



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: June 30, 2006

Institution: BPD 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 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 June 30, 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 (“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 (“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

BPD is rated "1," indicating an outstanding record of helping to meet community credit needs.

- Community development loans and qualified investments are 40 times the level reported at the prior evaluation. During the current evaluation period, qualifying activity totals approximately \$113.5 million, of which 98.0% is new money.
 - Community development loans total \$102.6 million.
 - Qualified investments amount to \$10.9 million, including grants totaling \$284 thousand.
- BPD provided an excellent level of community development services to various organizations that promote community services and economic development.

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 headquartered in New York City, is a wholly owned subsidiary of Grupo Popular, S.A., a bank holding company based in the Dominican Republic. Established in 1986 as The Dominican Bank, the bank changed its name in 1990 to BPD International Bank, which became BPD Bank in 2003.

As of June 30, 2006, BPD reported total assets of \$478.2 million, of which net loans of \$292.4 million represented 61.1% of total assets. Deposits totaled \$381.1 million, of which \$329.8 million were domestic-based.

BPD's only office in New York State is located in downtown Manhattan and 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 that are based mainly in Latin America and the Caribbean.

BPD has not opened or closed any branches in New York State since the prior performance evaluation.

BPD is not in the business of originating or purchasing residential mortgage, housing rehabilitation, home improvement, small business or small farm loans, except as an accommodation to its existing business clients. Accordingly, in February 2004, the Federal Reserve Board of Governors granted BPD the designation as a wholesale institution for the purpose of its evaluation under the CRA.

In January 2006, BPD Finance Company, BPD's wholly owned subsidiary established in 2001, was liquidated and dissolved.

BPD received a rating of "2," reflecting a satisfactory record of helping to meet community credit needs at its prior evaluation conducted by the New York State Banking Department as of December 31, 2002.

There were no financial or legal impediments that would negatively impact BPD's ability to help meet community credit needs.

Assessment Area:

BPD's assessment area is comprised of Bronx, Kings, New York, Queens, Richmond, Westchester, Nassau and Suffolk Counties. Due to the changes in the way geography income levels are calculated, there are differences in the distribution of census tracts between 2003 and 2004 although both are based on 2000 U.S. census data. The total number of census tracts, however, remained the same at 3,035.

According to the 2000 U.S. Census, there were 285 (9.4%) low-income, 654 (21.5%)

moderate-income, 1083 (35.7%) middle-income, 935 (30.8%) upper-income and 78 (2.6%) zero-income tracts within the assessment area. The Office of Management and Budget (“OMB”) reclassified some geographies in 2003 and the revised data was released for use beginning in 2004. Based on the revised data, there were 334 (11.0%) low-income, 718 (23.7%) moderate-income, 1,077 (35.5%) middle-income, 828 (27.3%) upper-income and 78 (2.6%) zero-income tracts.

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	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
Bronx	14	14	117	132	99	98	72	65	53	46	355	355
Kings	15	15	100	119	271	297	250	235	147	117	783	783
New York	9	9	47	60	68	59	26	24	146	144	296	296
Queens	18	18	12	12	107	148	298	310	238	185	673	673
Richmond	2	2	3	3	7	11	25	29	73	65	110	110
Westchester	4	4	2	4	17	21	37	39	161	153	221	221
Nassau	8	8	2	2	20	20	179	178	68	69	277	277
Suffolk	8	8	2	2	65	64	196	197	49	49	320	320
Total	78	78	285	334	654	718	1,083	1,077	935	828	3,035	3,035
% of Total	2.6	2.6	9.4	11.0	21.5	23.7	35.7	35.5	30.8	27.3	100.0	100.0

The assessment area appears reasonable based upon the location of BPD’s office. There is no evidence that LMI areas have been arbitrarily excluded.

Details of the Assessment Area

Population

According to the 2000 U.S. Census, the assessment area had a population of 11.7 million. Approximately 12.3% of the area population was over the age of 65 and about 21.9% were under the age of 16.

Families/Households

There were 2.8 million families in the assessment area, of which 26.0% were low-income, 16.7% were moderate-income, 18.6% were middle-income and 38.7% were upper-income families. Of the 1.2 million LMI families, 55.2% lived in LMI areas. Approximately 16% of the 4.3 million households in the assessment area had income below the poverty level.

Housing Units

There were 4.5 million housing units in the assessment area, of which about 53% were 1-4 family and 47% were multifamily units. Approximately 41% of all the housing units were owner-occupied; 54% were rental occupied. The median age of housing was 37 years and the median value was \$244 thousand.

Unemployment Rates

Based on the New York State Department of Labor's average unemployment rates for each county, the average unemployment rates in the assessment area were 6.1% in 2004 and 5.2% in 2005. These rates were slightly higher than the state's average rates of 5.8% and 5.0%, respectively. Among the eight counties in the assessment area, Bronx County had the highest unemployment rates, which were 9.1% and 7.5% in 2004 and 2005. In contrast, Westchester and Nassau Counties enjoyed the lowest rates, which were 4.5% and 4.1% in 2004 and 2005, respectively.

Business Demographic Data

According to the 2005 Business Demographic Data, there were approximately 875 thousand businesses in BPD's assessment area. The largest segment was the service industry, which accounted for approximately 38% of the businesses in the area. The second largest segment was retail trade businesses, at 16.5% and third was non-classifiable establishments at 5.1%.

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 institutions responsiveness to credit and community development needs.

I. Community Development Test

BPD demonstrates an excellent level of responsiveness to credit and community development needs within its assessment area. Although none of the qualified activity is innovative or complex, BPD’s performance is outstanding given the institution’s size.

The following table summarizes BPD’s community development loan and investment activity:

Community Development Loans and Qualified Investments				
January 1, 2003 through June 30, 2006 (in thousands)				
Type	Commitments		New Money	
	\$	%	\$	%
Affordable Housing	72,749	64.1	72,749	100.0
Community Service	8,881	7.8	8,881	100.0
Economic Development	23,959	21.1	21,646	90.3
Revitalization/ Stabilization	7,927	7.0	7,927	100.0
Total	113,516	100.0	111,203	98.0

During the evaluation period, BPD’s community development loans and qualified investments totaled \$113.5 million, an enormous increase of \$110.7 million compared to \$2.8 million reported at the prior evaluation. At the same time, BPD’s assets increased by 60.7% to \$478.2 million from \$297.6 million between the two evaluations.

New money accounted for 98% of the total activity. Approximately two-thirds of the total, as well as the new lending and investment activity supported affordable housing initiatives.

- **Community Development Lending**

During the evaluation period, BPD extended community development loans totaling \$102.6 million, a significant increase over the \$350 thousand shown at the prior evaluation. All of the current loan activity represents new commitments.

The following table shows BPD's community development lending activity:

Community Development Loans				
January 1, 2003 through June 30, 2006 (in thousands)				
Type	Commitments		New Money	
	\$	%	\$	%
Affordable Housing	65,417	63.8	65,417	63.8
Community Service	8,781	8.6	8,781	8.6
Economic Development	20,468	20.0	20,468	20.0
Revitalization/ Stabilization	7,925	7.7	7,925	7.7
Total	102,591	100.0	102,591	100.0

Examples of BPD's community development lending activity are listed below:

- *Community Preservation Corporation ("CPC")*: In 2004, BPD provided CPC with a \$3 million revolving credit facility. CPC is a lending consortium that makes construction and permanent loans for the creation, rehabilitation and preservation of affordable housing throughout New York State.
- *Neighborhood Housing Services of New York City ("NHS")*: In 2006, BPD extended a \$500 thousand loan to NHS, which is a not-for-profit organization that creates and preserves affordable housing, and promotes investment in underserved and declining New York City neighborhoods.
- *A Realtor in Central Harlem*: In 2005, BPD extended a \$5.2 million loan to this realtor. The loan financed a multifamily building containing 37 units of affordable housing. The property is located in a moderate-income area.
- *A Senior Housing Program in Brooklyn*: In 2005, BPD made a \$3.6 million loan that financed 93 affordable housing units.

- **Qualified Investments**

BPD's level of qualified community development investments is excellent. During the evaluation period, BPD had \$10.9 million in qualified investments, including grants totaling \$284 thousand. Approximately 79% is new money. The overall level of BPD's qualified investments is significantly higher than the \$2.4 million reported at the previous evaluation.

Examples of BPD's qualified community development investments are listed below:

- *SBA loan pools*: BPD purchased approximately \$1 million in securities backed by SBA loans.
- *Community Development Financial Institutions ("CDFIs")*: BPD maintains a \$100 thousand certificate of deposit with a CDFI. CDFIs have a primary mission of supporting community development activities.

- **Community Development Services**

BPD provided a very high level of community development services. BPD's senior management and officers actively participated in providing community development services through serving on various boards and committees of organizations that promote community development initiatives.

Some of the organizations that benefited from this participation include the following:

- *Neighborhood Housing Services of New York City*
- *Coalition for the Homeless*
- *Legal Services of New York/Bronx*
- *Regional Aide for Interim Needs (RAIN)*
- *Bronx Overall Economic Development Corporation*
- *Community Development Corporation of Long Island*

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 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.

BPD ascertains the credit needs of its community through senior management's working directly with well-known nonprofit community-based organizations and government agencies that serve LMI families and neighborhoods.

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.

Since BPD is a wholesale institution, it does not use any special marketing programs targeted to the public.

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

BPD's Board of Directors is aware of the institution's CRA initiatives, and would like BPD to engage in more community development activities.

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.