PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Date of Evaluation: December 31, 2019

Institution: Israel Discount Bank of New York
1114 Avenue of the Americas
New York, NY 10017

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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</tr>
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</table>
GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Israel Discount Bank of New York ("IDB Bank" 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 December 31, 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

Overall CRA Rating: “Outstanding”

DFS evaluated IDB Bank’s performance according to the community development test for wholesale or limited purpose banking institutions pursuant to Section 76.11 of the GRS. The assessment period covered January 1, 2017 through December 31, 2019. IDB Bank is rated “1” indicating an “Outstanding” record of helping to meet community credit needs. This rating is the same rating that the Bank received at its prior DFS Performance Evaluation dated December 31, 2016.

This rating is based on the following criteria:

Community Development Test:

IDB Bank’s community development performance demonstrated an excellent level of community development loans, services and qualified investments, considering IDB Bank’s capacity and the need and availability of such opportunities for community development in its assessment area.

Community Development Lending:

During the evaluation period, IDB Bank originated $204.7 million in new community development loans and had $129.7 million outstanding from prior evaluation periods.

Qualified Investments:

During the evaluation period, IDB Bank made $605,846 in new qualified investments and had $15.5 million investments outstanding from prior evaluation periods. In addition, the Bank made a total of $434,730 in grants during the evaluation period.

Community Development Services:

During the evaluation period, IDB Bank management served on the board or committees of various community development organizations that provide services and to LMI individuals and communities. In addition, the Bank also participated in a work-study program for LMI students and provided financial and technical assistance to small business owners.

Innovative or Complex Practices

IDB Bank demonstrated an adequate level of innovative or flexible community development practices.
Responsiveness to Credit and Community Development Needs

IDB Bank demonstrated an excellent level of responsiveness to credit and community development needs.

*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 General Regulations of the Superintendent.*
Institution Profile

IDB Bank is a full-service commercial bank chartered by New York State. IDB Bank is a subsidiary of Israel Discount Bank Limited, which is headquartered in Tel Aviv, Israel and is one of the largest commercial banks in Israel.

IDB Bank operates seven full-service branches in four states: three offices in New York; one office in New Jersey; one office in Florida; and two offices in California. The Bank also operates a loan production office on Long Island, New York.

IDB Bank offers a variety of products and services such as: personal and business accounts; various checking accounts; money market savings accounts; U.S. dollar and foreign currency time deposits; visa credit cards; ATM and debit cards; online banking; traveler’s checks; money orders; direct deposit of social security; and other recurring payments. Other services include: commercial real estate lending; letters of credit; private banking; time deposits with principal protection; middle-market lending; asset-based lending; nonprofit and healthcare lending; money transfers; lockbox facilities; cash management; and safekeeping and custody of securities. Through its affiliates, IDB Bank offers an array of non-deposit investment products that are not FDIC-insured.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2019, filed with the Federal Deposit Insurance Corporation (“FDIC”), IDB Bank reported total assets of $9.8 billion, of which $6.8 billion were net loans and lease financing receivables. IDB Bank also reported total deposits of $8.2 billion, resulting in a loan-to-deposit ratio of 82.9%. According to the latest comparative deposit data, as of June 30, 2019, IDB Bank had a market share of 0.46%, or $7.2 billion in a market of $1.6 trillion, ranking it 23rd among 131 deposit-taking institutions in its assessment area.

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

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000's</td>
<td>%</td>
<td>$000's</td>
</tr>
<tr>
<td>1-4 Family Residential Mortgage Loans</td>
<td>71,481</td>
<td>1.2</td>
<td>70,712</td>
</tr>
<tr>
<td>Commercial &amp; Industrial Loans</td>
<td>2,363,420</td>
<td>39.6</td>
<td>2,480,618</td>
</tr>
<tr>
<td>Commercial Mortgage Loans</td>
<td>1,670,544</td>
<td>28.0</td>
<td>1,461,374</td>
</tr>
<tr>
<td>Multifamily Mortgages</td>
<td>411,851</td>
<td>6.9</td>
<td>484,666</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>48,613</td>
<td>0.8</td>
<td>48,450</td>
</tr>
<tr>
<td>Loans to Nondepository Institutions</td>
<td>232,696</td>
<td>3.9</td>
<td>281,789</td>
</tr>
<tr>
<td>Construction Loans</td>
<td>151,307</td>
<td>2.5</td>
<td>184,664</td>
</tr>
<tr>
<td>Loan to Depository Institutions</td>
<td>2,332</td>
<td>0.0</td>
<td>830</td>
</tr>
<tr>
<td>Other Loans</td>
<td>1,016,421</td>
<td>17.0</td>
<td>1,190,203</td>
</tr>
<tr>
<td>Total Gross Loans</td>
<td>5,968,665</td>
<td></td>
<td>6,203,306</td>
</tr>
</tbody>
</table>

TOTAL GROSS LOANS OUTSTANDING
As illustrated in the above table, as of December 31, 2019, IDB Bank was primarily a commercial lender, with 66.4% of its loan portfolio in commercial mortgages and commercial and industrial loans.

Examiners did not find evidence of financial or legal impediments that had an adverse impact on IDB Bank’s ability to meet the credit needs of its community.

Assessment Area

Since the prior evaluation period, IDB Bank reduced its New York State assessment area by removing Orange and Dutchess counties, and now serves Bronx, Kings, Nassau, New York, Putnam, Queens, Richmond, Rockland, Suffolk and Westchester counties.

There are 3,081 census tracts in IDB Bank’s New York State assessment area, of which 313 are low-income, 701 are moderate-income, 1040 are middle-income, 946 are upper-income, and 81 are census tracts with no income indicated.

<table>
<thead>
<tr>
<th>Assessment Area Census Tracts by Income Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>County</td>
</tr>
<tr>
<td>Putnam</td>
</tr>
<tr>
<td>Richmond</td>
</tr>
<tr>
<td>Nassau</td>
</tr>
<tr>
<td>Westchester</td>
</tr>
<tr>
<td>Rockland</td>
</tr>
<tr>
<td>Suffolk</td>
</tr>
<tr>
<td>Queens</td>
</tr>
<tr>
<td>New York</td>
</tr>
<tr>
<td>Kings</td>
</tr>
<tr>
<td>Bronx</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

The assessment area appears reasonable based upon the location of the Bank’s offices and its lending patterns. There is no evidence that IDB Bank has arbitrarily excluded LMI areas.

Demographic & Economic Data

The New York State assessment area had a population of 12.7 million during the evaluation period. Approximately 13.6% of the population were over the age of 65 and 19.4% were under the age of sixteen.

Of the 2,909,090 families in the New York assessment area, 27.7% were low-income, 16.1% were moderate-income, 17.1% were middle-income and 39.1% were upper-income families. There were 4,522,786 households in the assessment area, of which 15.7% had income below the poverty level and 3.5% were on public assistance.
The weighted average median family income in the assessment area was $86,080.

There were 4,972,438 housing units within the assessment area, of which 53.2% were one-to-four family units and 46.5% were multifamily units. Approximately 49.9% of the area’s housing units were rental units, while 41.1% were owner-occupied. Of the 2,479,021 rental-occupied housing units, 49.5% were in LMI census tracts while 50.3% were in middle- and upper-income census tracts. Of the 2,043,765 owner-occupied housing units, 16% were in LMI census tracts, while 83.9% were in middle- and upper-income census tracts. The median age of the housing stock was 73 years, and the median home value in the assessment area was $515,248.

There were 1,022,919 non-farm businesses in the assessment area. Of these, 88.2% were businesses with reported revenues of less than or equal to $1 million, 5.7% reported revenues of more than $1 million, and 6.1% did not report their revenues. Of all the businesses in the assessment area, 97.2% were businesses with less than fifty employees while 92.6% operated from a single location. The largest industries in the area were services (43.1%), retail trade (13.6%), and finance, insurance and real estate (8.8%); 16.7% 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 was 4.4% for the evaluation period. The annual average unemployment rates for New York State decreased in all years of the evaluation period, as it did for all counties in IDB Bank’s assessment area. Bronx County had the highest unemployment rates throughout the evaluation period, while Nassau County consistently had the lowest rates.

<table>
<thead>
<tr>
<th>Assessment Area Unemployment Rate</th>
<th>Statewide</th>
<th>Bronx</th>
<th>Kings</th>
<th>Nassau</th>
<th>New York</th>
<th>Putnam</th>
<th>Queens</th>
<th>Richmond</th>
<th>Rockland</th>
<th>Suffolk</th>
<th>Westchester</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>4.7%</td>
<td>6.3%</td>
<td>4.7%</td>
<td>4.1%</td>
<td>4.6%</td>
<td>4.2%</td>
<td>4.1%</td>
<td>4.7%</td>
<td>4.3%</td>
<td>4.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>2018</td>
<td>4.1%</td>
<td>5.8%</td>
<td>4.3%</td>
<td>3.5%</td>
<td>4.2%</td>
<td>3.7%</td>
<td>3.7%</td>
<td>4.2%</td>
<td>3.7%</td>
<td>3.8%</td>
<td>3.9%</td>
</tr>
<tr>
<td>2019</td>
<td>4.0%</td>
<td>5.4%</td>
<td>4.1%</td>
<td>3.4%</td>
<td>3.9%</td>
<td>3.7%</td>
<td>4.6%</td>
<td>4.6%</td>
<td>4.4%</td>
<td>4.5%</td>
<td>4.1%</td>
</tr>
<tr>
<td>2017</td>
<td>4.7%</td>
<td>4.6%</td>
<td>4.0%</td>
<td>4.0%</td>
<td>6.2%</td>
<td>6.2%</td>
<td>3.5%</td>
<td>3.9%</td>
<td>3.6%</td>
<td>3.7%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Average</td>
<td>4.4%</td>
<td>5.5%</td>
<td>4.3%</td>
<td>3.8%</td>
<td>4.7%</td>
<td>4.5%</td>
<td>4.0%</td>
<td>4.4%</td>
<td>4.0%</td>
<td>4.1%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

**Community Information**

Examiners conducted a community contact interview with the manager of a community development organization that promotes economic development through providing financing to small businesses. Since its creation, the organization has made millions of dollars in loans to small businesses and provided job training to many entrepreneurs and small business owners.

The interviewee noted that the current global pandemic has taken a toll on the overall economy, resulting in small businesses closing and small business owners and employees being left without income. The interviewee also noted that there is a high
demand for capital and financial education, and while several local financial institutions have donated funds, institutions could provide further assistance by collaborating with community development organizations and participating in financial education seminars.
PERFORMANCE TEST AND ASSESSMENT FACTORS

DFS evaluated IDB Bank under the wholesale banks performance standards pursuant to the “community development test,” as provided in Section 76.11 of the General Regulations of the Superintendent. Performance criteria include (1) the number and amount of community development loans, qualified investments or community development services; (2) the use of innovative or complex qualified investments, community development loans or community development services and the extent to which investments are not routinely provided by private investors; and (3) the banking institution’s responsiveness to credit and community development needs. In addition, the following factors are also considered in assessing IDB Bank’s record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications; evidence of prohibited discriminatory or other illegal credit practices; the Bank’s record of opening and closing offices and providing services at offices; and 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 a banking institution is helping to meet the credit needs of its entire community.

The assessment period included calendar years 2017, 2018 and 2019.

At its prior Performance Evaluation, as of December 31, 2016, DFS assigned IDB Bank a rating of “1” reflecting an “Outstanding” record of helping to meet community credit needs.

**Current CRA Rating:** “Outstanding”

**Community Development Test:**

IDB Bank’s community development performance demonstrated an excellent level of community development loans, services and qualified investments, considering IDB Bank’s capacity and the need and availability of such opportunities for community development in its assessment area.

**Community Development Lending:**

IDB Bank originated $204.7 million in new community development loans during the evaluation period and had $129.7 million outstanding from prior evaluation periods. This resulted in a total of $334.5 million in community development loans for the current three-year evaluation period and increase from the $285.7 million credited during the prior, four-year evaluation period.

A majority of the community development loans supported community services by providing financing to health-related facilities and organizations that provide services
primarily to LMI individuals and communities.

<table>
<thead>
<tr>
<th>Purpose</th>
<th>This Evaluation Period</th>
<th>Outstandings from Prior Evaluation Periods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
<td>4</td>
<td>30,900</td>
</tr>
<tr>
<td>Economic Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Services</td>
<td>13</td>
<td>158,834</td>
</tr>
<tr>
<td>Revitalize and Stabilize</td>
<td>1</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18</strong></td>
<td><strong>204,734</strong></td>
</tr>
</tbody>
</table>

Below are highlights of the Bank’s community development lending.

**Economic Development:**

- IDB Bank extended a $29.4 million line of credit to a livery leasing company located in a low-income census tract in Bronx County. Through the leasing of its vehicles at slightly more favorable terms, the company helps create and retain jobs for low-income individuals, while servicing LMI communities and individuals.

**Community Services:**

- The Bank took a $27.6 million participation in a loan to refinance an existing debt and provide working capital for a 320-bed skilled nursing facility. The facility is in a low-income census tract in Kings County, and most of its patients are Medicaid recipients.

- IDB Bank extended $22 million as a part of a $59 million syndicated mortgage loan to refinance a 14-story 480-bed nursing home located in the Bronx. The nursing home provides skilled nursing care to patients that are primarily Medicaid recipients.

- The Bank took a $20.7 million participation in a mortgage loan to finance the acquisition of a nonprofit nursing home located in a low-income census tract in Bronx County. The nursing home serves the needs of its local LMI community, with approximately 75% of its beds occupied by patients from within a 2-mile radius; most patients are Medicaid recipients. The nursing home provides long-term care, physical and occupational therapy and hospice services.

**Revitalize and Stabilize:**

- IDB Bank originated a $15 million mortgage loan for the acquisition and renovation of a financially distressed nursing home located in a low-income tract in Bronx
County. The loan helped to revitalize low-income geographies, create employment opportunities and provide skilled nursing home care for LMI individuals.

**Qualified Investments:**

IDB Bank made $605,846 in new qualified investments and had $15.5 million in investments outstanding from prior evaluation periods. In addition, the Bank made $434,730 in grants during the evaluation period. This resulted in a total of $16.1 million in qualified investments and grants for the evaluation period, which was a decrease from the $27.6 million credited during the prior evaluation period.

<table>
<thead>
<tr>
<th>Qualified Investments and Grants</th>
<th>This Evaluation Period</th>
<th>Outstandings from Prior Evaluation Periods</th>
</tr>
</thead>
<tbody>
<tr>
<td>CD Investments</td>
<td># of Inv.</td>
<td>$000</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>1</td>
<td>606</td>
</tr>
<tr>
<td>Economic Development</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Community Services</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Revitalize &amp; Stabilize</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>606</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CD Grants</th>
<th># of Grants</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Economic Development</td>
<td>8</td>
<td>44</td>
</tr>
<tr>
<td>Community Services</td>
<td>73</td>
<td>390</td>
</tr>
<tr>
<td>Revitalize &amp; Stabilize</td>
<td>82</td>
<td>435</td>
</tr>
<tr>
<td>Total</td>
<td>82</td>
<td>435</td>
</tr>
</tbody>
</table>

Below is a description of the Bank’s qualified investments and grants.

**Investments:**

During the evaluation period, IDB Bank purchased $3.6 million in Government National Mortgage Association mortgage-backed securities, of which $605,846 were collateralized by residential mortgage loans to low- and moderate-income borrowers within the Bank’s New York assessment area.

**Grants:**

- IDB Bank contributed $60,500 to a nonprofit organization that assists individuals and families in need by providing food, housing, mental and medical care.

- IDB Bank contributed $49,250 to an organization that provides various services to individuals with disabilities including education and workforce development.
• IDB Bank contributed $30,140 to an organization that provides various services for low-income seniors and victims of elder abuse. Services offered include vision care, therapeutic activities, assisted living programs, memory care, senior housing, and elder abuse prevention.

• IDB Bank contributed $16,800 to a nonprofit organization located in Kings County that assists small businesses and startup businesses by providing educational seminars, networking opportunities, and access to capital.

Community Development Services:

During the evaluation period, IDB Bank management served as board members or committee members of community development organizations that provide services and programs to LMI individuals and communities. In addition, the Bank participated in a work-study program for LMI students and provided financial and technical assistance to small business owners.

Below are highlights of the Bank’s community development services:

• Six members of IDB Bank’s senior management team served on the board or committees of several community development organizations that provide youth programs, health care services, alcohol and drug addiction programs, elder care, home care, and pre-kindergarten education. The organizations also offer services and programs for at-risk children, poverty, hunger, illiteracy, and violence.

• Members of the Bank’s senior management participated in a corporate work-study program offered in collaboration with a private high school in New York City. The school provides access to quality college preparatory education for students from low-income families. The program enables students to directly contribute to the cost of their education by working one day a week in entry-level positions, while gaining valuable work experience.

• Two members of IDB Bank’s senior management provided financial literacy education to low- and moderate-income students attending a nonprofit performing arts organization dedicated to helping inner-city public-school children. The organization provides various programs at no cost, including dance, music, drama, life skills development, academic tutoring, college preparation, and after-school and summer programs.

• A vice president of the Bank served on the loan committee of a nonprofit organization that promotes economic development. This person reviews business plans, balance sheets, and cash flow statements of young entrepreneurs and small businesses and provides financial advice.
A senior vice president of the Bank served on the board of an organization that supports startup businesses, existing businesses, minority, and women-owned businesses.

Innovative Practices

IDB Bank demonstrated an adequate level of innovative or flexible community development practices through its collaboration with community development organizations that serve LMI individuals and communities. To help support community development, the Bank provided financing to organizations by buying bonds and structuring them as loans and keeping costs and interest rates low.

Responsiveness to Credit and Community Development Needs

IDB bank demonstrated an excellent level of responsiveness to credit and community development needs. The Bank provided substantial community development loans that supported community services and economic development and community development services that provided financial education to students and small businesses.

Additional Factors

The extent of participation by the banking institution’s Board of Directors in formulating the banking institution’s policies and reviewing its performance with respect to the purposes of the CRA

The board of directors and senior management team manage IDB Bank’s CRA program. The Bank’s CRA program, as well as its CRA assessment and community development activity plan are reviewed and approved annually by the board. The board appoints the CRA officer who is responsible for administering and monitoring the Bank’s CRA program. The board received CRA training most recently in September of 2018, and updates to the CRA program, and the CRA assessment and community development activity plan were made in July 2019.

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 did not note evidence of any practices that were intended to discourage applications for the types of credit offered by the institution.

- Evidence of prohibited discriminatory or other illegal credit practices.

DFS did not note any evidence of prohibited discriminatory or other illegal practices.
The banking institution’s record of opening and closing offices and providing services at offices

IDB Bank did not open or close any branch offices during the evaluation period.

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.

IDB Bank ascertains its community credit needs indirectly through business development activities and involvement with nonprofit organizations, some of which the Bank has had long-standing relationships.

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

As a wholesale bank, IDB Bank does not offer retail services and only does limited marketing. However, IDB Bank actively engages and supports several community organizations involved in a variety of community development activities.

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 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.

Banking Development District ("BDD") Program

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at https://www.dfs.ny.gov and search for the BDD Program.

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

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

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 2010 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 Block Numbering Areas (“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.

**Minority Depository Institutions ("MDIs")**

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

**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.

**Paycheck Protection Program (“PPP”) Loans**

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small businesses cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%.