loans, commercial mortgage loans and multifamily mortgages. During the prior evaluation period commercial loans represented almost 60.0% of total loans. This shift in lending can be attributed to the sale of the loans and deposits in the 42 branch locations in California, Illinois, and central Florida that were sold in 2014.

In dollar value, 1-4 family mortgage loans did not change significantly. Average annual gross loans in this category for comparable two-year evaluation periods (2011-2012 vs. 2013-2014) was up 6.3% from \$1.6 billion to \$1.7 billion.

The more significant trend in lending activity was the drop in commercial lending (commercial mortgage loans, commercial & industrial loans and multifamily loans), by 34.3% from an annual average of \$3.5 billion from the prior two-year evaluation period to \$2.3 billion for the current evaluation period.

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

### **Assessment Area**

PCB's assessment area is comprised of Bronx, Kings, Queens, and New York counties.

There are 2,057 census tracts in the area, of which 333 are low-income, 622 are moderate-income, 612 are middle-income, 429 are upper-income and 61 are tracts

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with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	10	143	97	60	29	339	70.8
Kings	13	125	295	213	115	761	55.2
Queens	26	21	169	314	139	669	28.4
New York	12	44	61	25	146	288	36.5
Total	61	333	622	612	429	2,057	46.4

## **Demographic & Economic Data**

### Population and Income Characteristics

The assessment area had a population of 7,706,403 during the examination period. Nearly 12.0% of the population were over the age of 65 and 19.0% were under the age of sixteen.

Of the 1,719,612 families in the assessment area, 32.8% were low-income, 17.5% were moderate-income, 16.5% were middle-income and 33.2% were upper-income families. There were 2,882,970 households in the assessment area, of which 18.6% had income below the poverty level and 4.2% were on public assistance.

The weighted average of median family income in the assessment area was \$64,222. Among the counties in the assessment area, Bronx had the lowest median family income at \$42,639. Kings at \$54,363 was 15.4% below, while Queens at \$64,928 was on par with the assessment area. New York had the highest median family income of \$104,415.

### Housing Characteristics

There were 3,167,517 housing units within the assessment area, of which 62.5% were multifamily units and 37.4% one-to-four family units.

A majority of the area's housing units, 62.9%, were renter-occupied while 28.1% were owner-occupied.

Of the 1,991,840 renter-occupied housing units, 58.7% were in low- and moderate-income census tracts while 41.3% were in middle- and upper-income census tracts. The average gross rent in the assessment area was \$1,124. Of the four counties in the assessment area, Bronx had 84.8% of renter-occupied units in low- and moderate-income census tracts and Kings had 69.4%.

Of the 891,130 owner-occupied housing units, 27.0% were in low- and moderate-income census tracts while 73.0% were in middle- and upper-income census tracts.

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The median age of the housing stock was 71 years and the median home value in the assessment area was \$530,354.

### Business Demographics

There were 539,103 non-farm businesses in the assessment area. Of these, 71.4% were businesses with reported revenues of less than or equal to \$1 million, 6.0% reported revenues of more than \$1 million and 22.6% did not report their revenues.

Of all the businesses in the assessment area, 78.4% were businesses with less than fifty employees while 92.8% operated from a single location. The largest industries in the area were services (45.0%), followed by retail trade (15.4%) and finance, insurance & real estate (9.3%), while 13.2% of businesses in the assessment area were not classified.

### Unemployment Rates

According to the New York State Department of Labor, the average unemployment rate for New York State in 2014 was 6.3%, decreasing 18% from 7.7% in 2013. Unemployment rates exhibited a downward trend, as shown in the statewide and county rates.

Among the four counties, Bronx County had the highest unemployment rate each year during the evaluation period, while New York County had the lowest. The average unemployment rates for Bronx and Kings counties consistently exceeded the statewide average, while New York County had lower unemployment rates compared to the statewide average.

<b>Assessment Area Unemployment Rate</b>					
	NY State	Bronx	Kings	Queens	New York
2014	6.3%	9.8%	7.7%	6.4%	6.1%
2013	7.7%	11.7%	9.4%	7.7%	7.4%
Avg. 2 yrs.	7.0%	10.8%	8.6%	7.1%	6.8%

### Community Information

Community contacts included the following: a national nonprofit organization providing services, including economic empowerment, education and health initiatives and immigration assistance to the most vulnerable members of the Hispanic community; a national community development financial institution engaged in raising and investing funds in equity, grants and loans to preserve affordable rental housing and for the sale of multifamily housing units; and a nonprofit providing transitional and supportive housing to homeless adults in the New York metropolitan area.

All community contacts indicated the need for affordable housing, particularly

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affordable rental multifamily housing. Housing demographics in PCB's assessment area indicated 62.5% of housing units were multifamily units; 62.9% of housing units were renter-occupied, and 58.7% of renter-occupied housing units were in low- and moderate-income census tracts. The growing need to create more supportive housing for homeless New Yorkers was also noted.

Community contacts indicated that while New York City is experiencing major growth, the city's economic vitality remains unevenly distributed and income inequality is high in low- and middle-income working communities. Other community needs identified were in financial literacy, health services, and English language proficiency for city residents who speak limited English or do not speak English at all.

Community information was also gathered from a letter comment dated October 12, 2015 regarding PCB's CRA Performance Evaluation that DFS received from a not-for-profit coalition group of affordable housing and economic development organizations in New York City. In the letter the organization expressed satisfaction with PCB's banking products that are offered to traditionally underserved customers, such as a credit-building loan product to help people build or repair their credit histories. PCB is also one of few banks to accept IDNYC as a form of identification to open a bank account.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS evaluated PCB under the large bank's performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent which consist of the lending, investment and service tests. The following factors were also considered in assessing the bank's record of performance:*

- 1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications,*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.*

*Finally, the evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which PCB helps to meet the credit needs of its entire community.*

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

DFS sourced the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports which Dun & Bradstreet updates annually, and DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data were only available on a countywide basis, and were used even where the institution's assessment area includes partial counties.

The evaluation period included calendar years 2013 and 2014, with community development activities extending through June 30, 2015.

Examiners considered PCB's HMDA-reportable and small business loans in evaluating factors (2), (3) and (4) of the lending test noted below. Greater weight was given to HMDA-reportable loans since they represented 78.4% vs. 21.6% for small business loans made inside the assessment area.

At its **prior** Performance Evaluation, as of December 31, 2012, DFS assigned PCB a rating of "2" reflecting a "Satisfactory" record of helping to meet community credit needs.

**Current CRA Rating: "Satisfactory"**

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**LENDING TEST:** “High Satisfactory”

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

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

PCB’s HMDA-reportable and small business lending activities were more than reasonable considering size, business strategy and financial condition, as well as peer group activity, demographics, and its assessment area’s credit needs.

The level of community development lending was also reasonable in providing a range of projects to promote revitalization and stabilization of LMI communities, community services, affordable housing and economic development.

**Lending Activity:** “High Satisfactory”

PCB’s lending levels were more than reasonable considering its size, business strategy and financial condition compared with peer group<sup>1</sup> activity and demographics of the assessment area.

The average ratio of loans to deposits (“LTD”) compared favorably to the peer group average during the eight quarters of the evaluation period. PCB maintained steady LTD ratios for six quarters and increased seven percentage points for the two most recent quarters, for an average of 94.6% or 13.9% above the peer group average. Since 2008 PCB’s quarterly loan-to-deposit ratio has been above its peer group ratio.

The table below shows PCB’s LTD ratios in comparison with the peer group’s ratios for the eight quarters since the previous evaluation.

<b>Loan-to-Deposit Ratios (LTD)</b>									
	2013	2013	2013	2013	2014	2014	2014	2014	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Bank	90.4	93.5	93.4	93.2	91.4	93.7	101.1	100.0	94.6
Peer	78.1	79.9	79.6	80.6	80.4	81.7	82.7	82.7	80.7

**Assessment Area Concentration:** “High Satisfactory”

During the evaluation period, PCB originated 84.8% by number and 91.1% by dollar value of its HMDA-reportable and small business loans within the assessment area,

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

demonstrating a more than a reasonable level of lending.

HMDA-Reportable Loans:

PCB originated 79.5% by number and 90.9% by dollar value of its HMDA-reportable loans inside its assessment area, which was a decrease of 23.8% compared with the prior evaluation period. Nevertheless, this was a reasonable level of lending.

Small Business Loans:

PCB originated 94.5% by number and 91.6% by dollar value of its loans within the assessment area, demonstrating more than a reasonable level of small business lending. Small business loans increased 50.3% from the prior evaluation period.

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

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable</b>										
2013	76	80.0%	19	20.0%	95	57,385	90.2%	6,270	9.8%	63,655
2014	83	79.0%	22	21.0%	105	44,899	92.0%	3,912	8.0%	48,811
Subtotal	159	79.5%	41	20.5%	200	102,284	90.9%	10,182	9.1%	112,466
<b>Small Business</b>										
2013	46	100.0%	-	0.0%	46	13,641	100.0%	-	0.0%	13,641
2014	58	90.6%	6	9.4%	64	14,535	84.9%	2,590	15.1%	17,125
Subtotal	104	94.5%	6	5.5%	110	28,176	91.6%	2,590	8.4%	30,766
Grand Total	263	84.8%	47	15.2%	310	130,460	91.1%	12,772	8.9%	143,232

Distribution by Borrower Characteristics: “High Satisfactory”

The distribution of loans based on borrower characteristics demonstrated a more than a reasonable rate of lending to low- and moderate-income borrowers, as well as to businesses with annual gross revenues of \$1 million or less.

PCB originated 30.9% by number and 14.9% by dollar value of HMDA-reportable loans to LMI borrowers, outperforming the aggregate level 17.8% and 9.2%, respectively, demonstrating more than a reasonable level of lending.

PCB outperformed aggregate levels 6.7% in dollar value, and slightly underperformed 0.3% by number, in its small business lending.

HMDA-Reportable Loans:

PCB’s HMDA-reportable (1-4 family) lending demonstrated more than a reasonable level of lending to low- and moderate-income borrowers.

In 2013 PCB originated 6.8% by number and 3.8% by dollar value of its loans to low-income borrowers, outperforming the aggregate level by 5.0% and 3.0%, respectively. For combined LMI borrowers PCB significantly outperformed aggregate levels, 16.9% by number and 9.3% by dollar value.

In 2014 PCB reported fewer loans to low-income borrowers, 3.1% by number and 1.7% by dollar value but more to moderate-income borrowers. Loans to moderate-income borrowers were 32.8% by number and 15.3% by dollar value, an increase of 14.2% and 6.4%, respectively, compared with 2013.

For combined LMI borrowers, PCB originated 30.9% by number and 14.9% by dollar value, outperforming aggregate levels by 17.8% and 9.2%, respectively.

The following table provides a summary of the distribution of HMDA-reportable lending by borrower income.

Distribution of HMDA-Reportable Lending by Borrower Income									
2013									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	6.8%	369	3.8%	1,071	1.8%	233,880	0.8%	30.8%
Moderate	11	18.6%	878	8.9%	3,934	6.7%	715,649	2.6%	17.2%
LMI	15	25.4%	1,247	12.7%	5,005	8.5%	949,529	3.4%	48.1%
Middle	14	23.7%	1,185	12.1%	10,086	17.1%	2,463,292	8.8%	16.6%
Upper	27	45.8%	3,899	39.7%	40,775	69.2%	21,995,236	79.0%	35.3%
Unknown	3	5.1%	3,489	35.5%	3,040	5.2%	2,435,911	8.7%	0.0%
<b>Total</b>	<b>59</b>	<b>100.0%</b>	<b>9,820</b>	<b>100.0%</b>	<b>58,906</b>	<b>100.0%</b>	<b>27,843,968</b>	<b>100.0%</b>	<b>100.0%</b>
2014									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	3.1%	166	1.7%	3,316	3.7%	609,709	1.5%	32.8%
Moderate	21	32.8%	1,477	15.3%	11,207	12.5%	2,314,111	5.8%	17.5%
LMI	23	35.9%	1,643	17.1%	14,523	16.1%	2,923,820	7.3%	50.3%
Middle	14	21.9%	1,441	15.0%	19,403	21.6%	5,180,830	13.0%	16.5%
Upper	21	32.8%	2,825	29.4%	52,785	58.7%	28,635,074	71.8%	33.2%
Unknown	6	9.4%	3,714	38.6%	3,239	3.6%	3,123,545	7.8%	0.0%
<b>Total</b>	<b>64</b>	<b>100.0%</b>	<b>9,623</b>	<b>100.0%</b>	<b>89,950</b>	<b>100.0%</b>	<b>39,863,269</b>	<b>100.0%</b>	<b>100.0%</b>
GRAND TOTAL									
Borrower	Bank				Aggregate				
Income	#	%	\$000's	%	#	%	\$000's	%	
Low	6	4.9%	535	2.8%			2.9%		1.2%
Moderate	32	26.0%	2,355	12.1%			10.2%		4.5%
LMI	38	30.9%	2,890	14.9%	19,523	13.1%	3,873,345	5.7%	5.7%
Middle	28	22.8%	2,626	13.5%			19.8%		11.3%
Upper	48	39.0%	6,724	34.6%			62.9%		74.8%
Unknown	9	7.3%	7,203	37.0%			4.2%		8.2%
<b>Total</b>	<b>123</b>	<b>100.0%</b>	<b>19,443</b>	<b>100.0%</b>			<b>100.0%</b>		<b>100.0%</b>

### Small Business Loans:

The distribution of small business loans to businesses with gross annual revenues of \$1 million or less demonstrated an adequate level of lending.

In 2013 PCB outperformed aggregate levels 4.0% by number and 2.3% by dollar value.

In 2014 PCB originated 37.9% by number and 41.2% by dollar value, a decrease of 9.9% by number but an increase of 6.0% by dollar value, compared with 2013. In 2014, PCB underperformed aggregate levels 3.6% by number but outperformed 10.8% by dollar

value.

During the two-year evaluation period, PCB outperformed aggregate levels 6.7% by dollar value but slightly underperformed them 0.3% by number of loans.

The following table provides a summary of PCB's small business lending distribution based on revenue size during the evaluation period.

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2013</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	22	47.8%	4,808	35.2%	67,526	43.8%	1,624,139	32.9%	71.7%
Rev. > \$1MM	14	30.4%	3,865	28.3%					5.5%
Rev. Unknown	10	21.7%	4,968	36.4%					22.8%
<b>Total</b>	<b>46</b>	<b>100%</b>	<b>13,641</b>	<b>100%</b>	<b>154,036</b>		<b>4,943,480</b>		<b>100.0%</b>
<b>2014</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	22	37.9%	5,992	41.2%	74,763	41.5%	1,577,114	30.4%	71.4%
Rev. > \$1MM	34	58.6%	7,885	54.2%					6.0%
Rev. Unknown	2	3.4%	658	4.5%					22.6%
<b>Total</b>	<b>58</b>		<b>14,535</b>		<b>180,031</b>		<b>5,182,259</b>		<b>100%</b>
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	44	42.3%	10,800	38.3%		42.6%		31.6%	
Rev. > \$1MM	48	46.2%	11,750	41.7%					
Rev. Unknown	12	11.5%	<b>5,626</b>	20.0%					
<b>Total</b>	<b>104</b>		28,176						

#### Geographic Distribution of Loans: "Outstanding"

The distribution of loans based on lending in census tracts of varying income levels demonstrated an excellent rate of lending in low- and moderate-income census tracts.

PCB's rate of lending in LMI census tracts for both HMDA-reportable and small business loans significantly outperformed the aggregate numbers.

PCB offers traditional consumer loan products. Since 2011 PCB has offered its "Credit Builder Secured Loan Product" to customers with adverse or no credit history to help them develop their savings practices and improve their credit ratings. During the evaluation period PCB made a total of \$4.3 million in credit builder loans, of which 83.7% by number and 81.9% in dollar value were in low- and moderate-income census tracts.

#### HMDA-Reportable Loans:

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated excellent rate of lending in low- and moderate-income census tracts.

In 2013 PCB made 14.5% by number and 32.9% by dollar value of its HMDA-reportable loans in low-income geographies, significantly outperforming aggregate levels by 10.1% by number and 27.4% by dollar value. Similarly, in 2014 PCB made 20.5% by number and 25.9% by dollar value of its loans in low-income census tracts, exceeding aggregate levels 17.4% by number and 20.4% by dollar value.

Overall, PCB's rate of lending in combined LMI census tracts reflected loans that substantially outperformed aggregate levels for both number of loans and dollar value by 35.0% and 43.8%, respectively. The rate of lending was also favorable compared to the demographic data for owner-occupied housing units in the assessment area.

The following table provides a summary of PCB's HMDA-reportable lending distribution by geographic income of the census tract.

<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2013</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	11	14.5%	18,879	32.9%	2,739	4.4%	2,040,030	5.5%	3.9%
Moderate	23	30.3%	20,914	36.4%	9,731	15.8%	5,530,239	15.0%	18.6%
LMI	34	44.7%	39,793	69.3%	12,470	20.2%	7,570,269	20.6%	22.5%
Middle	25	32.9%	10,989	19.1%	16,587	26.9%	7,128,250	19.4%	35.2%
Upper	17	22.4%	6,603	11.5%	32,539	52.7%	21,973,938	59.7%	42.3%
Unknown	0	0.0%	0	0.0%	122	0.2%	148,214	0.4%	0.0%
<b>Total</b>	<b>76</b>	<b>100.0%</b>	<b>57,385</b>	<b>100.0%</b>	<b>61,718</b>	<b>100.0%</b>	<b>36,820,671</b>	<b>100.0%</b>	<b>100.0%</b>
<b>2014</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	17	20.5%	11,646	25.9%	2,888	3.1%	2,782,667	5.5%	4.8%
Moderate	33	39.8%	14,619	32.6%	14,555	15.7%	7,899,252	15.6%	22.2%
LMI	50	60.2%	26,265	58.5%	17,443	18.8%	10,681,919	21.0%	27.0%
Middle	22	26.5%	5,311	11.8%	37,593	40.6%	14,645,839	28.9%	36.5%
Upper	11	13.3%	13,323	29.7%	37,576	40.5%	25,341,272	49.9%	36.5%
Unknown	0	0.0%	0	0.0%	81	0.1%	92,233	0.2%	0.0%
<b>Total</b>	<b>83</b>	<b>100.0%</b>	<b>44,899</b>	<b>100.0%</b>	<b>92,693</b>	<b>100.0%</b>	<b>50,761,263</b>	<b>100.0%</b>	<b>100.0%</b>
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	28	17.6%	30,525	29.8%		1.8%		5.5%	
Moderate	56	35.2%	35,533	34.7%		16.0%		15.3%	
LMI	84	52.8%	66,058	64.6%	27,021	17.8%	16,252,188	20.8%	
Middle	47	29.6%	16,300	15.9%		35.8%		24.9%	
Upper	28	17.6%	19,926	19.5%		46.3%		54.0%	
Unknown	0	0.0%	0	0.0%		0.1%		0.3%	
<b>Total</b>	<b>159</b>		<b>102,284</b>			<b>100.0%</b>		<b>100.0%</b>	

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Small Business Loans:

The distribution of small business loans, based on the income level of the geography of the business, demonstrated an excellent rate of lending in LMI census tracts.

In 2013 PCB originated 15.2% by number and 20.3% by dollar value of all small business loans in low-income census tracts, outperforming the aggregate levels by 6.3% and 12.7%, respectively.

In 2014 PCB originated 29.3% by number and 33.5% by dollar value of all small business loans in low-income census tracts, outperforming aggregate levels 18.2% by number and 24.1% by dollar value.

PCB's level of lending in LMI geographies significantly exceeded aggregate levels by 30.9% by number and 39.8% by dollar value. Additionally, PCB's rate of lending in LMI geographies compared favorably with the business demographics.

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

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2013									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	15.2%	2,774	20.3%	13,728	8.9%	375,915	7.6%	9.7%
Moderate	15	32.6%	4,468	32.8%	28,684	18.6%	840,195	17.0%	21.0%
LMI	22	47.8%	7,242	53.1%	42,412	27.5%	1,216,110	24.6%	30.7%
Middle	10	21.7%	1,443	10.6%	35,298	22.9%	1,122,918	22.7%	22.4%
Upper	14	30.4%	4,956	36.3%	70,494	45.8%	2,311,743	46.8%	43.5%
Unknown	0	0.0%	0	0.0%	5,832	3.8%	292,709	5.9%	3.5%
<b>Total</b>	<b>46</b>	<b>100.0%</b>	<b>13,641</b>	<b>100.0%</b>	<b>154,036</b>	<b>100.0%</b>	<b>4,943,480</b>	<b>100.0%</b>	<b>100.0%</b>
2014									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	17	29.3%	4,873	33.5%	19,928	11.1%	488,404	9.4%	11.3%
Moderate	25	43.1%	6,557	45.1%	39,792	22.1%	982,442	19.0%	23.0%
LMI	42	72.4%	11,430	78.6%	59,720	33.2%	1,470,846	28.4%	34.3%
Middle	7	12.1%	1,837	12.6%	40,857	22.7%	1,047,280	20.2%	21.8%
Upper	9	15.5%	1,268	8.7%	73,406	40.8%	2,378,039	45.9%	40.5%
Unknown	0	0.0%	0	0.0%	6,048	3.4%	286,094	5.5%	3.3%
<b>Total</b>	<b>58</b>	<b>100.0%</b>	<b>14,535</b>	<b>100.0%</b>	<b>180,031</b>	<b>100.0%</b>	<b>5,182,259</b>	<b>100.0%</b>	<b>100.0%</b>
GRAND TOTAL									
Geographic Income	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
Low	24	23.1%	7,647	27.1%		10.1%		8.5%	
Moderate	40	38.5%	11,025	39.1%		20.5%		18.0%	
LMI	64	61.5%	18,672	66.3%		30.6%		26.5%	
Middle	17	16.3%	3,280	11.6%		22.8%		21.4%	
Upper	23	22.1%	6,224	22.1%		43.1%		46.3%	
Unknown	0	0.0%	0	0.0%		3.6%		5.7%	
<b>Total</b>	<b>104</b>	<b>100.0%</b>	<b>28,176</b>	<b>100.0%</b>		<b>100.0%</b>		<b>100.0%</b>	

### Community Development Lending: "High Satisfactory"

During the evaluation period PCB originated \$175.8 million in new community development loans, and had \$9.5 million outstanding from prior evaluation periods. This demonstrated a more than reasonable level of community development lending over the course of the evaluation period.<sup>2</sup> The level of community development lending increased by 38.5% compared to the prior evaluation period, and represented 0.94% of average total assets.<sup>3</sup>

Of the \$175.8 million in loans, 37.4% were made to revitalize, stabilize and promote economic growth in low- and moderate-income geographies; 30.7% were for projects providing a range of community services (17.8% for affordable housing, and 14.1% to

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

<sup>3</sup> Average total assets are derived by dividing the sum of quarterly average assets from 3/31/2013 to 6/30/15 by ten, which represents the number of quarters evaluated for community development activities.

promote economic development by providing working capital to small businesses).

Loans to fund the acquisition, construction, refinance and improvements to multifamily rental housing projects were 52.0% of total community development loans. Most of the projects are in low- and moderate-income census tracts with rent payments affordable to individuals and families with incomes less than 80% of the area median income.

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	17	28,988	7	3,994
Economic Development	7	26,137		
Community Services	15	51,346	2	5,524
Revitalize & Stabilize	16	69,364		
<b>Total</b>	<b>55</b>	<b>175,835</b>	<b>9</b>	<b>9,518</b>

Below are examples of PCB's community development lending:

#### Affordable Housing

- PCB originated a \$4.3 million loan to finance the construction of an eight-story mixed-use building with 31 residential units to be leased to Section 8 tenants. The housing project is in a low-income census tract in Bronx County.
- Other rental housing projects financed by PCB included a \$1.5 million loan to purchase a 13-unit multifamily property located in a moderate-income census tract in Brooklyn; and a \$5.1 million loan to purchase eight multifamily buildings. Both projects rent to individuals and families with incomes that are at or below 80% of area median income.

#### Community Services

- PCB extended \$11.6 million to acquire and refinance two housing facilities that serve as transitional shelter for the homeless, located in low- and moderate-income census tracts in Harlem and the Bronx. The facilities are administered by the New York City Department of Homeless Services.

#### Economic Development

- PCB extended a \$250,000 line of credit to a nonprofit organization located in Bronx County which serves as an economic development consultant for the Office of the Bronx Borough President. The nonprofit aids small businesses in the Bronx

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including finding the right location; recruiting employees; accessing federal, state or city benefits for small businesses; and low-cost loans to companies operating in the Bronx to implement energy efficient measures.

- PCB extended a \$7.9 million commercial mortgage loan to a retail store establishment that sells children’s wear and furniture. The borrower meets the SBA size eligibility test for small businesses. The loan meets the purpose test by supporting the creation and retention of permanent jobs for LMI individuals and communities.

#### Revitalize and Stabilize LMI Communities

- PCB extended \$65.6 million in term loans for the acquisition, refinance and/or construction of multifamily rental housing facilities located in low- and moderate-income census tracts, and promote economic growth and revitalization in these areas.

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

PCB is primarily engaged in traditional loan products, but occasionally made use of flexible or innovative lending practices during the evaluation period.

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

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

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

PCB’s community development investments were more than reasonable considering the assessment area’s credit needs and investment opportunities available to the bank.

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

During the evaluation period, PCB invested \$37.6 million in CRA-qualified mortgage backed securities (“MBS”) issued by government owned or government sponsored enterprises (“GNMA,” “FNMA” and “FHLMC”), and had \$11.7 million of the same CRA-qualified MBSs outstanding from prior period evaluations.

In addition, PCB made \$653,127 in community development grants. Ninety percent of the grants were for community services.

The level of investments, including grants, increased significantly by 218.5% to \$50.0 million from \$15.7 million at the prior evaluation period. This demonstrated a more than reasonable level of community development investments over the course of the

evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	6	27,587	3	11,685
Economic Development				
Community Services	1	9,995		
Revitalize & Stabilize				
<b>Total</b>	<b>7</b>	<b>37,582</b>	<b>3</b>	<b>11,685</b>
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing	2	4		
Economic Development	5	65		
Community Services	55	585		
Revitalize & Stabilize				
<b>Total</b>	<b>62</b>	<b>654</b>		

Below are highlights of PCB's community development investments and grants:

- PCB's total investment in CRA-qualified MBSs increased substantially during the evaluation period, increasing by 230.3% to \$49.3 million (from \$14.9 million in the prior period) by the addition of seven securities totaling \$37.6 million. These securities were primarily 1-4 or multifamily housing loans in PCB's assessment area, affordable to LMI borrowers or renters with incomes at or less than 80% of area median income.

For example, PCB invested \$9.9 million in a GNMA issued MBS secured by a mortgage loan on a multifamily rental property in NYC consisting of 1,689 units, all of which are available for Section 8 assistance.

Under Section 8 (Housing Choice Voucher program), all renter households in the property pay no more than 30% of their adjusted income for rent and the federal government pays the balance. To qualify for Section 8 rent subsidy, a renter must earn 50% or less of the area median income.

- PCB invested almost \$10.0 million in a GNMA issued MBS secured by a mortgage loan to a NYC hospital that provides an array of supportive community services such as homeless and temporary housing centers, health care of low income and elderly residents of East Harlem, and free health facilities to LMI communities across New York City.
- PCB contributed \$584,652 for community services representing 88.7% by number

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and 90.0% by dollar value of total grants.

Below are examples of PCB's community grants extended during the evaluation period:

- PCB contributed \$28,000 to a nonprofit organization serving low-income families in Brooklyn. Their mission is to empower at-risk children, youths, families, and adults with mental illness or developmental disabilities.
- PCB provided a grant of \$56,250 to a NYC nonprofit whose mission is to empower and advance the Hispanic community. The group provides grants to a broad network of Latino nonprofit agencies serving the most vulnerable members of the Hispanic community, and advocates nationally with respect to issues of education, health, immigration, economic empowerment, civic engagement and the environment.
- PCB contributed a community services grant of \$225,000 to a global provider of financial education and economic empowerment programs for low- and moderate-income youths, individuals and families in underserved communities.
- PCB contributed \$26,775 to a nonprofit organization that provides educational services to youths and adults, meals-on-wheels, mental health services and programs for seniors in East Harlem, with an emphasis on the needs of underserved communities.

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

PCB primarily invested in mortgage backed securities issued by federal agencies and did not make use of innovative investment choices to support community development.

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

PCB's level of community development investments exhibited more than adequate responsiveness to credit and community development needs.

#### **SERVICE TEST: "Outstanding"**

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

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

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

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

**Retail Banking Services: "Outstanding"**

PCB continues to have excellent delivery systems, a branch network, branch hours and services, and alternative delivery systems that are above average.

Current distribution of the banking institution's branches:

PCB has a good distribution of branches within its assessment area.

There are 33 branches in the New York assessment area, with 21 or 64% located in LMI census tracts. Branches in middle- and upper-income census tracts are accessible to public transportation and are either located in strip malls or adjacent to LMI census tracts. All branches have extended hours on Fridays and 29 branches are open on Saturdays.

Distribution of Branches within the Assessment Area						
County	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Bronx	4	1			5	100%
Kings		6	3	1	10	60%
Queens	1	2	1		4	75%
New York	2	5	1	6	14	50%
<b>Total</b>	<b>7</b>	<b>14</b>	<b>5</b>	<b>7</b>	<b>33</b>	<b>64%</b>

Record of opening and closing branches:

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

There were two new branch openings during the evaluation period due to the acquisition of three branches in Manhattan from Doral Bank, all located in upper-income census tracts. The other branch did not open until the fourth quarter of 2015.

Availability and effectiveness of alternative systems for delivering retail services:

PCB's delivery systems continue to be readily accessible to its customers in the assessment area, particularly LMI geographies and individuals.

All branches offer 24/7 on-site ATMs. In addition to ATMs at all branch locations, PCB customers have surcharge-free access to more than 43,000 ATMs nationwide as part of

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PCB's partnership with the Allpoint ATM Network.

Other delivery channels available to customers are: online, mobile, and telephone banking, bank by mail, bill pay, e-Statements, automated credit transfers, mobile check deposit and Safe Start savings accounts.

Range of services provided:

PCB's services continue to meet the convenience and needs of its assessment area, particularly LMI geographies and individuals.

There are 64 on-site ATMs and all but two accept deposits. All branches have extended hours (6 PM) once a week and 29 are open on Saturdays.

Sixty-four percent of PCB's 33 branches in the New York assessment area are in LMI census tracts. One of these branches is a designated Banking Development District ("BDD") branch, where the products and services are modified to meet the financial needs of unbanked and LMI individuals in the BDD.

PCB, in partnership with the New York City Department of Consumer Affairs, continues to offer Safe Start Savings accounts to New York customers, ideal for unbanked and under-banked individuals. Safe Start savings accounts have no overdraft fees and monthly fees, with only a \$25 minimum balance requirement. PCB is one of the few banks that accepts the IDNYC<sup>4</sup> card to open a bank account.

PCB also offers a totally free checking account<sup>5</sup> with the same terms as the New York State mandated basic banking account. It has a minimum opening deposit of \$25, no monthly service charge and no direct deposit requirement.

**Community Development Services: "Outstanding"**

PCB demonstrated a strong commitment to community development services. Qualified services primarily consisted of financial literacy seminars targeting LMI individuals. During the evaluation period PCB sponsored or participated in approximately 565 instances of service activities, which included financial literacy classes for small businesses and first-time homebuyers. PCB officers also rendered financial services through board and committee memberships in not-for-profit organizations engaged in providing services to LMI individuals and communities.

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4 IDNYC is a government-issued photo identification card, free for all New York City residents including the most vulnerable communities (homeless, youths, the elderly, undocumented immigrants, the formerly incarcerated and others who may have difficulty obtaining other government-issued ID).

5 Renamed "Personal Checking" in March 2014.

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<b>Community Development Services</b>	
Board & Committee memberships	36
Financial Literacy Seminars	447
Small Business Seminars	42
First time homebuyers/mortgage education	17
Technical Assistance & Other CD services	59
<b>Total</b>	<b>601</b>

Below are some highlights of PCB's community development services:

- PCB, in partnership with several business oriented nonprofits, held a series of small business banking and business education seminars, aimed at providing technical assistance and entrepreneurial training to small businesses and aspiring entrepreneurs.
- PCB held a series of free identity theft and elder abuse financial seminars at several not-for-profit organizations throughout the assessment area. These organizations provide various services to LMI individuals in their respective communities.
- PCB taught financial education to LMI individuals throughout the assessment area in various settings including schools, local branches, and not-for-profit organizations. A range of information was provided to help individuals better understand the basics of financial products, save money and improve or build credit scores.
- In addition to traditional consumer loan products, PCB offers a "Credit Builder" loan product targeted at consumers with adverse or no credit history, aimed at improving their credit ratings and developing their savings practices.
- Examples of board and committee memberships are as follows:
  - A senior vice president is a board member of four housing development companies that provide housing for low-income individuals, including the elderly.
  - An assistant vice president is a board member for a federally certified community development financial institution ("CDFI") that specializes in micro financing supportive capital for small and medium enterprises and minority or women-owned businesses. The CDFI lends to businesses that may not be able to secure loans from conventional lending institutions. The CDFI's loan products and training services help encourage and support business owners trying to start or grow small businesses in Harlem.
  - A vice president is an assistant treasurer for a not-for-profit health center serving the Bedford Stuyvesant section of Brooklyn. The health center provides affordable healthcare and social programs that are needed in this moderate-income census tract. This officer is also the president of the board of directors

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of a nonprofit serving low-income residents of this community.

- A vice president served as the chairperson of a nonprofit organization which has served as an advocate for the small business community in upper Manhattan since 1983. The organization aims to create a clean, safe and vibrant commercial district, by providing supplemental sanitation services, encouraging economic development and implementing capital improvement projects in Washington Heights.
- A branch manager serves as vice president of a nonprofit organization whose mission is to enhance the quality of life in the South Bronx by strengthening businesses and creating innovative economic, housing, educational, and career development programs for youths and adults.

### **Additional Factors**

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

#### **The extent of participation by the banking institution's board of directors or board of trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the CRA.**

The board of directors is apprised of the goals, accomplishments, and results of the ongoing CRA programs at least once a year. Data is presented in a compliance dashboard format and compliance key performance indicator reports.

The regulatory compliance team, led by the compliance manager, monitors CRA activities and provides periodic reports to senior management and the risk management committee. The regulatory compliance team meets with the regional management team in New York at least quarterly.

In New York, regional management consists of the regional executive and three other marketing and business banking managers. They keep each other informed of goals and accomplishments as measured by the volume of community development loans, investments and services.

#### **Discrimination and other illegal practices**

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

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

- *Evidence of prohibited discriminatory or other illegal credit practices.*  
DFS did not note any evidence of prohibited discriminatory or other illegal practices.

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## 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.

PCB's business banking, retail managers and other officers and staff actively participated in business improvement districts, local community groups, chambers of commerce and other nonprofit organizations. This allows PCB to identify and meet the credit needs and other banking needs of the communities it serves.

PCB partnered with local and national not-for-profit organizations, schools and other community organizations to ensure responsiveness to the needs of its communities, through financial literacy workshops to LMI individuals and small businesses.

PCB also uses comments cards and participant feedback during financial literacy presentations and workshops to identify credit and other banking service needs.

- 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.

PCB continues to provide web-based financial education programs through "Popular Tips." Popular Tips provides answers to money management questions; financing tools (budgeting and financial planning, debt to income assessment); small business assistance (financing, planning, record keeping), and other useful topics (avoiding identity theft and smart spending).

Other marketing tools include branch flyers, social media and intranet.

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

DFS noted no other factors.

## GLOSSARY

### Aggregate Penetration Rate

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

### Community Development

“Community development”:

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

### Community Development Loan

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

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

## **Community Development Service**

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

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
  - ❖ Serving on a loan review committee;
  - ❖ Developing loan application and underwriting standards;
  - ❖ Developing loan processing systems;
  - ❖ Developing secondary market vehicles or programs;
  - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
  - ❖ Furnishing financial services training for staff and management;
  - ❖ Contributing accounting/bookkeeping services; and
  - ❖ Assisting in fund raising, including soliciting or arranging investments.

## **Geography**

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

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

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

## **Income Level**

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

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

## **Small Business Loan**

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

## **Low or Moderate Income ("LMI") Geographies**

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

## **LMI Borrowers**

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development ("HUD").

## **LMI Individuals/Persons**

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

### **LMI Penetration Rate**

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

### **Low-Income Housing Tax Credit (LIHTC)**

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

### **New Markets Tax Credit (NMTC)**

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

### **Qualified Investment**

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

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;

- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.