



**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: June 30, 2020

Institution: Popular 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 Popular Bank (“Popular” 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 June 30, 2020.

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

The Department evaluated Popular according to the large banking institutions performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The assessment period included calendar years 2015, 2016, 2017, 2018 and 2019 for lending activities, and the period July 1, 2015 to June 30, 2020 for community development activities. Popular 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

Popular's HMDA-reportable and small business lending activities were more than reasonable in light of its size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

Lending Activity: High Satisfactory

Popular'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.

Popular's average loan-to-deposit (“LTD”) ratio for the evaluation period of 92.6% exceeded its peer group's average ratio of 88.2%. In addition, the Bank's quarterly LTD ratios exceeded its peer group's ratios each quarter of the evaluation period.

Assessment Area Concentration: Low Satisfactory

During the evaluation period, Popular made 69.8% by number and 85.2% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an adequate concentration of lending.

Geographic Distribution of Loans: Outstanding

Popular's origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending. During the evaluation period, the Bank's HMDA-reportable and small business lending rates in LMI census tracts outperformed the aggregate's rates.

Distribution by Borrower Characteristics: Needs to Improve

Popular's one-to-four family HMDA-reportable and small business lending demonstrated a less than adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

The Bank's HMDA-reportable lending rates to LMI borrowers were well below the

aggregate's rates. This demonstrated a less than adequate distribution of loans among individuals of different income levels, while Popular's small business lending rates demonstrated an adequate distribution of loans among businesses of different revenue sizes. The rating for this criterion reflects greater weight given to HMDA-reportable lending.

Community Development Lending: Outstanding

During the evaluation period, Popular originated \$493.9 million in new community development loans and had \$30 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period

Flexible and/or Innovative Lending Practices:

Popular made significant use of flexible or innovative lending practices to support community development.

The Bank significantly increased its origination of Federal National Mortgage Association ("FNMA") and Federal Home Loan Mortgage Corporation ("FHLMC") mortgage loans during the evaluation period. In addition, during the ongoing COVID-19 pandemic, Popular participated in the Paycheck Protection Program ("PPP") and as of June 30, 2021 the majority of its loans originated through the program were to businesses located in LMI geographies. Finally, the Bank introduced the Credit Builder loan, a cash secured loan product designed to help consumers who have no or adverse credit history.

INVESTMENT TEST: Low Satisfactory

Popular's qualified investments were adequate in light of the assessment area's credit needs.

Qualified Investments:

During the evaluation period, Popular made \$22 million in new qualified investments and had \$15 million outstanding from prior evaluation periods. In addition, Popular made \$1.6 million in qualified grants. This demonstrated an adequate level of qualified investments and grants over the course of the evaluation period.

Innovativeness of Qualified Investments

Popular made limited use of innovative community development investments during the evaluation period.

Responsiveness of Qualified Investments to Credit and Community Development Needs

Popular's qualified investments exhibited adequate responsiveness to the assessment area's credit and community development needs.

SERVICE TEST: Outstanding

Retail Banking Services: Outstanding

Popular has an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems, including as they relate to LMI individuals.

Community Development Services: High Satisfactory

PB provided a relatively high level of community development services.

During the evaluation period, Popular participated in 186 instances of community services including board and committee memberships, technical assistance, and seminars.

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

Chartered in 1999, Popular is a commercial bank headquartered in New York City, serving the states of New York, New Jersey, and Florida. In 2018, Popular changed its name from Popular Community Bank to its current name of Popular Bank, as part of a rebranding initiative to attract diverse consumer and business segments.

The Bank is a wholly owned subsidiary of Popular North America, Inc. which, in turn, is a wholly owned subsidiary of Popular Inc., a publicly owned financial holding company based in Puerto Rico. Popular has three subsidiaries: Popular Equipment Finance, Inc., Popular Insurance Agency, U.S.A., and E-LOAN, Inc.

The Bank operates 33 full-service branches in its New York assessment area, 58% of which are located in LMI census tracts. Three of the Bank's branches are located in Banking Development Districts ("BDD"), providing banking services and helping to support local economic growth and development in areas with demonstrated need for banking services. The Bank offers deposit-taking ATMs in each branch, and offers its customers surcharge free ATM access to 1,765 ATMs located in New York State and over 55,000 worldwide through the Allpoint ATM network.

Popular offers a variety of banking products and services which include residential mortgages, home equity lines of credit ("HELOCs"), personal loans and credit cards for retail customers. The Bank also offers trade finance, commercial mortgages, construction loans, business lines of credit, SBA loans, business term loans, and cash management for commercial clients. Checking, savings and time deposit accounts, safe deposit boxes, and wire transfers are provided at the branches; ATMs and online and mobile banking serve as alternative delivery systems. In addition, investment, retirement and insurance products are offered through its affiliates or subsidiaries.

In 2015, Popular formed Popular Community Capital ("PCC"), a certified Community Development Entity, to provide capital investment for businesses or projects located in or that will directly benefit low-income communities. PCC has invested in New Market Tax Credit ("NMTC") transactions in New York and Florida.

In September 2017, Hurricane Maria devastated Puerto Rico, causing tremendous infrastructure, economic and environmental damage to the Island and impacting the Bank's business operations. As a result, the Bank's CRA compliance function was centralized and moved from Puerto Rico to New York.

In its Consolidated Report of Condition (the "Call Report") as of June 30, 2020, filed with the Federal Deposit Insurance Corporation ("FDIC"), Popular reported total assets of \$10.6 billion, of which \$7.5 billion were net loans and lease financing receivables. Popular also reported total deposits of \$8.2 billion, resulting in a LTD

ratio of 91.8%. According to the latest available comparative deposit data as of June 30, 2020, Popular had a market share of 0.33%, or \$5.4 billion in a market of \$1.6 trillion, ranking it 22nd among 111 deposit-taking institutions in the assessment area.

The following is a summary of Popular's loan portfolio composition, based upon Schedule RC-C of the Bank's December 31, 2015, 2016, 2017 2018 and 2019 Call Reports:

TOTAL GROSS LOANS OUTSTANDING										
Loan Type	12/31/2015		12/31/2016		12/31/2017		12/31/2018		12/31/2019	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Res. Mortgage Loans	1,253,463	26.2	1,096,843	19.6	932,551	15.0	1,000,554	15.1	1,190,740	16.5
Commercial & Industrial Loans	305,432	6.4	295,924	5.3	273,757	4.4	258,485	3.9	267,155	3.7
Commercial Mortgage Loans	1,222,529	25.6	1,598,924	28.5	1,980,384	31.9	2,140,882	32.3	2,170,632	30.0
Multifamily Mortgages	707,054	14.8	1,064,296	19.0	1,210,693	19.5	1,396,732	21.1	1,640,462	22.7
Consumer Loans	157,687	3.3	212,529	3.8	277,826	4.5	273,803	4.1	313,303	4.3
Construction Loans	594,491	12.4	707,731	12.6	812,978	13.1	727,423	11.0	722,995	10.0
Other Loans	534,820	11.2	628,726	11.2	726,025	11.7	826,405	12.5	921,244	12.7
Lease financing	1,367	0.0	838	0.0	702	0.0	134	0.0	110	0.0
Total Gross Loans	4,776,843	100.0	5,605,811	100.0	6,214,916	100.0	6,624,418	100.0	7,226,641	100.0

As illustrated in the above table, Popular is primarily a commercial lender, with 56.9% of its loan portfolio in commercial mortgage loans, multifamily mortgages, and commercial and industrial loans as of December 31, 2019. Popular's one-to-four family residential mortgage loans declined by 25.6% from 2015 to 2017, reflecting its reorganization and its exit strategy for this line of business at that time. However, starting in 2017, Popular expanded its lending products with specific focus on consumer and residential products, resulting in a 27.7% increase in one-to-four family mortgage loans from December 31, 2017 to December 31, 2019.

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

Assessment Area

The Bank's New York assessment area includes Bronx, Kings, Queens, and New York counties.

There are 2,057 census tracts in the area, of which 285 are low-income, 562 are moderate-income, 614 are middle-income, 533 are upper-income, and 63 are tracts with no income indicated. LMI census tracts within the assessment area totaled 847 or 41.2% of all census tracts.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	7	140	99	60	33	339	70.5
Kings	14	95	260	230	162	761	46.6
Queens	27	16	146	303	177	669	24.2
New York	15	34	57	21	161	288	31.6
Total	63	285	562	614	533	2,057	41.2

Demographic & Economic Data

The assessment area had a population of 7,954,262 during the evaluation period. Approximately 12.6% of the population was over the age of 65 and 18.9% was under the age of 16.

Of the 1,742,525 families in the assessment area 33.5% were low-income, 16.5% were moderate-income, 15.6% were middle-income and 34.5% were upper-income. There were 2,947,751 households in the assessment area, of which 19.8% had income below the poverty level and 4.2% were on public assistance.

The weighted average median family income in the assessment area was \$69,349.

There were 3,244,089 housing units within the assessment area, of which 63% were multifamily units and 36.8% were one-to-four family units. A majority (63.8%) of the area's housing units were rental units, while 27% were owner occupied units. Of the 2,070,401 rental units, 53% were in LMI census tracts while 46.7% were in middle- and upper-income census tracts. Of the 877,350 owner-occupied housing units, 22% were in LMI census tracts while 77.7% were in middle- and upper-income census tracts. The median age of the housing stock was 73 years, and the median home value in the assessment area was \$541,839.

There were 599,937 non-farm businesses in the assessment area. Of these, 87.9% were businesses with reported revenues of less than or equal to \$1 million, 6% reported revenues of more than \$1 million and 6.1% did not report their revenues. Of all the businesses in the assessment area, 97.1% were businesses with less than fifty employees while 92.3% operated from a single location. The largest industries in the area were services (42.2%), followed by retail trade (14.3%) and finance, insurance and real estate (9.2%); 18.7% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State during the current evaluation period was 4.6%, which declined from 7% during the previous evaluation period. Popular's assessment area also reflected the same declining trends throughout the evaluation period. However, unemployment in Bronx and Kings counties remained relatively higher than in New York State and the other counties in the Bank's assessment area.

Assessment Area Unemployment Rate					
	Statewide	Bronx	Kings	Queens	New York
2015	5.3	7.8	5.9	5.0	4.9
2016	4.9	7.1	5.3	4.5	4.6
2017	4.7	6.3	4.7	4.1	4.1
2018	4.1	5.8	4.3	3.7	3.7
2019	4.0	5.4	4.1	3.5	3.5
5-yr Ave.	4.6	6.5	4.9	4.2	4.2

Community Information

DFS examiners conducted community contact interviews with representatives of two community organizations that operate within the Bank’s assessment area. DFS also received one comment.

The first interview was with the program manager of a private-public partnership based out of a New York City agency. The program offers services and resources for women in underserved communities to bridge the gender gap in entrepreneurship. Services include workshops, counseling and mentoring. The representative indicated that although banks were lending in the area, small startup businesses were unable to obtain capital because the borrowers are unable to demonstrate a history of performance and meet revenue requirements. In addition, it was noted that local financial institutions could better address the need for financial literacy education, business plan writing, micro loans to small business owners, and donate space for organizations to hold business workshops.

The second interview was with the program administrator of a local nonprofit that provides food, shelter, clothing, and medical care to those in need. The representative indicated the need for additional funding to carry on the organization’s objectives of providing food to the hungry and shelter to the homeless.

DFS received a comment from a community development organization based in New York City. The organization was concerned about the number of bank closures in New York City in 2020, and noted statistics concerning the levels of unbanked or underbanked individuals in the area. The organization also noted a desire for banking institutions to accept IDNYC, a municipal identification card issued to New York City residents age 10 and up regardless of immigration status, as a primary form of identification. The comment noted a need for small business loans under \$100,000, and even under \$25,000. The comment also noted a need for more home improvement lending.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated Popular under the large bank institutions performance criteria 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 Popular helps to meet the credit needs of its entire community.

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

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

The evaluation period included calendar years 2015, 2016, 2017, 2018 and 2019 for lending activities and the period from July 1, 2015 to June 30, 2020 for community development activities.

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

Examiners gave greater weight to Popular's HMDA-reportable lending activities because the dollar volume of such loans represented 87% of the total HMDA and small business loans made within the Bank's assessment area during the evaluation period.

At its prior Performance Evaluation as of June 30, 2015, DFS assigned Popular a rating of "2," reflecting a "Satisfactory" record of helping to meet the community credit needs.

Current CRA Rating: Satisfactory

LENDING TEST: High Satisfactory

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

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

Popular's HMDA-reportable and small business lending activities were more than reasonable in light of its size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

Lending Activity: High Satisfactory

Popular'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.

Popular's average LTD ratio for the evaluation period of 92.6% exceeded its peer group's average ratio of 88.2%. In addition, the Bank's quarterly LTD ratios exceeded its peer group's ratios each quarter of the evaluation period.

The table below shows the Bank's and its peer group's LTD ratios for the 20 quarters of the evaluation period.

Loan-to-Deposit Ratios																					
	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	Avg. %
Bank	90.4	93.7	95.9	89.8	91.7	94.5	91.3	91.8	90.5	90.4	91.0	91.8	94.7	91.9	94.4	94.0	91.6	97.4	91.8	94.1	92.6
Peer	84.4	86.0	86.1	87.6	87.3	88.7	87.9	88.7	87.7	88.9	88.7	89.4	88.8	89.9	89.3	89.6	88.5	89.8	88.9	88.6	88.2

Assessment Area Concentration: Low Satisfactory

During the evaluation period, Popular made 69.8% by number and 85.2% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an adequate concentration of lending.

HMDA-Reportable Loans

Popular originated 59.1% by number and 84.8% by dollar value of its HMDA-reportable

loans within the assessment area. This majority of lending inside of its assessment area reflects an adequate concentration of lending within Popular's assessment area.

Small Business Loans

Popular originated 89.9% by number and 88.2% by dollar value of its small business loans within the assessment area during the evaluation period. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending within Popular's assessment area.

The following table shows the percentages of Popular's HMDA-reportable and small business loans made 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										
2015	18	62.1%	11	37.9%	29	13,372	68.3%	6,211	31.7%	19,583
2016	8	50.0%	8	50.0%	16	9,274	79.7%	2,357	20.3%	11,631
2017	21	61.8%	13	38.2%	34	25,652	80.8%	6,083	19.2%	31,735
2018	124	56.9%	94	43.1%	218	242,033	84.1%	45,611	15.9%	287,643
2019	210	60.3%	138	39.7%	348	430,244	86.2%	68,734	13.8%	498,978
Subtotal	381	59.1%	264	40.9%	645	720,574	84.8%	128,996	15.2%	849,570
Small Business										
2015	122	91.7%	11	8.3%	133	55,839	90.7%	5,708	9.3%	61,547
2016	50	89.3%	6	10.7%	56	13,119	86.2%	2,100	13.8%	15,219
2017	35	87.5%	5	12.5%	40	13,734	89.4%	1,621	10.6%	15,355
2018	49	87.5%	7	12.5%	56	12,443	79.9%	3,131	20.1%	15,574
2019	55	90.2%	6	9.8%	61	12,653	87.0%	1,895	13.0%	14,548
Subtotal	311	89.9%	35	10.1%	346	107,788	88.2%	14,455	11.8%	122,243
Grand Total	692	69.8%	299	30.2%	991	828,362	85.2%	143,451	14.8%	971,813

Geographic Distribution of Loans: Outstanding

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

The Bank's HMDA-reportable and small business lending rates in LMI census tracts outperformed the aggregate's rates by number and dollar amount of loans for each year of the evaluation period.

HMDA-Reportable Loans

The distribution of Popular's HMDA-reportable loans by the income level of the geography was excellent.

- During the evaluation period, Popular's lending rates in LMI census tracts of 48.3% by number and 64.3% by dollar value of HMDA-reportable loans were well above

the aggregate's rates of 29.4% and 29.1%, respectively. The Bank's rates of lending in LMI census tracts also exceeded the owner-occupied housing demographics in LMI census tracts.

The following table provides a summary of the distribution of Popular'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									
2015									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	16.7%	946	7.1%	2,931	5.8%	2,800,272	7.4%	4.8%
Moderate	11	61.1%	10,102	75.5%	10,454	20.8%	7,307,145	19.3%	22.2%
LMI	14	77.8%	11,048	82.6%	13,385	26.6%	10,107,417	26.7%	27.0%
Middle	3	16.7%	1,335	10.0%	15,561	30.9%	7,679,564	20.3%	36.5%
Upper	1	5.6%	989	7.4%	21,307	42.4%	19,987,573	52.9%	36.5%
Unknown	0	0.0%	0	0.0%	37	0.1%	38,782	0.1%	0.0%
Total	18		13,372		50,290		37,813,336		
2016									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	12.5%	499	5.4%	3,197	6.1%	3,210,521	7.8%	4.8%
Moderate	3	37.5%	6,471	69.8%	10,927	20.9%	8,245,767	20.1%	22.2%
LMI	4	50.0%	6,970	75.2%	14,124	27.0%	11,456,288	27.9%	27.0%
Middle	2	25.0%	399	4.3%	16,369	31.3%	8,440,258	20.6%	36.5%
Upper	2	25.0%	1,905	20.5%	21,737	41.6%	21,114,864	51.4%	36.5%
Unknown	0	0.0%	0	0.0%	32	0.1%	56,993	0.1%	0.0%
Total	8		9,274		52,262		41,068,403		
2017									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	14.3%	709	2.8%	3,435	7.0%	3,586,594	8.6%	5.2%
Moderate	10	47.6%	21,071	82.1%	10,014	20.5%	9,741,430	23.4%	21.2%
LMI	13	61.9%	21,780	84.9%	13,449	27.5%	13,328,024	32.0%	26.4%
Middle	4	19.0%	2,629	10.2%	14,355	29.3%	7,750,151	18.6%	34.7%
Upper	4	19.0%	1,243	4.8%	21,026	43.0%	20,329,636	48.8%	38.6%
Unknown	0	0.0%	0	0.0%	117	0.2%	213,564	0.5%	0.2%
Total	21		25,652		48,947		41,621,375		
2018									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	14	11.3%	43,923	18.1%	4,300	7.5%	5,956,430	10.8%	5.2%
Moderate	37	29.8%	95,202	39.3%	12,546	21.9%	12,062,110	21.8%	21.2%
LMI	51	41.1%	139,125	57.5%	16,846	29.5%	18,018,540	32.5%	26.4%
Middle	37	29.8%	42,569	17.6%	17,258	30.2%	10,764,920	19.4%	34.7%
Upper	36	29.0%	60,339	24.9%	22,950	40.1%	26,284,590	47.5%	38.6%
Unknown	0	0.0%	0	0.0%	130	0.2%	315,420	0.6%	0.2%
Total	124		242,033		57,184		55,383,470		
2019									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	24	11.4%	80,842	18.8%	3,561	5.7%	5,735,895	8.7%	4.0%
Moderate	78	37.1%	203,482	47.3%	11,774	18.7%	11,708,960	17.7%	18.1%
LMI	102	48.6%	284,324	66.1%	15,335	24.4%	17,444,855	26.4%	22.0%
Middle	53	25.2%	48,023	11.2%	18,465	29.3%	13,195,805	20.0%	34.2%
Upper	54	25.7%	97,222	22.6%	28,994	46.1%	35,042,590	53.0%	43.5%
Unknown	1	0.5%	675	0.2%	151	0.2%	436,715	0.7%	0.2%
Total	210		430,244		62,945		66,119,965		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	45	11.8%	126,919	17.6%	17,424	7.0%	21,289,712	8.8%	
Moderate	139	36.5%	336,328	46.7%	55,715	22.4%	49,065,412	20.3%	
LMI	184	48.3%	463,247	64.3%	73,139	29.4%	70,355,124	29.1%	25.8%
Middle	99	26.0%	94,955	13.2%	82,008	33.0%	47,830,698	19.8%	
Upper	97	25.5%	161,698	22.4%	93,103	37.4%	122,759,253	50.7%	
Unknown	1	0.3%	675	0.1%	467	0.2%	1,061,474	0.4%	
Total	381		720,574		248,717		242,006,549		

Small Business Loans

The distribution of Popular's small business loans by the income level of the geography demonstrated an excellent distribution of lending.

During the evaluation period, Popular originated 50.2% by number and 41.4%, by dollar value of its small business loans in LMI census tracts, outperforming the aggregate's rates of 33% and 28.2%, respectively. The Bank's annual rates of lending in LMI census tracts also exceeded the percentage of small businesses located in LMI census tracts.

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

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2015									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	9.0%	5,616	10.1%	23,181	11.6%	492,421	9.5%	11.4%
Moderate	36	29.5%	14,828	26.6%	47,343	23.6%	959,311	18.4%	23.1%
LMI	47	38.5%	20,444	36.6%	70,524	35.2%	1,451,732	27.9%	34.5%
Middle	45	36.9%	22,485	40.3%	46,322	23.1%	1,012,399	19.5%	22.1%
Upper	30	24.6%	12,910	23.1%	77,077	38.5%	2,427,709	46.7%	40.1%
Unknown	0	0.0%	0	0.0%	6,435	3.2%	309,711	6.0%	3.3%
Total	122		55,839		200,358		5,201,551		
2016									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	16.0%	2,850	21.7%	23,352	11.3%	608,192	10.2%	11.3%
Moderate	16	32.0%	1,645	12.5%	47,410	22.9%	1,127,471	19.0%	23.0%
LMI	24	48.0%	4,495	34.3%	70,762	34.1%	1,735,663	29.2%	34.4%
Middle	13	26.0%	4,962	37.8%	48,116	23.2%	1,189,600	20.0%	22.1%
Upper	13	26.0%	3,662	27.9%	81,743	39.4%	2,690,021	45.2%	40.3%
Unknown	0	0.0%	0	0.0%	6,650	3.2%	329,602	5.5%	3.3%
Total	50		13,119		207,271		5,944,886		
2017									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	20.0%	2,206	16.1%	26,790	12.4%	698,045	10.7%	11.8%
Moderate	6	17.1%	1,929	14.0%	44,923	20.8%	1,144,206	17.6%	21.2%
LMI	13	37.1%	4,135	30.1%	71,713	33.2%	1,842,251	28.4%	33.0%
Middle	9	25.7%	5,450	39.7%	42,480	19.6%	1,081,786	16.6%	19.8%
Upper	13	37.1%	4,149	30.2%	96,688	44.7%	3,281,162	50.5%	44.2%
Unknown	0	0.0%	0	0.0%	5,349	2.5%	292,614	4.5%	3.1%
Total	35		13,734		216,230		6,497,813		
2018									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	22.4%	2,800	22.5%	27,457	11.8%	718,758	10.7%	11.7%
Moderate	21	42.9%	4,228	34.0%	48,488	20.9%	1,221,279	18.2%	21.1%
LMI	32	65.3%	7,028	56.5%	75,945	32.7%	1,940,037	28.9%	32.8%
Middle	10	20.4%	2,715	21.8%	45,802	19.7%	1,123,220	16.7%	19.7%
Upper	7	14.3%	2,700	21.7%	104,658	45.0%	3,333,979	49.7%	44.4%
Unknown	0	0.0%	0	0.0%	5,935	2.6%	310,507	4.6%	3.1%
Total	49		12,443		232,340		6,707,743		
2019									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	13	23.6%	1,810	14.3%	24,347	9.5%	612,350	8.4%	9.0%
Moderate	27	49.1%	6,743	53.3%	53,672	20.9%	1,317,367	18.2%	21.5%
LMI	40	72.7%	8,553	67.6%	78,019	30.3%	1,929,717	26.6%	30.5%
Middle	7	12.7%	1,275	10.1%	53,189	20.7%	1,275,342	17.6%	20.8%
Upper	8	14.5%	2,825	22.3%	118,885	46.2%	3,651,630	50.4%	45.8%
Unknown	0	0.0%	0	0.0%	6,994	2.7%	394,624	5.4%	2.8%
Total	55		12,653		257,087		7,251,313		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	50	16.1%	15,282	14.2%	125,127	11.2%	3,129,766	9.9%	
Moderate	106	34.1%	29,373	27.3%	241,836	21.7%	5,769,634	18.3%	
LMI	156	50.2%	44,655	41.4%	366,963	33.0%	8,899,400	28.2%	33.0%
Middle	84	27.0%	36,887	34.2%	235,909	21.2%	5,682,347	18.0%	
Upper	71	22.8%	26,246	24.3%	479,051	43.0%	15,384,501	48.7%	
Unknown	-	0.0%	-	0.0%	31,363	2.8%	1,637,058	5.2%	
Total	311		107,788		1,113,286		31,603,306		

Distribution by Borrower Characteristics: Needs to Improve

Popular's one-to-four family HMDA-reportable and small business lending demonstrated a less than adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

The Bank's HMDA-reportable lending rates to LMI borrowers were well below the aggregate's rates. This demonstrated a less than adequate distribution of loans among individuals of different income levels, while Popular's small business lending rates demonstrated an adequate distribution of loans among businesses of different revenue sizes. The rating for this criterion reflects greater weight given to HMDA-reportable lending.

One-to-Four Family HMDA-Reportable Loans

Popular's one-to-four family HMDA-reportable lending demonstrated a less than adequate distribution of loans among individuals of different income levels.

During the evaluation period, Popular's rates of lending to LMI borrowers of 5.6% by number and 1.1% by dollar value of loans were significantly below the aggregate's rates of 8.3% and 3.4%, respectively. The Bank's lending rates to LMI borrowers showed a significant decline from the prior evaluation period, when the Bank's rates of lending to LMI borrowers was 30.9% by number and 14.9% by dollar value of loans.

During the first three years of the evaluation period, Popular's loan volume was low, and its lending rates to LMI borrowers compared favorably to the aggregate's rates. Popular's rates of lending to LMI borrowers sharply declined during the last two years of the evaluation period. This decline coincided with the shift in Popular's lending strategy to a diversified focus on consumer and residential loan products, and a significant increase in one-to-four family mortgage loans. The increase in one-to-four family mortgage lending did not result in a corresponding increase in the number of loans to LMI borrowers.

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

Distribution of 1-4 Family Loans by Borrower Income

2015									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,125	2.4%	329,985	1.2%	32.8%
Moderate	2	16.7%	225	2.4%	3,245	6.8%	663,259	2.5%	17.5%
LMI	2	16.7%	225	2.4%	4,370	9.2%	993,244	3.7%	50.3%
Middle	3	25.0%	636	6.8%	8,065	16.9%	2,284,097	8.5%	16.5%
Upper	3	25.0%	1,214	12.9%	31,442	66.1%	20,386,946	75.5%	33.2%
Unknown	4	33.3%	7,322	77.9%	3,717	7.8%	3,354,747	12.4%	0.0%
Total	12		9,397		47,594		27,019,034		
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	943	1.9%	272,320	0.9%	32.8%
Moderate	1	14.3%	149	3.1%	3,249	6.5%	723,674	2.4%	17.5%
LMI	1	14.3%	149	3.1%	4,192	8.4%	995,994	3.4%	50.3%
Middle	2	28.6%	749	15.5%	8,820	17.7%	2,666,099	9.0%	16.5%
Upper	3	42.9%	2,371	49.2%	33,238	66.7%	22,592,420	76.0%	33.2%
Unknown	1	14.3%	1,555	32.2%	3,611	7.2%	3,464,776	11.7%	0.0%
Total	7		4,824		49,861		29,719,289		
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	803	1.7%	222,707	0.8%	33.5%
Moderate	4	22.2%	804	11.4%	2,730	5.8%	590,739	2.1%	16.5%
LMI	4	22.2%	804	11.4%	3,533	7.5%	813,446	2.8%	50.0%
Middle	2	11.1%	190	2.7%	7,990	17.0%	2,418,259	8.4%	15.6%
Upper	9	50.0%	4,333	61.5%	32,105	68.4%	22,398,443	78.2%	34.5%
Unknown	3	16.7%	1,715	24.4%	3,317	7.1%	3,003,274	10.5%	0.0%
Total	18		7,042		46,945		28,633,422		
2018									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	1.0%	50	0.1%	1,236	2.3%	414,460	1.3%	33.5%
Moderate	4	4.1%	594	0.7%	3,436	6.5%	785,690	2.5%	16.5%
LMI	5	5.2%	644	0.7%	4,672	8.8%	1,200,150	3.9%	50.0%
Middle	14	14.4%	4,166	4.7%	9,035	17.0%	2,756,195	8.9%	15.6%
Upper	76	78.4%	80,298	91.3%	35,713	67.2%	23,088,965	74.9%	34.5%
Unknown	2	2.1%	2,800	3.2%	3,712	7.0%	3,797,170	12.3%	0.0%
Total	97		87,908		53,132		30,842,480		
2019									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,251	2.1%	462,085	1.2%	33.5%
Moderate	5	2.9%	1,122	0.8%	3,273	5.5%	832,025	2.1%	16.5%
LMI	5	2.9%	1,122	0.8%	4,524	7.6%	1,294,110	3.3%	50.0%
Middle	27	15.7%	8,419	5.7%	9,412	15.9%	3,093,160	7.9%	15.6%
Upper	135	78.5%	132,990	90.2%	40,198	67.9%	29,890,070	75.9%	34.5%
Unknown	5	2.9%	4,918	3.3%	5,080	8.6%	5,116,850	13.0%	0.0%
Total	172		147,449		59,214		39,394,190		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.3%	50	0.0%	5,358	2.1%	1,701,557	1.1%	
Moderate	16	5.2%	2,894	1.1%	15,933	6.2%	3,595,387	2.3%	
LMI	17	5.6%	2,944	1.1%	21,291	8.3%	5,296,944	3.4%	50.1%
Middle	48	15.7%	14,160	5.5%	43,322	16.9%	13,217,810	8.5%	
Upper	226	73.9%	221,206	86.2%	172,696	67.3%	118,356,844	76.1%	
Unknown	15	4.9%	18,310	7.1%	4 - 9 19,437	7.6%	18,736,817	12.0%	
Total	306		256,620		256,746		155,608,415		

Small Business Loans

Popular's small business lending demonstrated an adequate distribution of loans among businesses of different revenue sizes.

The Bank's rates of lending to small businesses with revenues of \$1 million or less were 55% by number and 59.6% by dollar value of loans, which compared favorably to the aggregate's rates of 46.6% and 29.4%, respectively.

The Bank's rates of lending were highest in 2015, when 81.1% by number and 84% by dollar value of loans were made to small businesses with revenues of \$1 million or less. In subsequent years, the Bank's rates of lending to small businesses with revenues of \$1 million or less by number of loans trailed the aggregate's rates, in 2016, 2017 and 2018, and the Bank's rate of lending by number of loans was comparable to the aggregate's rate in 2019. The Bank's rate of lending by dollar value exceeded the aggregate's rate in 2016 and 2018 and trailed the aggregate's rate in 2017 and 2019.

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

Distribution of Small Business Lending by Revenue Size of Business									
2015									
Rev. Size	Bank				Aggregate				Bus. Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	99	81.1%	46,917	84.0%	98,607	49.2%	1,462,068	28.1%	75.8%
Rev. > \$1MM	22	18.0%	8,916	16.0%					6.5%
Rev. Unknown	1	0.8%	6	0.0%					17.8%
Total	122		55,839		200,358		5,201,551		
2016									
Rev. Size	Bank				Aggregate				Bus. Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	16	32.0%	4,960	37.8%	94,334	45.5%	1,679,381	28.2%	85.4%
Rev. > \$1MM	28	56.0%	7,443	56.7%					7.6%
Rev. Unknown	6	12.0%	716	5.5%					7.0%
Total	50		13,119		207,271		5,944,886		
2017									
Rev. Size	Bank				Aggregate				Bus. Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	11	31.4%	4,645	33.8%	111,788	51.7%	2,217,707	34.1%	85.7%
Rev. > \$1MM	18	51.4%	6,944	50.6%					7.5%
Rev. Unknown	6	17.1%	2,145	15.6%					6.9%
Total	35		13,734		216,230		6,497,813		
2018									
Rev. Size	Bank				Aggregate				Bus. Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	19	38.8%	4,910	39.5%	95,402	41.1%	1,873,247	27.9%	85.9%
Rev. > \$1MM	30	61.2%	7,533	60.5%					7.2%
Rev. Unknown	-	0.0%	0	0.0%					6.9%
Total	49		12,443		232,340		6,707,743		
2019									
Rev. Size	Bank				Aggregate				Bus. Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	26	47.3%	2,836	22.4%	118,267	46.0%	2,050,783	28.3%	87.9%
Rev. > \$1MM	28	50.9%	9,810	77.5%					6.0%
Rev. Unknown	1	1.8%	7	0.1%					6.1%
Total	55		12,653		257,087		7,251,313		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus. Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	171	55.0%	64,268	59.6%	518,398	46.6%	9,283,186	29.4%	84.1%
Rev. > \$1MM	126	40.5%	40,646	37.7%					
Rev. Unknown	14	4.5%	2,874	2.7%					
Total	311		107,788		1,113,286		31,603,306		

Community Development Lending: Outstanding

During the evaluation period, Popular originated \$493.9 million in new community development loans and had \$30 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

The Bank's originated an average of \$98.8 million per year in new community development loans during the current five-year evaluation period, which reflects an increase from the Bank making an average of \$70.3 million per year in community development loans during the prior evaluation period.

New community development loans for the purpose of community services made up 66.4% by dollar value, while loans for the purpose of affordable housing made up 53.3% by number of loans of all new community development loans.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	57	109,162	5	2,680
Economic Development	0	0	4	17,928
Community Services	33	328,127	2	3,131
Revitalization/Stabilization	17	56,597	4	6,218
Total	107	493,886	15	29,957

Below are highlights of Popular’s community development lending.

Affordable Housing

- Popular originated a \$9.1 million commercial mortgage loan collateralized by a four-story residential building with 69 rental units: 15 are subject to rent stabilization and 53 are part of a Housing Assistance Payment (HAP) contract through Section 8 Housing. The property is located in a moderate-income census tract, in the East Elmhurst section of Queens County.
- The Bank made a \$7.8 million loan for the purchase of five buildings containing 53 units. All of the buildings are located in moderate-income census tracts in the Bedford-Stuyvesant section of Brooklyn (Kings County). The rent roll analysis indicated that 37 of the 53 units (70%) have rents that are affordable for LMI tenants.
- Popular provided \$12.5 million in financing for the development of an eight-story multifamily building with 90 rental units, of which 18 units are designated as low-income Section 8 units under the HUD Section 8 Housing Program. The building, low-income census tract in Bronx County, will also contain a community facility. As 18 units or 20% of all units are designated for low-income tenants, \$2.5 million of the financing qualified as affordable housing.
- The Bank financed a \$9.2 million loan to partially fund the development of a six-story multifamily building containing 25 residential units located in Brooklyn (Kings County) in a moderate-income census tract. The building must designate five (20%) rental units as affordable to qualify for the 421-a tax exemption; as a result, \$1.8 million qualified as affordable housing.

Community Services

- Popular participated in the amount of \$29.4 million in a \$46.6 million commercial mortgage loan. The loan was for the acquisition of a 405-bed skilled nursing facility and 70-bed assisted living facility. The facilities, located in a low-income census tract in the South Bronx, are operated by a nonprofit organization whose mission is "to provide shelter, therapy, and long-term care for the disabled and elderly."
- Popular provided a \$10 million non-revolving line of credit for pre-development costs and acquisition of commercial real estate to be used for temporary housing services. The facility is operated by a number of community development corporations whose mission is to enable residents, primarily in the Bronx, to utilize their programs and services to become self-sufficient.
- The Bank extended an \$8 million loan to finance the renovation and conversion of a warehouse building into a 208-bed homeless shelter. The facility will provide important community services in the form of shelter and support to the homeless population and is located in the Hunts Point section of the Bronx in a low-income census tract and within the boundaries of a New York State Economic Development Zone.
- Popular participated in the amount of \$40 million in a \$75 million commercial mortgage to refinance a 400-bed skilled nursing facility located in a middle-income census tract in Brooklyn bordered by two low-income tracts. The facility has drawn patients from surrounding LMI communities and LMI individuals receiving Medicaid benefits, which account for a majority of the facilities' revenue.
- Popular originated a \$29 million commercial mortgage for the acquisition of a building that contains a 280-bed skilled nursing facility operated by the borrower. The property is located in Queens in a moderate-income census tract. The majority of the income of the nursing facility was derived from Medicaid patients.
- Popular financed a \$20.7 million loan for the acquisition of a 200-bed skilled nursing facility located in the Bronx. A majority of the facility's income is derived from Medicaid patients.
- Popular made a \$24 million loan to refinance two loans collateralized by two properties, both used as homeless shelters.
- Popular financed an \$8.8 million loan to purchase property located in a moderate-income census tract in Brooklyn. The property is to be leased to a nonprofit organization providing family and children's services. The organization provides a comprehensive network of mental health and social services that include supportive housing and promotes well-being, resilience and self-sufficiency for individuals and families at every stage of life.

Revitalization/Stabilization

- Popular originated a \$3 million commercial mortgage loan to finance the acquisition of a warehouse facility located in a low-income census tract in Brooklyn. The borrower will use the facility to store the bulk quantities of second-hand clothing it obtains from various charity organizations (e.g., Salvation Army, Goodwill), prior to exporting them to several foreign countries for resale.
- Popular renewed an existing \$1.5 million line of credit to provide funds for inventory purchases and general working capital for a corporation that operates a department retail outlet that specializes in children's school uniforms, children's clothing, toys, and furniture. The business is located in a low-income census tract in the South Bronx and is within the boundaries of a New York State Economic Development Zone.
- Popular provided financing for the construction of a 75-unit multifamily multi-use property in a moderate-income census tract. The building will contain four retail units on the ground floor, for which DFS has qualified \$2.8 million as community development under the purpose of revitalization and stabilization.

Flexible and/or Innovative Lending Practices:

Popular made significant use of flexible or innovative lending practices to support community development, as follows:

- The Bank increased its originations of FNMA/FHLMC eligible mortgage loans during the evaluation period, from three loans totaling approximately \$1 million in 2017 to 111 loans totaling approximately \$45 million in 2019. Popular originated 136 FNMA loans and 44 FHLMC loans in total, during the current evaluation period.
- During the ongoing COVID-19 pandemic, Popular directed resources to ensure business customers had access to loans through the Small Business Administration's Paycheck Protection Program ("PPP"). As an approved SBA lender, Popular originated 580 PPP loans totaling \$112.1 million in New York State as of June 30, 2020. Of the 580 loans originated, 330 loans or 57% were made to businesses located in LMI areas.
- Credit Builder is a cash-secured loan product designed to help customers who have adverse or no credit history. Customers can borrow from \$1,000 up to \$10,000 with fixed monthly payments and terms up to 48 months. The loan is disbursed into an interest-bearing savings account and repayment of the loan is reflected in their credit history. At the end of the term when the loan is repaid, the entire savings balance together with the interest earned is provided to the customer. The Bank opened 1,108 Credit Builder accounts totaling \$1.3 million during the evaluation period.

INVESTMENT TEST: Low Satisfactory

DFS evaluated Popular'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.*

Popular's qualified investments were adequate in light of the assessment area's credit needs.

Qualified Investments:

During the evaluation period, Popular made \$22 million in new qualified investments and had \$15 million outstanding from prior evaluation periods. In addition, Popular made \$1.6 million in grants. This demonstrated an adequate level of qualified investments and grants over the course of the evaluation period.

The level of new qualified investments declined compared to the \$37.6 million of new qualified investments made during the prior evaluation period. This decrease occurred despite a 15% increase in the Bank's average total assets.

Popular made one investment in CRA-qualified mortgage-backed securities ("MBS") supporting affordable housing in its assessment area and two NMTC investments primarily supporting job creation in low-income communities. Popular made \$1.6 million in grants during the evaluation period, of which 87% were to nonprofit organizations providing community services such as economic empowerment, homeless shelters, and health care.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	1	5,000	3	14,966
Economic Development	2	17,000		
Community Services				
Revitalize and Stabilize				
Total	3	22,000	3	14,966
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing	8	123		
Economic Development	14	81		
Community Services	117	1,368		
Revitalize and Stabilize	1	2		
Total	140	1,574		

Below are highlights of Popular's qualified investments and grants.

Investments

- Popular invested \$5 million in a FNMA-issued MBS secured by a multifamily rental property in New York City that is the largest Section 8 property in Manhattan providing 1,689 affordable housing units exclusively for LMI tenants. All households in the property pay no more than 30% of their income in rent and earn less than 50% of the area median income.
- The Bank made an \$8 million NMTC investment to support the development of a grocery store located in a LMI neighborhood in the Bronx. The investment helps to expand fresh food alternatives in the community, as well as provide nearly 300 jobs to low-income individuals. Upon completion, the grocery store will be the largest facility operated by the borrower who operates 25 full-scale supermarkets in the tri-state area.

Grants

- Popular made several grants totaling \$251,500 to an organization whose mission is to empower and advance the Hispanic community by providing support and grants to various Latino nonprofit organizations that offer services and programs for education, health, immigration and economic empowerment to the most vulnerable member of the Hispanic community.
- The Bank donated a total of \$190,000 to an organization that has been committed to improving the quality of life and well-being of underserved communities in New York City and beyond. The organization provides an array of community services such as education, homeless shelters, housing services, behavioral care, and senior services and serves over 150,000 individuals a year.
- The Bank contributed \$180,000 to an organization that promotes quality health care to underserved populations, provides scholarships to LMI students and assists in the fight against poverty and inequality.

Innovativeness of Qualified Investments:

Popular made limited use of innovative community development investments during the evaluation period. The Bank, through its community development entity, invested a total of \$17 million in NMTC transactions in New York for this evaluation period supporting job creation in LMI communities.

Responsiveness of Qualified Investments to Credit and Community Development Needs:

Popular's qualified investments exhibited adequate responsiveness to the assessment area's credit and community development needs.

SERVICE TEST: Outstanding

DFS evaluated Popular'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 Popular'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

Popular has an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems, including as they relate to LMI individuals.

Current distribution of the banking institution's branches:

Popular has an excellent distribution of branches within its assessment area.

The Bank operates 33 full-service branches in the New York assessment area. A majority (58%) of the branches are in LMI census tracts and the 14 branches in middle- and upper-income census tracts are accessible by public transportation.

Distribution of Branches within the Assessment Area						
County	Low	Moderate	Middle	Upper	Total	LMI
	#	#	#	#	#	%
Bronx	4	1	0	0	5	100%
Kings	1	6	2	1	10	70%
Queens	0	2	1	1	4	50%
New York	2	3	1	8	14	36%
Total	7	12	4	10	33	58%

Record of opening and closing branches:

Popular's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, including for LMI geographies and/or LMI individuals.

During the evaluation period, the Bank opened two branches, closed two branches and

relocated 13 branches of which six branches remained in the same census tract. While the Junction Boulevard branch was relocated from a low-income census tract to an upper income census tract three miles away in Forest Hills, the new branch is still accessible by public transportation.

Availability and effectiveness of alternative systems for delivering retail services:

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

Alternative systems for delivering retail services to consumers include mobile, online, telephone and mail banking. Mobile and online banking are available 24 hours a day. Services include Popular People Pay, mobile check deposit, account alerts, bill pay, e-statements, and automated credit transfers. Telephone banking is available Monday through Friday from 7:30 A.M. to 12:00 A.M. and Saturday and Sunday from 9:00 A.M. to 6:00 P.M.

Range of services provided:

Popular's services meet the convenience and accessibility needs of its assessment area, including LMI geographies and individuals.

Branches hours are typically Monday through Thursday from 9:00 A.M. to 4:00 P.M. with extended hours on Friday from 9:00 A.M. to 6:00 P.M. Twenty-nine branches offer Saturday hours from 9:00 A.M. to 2:00 P.M. All branches offer Spanish speaking representatives. The main office at 85 Broad Street, New York is accessible by appointment only.

Popular participates in DFS's BDD program, which promotes the establishment of bank branches in areas with demonstrated need for banking services. Popular has four branches located in designated BDD areas within New York City. During the current evaluation period, DFS approved three BDD branches, located at 164 East 116th Street, in the neighborhood of East Harlem, in New York County, 1620 Pitkin Avenue, in the neighborhood of Brownsville, in Kings County, and 752 East Tremont Avenue, in the neighborhood of East Tremont, in Bronx County.

All of Popular's branches have full-service ATMs with withdrawal and deposit capabilities. The Bank also offers a withdrawal only ATM located in a low-income census tract in the Bronx. Additionally, Popular offers its customers surcharge free access to 1,765 ATMs located in New York State and over 55,000 worldwide through the Allpoint ATM Network.

Popular offers a range of retail deposit account products that benefit LMI individuals and households such as:

- The Bank’s continues to partner with the New York City Department of Consumer Affairs in offering the “NYC SafeStart Account” to New York customers. The account features no overdraft fees, no monthly fees, low minimum balance requirements and an ATM card.
- The “Popular Basic Checking Account” is offered as an alternative to the New York State mandated basic banking account. The account features include \$25 minimum to open, 12 free withdrawal transactions per month and a \$3 monthly service fee.
- The “Popular eVolve Student Account” is available to high school students ages 13 to 18. A parent or guardian must be primary co-owner and have a Popular checking account. The account requires a \$25 minimum to open, has a \$2 monthly fee which is waived with five Bill Pay/electronic deposits (“ACH”) per monthly statement cycle.

Community Development Services: High Satisfactory

Popular provided a relatively high level of community development services.

During the evaluation period, Popular participated in 186 instances of community development services including board and committee memberships, technical assistance and seminars. Financial literacy seminars included information relating to Bank products that consumers can avail themselves of, credit building, budgeting, elder abuse and fraud. The Bank did not provide any services during the first half of 2020 due to COVID-19 pandemic.

Summary of Community Development Services July 1, 2015 – June 30, 2020	
Activity Type	Number of Activities
On-going Board & Committee membership	26
Technical Assistance	6
Seminars	154
Total Community Services	186

Below are highlights of Popular’s community development services.

- An executive officer serves on the board of a nonprofit organization headquartered in New York City. The organization supports Hispanic families and communities through programs focusing on education, health, immigration, civic engagement and economic empowerment.
- Another executive officer serves on the board of a nonprofit organization that provides credit counseling to underserved young people, and small business development services to adults to achieve financial independence.

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- Popular staff provided six instances (30.5 hours) of technical assistance via the Volunteer Income Tax Assistance¹ (“VITA”) program, thereby providing free tax preparation service to those with an income of \$54,000 or less, persons with disabilities and people with limited English. The events were held at the East Tremont branch located in a low-income census tract.
 - The Bank sponsored several in-house financial literacy seminars at various branches in LMI areas. Seminars covered topics such as how to build credit, budget, prevent fraud, use bank products and online and mobile banking.
 - Partnering with local organizations and public schools, Popular staff led interactive lessons to underserved and at-risk students. Lessons covered topics on financial literacy, entrepreneurship, and career readiness.
 - Popular staff collaborated with a local nonprofit to provide small business workshops held at LMI branches. Employees discussed how to start, save and finance a small business. Other topics included: available funding and government sponsored programs for start-up/new entrepreneurs, tax terms and introduced business insurance to workshop participants.

Additional Factors

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

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

The board of directors provides oversight and keeps abreast of the Bank’s CRA program and performance via periodic briefings from management, as well as reviews of internal self-assessments and regulatory agencies’ CRA reports. The CRA committee is chaired by the CRA manager and comprised of various heads of key business units (mortgage, retail credit, commercial credit, treasury, legal, compliance, and audit). The committee meets quarterly, provides support to the Bank’s CRA manager and assists in ensuring compliance with mandates established by the CRA policy and program.

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 Popular intended to discourage

¹ VITA is an IRS initiative designed to support free tax preparation service for the underserved through various partner organizations.

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- applications for the types of credit offered by Popular.
 - *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.*

The board, management and employees' active participation in community groups such as business improvement districts, local community groups, chambers of commerce and other nonprofit organizations aids bank management in identifying the credit needs of its community.

Popular also encourages employees to volunteer with nonprofit community partners and charitable foundations to further ensure responsiveness to the needs of its communities.

Through the activities noted above, the Bank has identified affordable housing and loans to small businesses to be a primary credit need of the community. To address these needs, Popular revamped its US mortgage unit in 2017 and increased its originations of FNMA/FHLMC eligible mortgage loans during the evaluation period. The Bank originated a combined 180 FNMA and FHLMC loans during the evaluation period. The Bank also leveraged the creation of PCC to invest in low- and moderate-income neighborhoods in New York.

- *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*

Popular's marketing efforts are primarily driven by its retail banking staff that maintains strong ties with the communities in which it has branch locations. The branches often host financial literacy events to make the community aware of credit services that Popular offers such as the Credit Builder product.

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

None noted.

GLOSSARY

Aggregate Lending

“Aggregate lending” means 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” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- 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;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

Community Development Loan

“Community development loan” means 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 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

“Community development service” means a 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.

Community Development Financial Institution (“CDFI”)

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

Geography

“Geography” means 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.

LMI Geographies

“LMI geographies” means those census tracts or block numbering areas where, according to the most current 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

“LMI borrowers” means 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 Federal Financial Institutions Examination Council (“FFIEC”).

LMI Individuals/Persons

“LMI individuals” or “LMI persons” means 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 the FFIEC.

LMI Penetration Rate

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

Low-Income Housing Tax Credit (“LIHTC”)

LIHTC were 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. The tax credits 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 NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits 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 CDFI Fund, an agency of the United States Department of the Treasury.

Qualified Investment

“Qualified investment” means 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%.