



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, 2004

Institution: Bank of India, New York Branch
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’s New York branch (“BOINY”) 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 examination conducted as of December 31, 2004.

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 areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b of the Banking Law 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 an institution’s 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 (“Evaluation”) 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 through 76.13 of the regulation. These 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

BOINY is rated "2," indicating a satisfactory record of helping to meet community credit needs. This rating is based on the bank's status as a wholesale institution and the following performance considerations:

- BOINY has made community development investments and grants totaling \$4.1 million; however, the bank does not offer community development loans and has provided very few community development services.
- Approximately 79% (\$3.2 million) of the bank's community development investments represent new money.
- Since the previous examination period, the bank's community development investments have more than doubled.

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:

BOINY was licensed in 1978 and is the New York branch of Bank of India. The Bank of India is headquartered in Mumbai (formerly Bombay), India. BOINY is a wholesale commercial bank that focuses on serving the commercial accounts of Indian businesses in the United States and abroad. Many of these Indian-owned businesses engage in import/export activities between India and the United States.

BOINY is not in the business of originating or purchasing residential mortgage or small business loans. Consequently, in March 1998, the FDIC designated BOINY as a wholesale institution for purposes of its evaluation under the CRA.

The bank participates in local community development and redevelopment projects and programs, typically through specified investments and grants to organizations engaged in community development services and through deposits with community banks.

On its Call Report for December 31, 2004, the branch reported total assets of \$422.5 million, which represents a 31.1% increase over the asset level of \$322.3 million reported as of the prior evaluation date (12/31/02). As of year-end 2004, the bank reported total deposits of \$173.6 million, representing a significant increase from the \$32.1 million in deposits reported as of the prior evaluation date.

BOINY has one branch located at 277 Park Avenue, New York, NY. There were no branch openings or closings during the evaluation period.

The bank has a very small presence in the New York marketplace due to its size and limited resources.

The New York State Banking Department's previous CRA evaluation of BOINY, conducted as of December 31, 2002, resulted in a rating of "2," reflecting the bank's satisfactory record of helping to meet community credit needs.

There are no known financial or legal impediments affecting the bank's ability to meet the credit needs of its community.

Assessment Area:

BOINY’s assessment area comprises the five counties of New York City (Bronx, New York, Kings, Queens and Richmond) and falls within Metropolitan Division 35644 (“MD 35644”). This area contains 2,217 census tracts, including 939 (42.4%) low- and moderate-income (“LMI”) census tracts.

The assessment area appears reasonable based upon BOINY’s location and its designation as a wholesale institution. There is no evidence that LMI areas have been arbitrarily excluded from the assessment area.

The following chart provides a summary of the census tracts within the assessment area:

Distribution of Census Tracts Within the Assessment Area						
County	Zero-Income Tracts	Low-Income Tracts	Moderate-Income Tracts	Middle-Income Tracts	Upper-Income Tracts	Total Census Tracts
Bronx	14	132	98	65	46	355
Kings	15	119	297	235	117	783
New York	9	60	59	24	144	296
Queens	18	12	148	310	185	673
Richmond	2	3	11	29	65	110
Total	58	326	613	663	557	2,217

PERFORMANCE TEST AND ASSESSMENT FACTORS

The Banking Department evaluates the CRA performance of wholesale banks pursuant to the ‘community development test’ established 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.

I. Community Development Test

BOINY participates in community development initiatives primarily by working with intermediaries that serve its assessment area. As of December 31, 2004, qualified investments and grants totaled \$4.1 million, reflecting an increase of \$2.4 million, or 141.4%, from the level reported during the prior evaluation period. New money totaled \$3.2 million and represented 78.8% of total qualified investments. Since the prior evaluation period, the bank’s assets have increased by \$100.2 million, or 31.1%, to \$422.5 million.

- **Qualified Investments**

The following chart illustrates the type and volume of qualified investments and grants reported during the evaluation period:

Community Development Portfolio as of December 31, 2004					
(Dollars Shown in Thousands)					
Community Development Purpose	Qualified Investments	Qualified Grants	Total	New Money	Outstanding Balance
Affordable Housing	3,916	5	3,921	3,030	3,510
Community Service	-	12	12	12	N/A
Economic Develop.	200	3	203	203	200
Total	4,116	20	4,136	3,245	3,710

BOINY’s community development activity is focused on affordable housing initiatives.

The following paragraphs provide a detailed description of the bank’s community development activities:

- 1) BOINY invested \$3.5 million in mortgage-backed securities comprised of loans to LMI borrowers.

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- 2) The bank holds two certificates of deposit, totaling \$200 thousand, with a community development financial institution (“CDFI”). The CDFI uses these deposits to develop housing for LMI families and to support economic development by lending to small businesses in the assessment area.
 - 3) BOINY provided grants totaling \$20 thousand to organizations that preserve, create and support community services for LMI individuals and households.

- **Community Development Lending**

BOINY did not provide any community development lending during the evaluation period.

- **Community Development Services**

During the evaluation period, the bank provided free technical and financial planning assistance to small businesses within the Indian immigrant community in New York City. Management is urged to continue expanding BOINY’s commitment to the local community.

IV. 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 were no practices noted that would tend 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 examination was conducted concurrently with this evaluation and found satisfactory performance in terms of adherence to anti-discrimination or other applicable laws and regulations. No evidence of discriminatory or other illegal credit practices was noted.

V. Process Factors

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

Since BOINY is a wholesale bank, it mostly participates indirectly in community development activities by making qualified investments and grants. Management keeps in contact with the organizations that are partially funded by the bank’s investments and

grants to remain aware of their programmatic efforts. In addition, management attends the briefings and meetings conducted by these organizations.

Due to the nature of a wholesale bank, BOINY is not able to participate actively in community banking. Nevertheless, officials from the bank have attended meetings and social gatherings of Indian small businesses within the assessment area to ascertain their credit and banking needs.

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

The branch does not have a formal marketing plan and does not offer special credit-related programs to the general public. The bank's advertisements are limited to publications that serve the Indian immigrant communities within 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.

BOINY's CRA Committee is led by the chief executive of the bank's New York branch. The CRA officer is responsible for daily CRA operations and periodic reports to the CRA Committee. The Committee serves as a clearinghouse and advocate for new projects and also monitors the plans, initiatives and performance of the bank's CRA program. The Committee meets no less than quarterly.

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;

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- 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

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- 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.