



**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, 2006

**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, 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 evaluation conducted as of December 31, 2006.

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 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 (“Evaluation”). 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**

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

- BOINY's qualified investments, including grants increased to \$5.2 million at this evaluation from \$4.1 million at the prior evaluation period. Approximately 48% or \$2.5 million of this total was new money.
- BOINY did not offer any community development loans.
- BOINY provided very limited 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:**

Licensed in 1978, BOINY is the New York branch of Bank of India. Bank of India is headquartered in Mumbai (formerly Bombay), India. BOINY is a wholesale commercial bank which focuses primarily 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. Accordingly, in March 1998, FDIC designated BOINY as a wholesale institution for purposes of its evaluation under the CRA.

On its Report of Assets and Liabilities dated December 31, 2006, BOINY reported total assets of \$516.1 million, which represented a 22.2% increase over the asset level reported at the prior evaluation date. As of the current evaluation date, BOINY reported total deposits of \$281.4 million.

BOINY has one branch located in Manhattan. BOINY has not opened or closed any branches since the prior evaluation period.

BOINY has a very small presence in the New York market place due to its limited size and resources.

At the prior CRA Evaluation conducted by the New York State Banking Department as of December 31, 2004, BOINY was given a rating of "2," reflecting its satisfactory record of helping to meet community credit needs.

*There were no known financial or legal impediments affecting negatively BOINY's ability to meet credit needs of its community.*

### **Assessment Area:**

BOINY's assessment area includes the following counties; the Bronx, New York, Kings, Queens and Richmond, and falls within Metropolitan Division 35644. This area consists of 2,217 census tracts, of which 939 or 42.4% are low- and moderate-income ("LMI") 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.

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	LMI Tracts	
							#	%
New York	9	60	59	24	144	296	119	40.2
Bronx	14	132	98	65	46	355	230	64.8
Queens	18	12	148	310	185	673	160	23.8
Kings	15	119	297	235	117	783	416	53.1
Richmond	2	3	11	29	65	110	14	12.7
<b>Total</b>	<b>58</b>	<b>326</b>	<b>613</b>	<b>663</b>	<b>557</b>	<b>2,217</b>	<b>939</b>	<b>42.4</b>

**Details of the assessment area:**

*Population:* According to the 2000 U.S. Census, the total population of the assessment area was eight million. Of the total population, 11.7% were over the age of 65 and 21.3% were under the age of 16.

*Unemployment Rates:* According to the New York State Department of Labor, the assessment area's average unemployment rate was 4.9% in 2006. This rate was above the statewide average 4.5% during the same time frame.

*Business Demographic Data:* According to the data obtained from PCi Corporation's CRA Wiz software, there were 544 thousand businesses in New York City in 2006. Among these businesses, 66.1% reported revenues of \$1 million or less, 6.8% reported revenues greater than \$1 million and 27.1% did not report their revenues. Of all the businesses, 75% had fewer than 50 employees and 91.3% operated from a single location. Service providers were the largest industry, representing 38.3% of all businesses. Retail trade (17.6%) and non-classifiable establishments (15.7%) were the second and third largest industries.

*Income:* Based on U. S. Department of Housing and Urban Development ("HUD") estimates, the updated median family income for MSA 35644 was \$59.2 thousand in 2006.

## **PERFORMANCE TEST AND ASSESSMENT FACTORS**

*BOINY's performance was evaluated according to the wholesale bank's performance criteria, which include the following: (1) the number and amount of community development loans; (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 bank'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, 2006, qualified investments, including grants, totaled \$5.2 million, representing an increase of \$1.1 million from the level reported during the prior evaluation period. New money totaled \$2.5 million representing 47.9% of the total qualified investments. Since the prior evaluation period, BOINY's assets increased 22.2%, to \$516.1 million at this evaluation.

#### **Qualified Investments**

The following chart displays BOINY's qualified investments including grants during the evaluation period:

<b>Community Development Portfolio - As of December 31, 2006</b>				
<b>Type</b>	<b>Commitments</b>		<b>New Money</b>	
	<b>\$000</b>	<b>%</b>	<b>\$000</b>	<b>%</b>
Affordable Housing	4,929	95.4	2,239	90.3
Community Service	30	0.6	30	1.2
Economic Development	210	4.1	210	8.5
<b>Total</b>	<b>5,169</b>	<b>100.0</b>	<b>2,479</b>	<b>100.0</b>

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

The following is a detailed description of BOINY's qualified investments:

- 1) BOINY invested \$4.9 million in mortgage-backed securities ("MBS") secured by loans extended to LMI borrowers in New York State. Approximately \$3.3 million (66.4%) of these MBS were made within the assessment area.
- 2) BOINY maintains two certificates of deposit totaling \$200 thousand with a Community Development Financial Institution ("CDFI"). The CDFI uses these deposits to support economic development through lending to small businesses in the assessment area.
- 3) BOINY provided grants totaling \$50 thousand to organizations that preserve, create and support community services for the LMI individuals and households in the assessment area.

- **Community Development Lending**

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

- **Community Development Services**

BOINY provided free technical and financial planning assistance to small businesses within the Indian immigrant communities in the assessment area.

## **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 were no practices noted that were 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 examination was conducted concurrently with this evaluation indicated a satisfactory performance in terms of 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.**

BOINY ascertains the credit needs of its community through its contact with community groups that are engaged in community development programs such as Neighborhood Housing Services of New York, South Bronx Overall Economic Development Corp. Child Care, Inc., The Committee of Hispanic Children and Families, Inc.. BOINY's officers attend briefings and meetings conducted by these organizations and gather information about their programs. As a result of these ascertainment efforts, BOINY made several investments and grants that were used for community development in the assessment area.

**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.**

BOINY does not have a formal marketing plan or offer special credit-related programs to the general public. Its participation is restricted to investments in mortgage backed

securities and grants to community development organizations.

**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 has a CRA officer, who is responsible for CRA efforts on a day-to-day basis. The CRA officer reports to a CRA Committee, which is headed by the chief executive in charge of BOINY. The CRA Committee serves as a clearinghouse and advocates for the new projects and monitors CRA plans, programs and performance. The CRA Committee meets at least once every quarter.

**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 2000 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.