



**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: September 30, 2019

Institution: Apple Bank for Savings
122 East 42nd Street, 9th Floor,
New York, York 10168

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

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Apple Bank for Savings (“Apple Bank” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of September 30, 2019.

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

Part 76 of the General Regulations of the Superintendent (“GRS”) implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate 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 in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated Apple Bank according to the large bank performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The assessment period included calendar years 2016, 2017 and 2018 for the lending test and the period of October 1, 2016 through September 30, 2019 for community development activities. Apple Bank is rated "2," indicating a "**Satisfactory**" record of helping to meet community credit needs.

This rating is based on the following factors:

LENDING TEST: "High Satisfactory"

Apple Bank's small business lending activities were more than reasonable in light of Apple Bank's 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.

Lending Activity: "Low Satisfactory"

Apple Bank's lending levels were more than reasonable considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

Assessment Area Concentration: "Outstanding"

During the evaluation period, Apple Bank purchased or originated 100% by number and 100% by dollar value of its total HMDA-reportable and CEMA loans within the assessment area, demonstrating an excellent concentration of lending.

Geographic Distribution of Loans: "High Satisfactory"

Apple Bank's origination and purchase of loans in census tracts of varying income levels demonstrated a more than reasonable distribution of lending.

Distribution by Borrower Characteristics: "Outstanding"

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

Community Development Lending: "High Satisfactory"

Apple Bank originated \$218.9 million in new community development loans and had \$249.6 million outstanding from prior evaluation periods. This demonstrated a more than reasonable level of community development lending over the course of the evaluation period.

INVESTMENT TEST: “High Satisfactory”

Apple Bank’s community development investments were more than reasonable in light of the assessment area’s credit needs.

Qualified Investments: “High Satisfactory”

Apple Bank made \$96.9 million in new community development investments and had \$76.4 million outstanding from prior evaluation periods. In addition, Apple Bank made \$15.7 million in community development grants. This demonstrated a more than reasonable level of community development investments and grants over the course of the evaluation period.

Innovativeness of Community Development Investments:

Apple Bank made significant use of innovative investments to support community development.

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

Apple Bank’s community development investments exhibited reasonable responsiveness to the assessment area’s credit and community development needs.

SERVICE TEST: “High Satisfactory”

Retail Banking Services: “Outstanding”

Apple Bank has an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems, particularly as they relate to LMI individuals

Community Development Services: “High Satisfactory”

Apple Bank provided a more than reasonable level of community development services. During the evaluation period, senior management and other employees participated in a range of community development service activities. Services included serving as board members of nonprofit organizations and providing financial education to LMI individuals.

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

Established in 1863, Apple Bank is a New York State-chartered savings bank headquartered in Manhasset, New York. The Bank is a wholly-owned subsidiary of Apple Financial Holdings, Inc.

Apple Bank operates 79 branches spread across the five counties of New York City, and Nassau, Suffolk, Rockland and Westchester counties.

Apple Bank primarily offers commercial and industrial loans and commercial real estate loans. The Bank also offers multifamily mortgages. While the Bank purchases one-to-four family residential mortgages from third party mortgage entities, it does not originate one-to-four family loans. The Bank offers home equity lines of credit secured by single family homes and condominiums. Apple Bank's deposit products include savings, club, checking, money market, certificate of deposits, and individual retirement accounts.

In its Consolidated Report of Condition (the "Call Report") as of September 30, 2019, filed with the Federal Deposit Insurance Corporation ("FDIC"), Apple Bank reported total assets of \$15.1 billion, of which \$10.1 billion were net loans and lease financing receivables. The Bank reported total deposits of \$13.2 billion, resulting in a loan-to-deposit ratio of 77%. According to the latest available comparative deposit data as of June 30, 2019, the Bank obtained a market share of 0.82%, or \$13 billion in a market of \$1.6 trillion, ranking it 17th among 131 deposit-taking institutions in the assessment area.

The following is a summary of the Bank's loan portfolio, based on Schedule RC-C of the Bank's December 31, 2016, 2017 and 2018 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2016		2017		2018	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	217,717	2.1	170,074	1.7	144,635	1.4
Commercial & Industrial Loans	5,654,674	54.4	5,449,902	55.3	5,865,150	55.9
Commercial Mortgage Loans	2,482,730	23.9	2,320,409	23.5	2,258,011	21.5
Multifamily Mortgages	1,453,190	14.0	1,526,564	15.5	1,850,796	17.7
Consumer Loans	14,642	0.1	13,249	0.1	12,639	0.1
Loans to Depository Institution	557,854	5.4	377,974	3.8	351,889	3.4
Loans to Foreign Government	20,206	0.2		0.0		0.0
Other Loans	512	0.0	425	0.0	258	0.0
Total Gross Loans	10,401,525		9,858,597		10,483,378	

As illustrated in the above table, Apple Bank is primarily a commercial lender. As of December 31, 2018, multifamily mortgages, commercial mortgage loans, and commercial and industrial loans represented 95.1% of the Bank's loan portfolio.

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

Assessment Area

Apple Bank's assessment area is comprised of Bronx, Kings, New York, Nassau, Queens, Richmond, Rockland, Suffolk, and Westchester counties.

There are 3,062 census tracts in the area, of which 371 are low-income, 746 are moderate-income, 1,034 are middle-income, 830 are upper-income, and 81 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	7	160	90	56	26	339	73.7
Kings	14	115	280	211	141	761	51.9
Nassau	9	7	28	159	81	284	12.3
New York	15	44	51	20	158	288	33.0
Queens	27	24	176	308	134	669	29.9
Richmond	3	4	11	36	56	110	13.6
Rockland	0	4	10	7	44	65	21.5
Suffolk	1	6	68	192	56	323	22.9
Westchester	5	7	32	45	134	223	17.5
Total	81	371	746	1,034	830	3,062	36.5

Demographic & Economic Data

The assessment area had a population of 12,570,731 during the evaluation period. Approximately 13.6% of the population were over the age of 65 and 19.4% were under the age of sixteen.

Of the 2.9 million families in the assessment area, 27.9% were low-income, 16.1% were moderate-income, 17.1% were middle-income and 39% were upper-income. There were 4.5 million households in the assessment area, of which 15.8% had income below the poverty level and 3.5% were on public assistance.

The weighted average median family income in the assessment area was \$85,819.

There were 4.9 million housing units within the assessment area, of which 53% were one- to four-family units and 46.8% were multifamily units. A majority (50.1%) of the area's housing units were rental-occupied units, while 40.9% were owner-occupied. Of the 2 million owner-occupied housing units, 18.3% were in LMI census tracts while 81.5% were in middle- and upper-income census tracts.

The median age of the housing stock was 73 years, and the average median home value in the assessment area was \$516,460.

There were 866,199 non-farm businesses in the assessment area. Of these, 86.5% were businesses with reported revenues of less than or equal to \$1 million; 6.7%

reported revenues of more than \$1 million and 6.8% did not report their revenues. Of all the businesses in the assessment area, 97% were businesses with less than 50 employees while 91.6% operated from a single location. The largest industries in the area were services (46.3%), followed by retail trade (14.4%) and finance, insurance, and real estate (9%); 11.4% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average annual unemployment rates for New York State and the counties of Bronx, Kings New York, Queens, and Richmond declined from 2016 to 2017, while unemployment rates increased for the other counties in the Bank’s assessment area. By 2018, unemployment rates for all counties declined. Bronx County consistently had the highest unemployment rates during the evaluation period.

Assessment Area Unemployment Rate										
	Statewide	Bronx	Kings	Nassau	New York	Queens	Richmond	Rockland	Suffolk	Westchester
2016	4.9	7.1	5.3	3.9	4.6	4.5	5.2	4.2	4.4	4.3
2017	4.7	6.3	4.7	4.1	4.1	4.0	4.7	4.3	4.5	4.5
2018	4.1	5.7	4.2	3.7	3.7	3.6	4.1	3.7	3.9	3.9
Average	4.6	6.4	4.7	3.9	4.1	4.0	4.7	4.1	4.3	4.2

Community Information

DFS conducted two community contact interviews with representatives of two nonprofit organizations that operate within the Bank’s assessment area.

The first nonprofit organization assists in the promotion and development of affordable housing. The organization’s president noted that more construction of affordable multifamily housing and homeownership counseling are among the primary needs of the community. He noted that financial institutions could provide more financing for multifamily construction, and grants to support housing organizations, homeowner counseling and financial education.

The second nonprofit organization’s purpose is to provide individuals and families with affordable housing, through investing capital, developing housing programs, and advocating for affordable housing policies. The organization’s representative noted that while economic conditions have recently improved and have stabilized, this has caused an increase in predatory landlord practices and tenant harassment in rent stabilized properties. The representative also noted that one of the primary community needs is credit building. She further noted that financial institutions can encourage multifamily borrowers to report their tenants’ rental payment history to the credit report agencies. She noted that financial institutions could assist LMI communities by providing grants to nonprofit organizations to fund a variety of community development projects.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated Apple Bank under the large bank performance standards in accordance with Sections 76.7, 76.8, 76.9 and 76.10 of the GRS, which consist of the lending, investment and service tests. 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. 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 Apple Bank helps to meet the credit needs of its entire community.

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

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 obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2016, 2017 and 2018 for lending activities and October 1, 2016 through September 30, 2019 for community development activities.

Examiners considered Apple Bank's HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test noted below. All one-to-four family HMDA-reportable mortgages evaluated during this evaluation period were purchased by the Bank; it did not originate any such loans.

At the request of the Bank, DFS also considered consolidation, extension and modification agreements ("CEMAs") in evaluating factors (2) and (3) of the lending test for 2016 and 2017. Due to a change in the HMDA-reporting guidelines, starting in 2018 CEMA loans became HMDA-reportable.

HMDA-reportable and CEMA lending data evaluated in this performance evaluation represented purchased and actual originations.

At its prior Performance Evaluation, as of September 30, 2016, DFS assigned Apple Bank a rating of “2” reflecting a “Satisfactory” record of helping to meet the credit needs of Apple Bank’s communities.

Current CRA Rating: “Satisfactory”

Lending Test: “High Satisfactory”

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

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

Apple Bank’s lending activities were more than reasonable considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

Lending Activity: “Low Satisfactory”

Apple Bank’s average LTD ratio for the evaluation period of 85.7% trailed the peer group’s average ratio of 94.7%. The Bank’s quarterly average ratios fluctuated from a high of 89.4% to a low of 81.4% during the evaluation period, while its peer group’s ratios remained relatively consistent.

The table below shows the Bank’s LTD ratios in comparison with the peer group’s ratios for the evaluation period.

Loan-to-Deposit Ratios													
	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	Avg.
Bank	88.9	86.2	89.4	88.5	89.3	86.1	87.1	84.8	81.4	81.7	82.0	83.8	85.7
Peer	94.1	95.6	94.4	94.4	93.6	94.9	95.8	95.5	94.2	94.6	94.9	94.7	94.7

Assessment Area Concentration: “Outstanding”

During the evaluation period, Apple Bank purchased and originated 100% of its HMDA-reportable and CEMA loans within the assessment area. This overall lending of loans within the assessment area reflects an excellent concentration of lending.

The following table shows the percentages of Apple Bank’s HMDA-reportable and CEMA loans purchased and 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
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2016	202	100.0%	0	0.0%	202	55,679	100.0%	0	0.0%	55,679
2017	231	100.0%	0	0.0%	231	63,729	100.0%	0	0.0%	63,729
2018	473	100.0%	0	0.0%	473	517,729	100.0%	0	0.0%	517,729
Subtotal	906	100.0%	0	0.0%	906	637,137	100.0%	0	0.0%	637,137
CEMA										
2016	69	100.0%	0	0.0%	69	333,257	100.0%	0	0.0%	333,257
2017	57	100.0%	0	0.0%	57	274,056	100.0%	0	0.0%	274,056
Subtotal	126	100.0%	0	0.0%	126	607,313	100.0%	0	0.0%	607,313
Grand Total	1,032	100.0%	0	0.0%	1,032	1,244,450	100.0%	0	0.0%	1,244,450

Geographic Distribution of Loans: “High Satisfactory”

Apple Bank’s loans purchased and originated in census tracts of varying income levels demonstrated a more than reasonable distribution of lending.

HMDA-Reportable Loans:

The distribution of Apple Bank’s HMDA-reportable loans by the income level of the geography was excellent.

During the evaluation period, the average lending rates of Apple Bank’s HMDA-reportable loans in LMI tracts were 49.8% by number and 38% by dollar value, which is significantly above the aggregate’s rates of 18.7% and 22.8%, respectively. The Bank’s rates of lending in LMI tracts exceeded the aggregate’s rates for each year of the evaluation period.

The Bank’s annual lending rates in LMI census tracts were also well above the 18.3% of owner-occupied household units located in LMI census tracts within the assessment area.

The following table provides a summary of the distribution of Apple Bank’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									
2016									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	4.0%	3,071	5.5%	3,755	3.0%	3,373,213	4.8%	2.5%
Moderate	100	49.5%	30,394	54.6%	18,824	15.1%	10,809,582	15.5%	15.7%
LMI	108	53.5%	33,465	60.1%	22,579	18.1%	14,182,795	20.4%	18.3%
Middle	69	34.2%	15,082	27.1%	51,189	41.1%	21,041,604	30.2%	42.5%
Upper	25	12.4%	7,132	12.8%	50,774	40.8%	34,373,969	49.3%	39.3%
Unknown	0	0.0%	0	0.0%	40	0.0%	59,624	0.1%	0.0%
Total	202		55,679		124,582		69,657,992		
2017									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	10	4.3%	3,689	5.8%	4,244	3.6%	3,814,270	5.5%	2.9%
Moderate	108	46.8%	28,776	45.2%	18,235	15.4%	12,290,626	17.8%	15.5%
LMI	118	51.1%	32,465	50.9%	22,479	18.9%	16,104,896	23.3%	18.3%
Middle	92	39.8%	26,835	42.1%	47,392	39.9%	19,339,829	27.9%	41.4%
Upper	20	8.7%	4,130	6.5%	48,583	41.0%	33,554,435	48.5%	40.2%
Unknown	1	0.4%	299	0.5%	175	0.1%	227,157	0.3%	0.1%
Total	231		63,729		118,629		69,226,317		
2018									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	25	5.3%	23,148	4.5%	5,365	3.7%	6,365,355	7.1%	2.9%
Moderate	200	42.3%	153,346	29.6%	22,316	15.3%	15,431,850	17.3%	15.5%
LMI	225	47.6%	176,494	34.1%	27,681	19.0%	21,797,205	24.4%	18.3%
Middle	161	34.0%	64,294	12.4%	58,496	40.0%	24,899,500	27.8%	41.4%
Upper	86	18.2%	271,891	52.5%	59,702	40.9%	42,409,120	47.4%	40.2%
Unknown	1	0.2%	5,050	1.0%	189	0.1%	331,335	0.4%	0.1%
Total	473		517,729		146,068		89,437,160		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	43	4.7%	29,908	4.7%		3.4%		5.9%	
Moderate	408	45.0%	212,516	33.4%		15.3%		16.9%	
LMI	451	49.8%	242,424	38.0%	72,739	18.7%	52,084,896	22.8%	
Middle	322	35.5%	106,211	16.7%		40.4%		28.6%	
Upper	131	14.5%	283,153	44.4%		40.9%		48.3%	
Unknown	2	0.2%	5,349	0.8%		0.1%		0.3%	
Total	906		637,137		389,279		228,321,469		

CEMA Loans:

The distribution of Apple Bank's CEMA loans by the income level of the geography was adequate. The analysis was confined to 2016 and 2017 CEMA lending, because CEMA loans became HMDA-reportable in 2018.

During the evaluation period, Apple Bank's average rates of CEMA lending in LMI tracts were 25.4% by number and 24.5% by dollar value. These rates of lending were below the aggregate's percentage of 48.2% to 50% for multifamily housing units located in LMI tracts within the Bank's assessment area.

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

Distribution of CEMA Lending by Geographic Income of the Census Tract					
2016					
Geographic Income	Bank				MF HUs
	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	20.1%
Moderate	17	24.6%	103,382	31.0%	29.9%
LMI	17	24.6%	103,382	31.0%	50.0%
Middle	15	21.7%	40,535	12.2%	19.8%
Upper	37	53.6%	189,340	56.8%	30.1%
Unknown	0	0.0%	0	0.0%	0.0%
Total	69		333,257		
2017					
Geographic Income	Bank				MF HUs
	#	%	\$000's	%	%
Low	6	10.5%	14,500	5.3%	22.1%
Moderate	9	15.8%	30,900	11.3%	26.1%
LMI	15	26.3%	45,400	16.6%	48.2%
Middle	5	8.8%	24,500	8.9%	18.4%
Upper	37	64.9%	204,156	74.5%	33.1%
Unknown	0	0.0%	0	0.0%	0.4%
Total	57		274,056		
GRAND TOTAL					
Geographic Income	Bank				MF HUs
	#	%	\$000's	%	%
Low	6	4.8%	14,500	2.4%	
Moderate	26	20.6%	134,282	22.1%	
LMI	32	25.4%	148,782	24.5%	
Middle	20	15.9%	65,035	10.7%	
Upper	74	58.7%	393,496	64.8%	
Unknown	0	0.0%	0	0.0%	
Total	126		607,313		

Distribution by Borrower Characteristics: "Outstanding"

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

All of the Bank's CEMA loans in 2016 and 2017 were made for multifamily properties for which borrower income is not required to be reported; therefore, they were not evaluated for this criterion.

HMDA-Reportable (1-4 family loans):

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

The Bank's average rates of lending of HMDA-reportable loans to LMI borrowers were 62.2% by number and 53.3% by dollar value, significantly above the aggregate's rates of 14.9% and 7.3%, respectively. Apple Bank's rates of lending to LMI borrowers by number and dollar value significantly exceeded the aggregate's rates for each year of the evaluation period. In addition, the Bank's rates of lending exceeded the assessment area's family demographics for each year of the evaluation period.

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

Distribution of 1-4 Family Loans by Borrower Income									
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	21	10.4%	3,351	6.2%	3,348	2.7%	654,291	1.1%	26.8%
Moderate	98	48.8%	21,970	40.9%	13,637	11.2%	3,076,010	5.4%	16.9%
LMI	119	59.2%	25,321	47.2%	16,985	13.9%	3,730,301	6.5%	43.7%
Middle	30	14.9%	8,675	16.2%	26,704	21.9%	7,822,796	13.7%	18.2%
Upper	52	25.9%	19,683	36.7%	70,572	57.9%	40,279,213	70.6%	38.2%
Unknown	0	0.0%	0	0.0%	7,584	6.2%	5,255,240	9.2%	0.0%
Total	201		53,679		121,845		57,087,550		
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	19	8.3%	3,495	6.1%	3,440	3.0%	653,195	1.2%	27.9%
Moderate	125	54.3%	27,504	47.6%	13,450	11.6%	3,098,103	5.6%	16.1%
LMI	144	62.6%	30,999	53.7%	16,890	14.5%	3,751,298	6.8%	43.9%
Middle	38	16.5%	10,326	17.9%	25,879	22.3%	7,712,481	13.9%	17.1%
Upper	48	20.9%	16,404	28.4%	67,410	58.0%	39,535,260	71.5%	39.0%
Unknown	0	0.0%	0	0.0%	6,120	5.3%	4,291,912	7.8%	0.0%
Total	230		57,729		116,299		55,290,951		
2018									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	25	6.6%	6,298	5.6%	5,356	3.8%	1,162,840	1.9%	27.9%
Moderate	215	56.9%	57,145	50.4%	17,452	12.3%	4,026,590	6.5%	16.1%
LMI	240	63.5%	63,443	56.0%	22,808	16.1%	5,189,430	8.3%	43.9%
Middle	54	14.3%	18,031	15.9%	31,072	21.9%	8,957,300	14.4%	17.1%
Upper	83	22.0%	30,311	26.8%	81,281	57.4%	42,854,245	68.7%	39.0%
Unknown	1	0.3%	1,500	1.3%	6,447	4.6%	5,376,535	8.6%	0.0%
Total	378		113,285		141,608		62,377,510		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	65	8.0%	13,144	5.8%		3.2%		1.4%	
Moderate	438	54.1%	106,619	47.5%		11.7%		5.8%	
LMI	503	62.2%	119,763	53.3%	56,683	14.9%	12,671,029	7.3%	
Middle	122	15.1%	37,032	16.5%		22.0%		14.0%	
Upper	183	22.6%	66,398	29.6%		57.7%		70.2%	
Unknown	1	0.1%	1,500	0.7%		5.3%		8.5%	
Total	809		224,693		379,752		174,756,011		

Community Development Lending: “High Satisfactory”

During the evaluation period, Apple Bank originated \$218.9 million in new community development loans and had \$249.6 million outstanding from prior evaluation periods for a total of \$468.5 million. While total community development loans remained similar to the prior evaluation period’s total of \$474 million, new community development loans during this evaluation period were well below the \$312.4 million originated during the prior evaluation period. Still, this level of community development loans demonstrated a more than reasonable level of lending over the course of the evaluation period.

Apple Bank’s community development loans primarily supported affordable housing, which was identified by community groups as the primary need of the assessment area.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	56	189,767	47	177,838
Economic Development	7	9,200	2	10,509
Community Services			2	11,240
Revitalize and Stabilize	3	19,989	11	50,001
Total	66	218,956	62	249,588

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

- Apple Bank originated 56 loans totaling \$189.8 million for the purchase or refinance of multifamily properties in LMI census tracts within its assessment area. These properties contained some rental units that received assistance through government programs such as Section 8 and the rents charged for the remaining units were all below the U.S. Department of Housing and Urban Development (“HUD”) calculated Fair Market Rent (FMR). The FMR supports affordable housing for LMI families as the rent is equal to 30% of the annual income of a family whose income equals 80% or less of the area median income.
- The Bank originated a \$12 million commercial loan secured by a retail property located in a moderate-income census tract in New York County. The property is occupied by a pharmacy providing access to healthcare services for the area.
- Apple Bank made \$2.5 million in term loans to three certified Community Development Financial Institutions (“CDFI”) to support their loan programs and provide loans to borrowers who are unable to attain financing from local lending institutions. CDFIs expand economic opportunity in LMI communities by making financial products and services accessible to local residents and businesses.

Flexible and/or Innovative Lending Practices:

Apple Bank made limited use of innovative or flexible lending practices to meet the credit needs of the communities it serves. The Bank offers low cost personal loans to customers with poor or no credit history and offers an opportunity to build or improve their credit standing through its SureCredit products, as follows:

- SureLoan is a flexible term, fixed-rate installment loan with a minimum loan amount of \$500. The loan is secured by an Apple Bank savings account or certificate of deposit (“CD”) account. Repayment terms are flexible and can be made by lump sum or in monthly installments of up to 72 months. As of September 30, 2019, the Bank had 627 SureLoans.
- SureLine is a fixed-rate, overdraft line-of-credit linked to the customer’s checking account. The line-of-credit offers no annual fee, low monthly payments and convenience, flexibility and protection in the event that customers overdraw their checking account. The minimum credit line available is \$500. The loan is secured by an Apple Bank savings or CD account. As of September 30, 2019, the Bank had 1,715 SureLine lines of credit.

INVESTMENT TEST: “High Satisfactory”

DFS evaluated Apple Bank’s investment performance 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 the credit and community development needs of the assessment area.*

Apple Bank’s community development investments were more than reasonable in light of the assessment area’s credit needs.

Qualified Investments: “High Satisfactory”

During the evaluation period, Apple Bank made \$96.9 million in new qualified investments and had \$76.4 million outstanding from prior evaluation periods. In addition, Apple Bank made \$15.7 million in qualified grants. This demonstrated a more than reasonable level of qualified investments and grants over the course of the evaluation period.

Apple Bank’s qualified investments primarily supported affordable housing projects and initiatives in the assessment area, accounting for 87% of total qualified investments made during the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	22	89,737	41	76,414
Economic Development	9	2,235		
Revitalize and Stabilize	1	5,000		
Total	32	96,972	41	76,414
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	57	209		
Economic Development	10	69		
Community Services	40	15,427		
Total	107	15,705		

Below are highlights of Apple Bank's qualified investments and grants.

Investments

- Apple Bank purchased \$89.7 million in Federal National Mortgage Association ("Fannie Mae") mortgage-backed securities, which were collateralized by residential mortgage loans made to low- and moderate-income borrowers within the Bank's assessment area.
- The Bank invested \$2.2 million in CDs at four CDFIs providing community-focused banking services and products that support the local economy and revitalize underserved neighborhoods in the assessment area.
- Apple Bank made a \$5 million equity investment in a community development trust. Funds allocated to the investment target projects in LMI communities in the Bank's assessment area.

Grants

Apple Bank's donations primarily were to charitable, community outreach and various other nonprofit organizations providing various community development services in the assessment area. The organizations serve the needs of immigrants, seniors, at-risk youth, underserved communities, and LMI families. The Bank's donations also assisted with housing and rehabilitation projects, which help create and maintain affordable housing for low-income families, while revitalizing low-income geographies.

- The Bank donated a bank-owned property located in a moderate-income tract in Harlem, New York to a nonprofit entity. The property was valued at \$15 million.

The nonprofit entity operates charter schools in LMI census tracts in New York and Bronx counties. A substantial majority (87%) of its student population receive free or reduced lunch costs.

- Apple Bank donated \$39,040 to an organization that serves low-income and vulnerable individuals by developing sustainable and affordable housing.
- The Bank donated \$15,000 to a nonprofit alternative lender that provides loans that create quality jobs, help to revitalize main streets and affordable homes. Furthermore, the organization provides financial, education to LMI individuals and business development services to help small businesses succeed.
- Apple Bank donated \$150,000 to an organization whose mission is to protect children and strengthen families through programs such as foster care, adolescent shelters, substance abuse counseling and family counseling programs.

Innovativeness of Community Development Investments:

Apple Bank made significant use of innovative investments to support community development as shown in the donation of the Bank's branch to a nonprofit that operates charter schools to meet the educational needs of LMI communities, as well as equity investments in a community development trust supporting affordable housing and revitalization efforts.

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

Apple Bank's qualified investments exhibited reasonable responsiveness to the assessment area's credit and community development needs which consisted primarily of mortgage-backed securities that supported affordable housing for LMI individuals.

SERVICE TEST: "High Satisfactory"

DFS evaluated Apple Bank's retail service performance pursuant to the following criteria:

- (1) The current distribution of the banking institution's branches;
 - (2) The institution's 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.

DFS evaluated Apple Bank's community development service performance pursuant to the following criteria:

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

Retail Banking Services: “Outstanding”

Apple Bank has an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems, particularly as they relate to LMI individuals.

Current distribution of the banking institution’s branches:

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

The Bank operated 79 branches, of which 26 (33%) branches were in LMI census tracts. Of the remaining 53 branches located in middle- and upper-income census tracts, 17 branches were located in census tracts adjacent to LMI census tracts, thereby also providing access to residents of those areas. The majority of the Bank’s branches located in LMI census tracts are in Bronx and Kings counties.

Distribution of Branches within the Assessment Area						
County	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Richmond	0	0	1	0	1	0%
Queens	0	0	1	0	1	0%
Westchester	0	0	0	5	5	0%
Suffolk	0	1	5	4	10	10%
Nassau	0	2	7	1	10	20%
New York	1	3	2	14	20	20%
Kings	4	5	6	3	18	50%
Queens	2	0	0	2	4	50%
Bronx	3	4	1	1	9	78%
Rockland	0	1	0	0	1	100%
Total	10	16	23	30	79	33%

Record of opening and closing branches:

Apple Bank did not open or close any branches during the evaluation period. However, the Bank relocated two branches in New York County. Because the relocations were within the same census tracts, they did not affect the accessibility of delivery systems in the assessment area.

Availability and effectiveness of alternative systems for delivering retail services:

Apple Bank’s delivery systems are readily accessible to significant portions of its assessment area, including LMI geographies and individuals.

- Online Banking Services provide convenient account access 24 hours a day,

seven days a week allowing customers to get account information, transfer money between accounts, pay bills and other banking services from any location with internet access.

- Bank-By-Phone service provides customers with 24-hour access to their accounts, including allowing them to transfer funds between accounts; query account balances; and monitor the interest earned. This service is offered in English and Spanish.
- Bank-By-Mail is available for customers who prefer to do their banking by mail. The Bank provides a supply of deposit envelopes and process withdrawals upon request.
- A Customer Service Representative Call Center operates Monday through Friday from 8:30 am to 9:00 pm and Saturday and Sunday from 9:00 am to 3:00 pm Eastern Standard Time.
- The Bank operates 102 automated teller machines (“ATMs”), with at least one at each branch location. All ATMs offer 24-hour access and have deposit-taking abilities.

Range of services provided:

Apple Bank’s services meet the convenience and accessibility needs of its assessment area, particularly LMI geographies and individuals.

While branch hours vary slightly among the Bank’s branches, all branches offer extended weekday hours and weekend hours either on Saturday or Sunday.

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

- Low cost checking product “BasicValue Checking” and free checking products such as “Free ExtraValue (noninterest-bearing) Checking” and “Free ClassValue Checking.”
- Low balance savings account, “Grand Yield Advantage,” requires \$100 to open and has variable tiered rates. There is no monthly maintenance fee and both statement and passbook savings account options are available.
- Youth Savings Account – A savings account for minors under the age of 18 to encourage saving at an early age. The account features competitive interest rates, no monthly fees, and no minimum balance.
- “SureCredit Products” assist customers establish a credit history.

Community Development Services: “High Satisfactory”

Apple Bank provided a more than reasonable level of community development services. Senior management and other employees participated in a range of community development service activities during the evaluation period. Services included serving as board members of nonprofit organizations and providing financial education to LMI individuals.

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

- An executive vice president serves on the board of an organization that assists in the development, promotion, and revitalization of affordable homeownership.
- A vice president serves on the development committee and the board of a CDFI with a mission to reduce poverty and improve the economic and social conditions of low-income individuals and families throughout New York by developing sustainable and affordable housing.
- A branch manager serves on the board of a housing resource center whose mission is to prevent homelessness through preservation of existing and promoting and supporting the construction of new affordable housing units for LMI and middle-income households.
- Apple Bank employees facilitated financial literacy seminars at local educational institutions where a majority of students received free or reduced cost lunch, and at a nonprofit organization whose mission is to educate and empower New York City high school students to achieve their goals through informed and prudent management of their financial resources.
- The Bank hosted a series of seminars on the New York City affordable housing lottery. Seminars were hosted in ten branches located in LMI areas. The seminars informed attendees on how the lottery works, how to find out about upcoming lotteries, how to qualify, how to prepare for an interview if selected and how to appeal if rejected.

Additional Factors

The following factors were also considered in assessing Apple Bank’s record of performance.

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

The Bank’s board performs a periodic review of the Bank’s CRA activities and appoints

the CRA officer. Apple Bank has a CRA management committee, which is chaired by the CRA officer and comprised of senior management from each business unit. The committee meets on a quarterly basis to assess the Bank's ongoing CRA efforts. The minutes of the committee meetings are provided to the board for review.

Discrimination and other illegal practices

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

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

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

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

Process Factors

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

Apple Bank determines the credit needs of its community through communication, discussions and interactions with community groups and organizations, as officers and employees serve on the board and/or committees of such local nonprofit or business organizations within the Bank's assessment area.

The Bank's mortgage department staff participate in community fairs and seminars and branch managers are active in their local communities where they attend meetings of local business organizations. Apple Bank employees also attend block and street fairs. All of these activities assist the Bank in determining the credit needs of its community and discuss and promote its products and services.

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

Apple Bank advertises its loan and deposit products in print and other media to make the community aware of its banking and credit services offered. The Bank also utilizes its financial education and free seminar series to promote its products and services to the LMI population and small business communities.

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

While this CRA report is as of September 30, 2019, the CRA evaluation of Apple Bank was conducted in March of 2020, during the COVID-19 pandemic.

In response to the pandemic, Apple Bank implemented temporary procedures to assist customers facing financial hardship such as reimbursement of certain transaction fees and waiving of early withdrawal penalty on certificate of deposits.

GLOSSARY

Aggregate Lending

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

Banking Development District (“BDD”) Program

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

Community Development

“Community development”:

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

Community Development Loan

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

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;

- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

Community Development Service

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

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

Geography

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

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

The income level for borrowers is based on household or family income. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

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

Small Business Loan

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

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas where, according to the 2010 U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a MSA or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of Block Numbering Areas (“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.

Minority Depository Institutions (“MDIs”)

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

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.

Paycheck Protection Program ("PPP") Loans

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") temporarily permits the U.S. Small Business Administration ("SBA") to guarantee 100% of 7(a) loans under a new program titled the "Paycheck Protection Program". The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%.