



**NEW YORK STATE  
DEPARTMENT OF FINANCIAL SERVICES  
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** September 30, 2016

**Institution:** Woori America Bank  
330 Fifth Avenue  
New York, NY 10001

**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 Department of Financial Services 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 Woori America Bank (“WAB” or “Woori”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of September 30, 2016.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services 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 Superintendent Implements Section 28-b and further requires that the 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 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 in 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 of banking institutions 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. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

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

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

DFS evaluated WAB according to the intermediate small bank performance criteria pursuant to Part 76.7 and Part 76.12 of the General Regulations of the Superintendent ("GRS"). This evaluation period included calendar years 2013, 2014 and 2015 for HMDA and small business lending. Community development activities were considered through September 30, 2016. WAB is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs.

The rating is based on the following factors:

**Lending Test:** "Satisfactory"

**Loan-to-Deposit Ratio and Other Lending-Related Activities:** "Outstanding"

WAB's average loan-to-deposit ("LTD") ratio was excellent considering its size, business strategy, financial condition, and peer group activity.

WAB's average LTD ratio, for the evaluation period, was 90.5% well above its peer group's ratio of 79.0%.

**Assessment Area Concentration:** "Satisfactory"

During the evaluation period, WAB originated 54.9% by number, and 55.6% by dollar value of its HMDA and small business loans within the assessment area. This majority of lending inside its assessment area was a reasonable concentration of lending.

**Distribution by Borrower Characteristics:** "Satisfactory"

WAB's small business and 1-4 family HMDA-reportable and lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes.

The distribution of WAB's loans to small businesses with revenues of \$1 million or less was excellent, while WAB's distribution of 1-4 family HMDA-reportable loans among individuals of different income levels was reasonable.

**Geographic Distribution of Loans:** "Satisfactory"

WAB's origination of HMDA-reportable and small business loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

**Action Taken in Response to Written Complaints with Respect to CRA:** "Not Rated"

Neither DFS nor WAB received any written complaints during the evaluation period regarding WAB's CRA performance.

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**Community Development Test: “Satisfactory”**

WAB’s community development performance demonstrated reasonable responsiveness to the community development needs of its assessment area through community development loans, investments and services, considering WAB’s capacity and the need and availability of such opportunities for community development in its assessment area.

**Community Development Loans: “Satisfactory”**

During the evaluation period, WAB originated \$18.8 million in new community development loans and had none outstanding from prior evaluation periods. This demonstrated a reasonable level of community development lending over the course of the evaluation period.

**Community Development Investments: “Needs to Improve”**

During the evaluation period, WAB made \$4.5 million in new community development investments, and had \$176,448 outstanding from prior evaluation periods. In addition, WAB made \$102,000 in community development grants. This demonstrated a less than adequate level of community development investments over the course of the evaluation period, as it was a significant decrease from the \$15.0 million of new investments reported at the prior evaluation period. Thus, the current rating is a downgrade from the prior period’s rating.

**Community Development Services: “Satisfactory”**

WAB demonstrated a reasonable level of community development services over the course of the evaluation period.

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

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## **PERFORMANCE CONTEXT**

### **Institution Profile**

Woori America Bank (“WAB” or the “Bank”), chartered in 1984 and headquartered in New York City, is a wholly-owned subsidiary of Woori Bank, Seoul, South Korea. Woori Bank in turn, is one of the three banking subsidiaries of Woori Financial Group, a South Korean financial holding company.

WAB offers various loan products which include residential and commercial mortgage loans, commercial loans, commercial lines-of-credit, SBA loans and personal credit cards. Deposit account offerings include regular savings, personal and business checking accounts, money market accounts, and certificates of deposits and individual retirement accounts. Internet and telebanking services are also offered to better serve its customers.

WAB operates four (4) banking offices in New York State and 14 other banking offices in New Jersey, Pennsylvania, Maryland, Virginia, California and one loan production office in Georgia. WAB’s New York offices are located one in New York County and three in Queens County, New York. The Bank has not opened or closed a branch in New York since the previous evaluation.

Per the Consolidated Report of Condition (the Call Report) as of September 30, 2016, filed with the Federal Deposit Insurance Corporation (“FDIC”), WAB reported total assets of \$1.5 billion, of which \$1.3 billion were net loans and lease financing receivables. It also reported total deposits of \$ 1.3 billion, resulting in a loan-to-deposit ratio of 96.7%. According to the Deposit Market Share Report as of June 30, 2016, WAB had a market share of 0.04%, or \$477.3 million in a market of \$1.1 trillion, ranking it 52nd among 104 deposit-taking institutions in the assessment area of New York and Queens Counties. According to the 2015 Institution Market Share report, WAB ranked 140<sup>th</sup> with a market share of 0.05% by number of loans among 368 lenders who originated mortgage loans in the bank’s assessment area (New York). The top three lenders in the assessment area were Wells Fargo Bank, NA, JPMorgan Chase Bank, NA, and Citibank, NA, which had a combined market share of 38.5% by number of loans.

The following is a summary of the WAB’s loan portfolio, based on Schedule RC-C of the bank’s Call Reports ended December 31, 2013; 2014; 2015 and September 30, 2016.

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	12/31/2013		12/31/2014		12/31/2015		9/30/2016	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
<b>Real Estate Loans</b>								
Commercial Mortgage Loans	513,394	58.6	622,429	61.8	747,608	64.7	864,905	66.0
1-4 Family Residential Mortgages	208,846	23.8	213,265	21.2	247,560	21.4	254,979	19.5
Multifamily Mortgages	8,639	1.0	13,289	1.3	22,202	1.9	29,115	2.2
Construction Loans - Commercial	0	0.0	0	0.0	5,000	0.4	7,500	0.6
Loans to Depository Insitutions	32,553	3.7	19,419	1.9	22,686	2.0	12,415	0.9
Commercial & Industrial Loans	106,622	12.2	133,122	13.2	104,810	9.1	137,227	10.5
Consumer Loans	5,625	0.6	5,434	0.5	5,320	0.5	4,391	0.3
Other Loans	413	0.0	431	0.0	361	0.0	145	0.0
<b>Total Gross Loans</b>	<b>876,092</b>	<b>100.0</b>	<b>1,007,389</b>	<b>100.0</b>	<b>1,155,547</b>	<b>100.0</b>	<b>1,310,677</b>	<b>100.0</b>

As illustrated in the above table, WAB is primarily a commercial real estate lender with 66.0% of its loan portfolio in commercial real estate loans as of September 30, 2016. Residential real estate made up 19.5% of WAB's loan portfolio. As a result, WAB's real estate loans totaled \$1.1 billion or 88.3% of the gross loan portfolio, slightly up from the 86.5% recorded at their prior evaluation.

*Examiner did not find evidence of financial or legal impediments that had an adverse impact on WAB's ability to meet the credit needs of its community.*

### **Assessment Area**

DFS evaluated WAB's lending and community development activities only in its New York assessment area. WAB's New York assessment area is comprised of the entire counties of New York and Queens.

During the evaluation period there were 957 census tracts in the assessment area; however, the number of census tracts designated by their income changed due to the newly delineated MSA boundaries effective 2014. As a result, income tracts designated as LMI increased from 252 to 295, as illustrated in the tables below.

2015-2014 Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
New York City	12	44	61	25	146	288	36.5
Queens	26	21	169	314	139	669	28.4
Total	38	65	230	339	285	957	30.8

2013 Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
New York City	12	37	65	23	151	288	35.4
Queens	26	16	134	303	190	669	22.4
Total	38	53	199	326	341	957	26.3

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## **Demographic and Economic Data**

The assessment area had a population of 3.8 million during the examination period. About 12.8% of the population were over the age of 65 and 16.1% were under the age of sixteen.

Of the 827,657 families in the assessment area 26.1% were low-income, 16.2% were moderate-income, 16.7% were middle-income and 41.0% were upper-income families. There were 1.5 million households in the assessment area, of which 14.1% had income below the poverty level and 2.7% were on public assistance.

The weighted average of median family income in the assessment area was \$79,248 and the weighted average median housing price was \$579,513.

There were 1.7 million housing units within the assessment area, of which 32.7% were 1 to 4 family units, and 67.2% were multifamily units. Rental-occupied housing units represented a majority of the area's housing units at 59.1% while 31.1% were owner-occupied units.

Of the 987,374 rental-occupied housing units, 42.0% were in low- and moderate-income census tracts while 58.0% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,266.

Of the 519,141 owner-occupied housing units, 17.1% were in low-and moderate-income census tracts while 82.9% were in middle- and upper-income census tracts. The median age of the housing stock was 69 years, and the median home value in the assessment area was \$579,513.

There were 319,116 non-farm businesses in the assessment area. Of these, 74.2% were businesses with reported revenues of less than or equal to \$1 million, 7.9% reported revenues of more than \$1 million and 17.9% did not report their revenues. Of all the businesses in the assessment area, 83.0% were businesses with less than fifty employees, while 90.6% operated from a single location. The largest industries in the area were services; 50.6%, followed by retail trade; 14.1%, finance- insurance & real estate; 10.6%, while 7.7% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State from 2013 to 2015 was 6.4%. In WAB's assessment area, the unemployment rates for both Queens County and New York County have remained slightly below the statewide average throughout the evaluation period. Also, the 9-month average unemployment rates for the year 2016 in New York and Queens Counties continue to remain below the Statewide average of 4.9%.

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<b>Assessment Area Unemployment Rate</b>			
	Statewide	NY	Queens
2013	7.7	7.5	7.0
2014	6.3	6.1	6.3
2015	5.3	4.8	5.0
<b>3-Year Average</b>	<b>6.4</b>	<b>6.1</b>	<b>6.1</b>

### **Community Information**

Examiners as a part of the evaluation conducted community contact interviews with management of community organizations to identify credit needs and opportunities within the bank's assessment areas. These organizations included the following: a workforce and economic development organization addressing the issues of poverty and under-employment and assisting aspiring entrepreneurs to start-up businesses, as well as assisting first-generation immigrants who struggle with barriers to education and employment; a nonprofit organization with a mission to revitalize the underserved neighborhoods of New York City by creating and preserving affordable housing and providing for homeownership education, financial assistance and community leadership; and a not-for-profit organization providing meals to elderly New Yorkers who can no longer shop or cook for themselves.

The community contacts noted, while economic conditions in the assessment area are improving for housing and small business, there is still a need for more funding for affordable housing for low-income families, for small businesses and start-up businesses and for community services in low- and moderate-income areas. They also commented on the continued growth of the senior population as a major demographic change in New York City and the need for funding to ensure they have access to affordable housing and community services. The interviewees also noted that local financial institutions can improve responsiveness by ensuring access to financial services and providing financial assistance via grants to various organizations to help the needs of the communities

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS evaluated WAB under the intermediate small bank performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Superintendent, which consist of the lending test and the community development test.*

*The lending test includes:*

- 1. Loan-to-deposit ratio and other lending-related activities;*
- 2. Assessment area concentration;*
- 3. Distribution by borrower characteristics;*
- 4. Geographic distribution of loans; and*
- 5. Action taken in response to written complaints regarding CRA*

*The community development test includes:*

- 1. Community development lending;*
- 2. Community development investments;*
- 3. Community development services; and*
- 4. Responsiveness to community development needs*

*DFS also considered the following factors in assessing the bank's record of performance:*

- 1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications,*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs*

DFS derived statistics employed in this evaluation from various sources. WAB submitted bank-specific information both as part of the examination process and on its Call Report submitted to the Federal Deposit Insurance Corporation ("FDIC"). DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS calculated loan-to-deposit ratios from information shown in the Bank's Uniform Bank Performance Report as submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which they update annually, and DFS obtained unemployment data from the New York State Department of Labor.

The assessment period for small business and HMDA-reportable loans included calendar years 2013, 2014 and 2015, while the assessment period for community development activities covered the period from July 1, 2013 to September 30, 2016.

Examiners considered WAB’s HMDA-reportable and small business loans in evaluating factors (2), (3) and (4) of the lending test noted above. WAB did not originate any small farm loans during this evaluation.

At its **prior** performance evaluation, as of June 30, 2013, DFS assigned WAB a rating of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs.

**Current CRA Rating: “Satisfactory”**

**Lending Test:** “Satisfactory”

WAB’s small business and HMDA-reportable lending activities were reasonable considering aggregate and peer group activity and the demographics characteristics and the credit needs of the assessment area.

**Loan-to-Deposit (“LTD”) Ratio and other Lending-Related Activities:** “Outstanding”

WAB’s average LTD ratio was excellent considering its size, business strategy, financial condition and peer group activity.

WAB’s average LTD ratio, for the evaluation period, was 90.5% well above its peer group’s average ratio of 79.0% and an improvement over its prior evaluation’s ratio of 82.2%. Furthermore, WAB’s quarterly average LTD ratio exceeded its peer group’s ratio for every quarter of the evaluation period.

The table below shows WAB’s LTD ratios in comparison with the peer group’s ratios for the fifteen quarters of the evaluation period.

<b>Loan-to-Deposit Ratios</b>																
	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	Avg.
Bank	79.0	85.7	87.4	84.9	86.2	89.5	92.9	94.1	97.8	95.7	95.5	89.4	90.6	92.4	96.7	90.5
Peer	73.6	75.4	75.5	75.9	75.7	78.4	79.0	79.7	78.9	81.0	81.7	81.9	81.4	83.7	83.8	79.0

**Assessment Area Concentration:** “Satisfactory”

During the evaluation period, WAB originated 54.9% by number and 55.6% by dollar value of the total HMDA-reportable and small business loans within its assessment area. This majority of lending inside of its assessment area was a reasonable concentration of lending.

WAB’s percentage of lending inside the assessment area just exceeded 50% and was well below the 65.9% by number and 70.7% by dollar value of loans reported for the prior

evaluation period.

During the evaluation period, WAB originated 54.4% by number and 60.6% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside WAB's assessment area reflected a reasonable concentration of lending.

Small Business Loans:

During the evaluation period, WAB originated 55.2% by number and 50.3% by dollar value of its small business loans within the assessment area. This majority of lending inside WAB's assessment area reflected a reasonable concentration of lending.

The following table shows the percentages of WAB's small business and HMDA-reportable loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable</b>										
2013	16	59.3%	11	40.7%	27	8,529	58.5%	6,060	41.5%	14,589
2014	13	61.9%	8	38.1%	21	8,040	75.2%	2,657	24.8%	10,697
2015	14	45.2%	17	54.8%	31	13,491	55.6%	10,791	44.4%	24,282
Subtotal	43	54.4%	36	45.6%	79	30,060	60.6%	19,508	39.4%	49,568
<b>Small Business</b>										
2013	25	52.1%	23	47.9%	48	8,511	44.5%	10,605	55.5%	19,116
2014	21	63.6%	12	36.4%	33	8,927	65.0%	4,817	35.0%	13,744
2015	18	51.4%	17	48.6%	35	6,770	44.4%	8,493	55.6%	15,263
Subtotal	64	55.2%	52	44.8%	116	24,208	50.3%	23,915	49.7%	48,123
Grand Total	107	54.9%	88	45.1%	195	54,268	55.6%	43,423	44.4%	97,691

Distribution by Borrower Characteristics: "Satisfactory"

WAB's small business and 1-4 family HMDA-reportable lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes.

The distribution of WAB's loans to small businesses with revenues of \$1 million or less was excellent, while WAB's distribution of 1-4 family HMDA-reportable loans among individuals of different income levels was reasonable.

1-4 Family HMDA Loans:

WAB's 1-4 family HMDA-reportable lending demonstrated a reasonable distribution of loans among borrowers of different income levels.

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WAB's average rates of lending to LMI borrowers, for the evaluation period, were 8.3% by number and 4.6% by dollar value of loans and were comparable to the aggregate's rates of 8.4% and 3.1%, respectively. Yet, WAB's average rates of lending to LMI borrowers were made up entirely of loans to moderate-income borrowers as it did not originate any loans to low-income borrowers during the evaluation period. Therefore, WAB's rates of lending to low-income borrowers trailed the aggregate's rates. Still, the aggregate's rates of lending to low-income borrowers were also low. WAB's and the aggregate's lending performance to low-income borrowers may be explained when considering the assessment area's median family income (\$79,248) and median housing price (\$579,513), which provides for limited lending opportunity to low-income borrowers.

The following table provides a summary of WAB's 1-4 family HMDA loans by borrower income.

<b>Distribution of 1-4 Family Loans by Borrower Income</b>									
<b>2013</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	590	1.5%	125,946	0.6%	24.3%
Moderate	1	7.1%	328	5.9%	2,252	5.9%	405,401	2.1%	15.8%
LMI	1	7.1%	328	5.9%	2,842	7.4%	531,347	2.7%	40.1%
Middle	5	35.7%	1,491	26.9%	5,997	15.7%	1,432,377	7.3%	16.7%
Upper	8	57.1%	3,730	67.2%	27,393	71.8%	15,854,641	80.4%	43.3%
Unknown		0.0%		0.0%	1,940	5.1%	1,903,638	9.7%	
<b>Total</b>	<b>14</b>		<b>5,549</b>		<b>38,172</b>		<b>19,722,003</b>		
<b>2014</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	607	2.4%	154,870	1.1%	26.1%
Moderate	1	11.1%	300	7.9%	1,773	7.1%	335,651	2.3%	16.2%
LMI	1	11.1%	300	7.9%	2,380	9.5%	490,521	3.3%	42.3%
Middle	1	11.1%	720	18.9%	4,164	16.6%	1,084,000	7.4%	16.7%
Upper	6	66.7%	2,490	65.4%	17,381	69.1%	11,396,163	77.4%	41.0%
Unknown	1	11.1%	300	7.9%	1,212	4.8%	1,748,272	11.9%	
<b>Total</b>	<b>9</b>		<b>3,810</b>		<b>25,137</b>		<b>14,718,956</b>		
<b>2015</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	682	2.3%	207,703	1.1%	26.1%
Moderate	1	7.7%	280	2.6%	1,921	6.5%	390,961	2.1%	16.2%
LMI	1	7.7%	280	2.6%	2,603	8.8%	598,664	3.3%	42.3%
Middle	0	0.0%	0	0.0%	4,782	16.2%	1,306,488	7.2%	16.7%
Upper	11	84.6%	9,861	93.1%	20,065	68.0%	13,990,416	76.9%	41.0%
Unknown	1	7.7%	450	4.2%	2,045	6.9%	2,295,456	12.6%	
<b>Total</b>	<b>13</b>		<b>10,591</b>		<b>29,495</b>		<b>18,191,024</b>		
<b>GRAND TOTAL</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	1,879	2.0%	488,519	0.9%	
Moderate	3	8.3%	908	4.6%	5,946	6.4%	1,132,013	2.2%	
LMI	3	8.3%	908	4.6%	7,825	8.4%	1,620,532	3.1%	
Middle	6	16.7%	2,211	11.1%	14,943	16.1%	3,822,865	7.3%	
Upper	25	69.4%	16,081	80.6%	64,839	69.9%	41,241,220	78.4%	
Unknown	2	5.6%	750	3.8%	5,197	5.6%	5,947,366	11.3%	
<b>Total</b>	<b>36</b>		<b>19,950</b>		<b>92,804</b>		<b>52,631,983</b>		

Small Business Loans

WAB's small business lending demonstrated an excellent distribution of loans among businesses of different revenue sizes.

During the evaluation period, WAB's average rates of lending to businesses with gross annual revenue of \$1 million or less were 70.3% by number and 73.4% by dollar value of loans well above the aggregate's rates of 43.1% and 28.3%, respectively. In addition, WAB's rates of lending in 2013 and 2014 exceeded the percent (70.6% and 70.4%) of small businesses with revenue of \$1 million or less located within the assessment area.

The following table provides a summary of the distribution of WAB's small business loans by revenue size of the business.

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2013</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	21	84.0%	7,211	84.7%	42,852	43.0%	1,106,292	31.2%	70.6%
Rev. > \$1MM	3	12.0%	1,200	14.1%					6.6%
Rev. Unknown	1	4.0%	100	1.2%					22.8%
<b>Total</b>	<b>25</b>		<b>8,511</b>		<b>99,620</b>		<b>3,546,218</b>		
<b>2014</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	15	71.4%	6,477	72.6%	44,865	39.8%	1,045,635	28.3%	70.4%
Rev. > \$1MM	6	28.6%	2,450	27.4%					7.3%
Rev. Unknown		0.0%		0.0%					22.3%
<b>Total</b>	<b>21</b>		<b>8,927</b>		<b>112,702</b>		<b>3,698,215</b>		
<b>2015</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	9	50.0%	4,070	60.1%	56,137	46.2%	929,848	25.5%	74.2%
Rev. > \$1MM	9	50.0%	2,700	39.9%					7.9%
Rev. Unknown		0.0%		0.0%					17.9%
<b>Total</b>	<b>18</b>		<b>6,770</b>		<b>121,553</b>		<b>3,642,908</b>		
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Rev. <= \$1MM	45	70.3%	17,758	73.4%	143,854	43.1%	3,081,775	28.3%	
Rev. > \$1MM	18	28.1%	6,350	26.2%	-				
Rev. Unknown	1	1.6%	100	0.4%	0				
<b>Total</b>	<b>64</b>		<b>24,208</b>		<b>333,875</b>		<b>10,887,341</b>		

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Geographic Distribution of Loans: “Satisfactory”

WAB’s origination of HMDA-reportable and small business loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

HMDA-Reportable Loans:

The distribution of WAB’s HMDA-reportable loans among census tracts of different income levels was reasonable.

WAB’s average rates of lending in LMI census tracts of 14.0% by number and 12.9% by dollar value of loans for the evaluation period was comparable to its aggregate’s rates of 14.4% and 14.3% respectively. While WAB’s rates of lending in 2013 and 2015 trailed the aggregate’s rates, in 2014 its rates exceeded the aggregate’s rates.

The following table provides a summary of the distribution of WAB’s HMDA-reportable loans by the income level of the geography where the property was located.

<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2013</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	1	6.3%	320	3.8%	781	2.0%	598,506	2.4%	1.1%
Moderate	0	0.0%	0	0.0%	3,923	9.9%	2,328,889	9.3%	12.1%
LMI	1	6.3%	320	3.8%	4,704	11.9%	2,927,395	11.6%	13.2%
Middle	3	18.8%	1,160	13.6%	9,597	24.2%	4,014,620	16.0%	32.9%
Upper	12	75.0%	7,049	82.6%	25,184	63.6%	18,077,595	71.8%	54.0%
Unknown	0	0.0%	0	0.0%	116	0.3%	145,213	0.6%	0.0%
<b>Total</b>	<b>16</b>		<b>8,529</b>		<b>39,601</b>		<b>25,164,823</b>		
<b>2014</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	1	7.7%	1,900	23.6%	582	2.2%	806,921	3.9%	1.4%
Moderate	2	15.4%	920	11.4%	3,805	14.5%	2,655,803	12.7%	15.7%
LMI	3	23.1%	2,820	35.1%	4,387	16.7%	3,462,724	16.6%	17.1%
Middle	7	53.8%	3,930	48.9%	8,100	30.8%	3,778,450	18.1%	36.5%
Upper	3	23.1%	1,290	16.0%	13,756	52.3%	13,567,689	64.9%	46.5%
Unknown	0	0.0%	0	0.0%	68	0.3%	87,924	0.4%	0.0%
<b>Total</b>	<b>13</b>		<b>8,040</b>		<b>26,311</b>		<b>20,896,787</b>		
<b>2015</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	0	0.0%	0	0.0%	570	1.8%	776,708	3.1%	1.4%
Moderate	2	14.3%	730	5.4%	4,234	13.7%	2,980,981	12.0%	15.7%
LMI	2	14.3%	730	5.4%	4,804	15.6%	3,757,689	15.2%	17.1%
Middle	4	28.6%	2,414	17.9%	9,728	31.5%	4,632,555	18.7%	36.5%
Upper	8	57.1%	10,347	76.7%	16,286	52.8%	16,341,312	66.0%	46.5%
Unknown	0	0.0%	0	0.0%	23	0.1%	24,842	0.1%	0.0%
<b>Total</b>	<b>14</b>		<b>13,491</b>		<b>30,841</b>		<b>24,756,398</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	2	4.7%	2,220	7.4%	1,933	2.0%	2,182,135	3.1%	
Moderate	4	9.3%	1,650	5.5%	11,962	12.4%	7,965,673	11.2%	
LMI	6	14.0%	3,870	12.9%	13,895	14.4%	10,147,808	14.3%	
Middle	14	32.6%	7,504	25.0%	27,425	28.3%	12,425,625	17.5%	
Upper	23	53.5%	18,686	62.2%	55,226	57.1%	47,986,596	67.8%	
Unknown	-	0.0%	-	0.0%	207	0.2%	257,979	0.4%	
<b>Total</b>	<b>43</b>		<b>30,060</b>		<b>96,753</b>		<b>70,818,008</b>		

Small Business Loans:

The distribution of WAB's small business loans among census tracts of varying income levels was reasonable.

During the evaluation period, WAB's average rates of lending to small businesses located

in LMI census tracts were 17.2% by number and 23.9% by dollar value of loans comparable to the aggregate's rate of 17.7% by number of loans, while outperforming the aggregate's rate of 15.5% by dollar value of loans. WAB's rate of lending in LMI census tracts also increased for every year of the evaluation period and exceeded the business demographics for small businesses located in LMI census tracts for 2014 and 2015.

The following table provides a summary of the distribution of WAB's small business loans by the income level of the geography where the business was located.

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2013</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low		0.0%		0.0%	3,376	3.4%	88,876	2.5%	4.2%
Moderate	1	4.0%	300	3.5%	11,699	11.7%	416,199	11.7%	14.1%
LMI	1	4.0%	300	3.5%	15,075	15.1%	505,075	14.2%	18.3%
Middle	13	52.0%	4,207	49.4%	20,037	20.1%	732,856	20.7%	20.0%
Upper	11	44.0%	4,004	47.0%	59,768	60.0%	2,071,470	58.4%	57.0%
Unknown		0.0%		0.0%	4,740	4.8%	236,817	6.7%	4.8%
<b>Total</b>	<b>25</b>		<b>8,511</b>		<b>99,620</b>		<b>3,546,218</b>		
<b>2014</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low		0.0%		0.0%	5,138	4.6%	150,970	4.1%	5.3%
Moderate	4	19.0%	2,190	24.5%	15,585	13.8%	462,431	12.5%	15.5%
LMI	4	19.0%	2,190	24.5%	20,723	18.4%	613,401	16.6%	20.9%
Middle	8	38.1%	3,817	42.8%	24,383	21.6%	679,322	18.4%	20.8%
Upper	8	38.1%	2,520	28.2%	62,506	55.5%	2,155,655	58.3%	53.8%
Unknown	1	4.8%	400	4.5%	5,090	4.5%	249,837	6.8%	4.6%
<b>Total</b>	<b>21</b>		<b>8,927</b>		<b>112,702</b>		<b>3,698,215</b>		
<b>2015</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	1	5.6%	450	6.6%	5,490	4.5%	141,235	3.9%	5.3%
Moderate	5	27.8%	2,850	42.1%	17,950	14.8%	423,186	11.6%	15.6%
LMI	6	33.3%	3,300	48.7%	23,440	19.3%	564,421	15.5%	20.9%
Middle	6	33.3%	1,270	18.8%	27,632	22.7%	625,653	17.2%	21.2%
Upper	4	22.2%	1,600	23.6%	65,212	53.6%	2,195,932	60.3%	53.4%
Unknown	2	11.1%	600	8.9%	5,269	4.3%	256,902	7.1%	4.5%
<b>Total</b>	<b>18</b>		<b>6,770</b>		<b>121,553</b>		<b>3,642,908</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	1	1.6%	450	1.9%	14,004	4.2%	381,081	3.5%	
Moderate	10	15.6%	5,340	22.1%	45,234	13.5%	1,301,816	12.0%	
LMI	11	17.2%	5,790	23.9%	59,238	17.7%	1,682,897	15.5%	
Middle	27	42.2%	9,294	38.4%	72,052	21.6%	2,037,831	18.7%	
Upper	23	35.9%	8,124	33.6%	187,486	56.2%	6,423,057	59.0%	
Unknown	3	4.7%	1,000	4.1%	15,099	4.5%	743,556	6.8%	
<b>Total</b>	<b>64</b>		<b>24,208</b>		<b>333,875</b>		<b>10,887,341</b>		

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### **Action Taken in Response to Written Complaints with Respect to CRA: “Not Rated”**

Neither DFS nor WAB received any written complaints during the evaluation period regarding WAB’s CRA performance.

### **Community Development Test: “Satisfactory”**

WAB’s community development performance demonstrated a reasonable responsiveness to the community development needs of its assessment area through community development loans, investments and services, considering its capacity, and the need for and availability of opportunities for community development in its assessment area.

WAB had a total of 18.8 million in qualified community development loans, \$4.6 million in qualified community development investments and \$102,000 in community development grants for the current evaluation period.

### **Community Development Lending: “Satisfactory”**

During the evaluation period, WAB originated \$18.8 million in new community development loans and had none outstanding from prior evaluation periods. This demonstrated a reasonable level of community development lending over the course of the evaluation period.

The annualized ratio of community development loans to average assets was 0.45% for the evaluation period and was comparable to the prior period’s ratio. As shown in the table below most of the loans were made for economic development.

<b>Community Development Loans</b>				
	<b>This Evaluation Period</b>		<b>Outstandings from Prior Evaluation Periods</b>	
<b>Purpose</b>	<b># of Loans</b>	<b>\$000</b>	<b># of Loans</b>	<b>\$000</b>
Affordable Housing	1	277		
Economic Development	4	18,541		
Community Services				
Revitalize or Stabilize				
<b>Total</b>	<b>5</b>	<b>18,818</b>	<b>0</b>	<b>0</b>

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Below are highlights of WAB's community development lending.

- In 2014, WAB originated two commercial mortgages totaling \$11.6 million to finance the purchase of a motel adjacent to a moderate-income census tract within the assessment area. WAB originated \$4.4 million through the small business administration 504 program, which supports economic development and job retention. The motel employed 15 full-time employees and planned to add three more employees within the next year.
- In 2013, WAB refinanced a \$7.4 million commercial mortgage loan for a franchise limited service hotel located in a moderate-income census tract in Jamaica NY. The hotel is conveniently located near JFK airport and public transportation and provides low- and moderate-income jobs in the assessment area.

**Community Development Investments: "Needs to Improve"**

During the evaluation period, WAB made \$4.5 million in new community development investments, and had \$176,448 outstanding from prior evaluation periods. In addition, WAB made \$102,000 in community development grants. This demonstrated a less than adequate level of community development investments over the course of the evaluation period, as it was a significant decline from the level of new investments reported at the prior evaluation. Thus, the current rating is a downgrade from the prior period's rating.

WAB's level of new community development investments for the current evaluation period of \$4.5 million, represented a significant decline from \$15.0 million reported at the prior evaluation period. WAB's annualized total investments and grants to average assets ratio of 0.11% was well below the 0.43% reported for the prior evaluation. WAB noted that the decline in community development investments was primarily due to an overreliance on certificate of deposits ("CDs) offered by a specific certified community development financial institution ("CDFI"). However, once the CDFI no longer offered these CDs WAB's level of investments declined.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	5	4,462	2	176
Economic Development				
Community Services				
Other (Revitalize and Stabilize)				
<b>Total</b>	<b>5</b>	<b>4,462</b>	<b>2</b>	<b>176</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	8	18		
Economic Development	3	8		
Community Services	28	76		
<b>Total</b>	<b>39</b>	<b>102</b>		

Below are highlights of WAB’s community development investments.

- WAB purchased a bond for \$2.8 million issued by a local government development corporation to fund new residential construction, rehabilitation of existing multifamily housing and loans for affordable housing in New York City.
- WAB purchased a bond for \$150,000. The proceeds of the bond were used to fund affordable housing projects in New York and in Queens, counties.

Below are highlights of WAB’s community development grants.

- WAB made a \$20,000 donation to the Woori Scholarship Foundation. The money was distributed to graduating high school students from low- and moderate-income families. Each student was awarded \$2,000 for demonstrating academic excellence and strong leadership. The students are pursuing a college education.
- WAB contributed \$9,000 to an organization that provides affordable housing, financial assistance and education to underserved neighborhoods.
- WAB donated \$9,000 to a nonprofit association that provides free business mentoring, counseling and other resources to small business owners and persons interested in starting a business.

**Community Development Services: “Satisfactory”**

WAB demonstrated a reasonable level of community development services over the course of the evaluation period.

WAB participated in seminars on financial education and information on elder abuse to residents in its assessment area, particularly low- and moderate-income individuals.

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Additionally, WAB provided financial expertise to not-for-profit organizations that assist small businesses.

Below are highlights of WAB's community development services.

- WAB employees participated in sponsored events hosted by a community-based organization to provide financial education to immigrants on how to adapt to a new culture, economic and social changes. The employees provided education on low cost banking products, credit cards, credit score, identity theft prevention and elder abuse.
- WAB participated in a small business entrepreneur seminar. Bank representatives presented information on the different types of SBA guaranteed loan programs and qualification requirements. Employees of WAB also discussed how to apply for a SBA guaranteed loan.
- A director of WAB served as a treasurer and chairman on the loan review committee from 2012-2014 of a nonprofit association. Since 2014 to present he has served on the board of the association. The association provides general business consulting, mentoring, workshops and seminars for small business owners.

#### **Innovativeness of Community Development Investments:**

WAB did not use innovative investments to support community development.

#### **Responsiveness to Community Development Needs:**

WAB demonstrated a reasonable level of responsiveness to credit and community development needs.

#### **Additional Factors**

**The extent of participation by the banking institution's Board of Directors or Board of Trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the CRA.**

The board annually reviews and approves the Bank's CRA Policy. The CRA officer periodically reports on the status of the bank's CRA activities. The Management Compliance Committee provides support and assistance to the CRA officer as well as ensures an effective CRA program.

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## Discrimination and other illegal practices

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

DFS examiner did not note any practices by WAB that were intended to discourage applications for the types of credit offered by the Bank.

- *Evidence of prohibited discriminatory or other illegal credit practices.*

DFS did not note any evidence by WAB of prohibited discriminatory or other illegal practices.

## Record of opening and closing offices and providing services at offices

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	te #	Middle #	Upper #	Total #	LMI %
New York				1		1	0%
Queens		1		2		3	33%
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>4</b>	<b>25%</b>

During the current evaluation period, WAB has neither opened nor closed any branches in the New York assessment area.

WAB operated four banking offices in New York State; one located in a low-income census tract and three in middle-income census tracts. WAB's retail banking services are accessible to all segments of its assessment area including low- and moderate-income geographies by public transportation. All branches offer hours from 8:30 am to 5:00 pm weekdays and two branches including the one in a low-income census tract offer Saturday hours from 8:30 am to 1:00 pm.

WAB also has six ATMs located on-site at the four banking offices. The ATMs allows customers to make deposits, withdrawals, transfer funds and check account balances. The ATMs located at the Flushing and Bayside branches are accessible 24 hours.

WAB provides an array of alternative delivery systems, which include a 24-hour automated telebanking system, online banking and banking by mail and by fax. WAB also has a call center staffed by customer service representatives that are available to provide assistance during regular business hours.

Below are highlights of WAB's retail products designed to benefit LMI individuals or small businesses.

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- The “Dream Checking” account is WAB’s approved alternative account to the “Basic Banking” account. It has no monthly minimum balance requirements, no monthly service fees, no per check fees and no transaction limitations. WAB had nearly 1,000 Dream Checking Accounts in New York during the evaluation period.
  - WAB offers the “Simple Business Checking” account, which requires a minimum \$100 opening deposit, it has a \$7 monthly fee and a \$1 minimum monthly balance requirement.
  - WAB offers a secured credit card program designed to help consumers and businesses with little to no credit or poor credit history to establish or rebuild their credit. The credit card is secured by a deposit account maintained at WAB and the credit limit is determined based on the amount deposited.

### **Process 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.

WAB primarily ascertains the credit needs of its community through interactions with local civic, religious and community organizations as well as customers, business owners, realtors and brokers.

- 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

WAB promotes its financial services and credit products through radio and cable television media primarily to the Korean-American community. WAB also advertises in telephone books, the bank’s website, lobby display signs and in local fundraising events.

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

DFS noted no other factors.

## GLOSSARY

### Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

### Community Development

“Community development”:

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.

### Community Development Loan

A loan that has 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.

## **Community Development Service**

Service that has community development as its *primary purpose*, 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.

## **Geography**

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

## **Home Mortgage Disclosure Act (“HMDA”)**

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

## **Income Level**

The income level for borrowers is based on household or family income. A geography's income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

## **Small Business Loan**

A small business loan is a loan less than or equal to \$1 million.

## **Low or Moderate Income ("LMI") Geographies**

Those census tracts or block numbering areas where, according to the 2000 U.S. 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 non-metropolitan median family income.

## **LMI Borrowers**

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located 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 non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development ("HUD").

## **LMI Individuals/Persons**

Individuals or persons 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 non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

### **LMI Penetration Rate**

A number that represents the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

### **Low-Income Housing Tax Credit (LIHTC)**

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

### **New Markets Tax Credit (NMTC)**

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

### **Qualified Investment**

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. 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.