



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: September 30, 2019

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 the “Bank”) 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, 2019.

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 (“GRS”) 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 institutions’ 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.

OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated WAB according to the large bank performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The assessment period included calendar years 2016, 2017 and 2018 for HMDA-reportable and small business lending activities, and the period October 1, 2016 through September 30, 2019 for community development activities. WAB is rated **“Satisfactory”** or “2,” which means WAB had a satisfactory record of helping to meet community credit needs.

This rating is based on the following factors:

LENDING TEST: “Low Satisfactory”

WAB’s small business and HMDA-reportable lending activities were adequate in light of the Bank’s size, business strategy, and financial condition, as well as aggregate and peer group activity, and the demographic characteristics and credit needs of its assessment area.

Lending Activity: “Outstanding”

WAB’s lending levels were excellent considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

WAB’s average LTD ratio of 92.2% for the evaluation period was higher than the peer group’s average ratio of 84.7%. The Bank’s average ratio for the current evaluation period was comparable to its ratio of 90.5% for the prior evaluation.

Assessment Area Concentration: “Low Satisfactory”

During the evaluation period, WAB originated 56% by number and 57.3% by dollar value of its total HMDA-reportable and small business loans within the assessment area. While this majority of combined lending inside of its assessment area reflects an adequate concentration of lending within the assessment area, the HMDA-reportable lending concentration of 48.8% by number and 51.7% by dollar value within the assessment area was deemed marginally adequate. A further decline in HMDA-reportable lending within the assessment area may warrant a downgrade for HMDA lending in the next evaluation.

Geographic Distribution of Loans: “Needs to Improve”

WAB’s origination of loans in census tracts of varying income levels demonstrated a less than adequate distribution of lending.

The distribution of HMDA-reportable loans by the income level of the geography was less than adequate. WAB’s average rates of lending in low- and moderate-income census tracts was 11.1% by number and 8.2% by dollar value, well below the aggregate’s rates of 17.7% and 20.7%, respectively. The Bank’s rates of lending in LMI census tracts also

trailed the LMI census tracts owner-occupied housing demographics of 17.1% to 17.7% for the evaluation period,

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

Distribution by Borrower Characteristics: "Low Satisfactory"

WAB's HMDA-reportable and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

The Bank's HMDA-reportable lending demonstrated a less than adequate distribution of loans among individuals of different income levels, as WAB originated 6.5% by number and 1.6% by dollar value of loans to LMI borrowers, which trailed the aggregate's rates of 7.9% and 3%, respectively. However, WAB's small business lending demonstrated a more than reasonable distribution of loans among businesses of different revenue sizes.

Community Development Lending: "Low Satisfactory"

During the evaluation period, WAB originated \$18.7 million in new community development loans and had \$5.8 million outstanding from prior evaluation periods. This demonstrated an adequate level of community development lending over the course of the evaluation period.

INVESTMENT TEST: "Low Satisfactory"

WAB's community development investments were adequate in light of the assessment area's credit needs.

Qualified Investments:

During the evaluation period, WAB made \$6.5 million in new qualified community development investments and had \$3.9 million outstanding from prior evaluation periods. In addition, WAB made \$92,000 in community development grants. This demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

Innovativeness of Community Development Investments:

WAB did not make any innovative investments to support community development during the evaluation period.

Responsiveness of Community Development Investments to Credit and Community Development Needs:

WAB's community development investments exhibited adequate responsiveness to the assessment area's credit and community development needs. The majority of WAB's new

investments were focused at providing affordable housing, which is one of the primary needs in the bank's assessment area.

SERVICE TEST: "Low Satisfactory"

Retail Banking Services: "High Satisfactory"

WAB's branch network, delivery systems, branch hours and services, and alternative delivery systems, are more than reasonable, particularly as they relate to LMI individuals, as two (40%) of the bank's five branches are in LMI census tracts.

Community Development Services: "Low Satisfactory"

WAB provided an adequate level of community development services.

WAB held a number of financial education seminars for senior citizens and impaired adults on the topic of preventing elder financial abuse. WAB also offered financial educations to small business owners and entrepreneurs.

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 GRS Part 76.

PERFORMANCE CONTEXT

Institution Profile

Established in 1984, WAB is a New York State-chartered commercial bank headquartered in New York, NY. WAB is a wholly owned subsidiary of Woori Bank, Seoul, South Korea, which is a subsidiary of Woori Financial Group, a financial holding company also located in South Korea.

WAB operates 19 branches in six states as follows: six branches in California, five branches in New York, four branches in New Jersey, two in Virginia, one in Maryland and one in Pennsylvania.

As a full-service commercial bank, WAB's five branches in New York State offer a variety of products and services. Deposit products include personal and business checking, savings, money market, certificates of deposit, and individual retirement accounts. Loan products include commercial and residential mortgage loans, small business loans, and lines of credit. Banking services offered include internet banking, instant debit card issuance, remote deposit capture, safe deposit, foreign currency exchange, and remittance services.

In its Consolidated Report of Condition (the "Call Report") as of September 30, 2019, filed with the Federal Deposit Insurance Corporation ("FDIC"), WAB reported total assets of \$2.1 billion, of which \$1.7 billion were net loans and lease financing receivables. WAB also reported total deposits of \$1.7 billion, resulting in a loan-to-deposit ratio of 93.2%. According to the latest available comparative deposit data, as of June 30, 2019, WAB had a market share of 0.05%, or \$595 million in a market of \$1.2 trillion, ranking it 56th among 107 deposit-taking institutions in the assessment area.

The following is a summary of WAB's loan portfolio, based on Schedule RC-C of the Bank's December 31, 2016, 2017, 2018 and September 30, 2019 Call Reports:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	12/31/2016		12/31/2017		12/31/2018		9/30/2019	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	262,010	19.6	258,078	18.1	299,517	19.0	362,154	21.3
Commercial & Industrial Loans	135,284	10.1	102,565	7.2	113,173	7.2	154,833	9.1
Commercial Mortgage Loans	899,825	67.2	995,111	69.7	1,058,474	67.2	1,069,313	63.0
Multifamily Mortgages	25,183	1.9	29,666	2.1	61,410	3.9	58,228	3.4
Consumer Loans	4,490	0.3	4,256	0.3	2,880	0.2	2,466	0.1
Construction Loans - Commercial	10,000	0.7	13,639	1.0	38,600	2.4	46,323	2.7
Loans to Depository Institutions	2,618	0.2	24,104	1.7	1,446	0.1	3,791	0.2
Other Loans	232	0.0	204	0.0	220	0.0	216	0.0
Total Gross Loans	1,339,642		1,427,623		1,575,720		1,697,324	

As illustrated in the above table, WAB is primarily a commercial real estate lender, with 63% of its loan portfolio in commercial real estate loans as of September 30, 2019. One-to-four family and multifamily real estate loans made up 24.7% of WAB's loan portfolio. The total volume of the Bank's real estate loans remained consistent during the evaluation period and totaled \$1.4 billion or 87.7% of the gross loan portfolio as of September 30, 2019, in line with the 88.3% recorded at the prior evaluation period.

Examiners 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

WAB's New York State assessment area is comprised of New York and Queens counties in their entirety.

There were 957 census tracts in the assessment area, of which 68 were low-income, 227 were moderate-income, 328 were middle-income, 292 were upper-income, and 42 were tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
New York	15	44	51	20	158	288	33.0
Queens	27	24	176	308	134	669	29.9
Total	42	68	227	328	292	957	30.8

Demographic & Economic Data

The assessment area had a population of 3.9 million during the evaluation period. Approximately 13.7% of the population were over the age of 65 and 16.1% were under the age of sixteen.

Of the 837,366 families in the assessment area, 26.8% were low income, 15.6% were moderate income, 15.5% were middle income, and 42.2% were upper income. There were 1.5 million households in the assessment area, of which 15.1% had income below the poverty level and 3% were on public assistance. The weighted average median family income in the assessment area was \$85,358.

There were 1.7 million housing units within the assessment area, of which 31.9% were one-to-four family units and 67.9% were multifamily units. A majority (59.7%) of the area's housing units were rental units, while 30% were owner-occupied.

Of the 1.1 million rental-occupied housing units, 41% were in LMI census tracts while 58.4% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,529.

Of the 512,640 owner-occupied housing units, 17.7% were in LMI census tracts while 81.9% were in middle- and upper-income census tracts. The median age of the housing stock was 70 years, and the median home value in the assessment area was \$606,032.

There were 319,717 non-farm businesses in the assessment area. Of these, 83.6% were businesses with reported revenues of less than or equal to \$1 million, 8.9% reported revenues of more than \$1 million, and 7.6% did not report their revenues. Of all the businesses in the assessment area, 96.2% were businesses with less than fifty employees while 89.6% operated from a single location. The largest industries in the area were services (46.5%), retail trade (13.8%), and finance, insurance & real estate (11.2%); 12.1% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the annual average unemployment rates for New York State steadily decreased during the evaluation period from 4.9% in 2016 to 4.1% in 2018. New York and Queens counties' annual average unemployment rates also decreased during the evaluation period and were consistently below the statewide average.

Assessment Area Unemployment Rate			
	Statewide	New York	Queens
2016	4.9	4.6	4.5
2017	4.7	4.1	4.0
2018	4.1	3.7	3.6
Average	4.6	4.1	4.0

Community Information

Examiners conducted community contact interviews with two nonprofit organizations operating in the Bank's assessment area to identify credit needs and opportunities within the Bank's assessment area.

The first interview was held with the director of a nonprofit organization promoting economic development by providing mentoring and financial education to small business owners. The director indicated that operating in New York City is challenging for small businesses because of the higher cost of operation and the availability of capital, compared to other areas in New York State. The director noted that some financial institutions have made monetary donations to nonprofit organizations aiding small businesses. The community contact also noted that financial institutions could offer more diverse financial programs to benefit business owners and entrepreneurs.

The second interview was held with the vice president of a nonprofit organization that has the purpose of connecting individuals and families with affordable housing. The organization believes that economic conditions have recently improved, but this in turn

increased tenant harassment in rent stabilized properties, and other predatory practices by landlords. This contact also noted that financial institutions can help LMI individuals who live in multifamily rental housing facilities build their credit by requesting that multifamily loan customers or their property management companies report tenants' positive rent payment experience to credit reporting agencies, which are known to report rent history.

Both community contact interviewees indicated that the most impactful contributions financial institutions could make to assist low- and moderate-income communities in New York City is to provide grants to support community development projects.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated WAB under the large bank performance standards in accordance with Sections 76.7, 76.8, 76.9 and 76.10 of the GRS, which consist of the lending, investment and service tests. 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.*

Finally, the evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which WAB helps to meet the credit needs of its entire community.

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 FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

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 Dun & Bradstreet updates annually, and obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2016, 2017 and 2018 for the lending test, and the period October 1, 2016 through September 30, 2019 for the community development test.

Examiners considered WAB's HMDA-reportable and small business loans in evaluating factors (2), (3) and (4) of the lending test noted below.

This was WAB's first evaluation under the large banking institution performance standards. At the prior evaluation, WAB was evaluated under the intermediate small banking institution performance standards.

At its prior Performance Evaluation as of September 30, 2016, DFS assigned WAB a rating of "2," reflecting a "Satisfactory" record of helping to meet the credit needs of WAB's communities, based on the intermediate small banking institution performance standards.

The current Performance Evaluation is based on the large banking institution performance standards.

Current CRA Rating: “Satisfactory”

LENDING TEST: “Low Satisfactory”

The Bank’s lending performance was evaluated pursuant to the following criteria:

- (1) Lending Activity;*
- (2) Assessment Area Concentration;*
- (3) Geographic Distribution of Loans;*
- (4) Borrower Characteristics;*
- (5) Community Development Lending; and*
- (6) Flexible and/or Innovative Lending Practices.*

WAB’s small business and HMDA-reportable lending activities were adequate in light of WAB’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

Lending Activity: “Outstanding”

WAB’s lending levels were excellent considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

WAB’s average LTD ratio of 92.2% for the evaluation period exceeded the peer group’s average ratio of 84.7% and was in line with the 90.5% ratio from the prior evaluation.

During the evaluation period, the Bank’s LTD ratios ranged from a low of 82.4% to a high of 96.8%, while the peer group’s average ranged from a low of 81.4% to a high of 86.9%.

The table below shows WAB’s LTD ratios in comparison with its peer group’s ratios for the twelve quarters since the prior evaluation.

Loan-to-Deposit Ratios													
	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	Avg.
Bank	90.6	92.4	96.7	82.4	96.8	93.7	94.1	91.5	91.3	91.4	88.8	96.4	92.2
Peer	81.4	83.7	83.8	83.9	83.1	84.7	85.3	85.0	85.0	86.7	86.8	86.9	84.7

Assessment Area Concentration: “Low Satisfactory”

During the evaluation period, WAB originated 56% by number and 57.3% by dollar value of its total HMDA-reportable and small business loans within its assessment area. This pattern reflects an adequate concentration of lending within WAB’s assessment area.

HMDA-Reportable Loans:

During the evaluation period, WAB originated 48.8% by number and 51.7% by dollar value of its HMDA-reportable loans within the assessment area.

WAB originated the 51.7% of its HMDA-reportable loans by dollar value within the assessment area but originated less than 50% of its HMDA-reportable loans by number inside the assessment area during the evaluation period. While this level of HMDA-reportable lending within WAB’s assessment area was deemed marginally adequate, a further decline in HMDA-reportable lending within the assessment area may warrant a downgrade for HMDA lending in the next evaluation.

Small Business Loans:

WAB originated 65.6% by number and 68.5% by dollar value of its small business loans within the assessment area during the evaluation period. This majority of lending inside of its assessment area reflects an adequate concentration of lending within WAB’s assessment area.

The following table shows the percentages of WAB’s HMDA-reportable and small business 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
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2016	7	46.7%	8	53.3%	15	7,350	59.3%	5,044	40.7%	12,394
2017	14	60.9%	9	39.1%	23	10,970	70.5%	4,592	29.5%	15,562
2018	42	46.2%	49	53.8%	91	26,340	45.0%	32,142	55.0%	58,482
Subtotal	63	48.8%	66	51.2%	129	44,660	51.7%	41,778	48.3%	86,438
Small Business										
2016	25	64.1%	14	35.9%	39	8,832	61.2%	5,589	38.8%	14,421
2017	23	71.9%	9	28.1%	32	13,001	75.8%	4,149	24.2%	17,150
2018	15	60.0%	10	40.0%	25	7,936	66.6%	3,980	33.4%	11,916
Subtotal	63	65.6%	33	34.4%	96	29,769	68.5%	13,718	31.5%	43,487
Grand Total	126	56.0%	99	44.0%	225	74,429	57.3%	55,496	42.7%	129,925

Geographic Distribution of Loans: “Needs to Improve”

WAB’s origination of loans in census tracts of varying income levels demonstrated a less than adequate distribution of lending.

HMDA-Reportable Loans:

The distribution of WAB’s HMDA-reportable loans by the income level of the geography was less than adequate.

During the evaluation period, WAB’s average rate of lending in LMI census tracts was 11.1% by number and 8.2% by dollar value, which was well below the aggregate’s rates of 17.7% and 20.7%, respectively. Furthermore, while WAB’s rates of lending in LMI census tracts trailed the aggregate’s rates each year of the evaluation period, in 2018 the Bank’s rates of 7.1% by number of loans and 2.9% by dollar value of loans were especially low when compared to the aggregate’s 18.1% and 25.7% respectively.

WAB’s annual rates of lending in LMI census tracts also compared unfavorably to the demographics of owner-occupied housing located in LMI census tracts of 17.1% to 17.7% for the evaluation period, while the aggregate’s rates were comparable.

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.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2016									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	14.3%	410	5.6%	633	2.0%	915,310	3.4%	1.4%
Moderate	0	0.0%	0	0.0%	4,427	14.0%	3,587,860	13.3%	15.7%
LMI	1	14.3%	410	5.6%	5,060	16.0%	4,503,170	16.7%	17.1%
Middle	3	42.9%	1,470	20.0%	10,121	31.9%	4,923,631	18.2%	36.5%
Upper	3	42.9%	5,470	74.4%	16,477	52.0%	17,529,598	64.9%	46.5%
Unknown	0	0.0%	0	0.0%	24	0.1%	50,159	0.2%	0.0%
Total	7		7,350		31,682		27,006,558		
2017									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	913	3.1%	1,159,368	4.2%	2.2%
Moderate	1	7.1%	320	2.9%	4,346	15.0%	5,946,712	21.5%	15.5%
LMI	1	7.1%	320	2.9%	5,259	18.1%	7,106,080	25.7%	17.7%
Middle	3	21.4%	1,224	11.2%	8,624	29.7%	4,675,920	16.9%	34.0%
Upper	10	71.4%	9,426	85.9%	15,013	51.8%	15,698,607	56.7%	47.9%
Unknown	0	0.0%	0	0.0%	102	0.4%	201,205	0.7%	0.4%
Total	14		10,970		28,998		27,681,812		
2018									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	2.4%	1,630	6.2%	920	2.8%	1,760,500	5.2%	2.2%
Moderate	4	9.5%	1,287	4.9%	5,294	16.1%	4,902,080	14.5%	15.5%
LMI	5	11.9%	2,917	11.1%	6,214	18.9%	6,662,580	19.7%	17.7%
Middle	17	40.5%	6,763	25.7%	10,481	31.8%	6,215,085	18.4%	34.0%
Upper	20	47.6%	16,660	63.2%	16,108	48.9%	20,586,790	61.0%	47.9%
Unknown	0	0.0%	0	0.0%	106	0.3%	297,970	0.9%	0.4%
Total	42		26,340		32,909		33,762,425		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	3.2%	2,040	4.6%	2,466	2.6%	3,835,178	4.3%	
Moderate	5	7.9%	1,607	3.6%	14,067	15.0%	14,436,652	16.3%	
LMI	7	11.1%	3,647	8.2%	16,533	17.7%	18,271,830	20.7%	
Middle	23	36.5%	9,457	21.2%	29,226	31.2%	15,814,636	17.9%	
Upper	33	52.4%	31,556	70.7%	47,598	50.9%	53,814,995	60.8%	
Unknown	0	0.0%	0	0.0%	232	0.2%	549,334	0.6%	
Total	63		44,660						

Small Business Loans:

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

During the evaluation period, WAB originated 20.6% by number and 21.7% by dollar value of its small business loans in LMI census tracts. These rates exceeded the aggregate's rates of 18.9% and 15.4%, respectively.

In 2016 the Bank outperformed the aggregate's small business lending in low- and moderate-income census tracts. In 2017, the Bank originated no loans to small businesses in low-income census tracts but outperformed the aggregate in moderate-income census tracts. In 2018, the Bank originated only one loan to a small business in a moderate-income census tract but outperformed the aggregate in small business lending in low-income census tracts.

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.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2016									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	8.0%	450	5.1%	5,781	4.5%	170,100	4.1%	5.2%
Moderate	4	16.0%	1,450	16.4%	18,703	14.6%	491,983	12.0%	15.5%
LMI	6	24.0%	1,900	21.5%	24,484	19.1%	662,083	16.1%	20.7%
Middle	5	20.0%	2,510	28.4%	28,777	22.5%	736,182	18.0%	21.1%
Upper	14	56.0%	4,422	50.1%	69,117	54.0%	2,430,722	59.3%	53.6%
Unknown	0	0.0%	0	0.0%	5,642	4.4%	271,234	6.6%	4.6%
Total	25		8,832		128,020		4,100,221		
2017									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	7,131	5.4%	184,310	4.2%	5.8%
Moderate	4	17.4%	2,900	22.3%	17,586	13.3%	472,366	10.8%	14.2%
LMI	4	17.4%	2,900	22.3%	24,717	18.7%	656,676	15.0%	20.0%
Middle	6	26.1%	4,746	36.5%	23,736	18.0%	611,023	14.0%	17.9%
Upper	12	52.2%	4,555	35.0%	79,124	59.9%	2,872,977	65.6%	57.8%
Unknown	1	4.3%	800	6.2%	4,521	3.4%	235,772	5.4%	4.4%
Total	23		13,001		132,098		4,376,448		
2018									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	13.3%	1,401	17.7%	7,893	5.5%	186,569	4.2%	5.9%
Moderate	1	6.7%	245	3.1%	19,086	13.4%	486,636	11.0%	14.2%
LMI	3	20.0%	1,646	20.7%	26,979	18.9%	673,205	15.2%	20.1%
Middle	3	20.0%	1,710	21.5%	25,670	18.0%	639,110	14.4%	17.7%
Upper	9	60.0%	4,580	57.7%	85,217	59.7%	2,877,555	64.9%	57.9%
Unknown	0	0.0%	0	0.0%	4,961	3.5%	246,091	5.5%	4.4%
Total	15		7,936		142,827		4,435,961		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	6.3%	1,851	6.2%	20,805	5.2%	540,979	4.2%	
Moderate	9	14.3%	4,595	15.4%	55,375	13.7%	1,450,985	11.2%	
LMI	13	20.6%	6,446	21.7%	76,180	18.9%	1,991,964	15.4%	
Middle	14	22.2%	8,966	30.1%	78,183	19.4%	1,986,315	15.4%	
Upper	35	55.6%	13,557	45.5%	233,458	57.9%	8,181,254	63.4%	
Unknown	1	1.6%	800	2.7%	15,124	3.8%	753,097	5.8%	
Total	63		29,769		402,945		12,912,630		

Distribution by Borrower Characteristics: “Low Satisfactory”

WAB’s HMDA-reportable and small business lending demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes.

HMDA 1-4 Family Reportable Loans:

WAB’s HMDA-reportable lending demonstrated a less than adequate distribution of loans among individuals of different income levels.

During the evaluation period, WAB originated 6.5% by number and 1.6% by dollar value of loans to LMI borrowers. These rates were below the aggregate’s rates of 7.9% and 3%, respectively.

In 2016 and 2017, the Bank originated no loans to LMI borrowers. The average rates of lending to LMI borrowers, for both the Bank and the aggregate, were well below the percentage of the assessment area’s LMI family demographics of 42.4%. This low level of lending to LMI borrowers (80% or less than the average median family income of \$79,248) can be partly attributed to the high average median housing price of \$579,512 in the Bank’s assessment area during the evaluation period.

The following table provides a summary of the distribution of WAB’s 1-4 family loans by borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	539	1.8%	159,231	0.8%	26.1%
Moderate	0	0.0%	0	0.0%	1,901	6.2%	421,893	2.1%	16.2%
LMI	0	0.0%	0	0.0%	2,440	8.0%	581,124	2.9%	42.3%
Middle	0	0.0%	0	0.0%	5,130	16.8%	1,512,149	7.6%	16.7%
Upper	4	57.1%	1,660	22.6%	20,895	68.5%	15,339,170	77.0%	41.0%
Unknown	3	42.9%	5,690	77.4%	2,018	6.6%	2,484,561	12.5%	
Total	7		7,350		30,483		19,917,004		
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	453	1.6%	133,992	0.7%	26.8%
Moderate	0	0.0%	0	0.0%	1,516	5.4%	329,494	1.8%	15.6%
LMI	0	0.0%	0	0.0%	1,969	7.0%	463,486	2.5%	42.4%
Middle	2	14.3%	750	6.8%	4,738	16.9%	1,409,368	7.6%	15.5%
Upper	12	85.7%	10,220	93.2%	19,483	69.4%	14,436,088	78.3%	42.2%
Unknown	0	0.0%	0	0.0%	1,895	6.7%	2,116,802	11.5%	
Total	14		10,970		28,085		18,425,744		
2018									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	2.4%	140	0.6%	699	2.3%	251,915	1.3%	26.8%
Moderate	3	7.3%	555	2.2%	1,930	6.2%	440,930	2.3%	15.6%
LMI	4	9.8%	695	2.8%	2,629	8.5%	692,845	3.6%	42.4%
Middle	7	17.1%	2,283	9.2%	5,285	17.1%	1,597,715	8.3%	15.5%
Upper	29	70.7%	16,732	67.7%	20,964	67.7%	14,366,850	74.7%	42.2%
Unknown	1	2.4%	5,000	20.2%	2,104	6.8%	2,586,500	13.4%	
Total	41		24,710		30,982		19,243,910		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	1.6%	140	0.3%	1,691	1.9%	545,138	0.9%	
Moderate	3	4.8%	555	1.3%	5,347	6.0%	1,192,317	2.1%	
LMI	4	6.5%	695	1.6%	7,038	7.9%	1,737,455	3.0%	
Middle	9	14.5%	3,033	7.0%	15,153	16.9%	4,519,232	7.8%	
Upper	45	72.6%	28,612	66.5%	61,342	68.5%	44,142,108	76.7%	
Unknown	4	6.5%	10,690	24.8%	6,017	6.7%	7,187,863	12.5%	
Total	62		43,030						

Small Business Loans:

WAB's small business lending demonstrated a more than reasonable distribution of loans among businesses of different revenue sizes.

During the evaluation period, WAB originated 61.9% by number and 57.6% by dollar value of loans to businesses with annual revenues of \$1 million or less, outperforming the aggregate's rates of 44.5% and 28.1%, respectively. Overall, lending rates for both the

Bank and the aggregate were well below the assessment area's business demographic percentage of businesses with annual revenues of \$1 million or less.

In 2016 and 2018, WAB's annual rates of lending by number and dollar value significantly exceeded those of the aggregate, while in 2017 WAB's lending rates of 26.1% by number and 26.4% by dollar value trailed the aggregate's 50.1% and 32.1%, respectively.

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

Distribution of Small Business Lending by Revenue Size of Business									
2016									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	20	80.0%	6,952	78.7%	55,273	43.2%	1,058,639	25.8%	82.9%
Rev. > \$1MM	5	20.0%	1,880	21.3%					9.4%
Rev. Unknown		0.0%		0.0%					7.7%
Total	25		8,832		128,020		4,100,221		
2017									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	6	26.1%	3,436	26.4%	66,175	50.1%	1,406,097	32.1%	83.1%
Rev. > \$1MM	17	73.9%	9,565	73.6%					9.3%
Rev. Unknown		0.0%		0.0%					7.6%
Total	23		13,001		132,098		4,376,448		
2018									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	13	86.7%	6,756	85.1%	57,675	40.4%	1,158,649	26.1%	83.6%
Rev. > \$1MM	2	13.3%	1,180	14.9%					8.9%
Rev. Unknown		0.0%		0.0%					7.6%
Total	15		7,936		142,827		4,435,961		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	39	61.9%	17,144	57.6%		44.5%		28.1%	
Rev. > \$1MM	24	38.1%	12,625	42.4%					
Rev. Unknown		0.0%		0.0%					
Total	63		29,769						

Community Development Lending: "Low Satisfactory"

During the evaluation period, WAB originated \$18.7 million in new community development loans and had \$5.8 million outstanding from prior evaluation periods. This demonstrated an adequate level of community development lending over the course of the evaluation period.

Loan proceeds supported affordable housing, economic development, revitalization projects, and helped provide community services to LMI individuals and communities.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	2	3,430	1	242
Economic Development	1	5,500	1	5,541
Community Services	3	9,029		
Revitalize/Stabilize	1	775		
Total	7	18,734	2	5,783

Below are highlights of WAB's community development lending:

- WAB made a commercial mortgage loan to help refinance two existing loans totaling \$5.5 million for a property located in a low-income census tract in the Flushing section of Queens. The subject property contains various retail stores, and professional and medical offices that provide services to LMI individuals.
- WAB originated two loans for a total of \$3.5 million to an organization that provides various services to Korean immigrants and the wider Asian community. Services include immigration assistance, access to healthcare, job training, education and social programs. These services are provided at no cost to those in need.

Flexible and/or Innovative Lending Practices:

WAB made occasional use of innovative lending practices to meet the credit needs of the communities it serves. From July to December 2019, the Bank offered special residential mortgage loan programs that provided borrowers with closing cost credits of up to \$7,000, to assist first-time homebuyers, and borrowers who sought to purchase or refinance a home in an LMI area.

Below are highlights of WAB's special loan programs:

- Affordable Housing Program - This loan program offered individuals who wanted to buy or refinance a home located in a low or moderate-income area the opportunity to receive up to \$7,000 to help pay for loan closing costs.
- First Time Home Buyer Program - This loan program offered first-time homebuyers, who had not owned a property within the last three years closing cost assistance of up to \$7,000.

INVESTMENT TEST: “Low Satisfactory”

DFS evaluated WAB’s investment performance pursuant to the following criteria:

- (1) The dollar amount of qualified investments;*
- (2) The innovativeness or complexity of qualified investments; and*
- (3) The responsiveness of qualified investments to the credit and community development needs of the assessment area.*

WAB’s qualified investments were adequate in light of the assessment area’s credit needs.

Qualified Investments: “Low Satisfactory”

During the evaluation period, WAB made \$6.5 million in new qualified community development investments and had \$3.9 million outstanding from prior evaluation periods. In addition, WAB made \$92,000 in community development grants. This demonstrated an adequate level of community development investments and grants over the course of the evaluation period. The level of WAB’s qualified investments was an improvement from the \$4.5 million in qualified investments made during the prior evaluation period.

Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	3	5,770	4	3,856
Economic Development	3	750		
Community Services				
Other				
Total	6	6,520	4	3,856
CD Grants	Grants	\$000	Not Applicable	
Affordable Housing	5	16		
Economic Development	9	27		
Community Services	28	49		
Other				
Total	42	92		

Below are highlights of WAB’s qualified investments:

- WAB purchased a \$4.9 million bond issued by a housing development corporation to fund the creation and preservation of affordable housing in New York City.
- WAB invested \$550,000 in a mutual fund to finance 22 affordable housing developments throughout New York and Queens counties that provided a combined 3,368 affordable housing units for LMI residents.

Below are highlights of WAB's qualified grants:

- WAB made \$12,000 in grants through the Woori Scholarship Foundation. The grants were made to six graduating high school students from low- and moderate-income families. Each student was awarded \$2,000 for demonstrating academic excellence and strong leadership.
- WAB made \$11,000 in donations to a nonprofit housing services organization in New York City. The organization revitalizes underserved neighborhoods by creating and preserving affordable housing. The organization also provides homeownership education and financial assistance to local residents.
- WAB made \$6,000 in donations to a CDFI that plans and promotes revitalization of the Jamaica section of Queens County. The organization manages a loan fund to provide alternative financing for local small businesses.

Innovativeness of Community Development Investments:

WAB did not make any innovative investments to support community development during the evaluation period.

Responsiveness of Community Development Investments to Credit and Community Development Needs:

WAB's community development investments exhibited adequate responsiveness to the assessment area's credit and community development needs. A majority of WAB's investments were for the purpose of affordable housing, one of the primary needs in the Bank's assessment area.

SERVICE TEST: "Low Satisfactory"

DFS evaluated WAB's retail service performance pursuant to the following criteria:

- (1) The current distribution of the banking institution's branches;*
- (2) The institution's record of opening and closing branches;*
- (3) The availability and effectiveness of alternative systems for delivering retail services;*
and
- (4) The range of services provided.*

DFS evaluated WAB's community development service performance pursuant to the following criteria:

- (1) The extent to which the banking institution provides community development services;*
and
- (2) The innovativeness and responsiveness of community development services.*

Retail Banking Services: “High Satisfactory”

WAB has a more than reasonable branch network, delivery systems, branch hours and services, and alternative delivery systems, particularly as they relate to LMI individuals.

Current distribution of the banking institution’s branches:

WAB has a more than reasonable distribution of branches within its assessment area.

The Bank conducts its retail business from five full-service branches in New York, of which one is in New York County and four are in Queens County. Two of the branches in Queens County are in moderate-income census tracts, and the remaining three branches are in middle- or upper-income census tracts. While WAB does not have any branches in low-income census tracts, its 39th Avenue branch in Flushing, Queens is adjacent to a low-income census tract. The Bank’s distribution of branches compares favorably to the demographic data which indicates LMI geographies make up 30.8% of the assessment area.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
New York					1	1	0%
Queens			2	2		4	50%
Total			2	2	1	5	40%

Record of opening and closing branches:

WAB’s record of opening and closing branches has improved the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.

During the first quarter of 2017, WAB opened a full-service branch in a moderate-income census tract in Queens County. The branch provides retail banking products and services to individuals and businesses and offers a 24-hours accessible deposit-taking ATM.

WAB did not close any branches during the evaluation period.

Availability and effectiveness of alternative systems for delivering retail services:

WAB’s delivery systems are readily accessible to significant portions of the Bank’s assessment area, particularly LMI geographies and individuals.

WAB offers a toll-free telephone line that allows customers to make account, product and service inquiries during regular business hours. The Bank also offers free online banking and bill payment services, available through its website. In 2018, the Bank launched

mobile banking, allowing its customers to view their account history and pay bills from mobile devices. WAB also offers online services, mobile services, remote deposit capture and business debit cards for its small business customers.

Range of services provided:

WAB's services meet the convenience and accessibility needs of its assessment area, particularly LMI geographies and individuals.

WAB provides various deposit and loan products through its branches in its assessment area. The branch hours are reasonable, ranging from 8:30 AM to 5:00 PM. Two of the branches, located in a moderate- and middle-income census tract, offer Saturday hours from 9:00 AM to 1:00 PM. In addition, the Bank offers seven deposit-taking ATMs at its branches. While only four of the ATMs are accessible 24 hours, three of them are located at the two branches located in moderate-income census tracts.

WAB also offers several low-cost checking accounts (Dream Checking, Student Access Checking, and Small Business Checking) that are designed to benefit LMI individuals and small businesses. The features of these accounts include no minimum balances requirements, no maintenance and ATM transaction fees. The Small Business Checking account offers a low minimum balance of \$1.00 and a fixed, low monthly maintenance fee of \$7.00.

Community Development Services: "Low Satisfactory"

WAB provided an adequate level of community development services.

WAB held a number of financial education seminars for senior citizens and impaired adults on the topic of preventing elder financial abuse. WAB also held financial education seminars for small business owners and entrepreneurs.

During the current evaluation period, WAB partnered with a nonprofit organization to provide a Volunteer Income Tax Assistance program to offer free tax preparation services to LMI individuals. The Bank plans to offer this program in all of its branches in the future.

Below is a description of a few of WAB's community development services:

- WAB employees participated in a small business fair in Woodside, NY, hosted by a nonprofit organization. The event provided advice, business assistance, support services, financing advice, and assistance with MWBE certification for small business owners. WAB's senior vice president serves on the board of the organization.
- WAB employees participated in events sponsored by a community-based organization held at a local high school. The employees provided education on low cost banking products and the prevention of elder financial abuse.

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- WAB partnered with a nonprofit organization that hosted a financial education seminar for small business owners and entrepreneurs in the local community. The topics included financial planning, budgeting and hiring and training employees

Additional Factors

The following factors were also considered in assessing WAB's record of performance.

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 reviews and approves the Bank's CRA policy annually. The periodic CRA Committee meeting minutes are presented and discussed at the Board Compliance Committee meetings ("BCC"), and the BCC meeting minutes are presented and discussed at the board meetings. At the Bank's CRA Committee meetings, the committee reviews the Bank's overall CRA activities, and quarterly self-assessment report, to ensure an effective CRA program.

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 examiners did not note evidence of practices by WAB intended to discourage applications for the types of credit offered by WAB.

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

DFS examiners did not note evidence of prohibited, discriminatory or other illegal practices.

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 officers make visits and/or calls to current and prospective customers in the community. Bank officers also participate with local organizations in an effort to determine their needs. The CRA Officer also visits community groups to seek partnering arrangements for service activities. WAB also supports local and regional charities and nonprofit organizations within their assessment area with an emphasis on supporting housing assistance, small business development and community support services.

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- *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 newspaper advertisements, primarily to the Korean-American community. WAB also advertises in telephone books, at local fundraising events, on its website, and lobby display signs.

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

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 examiners noted no other factors.

GLOSSARY

Aggregate Lending

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 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 Metropolitan Statistical Area ("MSA") or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
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 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.