



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2002

Institution: BPD International Bank
90 Broad Street, 5th Floor
New York, NY 10004

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 BPD International Bank (“BPD”) 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. Part 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.

Part 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations are primarily based on a review of performance tests and standards described in Part 76.7 and detailed in Parts 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

BPD is rated "2," indicating a satisfactory record of helping to meet community credit needs.

- BPD's overall level of community development loans and investments is considered adequate.
- During the evaluation period, BPD's community development loans and investments totaled almost \$2.8 million. Approximately \$2.4 million, or 85.7%, of that amount is considered new money.
- As of the evaluation date, BPD's community development loans totaled \$350 thousand.
- BPD's qualified investments totaled approximately \$2.4 million.
- During the evaluation period, BPD provided a limited level of community development services.

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:

BPD, a New York State chartered commercial bank, is a majority-owned subsidiary of Grupo Popular S.A., a bank holding company headquartered in Santo Domingo, Dominican Republic.

The bank's sole office in New York City provides a wide range of banking services to individual and corporate clients in the New York City metropolitan area. Trade-related services under loan and letter of credit arrangements are provided to banks and other entities, mainly from Latin America and the Caribbean. The bank has not opened or closed any branches since the previous performance evaluation.

In 2001, the bank organized a New Jersey corporation, BPD Finance Corporation, a wholly owned subsidiary specializing in automobile finance and leasing.

As per the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition ("Call Report") at December 31, 2002, BPD reported total assets of \$297.6 million, an increase of \$28.6 million since the prior evaluation. Assets primarily consisted of \$138.7 million (46.6%) in loans, \$92.9 million (31.2%) in securities and \$46 million (15.5%) in federal funds sold.

The Federal Reserve Bank of New York has granted BPD wholesale designation; therefore, the bank is now being evaluated as a wholesale institution. At the previous evaluation, BPD was considered a small bank based on total assets, and accordingly was evaluated based on the small bank performance criteria.

The bank is not in the business of originating or purchasing residential mortgage, housing rehabilitation and home improvement loans to retail customers, except as an accommodation to its existing clients.

The bank received a rating of "2," reflecting a satisfactory record of helping to meet community credit needs, at its prior Performance Evaluation as of December 31, 2000 by the New York State Banking Department.

There were no known financial or legal impediments that could adversely affect the bank's ability to meet the credit needs of its community.

Assessment Area:

BPD's assessment area includes the five counties of New York City: Bronx, Kings (Brooklyn), New York (Manhattan), Queens and Richmond (Staten Island), which comprise a portion of MSA 5600. This area consists of 2,216 census tracts, 314 or 14.2% of which are considered to be low-income, 419 or 18.9% are moderate-income, 779 or 35.2% are middle-income, 638 or 28.8% are upper-income and 66 or 3% are zero-income tracts.

The following table shows the bank's assessment area by census tract characteristics:

Assessment Area - Distribution by Census Tracts												
County	Low		Moderate		Middle		Upper		NA		Total	
	#	%	#	%	#	%	#	%	#	%	#	%
Bronx	126	35.5	65	18.3	88	24.8	61	17.2	15	4.2	355	100
Kings	114	14.4	207	26.2	302	38.3	147	18.6	19	2.4	789	100
New York	63	21.1	65	21.8	33	11.1	126	42.3	11	3.7	298	100
Queens	7	1.0	80	11.9	331	49.2	238	35.4	17	2.5	673	100
Richmond	4	4.0	2	2.0	25	24.8	66	65.3	4	4.0	101	100
Total	314	14.2	419	18.9	779	35.2	638	28.8	66	3.0	2,216	100

Demographic Data

According to the 1990 U.S. Census, the population of the assessment area is 7.3 million, of which 952.7 thousand (13%) are over the age of 65 and 1.5 million (20%) are under the age of 16.

There are 1.8 million families in the assessment area, of which 486.9 thousand (27.7%) are low-income, 285.9 thousand (16.3%) are moderate-income, 328.7 thousand (18.7%) are middle-income and 654.2 thousand (37.3%) are upper-income. Of the 772.8 thousand LMI families, 448.5 thousand (58%) live in LMI census tracts, and these families account for 67.2% of all the families (666.9 thousand) that live in LMI tracts.

There are 2.8 million households in the assessment area of which 975.8 thousand (35%) are located in LMI census tracts. Approximately 501 thousand (17%) households have incomes below the poverty level and 369.5 thousand (13%) receive public assistance.

There are almost three million housing units in the assessment area, of which one million (35%) are 1 to 4 family units and 1.9 million (62%) are multifamily units. There are 808.9 thousand (27%) owner-occupied units, 2 million (67%) rental units and 181.1 thousand (6%) vacant or boarded up units. The median home value in the assessment area is \$186.4 thousand and the median age of the units is 41 years.

The LMI tracts in the assessment area comprise about one million housing units, of which 102.7 thousand (10%) are owner-occupied, 872.5 thousand (84.7%) are rental units and 55 thousand (5.3%) are vacant.

Unemployed labor represents 322.1 thousand or 4% of the total population and civilians not in the work force represent 2.2 million or 30%. Finally, the U.S. Department of Housing and Urban Development ("HUD") estimated the median family income for the assessment area increased from \$37.5 thousand in 1990 to \$62.8 thousand in 2002.

The assessment area appears reasonable. There is no evidence that the bank arbitrarily excluded LMI areas.

PERFORMANCE TEST AND ASSESSMENT FACTORS

The Banking Department evaluates the CRA performance of wholesale banks pursuant to the “community development test” as provided in Part 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.

The assessment period covers calendar years 2001 and 2002. As noted in the performance context, this is the first CRA performance evaluation in which BPD is being evaluated as a wholesale bank.

I. Community Development Test

While the overall level of BPD’s community development loan and investment activity is considered adequate, these activities are considered neither innovative nor complex. Responsiveness to assessment area credit and community development needs is deemed limited as the bank’s community development activities consist almost exclusively of investments.

BPD participates in community development initiatives primarily by working with intermediaries that serve the assessment area. As of December 31, 2002, the bank’s community development loans and qualified investments totaled \$2.8 million, of which \$2.4 million or 85.7% is considered new money.

The following table shows the bank’s portfolio of community development loans and qualified investments as of the evaluation date.

Community Development Portfolio - as of December 31, 2002				
Type	Commitments		New Money	
	\$ (000s)	%	\$ (000s)	%
Affordable Housing	2,103	75.6	2,003	84.1
Community Service	48	1.7	48	2.0
Economic Development	325	11.7	25	1.0
Revitalization/Stabilization	306	11.0	306	12.8
Total	2,782	100.0	2,382	100.0

- **Community Development Lending**

As of December 31, 2002, BPD had three community development loans totaling \$350 thousand. The loans had an outstanding balance of \$163 thousand. Two of the loans were originated during prior evaluation periods.

The following is a brief description of the bank's community development loans:

- **Regional Economic Development Assistance Corporation ("REDAC")** - The bank has maintained a \$100 thousand participation in a \$1.2 million syndicated revolving credit facility since 1996. REDAC is a New York based not-for-profit corporation whose purpose is to promote employment opportunities for members of economically disadvantaged groups and to encourage the development and retention of community industries. As of December 31, 2002, the facility had an outstanding balance of \$82 thousand.
- **Credit, Inc.** - In 2000, the bank extended a \$50 thousand loan to Credit Inc., a non-profit organization. Credit, Inc.'s primary function is to facilitate access to capital and financial services for low-income community residents, organizations, minority and female entrepreneurs and other businesses that are not adequately served by mainstream financial institutions. As of the evaluation date, the entire amount of the loan was outstanding.
- **Neighborhood Housing Services of New York City, Inc. ("NHS")** - In May 2002, the bank renewed a \$200 thousand revolving credit line to NHS, a nonprofit organization, whose primary goal is to bring about neighborhood revitalization by stimulating reinvestment in urban neighborhoods through partnerships involving individuals, government and businesses. The line is priced at 6% per annum, with 2.5% contributed back to NHS. As of the evaluation date, the outstanding balance on this facility was \$31 thousand.

- **Qualified Investments**

BPD's qualified investments totaled more than \$2.4 million, of which \$2.2 million or about 90% is considered new money.

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

- The bank continued to maintain deposits totaling \$250 thousand with three certified Community Development Financial Institutions ("CDFIs"). CDFIs have a primary mission of community development, principally to serve an eligible target market.
- During the evaluation period, the bank invested \$2 million in the CRA Qualified Investment Fund ("the Fund"). The fund purchases pools of Fannie Mae, Ginnie Mae and Freddie Mac securities backed by loans providing affordable housing and then allocates the securities to investing institutions. The securities allocated to BPD are backed by loans for properties located in Bronx, New York and Richmond counties.
- The bank provided grants totaling almost \$182 thousand to various community development organizations providing affordable housing, economic development and community services within the assessment area.

- **Community Development Services**

BPD provided a limited level of community development services. The bank is urged to seek opportunities to improve its performance in this regard. The following are the community development services provided by the bank during the evaluation period:

- The president serves as member of the advisory board of NHS and was recently elected treasurer of the board. He also serves as member of the Eugenio Maria de Hostos Community College Advisory Board, Inc., a non-profit organization created for the principal purpose of developing and cultivating educational, social, cultural and recreational activities among students of the community college.
- The vice president of operations gives monthly seminars on financial planning to members of the American Association of Retired People. This vice president also gives monthly seminars on financial planning to aging individuals.

II. Discrimination or Other Illegal Practices

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

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

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance report conducted concurrently with this evaluation indicates satisfactory compliance with antidiscrimination 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.

The bank ascertains the credit needs of its community through contacts and working with certified CDFIs and various nonprofit groups and organizations serving LMI families and geographies. These include NHS, REDAC, Child Care, Inc., Community Capital Bank and Neighborhood Trust FCU.

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.

The bank makes members of the community aware of its credit services through direct contact with nonprofit groups and organizations serving the assessment area.

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 board of directors reviews the minutes of the CRA committee and is briefed on the program periodically, as matters arise. The CRA committee, which includes the president, executive vice president, CRA officer and compliance officer, meets quarterly to review the bank's CRA program and other agenda items relating to CRA performance.

Other factors that in the judgement of the Superintendent and Banking Board, bear upon the extent of 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.