



**NEW YORK STATE BANKING DEPARTMENT  
CONSUMER SERVICES DIVISION**

1 State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2002

**Institution:** Bank of India  
277 Park Avenue  
New York, NY 10172

**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 Banking Department 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 Bank of India - New York Branch (“BOI”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2002.

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

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

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

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

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

## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

### **Overall Rating**

BOI is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs. This rating is based on the following factors:

- ❖ For the evaluation period, BOI had qualified investments totaling \$1.7 million, an increase of 429.5% over the level reported at the prior evaluation. New investments represented 86% of the total, or \$1.5 million. This volume is deemed satisfactory for an institution of BOI's size, nature and financial condition. The bank did not make any community development loans during the evaluation period.
- ❖ The branch's qualified investments consisted of almost \$1.5 million in Government National Mortgage Association ("GNMA") and Federal National Mortgage Association ("FNMA") mortgage-backed securities. Additionally, BOI had certificates of deposits totaling \$200 thousand with community development financial Institutions and non-recoverable grants totaling \$20 thousand provided to community development organizations within the assessment area.
- ❖ For the third consecutive evaluation period, BOI did not provide any community development services. Branch management is urged to expand its commitment to the local community by identifying community development service opportunities within the assessment area.

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

## **PERFORMANCE CONTEXT**

### **Institution's Profile:**

Licensed in 1978, BOI is the New York branch of Bank of India, headquartered in Mumbai (formerly Bombay), India. The branch's primary business is to originate and service commercial accounts for Indian businesses in the United States and abroad. Many of these Indian-owned businesses engage in import/export trade between India and the United States.

According to the Federal Deposit Insurance Corporation ("FDIC") Call Report as of December 31, 2002, the branch reported \$322.3 million in total assets, comprised mainly of \$181.1 million in loans, \$8.1 million in cash and \$124.6 million in securities. As of the same date, the branch derived its funding primarily from related parties.

BOI is not in the business of originating or purchasing residential mortgage, housing rehabilitation, home improvement, small business or small farm loans to retail customers, except as an accommodation to its existing clients. Accordingly, in March 1998, FDIC designated the branch a wholesale institution for purposes of evaluation under the CRA.

The bank received a rating of "3," reflecting a "Needs to Improve" record of helping to meet community credit needs, at its most recent Performance Evaluation by the New York State Banking Department on December 31, 2000.

Based upon the financial condition and size of the branch and the local economic conditions, examiners noted no limitations that would adversely impact the bank's ability to help meet the needs of the community.

### **Assessment Area:**

BOI's assessment area encompasses the Bronx, Kings, New York, Queens, and Richmond counties, collectively known as New York City. Excluding 66 zero-income census tracts, the bank's assessment area consists of 2,150 census tracts, of which 314 (14.6%) are low-income, 419 (19.5%) are moderate-income, 779 (36.2%) are middle-income and 638 (29.7%) are upper-income.

The assessment area is considered reasonable and there is no evidence that LMI areas have been arbitrarily excluded.

## PERFORMANCE TEST AND ASSESSMENT FACTORS

*The Banking Department evaluates the CRA performance of wholesale banks pursuant to the “community development test,” as provided in Section 76.11 of the General Regulations of the Banking Board. Performance criteria may include (1) the number and amount of community development loans, qualified investments or community development services; (2) the use of innovative or complex qualified investments, community development loans or community development services and the extent to which the investments are not routinely provided by private investors; and (3) the banking institution’s responsiveness to credit and community development needs.*

This evaluation incorporates a review of BOI’s community development activities for the period from January 1, 2001 through December 31, 2002.

### **I. Community Development Test**

For this evaluation period, BOI had qualified investments totaling \$1.7 million, an increase of 429.5% from the level reported at the prior evaluation. New money represented 86% of the total, or \$1.5 million. This volume is deemed satisfactory for an institution of BOI’s size, nature and financial condition.

Additional details regarding BOI’s community development activities are contained below.

- Community Development Lending

BOI did not make any community development loans during this evaluation period.

- Qualified Investments

The following chart illustrates the types and volume of the bank’s qualified investments, including grants, during the evaluation period:

Name	Affordable Housing	Economic Development	Community Service	New Money	Funded/ Balance
Mortgage-backed Securities	41,150				41,150
FNMA	1,443,547			1,443,547	1,443,547
Deposit – CCB		100,000			100,000
Deposit - Bethex FCU		100,000			100,000
Grant – NHS	5,000			5,000	5,000
Grant – SOBRO		3,000		3,000	3,000
Grant - Catalog for Giving			3,000	3,000	3,000
Grant – Congress for Racial Equality			6,000	6,000	6,000
Grant – Hispanic Children & Families			3,000	3,000	3,000
<b>Total</b>	<b>1,489,697</b>	<b>203,000</b>	<b>12,000</b>	<b>1,463,547</b>	<b>1,704,697</b>

The \$1.7 million total includes grants totaling \$20 thousand to five community groups within the assessment area.

The following is a description of the branch's qualified investments:

- ❖ *GNMA*: - In 1998, the branch purchased GNMA mortgage-backed securities with a book value of almost \$41.2 thousand as of the evaluation date. The GNMA mortgage-backed securities are secured by loans to LMI borrowers.
- ❖ *FNMA*: - On September 16, 2002, the branch purchased FNMA mortgage-backed securities totaling \$1.4 million. The FNMA mortgage-backed securities are secured by loans to LMI borrowers.
- ❖ *Community Capital Bank ("CCB")*: - During the evaluation period, the branch renewed a \$100 thousand non-member deposit with CCB. CCB has been designated as a Community Development Financial Institution ("CDFI") by the U.S. Department of Treasury and CCB uses the funds to support economic development programs throughout New York City.
- ❖ *Bethex Federal Credit Union ("Bethex FCU")* – During the evaluation period, BOI renewed a \$100 thousand certificate of deposit with Bethex FCU. Bethex FCU has been designated a CDFI and has a primary mission of providing small business loans, financial services and education to LMI families in the Bronx.

The following is a brief description of BOI's grant recipients:

- ❖ *Neighborhood Housing Services of New York City ("NHS")*: - NHS is a not-for-profit intermediary that creates and preserves affordable housing, and promotes increased investment in underserved and declining New York City neighborhoods through a broad range of lending, development/rehabilitation, and homebuyer education and counseling initiatives.
- ❖ *South Bronx Overall Economic Development Corporation ("SOBRO")*: – SOBRO is a not-for-profit organization that works to promote job retention and to encourage the establishment and growth of new businesses in the South Bronx through (i) employment and training programs; (ii) technical assistance and capital improvements financing for small businesses located on retail strips; (iii) real estate and loan services, business expansion, relocation and capital project assistance for small industrial sector businesses; and (iv) a financial intermediary that provides loans and technical assistance to small businesses that are unable to access financing from conventional sources.
- ❖ *The Catalog for Giving ("Catalog")*: - The Catalog for Giving is a nonprofit foundation that raises funds for community based organizations throughout New York City that serve disadvantaged, at-risk youth. The Catalog aims to enhance the lives of New York City's youth who have been adversely affected by poverty, drugs, crime and violence.

- ❖ *Congress for Racial Equity (“CORE”)*: - CORE is a not-for-profit corporation whose aim is to bring about equality for all people regardless of race, creed, sex, age, disability, religious or ethnic background. The organization seeks to identify and expose acts of discrimination in the public and private sectors of society.
- ❖ *The Committee for Hispanic Children and Families, Inc. (“the Committee”)*: - The Committee is a New York City not-for-profit agency whose Community Education Program focuses on issues such as child abuse and neglect, domestic violence, and HIV/AIDS prevention; the Professional Training series is designed for low-income women seeking to become state-certified family day care providers, as well as child welfare, health and human service workers, and provides participants with cultural strategies and service plans; and the agency’s Social Services include Project OYE (Organizing for Youth Empowerment) seeks to prevent young people from dropping out of school. The Committee operates the only Spanish/bilingual Child Care Resource and Referral Network in New York State.

- Community Development Services

For its third consecutive evaluation period, the branch did not provide any community development services. Branch management is urged to expand its commitment to the local community by identifying community development service opportunities within the assessment area.

## II. Discrimination or Other Illegal Practices

Examiners noted no practices that were intended to discourage applications for the types of credit offered by the institution.

The regulatory compliance report concurrent with this assessment indicates satisfactory adherence to anti-discrimination or other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

## III. Other 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.**

BOI participates in community development initiatives primarily by working with intermediaries that serve its assessment area. The following is a partial list of the intermediaries with which the bank has been in contact:

- Neighborhood Housing Services of New York City
- South Bronx Overall Economic Development Corporation

- Catalog for Giving
- Congress for Racial Equity
- The Committee for Hispanic Children and Families, Inc.

**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.**

As a wholesale institution, BOI does not provide marketing or special credit-related programs to the general public. Advertisement is limited to the Indian newspapers that cater to the bank's clientele.

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

The branch's senior management meets whenever questions need to be resolved with respect to the Community Reinvestment Act.

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

None noted.

## GLOSSARY

### Community Development

The term “community development” is defined to mean:

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.

A “community development loan” is defined as a loan that has as 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.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. 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.

A "community development service" is defined as a service that has as its *primary purpose* community development, 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.

### **Low or Moderate Income (“LMI”) Geographies**

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide nonmetropolitan median family income.

### **LMI Individuals/Persons**

Those individuals, 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 nonmetropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

### **Wholesale Institution**

The term “wholesale institution” means a banking institution that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale banking institution by the appropriate Federal regulatory authority is in effect. When evaluating a wholesale institution’s CRA performance, the Banking Department looks primarily at its record of helping to meet the credit needs of its assessment are through community development lending, qualified investments and community development services.