



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

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** June 30, 2020

**Institution:** Amerasia Bank  
41-06 Main Street  
Flushing, NY 11355

**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.

## TABLE OF CONTENTS

	Section
General Information .....	1
Overview of Institution's Performance .....	2
Performance Context.....	3
Institution Profile	
Assessment Area	
Demographic & Economic Data	
Community Information	
Performance Tests and Assessment Factors .....	4
Lending Test	
Investment Test	
Service Test	
Additional Factors	
Glossary .....	5

---

## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Amerasia Bank (“AB” 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 Bank’s CRA performance based on an evaluation conducted as of June 30, 2020.

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 the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such evaluation 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 AB according to the intermediate small banking institution performance criteria pursuant to Parts 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2016, 2017, 2018 and 2019 for the lending test and the period July 1, 2015 through June 30, 2020 for community development activities. AB is rated "2," indicating a "**Satisfactory**" record of helping to meet community credit needs.

The rating is based on the following factors:

**Lending Test:** "Outstanding"

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

AB's average loan-to-deposit ("LTD") ratio was excellent considering its size, business strategy, and financial condition, as well as the lending activity of its peer group and the demographic characteristics and credit needs of its assessment area.

AB's average LTD ratio of 101.9% exceeded the peer group's average rate of 82%. AB's quarterly LTD ratio ranged from a low of 95.3% to a high of 105.7% during the evaluation period. For the same period, AB's peer group's ratio ranged from a low of 80% to a high of 83.2%.

**Assessment Area Concentration:** "Outstanding"

During the evaluation period, AB originated 100% by number and 100% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating an excellent concentration of lending.

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

AB's lending demonstrated a reasonable distribution of loans among individuals of different income levels and businesses of different revenue sizes.

AB's rate of lending to businesses with revenues of \$1 million or less outperformed the aggregate's rates of lending. However, the Bank's rate of lending for 1-4 family mortgage loans trailed the aggregate's rates. As a primarily commercial lender, 67% by number of the Bank's 1-4 family mortgage loans were made for investment purpose for which borrower income is not required to be reported for HMDA purposes.

**Geographic Distribution of Loans:** "Outstanding"

AB's origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

AB's HMDA-reportable and small business lending rates in LMI geographies exceeded the aggregate's rates.

---

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

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

**Community Development Test: “Satisfactory”**

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

Community Development Lending: “Satisfactory”

During the evaluation period, AB originated \$30.8 million in new community development loans and had \$1 million outstanding from prior evaluation periods. This demonstrated a reasonable level of community development lending over the course of the evaluation period. SB’s community development loans included PPP loans that assisted small businesses and LMI communities impacted by COVID-19.

Qualified Investments: “Satisfactory”

During the evaluation period, AB made \$1.2 million in new qualified investments and had no outstanding investments from prior evaluation periods. In addition, AB made \$118,790 in qualified grants. This demonstrated a reasonable level of qualified investments over the course of the evaluation period.

Community Development Services: “Needs to Improve”

AB demonstrated a less than adequate level of community development services over the course of the evaluation period.

AB’s community development services were limited to the performance of two members of the Bank’s management, a director of the Bank, and the use of the Bank’s community room by various civic and nonprofit organizations to conduct community activities and events during the evaluation period.

Responsiveness to Community Development Needs:

AB demonstrated a reasonable 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 GRS Part 76.*

---

## **PERFORMANCE CONTEXT**

### **Institution Profile**

Chartered in 1988, AB is a New York State-chartered commercial bank headquartered in Flushing, New York. The Bank is a designated minority depository institution (“MDI”) that operates two full-service branches in Queens County.

AB offers various commercial and consumer services and products. Services include one-to-four family residential mortgage, multifamily mortgage, commercial real estate, and consumer loans. Deposit products include personal and business checking accounts, money market accounts, certificates of deposit, and individual retirement accounts. Alternative banking services include direct deposit, safe deposit boxes, online banking, e-statements, debit cards, and remote deposit capture. The Bank also offers trade finance, letters of credit and international collection.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2019, filed with the Federal Deposit Insurance Corporation (“FDIC”), AB reported total assets of \$691.9 million, of which \$603.9 million were net loans and lease finance receivables. AB also reported total deposits of \$589.7 million, resulting in a loan-to-deposit ratio of 102.4%. According to the latest available comparative deposit data as of June 30, 2019, AB had a market share of 0.03%, or \$439.8 million in a market of \$1.3 trillion, ranking it 57<sup>th</sup> among 111 deposit-taking institutions in AB’s assessment area.

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

<b>TOTAL GROSS LOANS</b>								
Loan Type	12/31/2016		12/31/2017		12/31/2018		12/31/2019	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	91,517	19.2	122,846	23.0	125,344	22.6	132,758	21.8
Commercial & Industrial Loans	16,529	3.5	14,108	2.6	12,205	2.2	12,328	2.0
Commercial Mortgage Loans	263,427	55.4	272,105	51.0	280,323	50.5	315,534	51.7
Multifamily Mortgages	59,289	12.5	76,945	14.4	85,733	15.4	111,757	18.3
Consumer Loans	486	0.1	317	0.1	339	0.1	1,285	0.2
Construction Loans	20,793	4.4	34,317	6.4	32,942	5.9	23,029	3.8
Agricultural/Farmland Loans	3,274	0.7	2,947	0.6	3,164	0.6	2,986	0.5
Loans to depository institutions	20,000	4.2	10,000	1.9	15,000	2.7	10,000	1.6
Other Loans	124	0.0	135	0.0	230	0.0	357	0.1
<b>Total Gross Loans</b>	<b>475,439</b>		<b>533,720</b>		<b>555,280</b>		<b>610,034</b>	

As illustrated in the above table, AB is primarily a commercial lender, with 51.7% of its loan portfolio in commercial mortgage loans. Residential real estate lending constitutes a secondary focus with 21.8% of the loan portfolio in 1-4 family residential mortgage loans and 18.3% in multifamily mortgages.

---

AB operates two branches located in Flushing and Elmhurst, Queens County. Supplementing the branch offices are two full-service deposit-taking automated teller machines (“ATM”), one at each branch.

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

**Assessment Area**

The Bank’s assessment area is comprised of Kings, New York and Queens counties.

There are 1,718 census tracts in the assessment area, of which 145 were low-income, 463 were moderate-income, 554 were middle-income, 500 were upper-income and 56 were tracts with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Kings	14	95	260	230	162	761	47
New York	15	34	57	21	161	288	32
Queens	27	16	146	303	177	669	24
Total	56	145	463	554	500	1,718	35

*The assessment area appears reasonable based upon the location of AB’s offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.*

**Demographic & Economic Data**

The assessment area had a population of 6,525,905 during the evaluation period. Approximately 13% of the population were over the age of 65 and 18.1% were under the age of sixteen.

Of the 1,423,260 families in the assessment area, 30.4% were low-income, 16.1% were moderate-income, 15.8% were middle-income and 37.8% were upper-income families. There were 2,462,849 households in the assessment area, of which 17.7% had income below the poverty level and 3.6% were on public assistance.

The weighted average of median family income in the assessment area was \$75,263.

There were 2,723,760 housing units within the assessment area, of which 38.3% were one-to-four family units, and 61.5% were multifamily units. A majority (61.6%) of the area’s housing units were rental units, while 28.8% were owner-occupied units. Of the 1,677,492 rental units, 46.1% were in low- and moderate-income census tracts while 53.5% were in middle- and upper-income census tracts. The median age of the housing stock was 71 years and the median home value in the assessment area was \$593,392.

There were 550,906 non-farm businesses in the assessment area. Of these, 87.8% were businesses with reported revenues of less than or equal to \$1 million, 6.2% reported revenues of more than \$1 million and 6% did not report their revenues. Of all the businesses in the assessment area, 97.1% were businesses with less than fifty employees while 92.3% operated from a single location. The largest industries in the assessment area were services (42.2%), retail trade (13.9%) and finance, insurance and real estate (9.4%); 18.9% 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 steadily declined from 4.9% in 2016, to 4% in 2019. The three counties in the assessment area followed the same trend. The annual average unemployment rates for Kings County were slightly higher than the rates for New York State, while New York and Queens counties had lower unemployment rates than New York State. The steady improvements in unemployment rates were indicative of an improving local economy. The effects of Covid-19 pandemic are not represented in the numbers below, which cover 2016-2019 only.

<b>Assessment Area Unemployment Rate</b>				
	New York State	Kings	New York	Queens
2016	4.9%	5.3%	4.6%	4.5%
2017	4.7%	4.7%	4.1%	4.1%
2018	4.1%	4.3%	3.7%	3.7%
2019	4.0%	4.1%	3.5%	3.5%
Average	4.4%	4.6%	4.0%	4.0%

### **Community Information**

DFS examiners conducted two community contact interviews that serve LMI communities and small businesses in the assessment area. The first interview was held with a program manager responsible for a municipal program administered by the City of New York that serves small businesses. The program offers services and resources for women in underserved communities to bridge the gender gap in entrepreneurship. Services offered include workshops, counseling and mentoring. The second interview was with a senior program manager of an organization whose mission is to improve the economic prospects of LMI entrepreneurs and their communities. The organization provides resources, training, financial literacy and offers loan programs.

Both interviewees noted that although banks lend in the assessment area, small, startup businesses have difficulty obtaining loans because they lack performance history and/or do not meet revenue requirements. They also noted that local financial institutions could better address the need of micro loans, financial literacy, business plan writing, and donating space for organizations to hold workshops.



---

## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS evaluated AB under the intermediate small banking institution performance standards in accordance with Sections 76.7 and 76.12 of the GRS, which consist of the lending test and the community development test.*

*The lending test includes:*

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

*The community development test includes:*

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

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

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

DFS derived statistics employed in this evaluation from various sources. AB 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 used LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from the 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. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2016, 2017, 2018 and 2019 for lending activities and the period July 1, 2015 through June 30, 2020 for community development activities.

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

AB was not required to report HMDA loan data during the evaluation period because the Bank's HMDA lending volume was below the HMDA reporting threshold requirement. In addition, as an intermediate small bank, AB is not required to annually report small business loan data. As a result, AB's lending data for both HMDA-reportable and small business loans were not included in the aggregate lending data. The aggregate data are shown only for comparative purposes.

AB reported its Paycheck Protection Program ("PPP") Loans as community development loans during the current evaluation. AB was given credit for 139 PPP loans in the amount of \$10.5 million under the community development test for the current evaluation period.

At its **prior** Performance Evaluation, as of June 30, 2015, DFS assigned AB a rating of "2," reflecting a "Satisfactory" record of helping to meet its community credit needs.

**Current CRA Rating: "Satisfactory"**

**Lending Test:** "Outstanding"

AB's HMDA-reportable and small business activities were excellent in light of AB's size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of the assessment area.

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

AB's lending levels were excellent considering its size, business strategy, financial condition and peer group activity.

AB's average LTD ratio of 101.9% for the evaluation period outperformed the peer group's average ratio of 82%. AB's quarterly average LTD ratios ranged from a low of 95.3% (Q1 2017) to a high of 105.7% (Q1 2018).

The table below shows AB's LTD ratios in comparison with the peer group's ratios for the 16 quarters since the prior evaluation.

<b>Loan-to-Deposit Ratios</b>																	
	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	Avg.
Bank	100.3	101.3	98.8	103.0	95.3	99.9	101.4	103.5	105.7	105.8	103.5	102.5	101.7	104.1	101.0	102.4	101.9
Peer	80.0	81.3	81.2	81.1	80.4	81.7	82.1	82.2	81.7	82.8	83.2	83.1	82.2	83.2	82.9	82.4	82.0

**Assessment Area Concentration:** "Outstanding"

During the evaluation period, AB originated 100% of its HMDA-reportable and small business loans within the assessment area, demonstrating an excellent concentration of lending.

The following table shows the percentages of AB’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
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable</b>										
2016	21	100.0%	0	0.0%	21	25,238	100.0%	0	0.0%	25,238
2017	22	100.0%	0	0.0%	22	27,080	100.0%	0	0.0%	27,080
2018	16	100.0%	0	0.0%	16	26,247	100.0%	0	0.0%	26,247
2019	24	100.0%	0	0.0%	24	57,558	100.0%	0	0.0%	57,558
Subtotal	83	100.0%	0	0.0%	83	136,123	100.0%	0	0.0%	136,123
<b>Small Business</b>										
2016	18	100.0%	0	0.0%	18	8,399	100.0%	0	0.0%	8,399
2017	21	100.0%	0	0.0%	21	11,755	100.0%	0	0.0%	11,755
2018	23	100.0%	0	0.0%	23	9,508	100.0%	0	0.0%	9,508
2019	19	100.0%	0	0.0%	19	10,160	100.0%	0	0.0%	10,160
Subtotal	81	100.0%	0	0.0%	81	39,822	100.0%	0	0.0%	39,822
Grand Total	164	100.0%	0	0.0%	164	175,945	100.0%	0	0.0%	175,945

Distribution by Borrower Characteristics: “Satisfactory”

AB’s lending demonstrated a reasonable distribution of loan among individuals of different income levels and businesses of different revenue sizes.

HMDA-Reportable 1-4 Family Mortgage Loans:

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

AB’s overall rates of lending to LMI borrowers was 5.5% by number and 0.8% by dollar value of loans, compared to the aggregate’s lending rates of 7.6% and 3.1%, respectively. These rates of lending include loans for which no borrower income was reported.

As a commercial lender, the majority of AB’s 1-4 family mortgage loans (67.3% by number and 84.1% by dollar value) were made for investment properties, for which the borrower’s income is not required to be reported for HMDA purposes. With respect to 1-4 family mortgage loans for which the borrower’s income was reported, three were made to LMI borrowers, representing 16.7% by number and 14.2% by dollar value of the loans with borrower income reported.

The following table provides a summary of the distribution of AB’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	2	13.3%	275	2.8%	849	1.9%	254,527	0.9%	30.1%
Moderate	0	0.0%	0	0.0%	2,792	6.1%	640,498	2.3%	17.2%
LMI	2	13.3%	275	2.8%	3,641	8.0%	895,025	3.2%	47.2%
Middle	0	0.0%	0	0.0%	7,646	16.8%	2,335,992	8.3%	16.7%
Upper	3	20.0%	916	9.2%	31,010	68.2%	21,762,718	77.0%	36.1%
Unknown	10	66.7%	8,806	88.1%	3,168	7.0%	3,284,638	11.6%	
<b>Total</b>	<b>15</b>		<b>9,997</b>		<b>45,465</b>		<b>28,278,373</b>		
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	688	1.6%	204,680	0.8%	30.4%
Moderate	0	0.0%	0	0.0%	2,297	5.4%	521,184	1.9%	16.1%
LMI	0	0.0%	0	0.0%	2,985	7.0%	725,864	2.7%	46.5%
Middle	2	12.5%	499	2.8%	6,956	16.3%	2,126,898	7.8%	15.8%
Upper	4	25.0%	2,052	11.4%	29,773	69.7%	21,482,977	79.0%	37.8%
Unknown	10	62.5%	15,416	85.8%	2,972	7.0%	2,870,072	10.5%	
<b>Total</b>	<b>16</b>		<b>17,967</b>		<b>42,686</b>		<b>27,205,811</b>		
2018									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,071	2.2%	371,105	1.3%	30.4%
Moderate	0	0.0%	0	0.0%	2,914	6.0%	681,920	2.3%	16.1%
LMI	0	0.0%	0	0.0%	3,985	8.2%	1,053,025	3.6%	46.5%
Middle	0	0.0%	0	0.0%	7,828	16.2%	2,408,630	8.2%	15.8%
Upper	4	40.0%	2,360	30.6%	33,166	68.6%	22,077,950	75.6%	37.8%
Unknown	6	60.0%	5,348	69.4%	3,399	7.0%	3,668,675	12.6%	
<b>Total</b>	<b>10</b>		<b>7,708</b>		<b>48,378</b>		<b>29,208,280</b>		
2019									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,066	2.0%	407,840	1.1%	30.4%
Moderate	1	7.1%	181	0.9%	2,738	5.1%	723,510	1.9%	16.1%
LMI	1	7.1%	181	0.9%	3,804	7.1%	1,131,350	3.0%	46.5%
Middle	0	0.0%	0	0.0%	8,073	15.0%	2,669,625	7.2%	15.8%
Upper	2	14.3%	2,650	13.0%	37,222	69.3%	28,598,760	76.7%	37.8%
Unknown	11	78.6%	17,580	86.1%	4,605	8.6%	4,890,065	13.1%	
<b>Total</b>	<b>14</b>		<b>20,411</b>		<b>53,704</b>		<b>37,289,800</b>		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	3.6%	275	0.5%		1.9%		1.0%	
Moderate	1	1.8%	181	0.3%		5.6%		2.1%	
LMI	3	5.5%	456	0.8%	14,411	7.6%	3,805,264	3.1%	
Middle	2	3.6%	499	0.9%		16.0%		7.8%	
Upper	13	23.6%	7,978	14.2%		69.0%		77.0%	
Unknown	37	67.3%	47,150	84.1%		7.4%		12.1%	
<b>Total</b>	<b>55</b>		<b>56,083</b>		<b>190,233</b>		<b>121,982,264</b>		

Small Business Loans:

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

During the evaluation period, AB's rates of lending to small businesses with revenues of \$1 million or less averaged 84% by number and 89.8% by dollar value, outperforming the aggregate's rates of 46% and 29.6%, respectively. The Bank's rates of lending to small businesses with revenues of \$1 million or less exceeded the aggregate's rates of lending during the evaluation period; in 2017, the Bank originated 100% of its small business loans to small businesses with revenues of \$1 million or less. In addition, AB's lending rates to small business with revenues of \$1 million or less was comparable to the assessment area's demographics of small businesses with revenue of \$1 million or less, which ranged from 85.2% to 87.8% for the evaluation period.

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

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2016</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. < = \$1MM	15	83.3%	7,074	84.2%	88,911	45.4%	1,590,019	28.2%	85.2%
Rev. > \$1MM	3	16.7%	1,325	15.8%					7.9%
Rev. Unknown		0.0%		0.0%					6.9%
<b>Total</b>	<b>18</b>		<b>8,399</b>		<b>195,740</b>		<b>5,629,721</b>		
<b>2017</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. < = \$1MM	21	100.0%	11,755	100.0%	105,774	51.7%	2,100,386	34.1%	85.5%
Rev. > \$1MM		0.0%		0.0%					7.8%
Rev. Unknown		0.0%		0.0%					6.8%
<b>Total</b>	<b>21</b>		<b>11,755</b>		<b>204,480</b>		<b>6,151,932</b>		
<b>2018</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. < = \$1MM	18	78.3%	8,158	85.8%	90,170	41.0%	1,776,549	27.9%	85.8%
Rev. > \$1MM	5	21.7%	1,350	14.2%					7.5%
Rev. Unknown		0.0%		0.0%					6.8%
<b>Total</b>	<b>23</b>		<b>9,508</b>		<b>219,892</b>		<b>6,357,647</b>		
<b>2019</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. < = \$1MM	14	73.7%	8,760	86.2%	111,494	46.0%	1,943,178	28.3%	87.8%
Rev. > \$1MM	5	26.3%	1,400	13.8%					6.2%
Rev. Unknown		0.0%		0.0%					6.0%
<b>Total</b>	<b>19</b>		<b>10,160</b>		<b>242,431</b>		<b>6,870,904</b>		
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Rev. < = \$1MM	68	84.0%	35,747	89.8%		46.0%		29.6%	
Rev. > \$1MM	13	16.0%	4,075	10.2%					
Rev. Unknown	-	0.0%	-	0.0%					
<b>Total</b>	<b>81</b>		<b>39,822</b>		<b>862,543</b>		<b>25,010,204</b>		

---

Geographic Distribution of Loans: “Outstanding”

AB’s origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

HMDA-Reportable Loans:

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

During the evaluation period, AB originated 72.3% by number of loans and 70.4% by dollar value of its HMDA-reportable loans in LMI census tracts. These rates were significantly higher than those of the aggregate’s 24.7% and 26%, respectively. In addition, AB’s rates of lending in LMI census tracts during the evaluation period exceeded the LMI owner-occupied demographic levels of 20.1% to 25.5% for the evaluation period.

The following table provides a summary of the distribution of AB’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	4	19.0%	7,700	30.5%	2,310	4.9%	2,181,524	5.7%	3.8%
Moderate	8	38.1%	9,811	38.9%	9,694	20.4%	7,432,453	19.5%	21.7%
LMI	12	57.1%	17,511	69.4%	12,004	25.3%	9,613,977	25.2%	25.5%
Middle	4	19.0%	1,590	6.3%	14,914	31.4%	7,782,086	20.4%	35.9%
Upper	5	23.8%	6,137	24.3%	20,556	43.3%	20,666,443	54.2%	38.7%
Unknown		0.0%		0.0%	29	0.1%	55,965	0.1%	
<b>Total</b>	<b>21</b>		<b>25,238</b>		<b>47,503</b>		<b>38,118,471</b>		
2017									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	31.8%	7,482	27.6%	2,395	5.4%	2,385,254	6.2%	3.9%
Moderate	9	40.9%	14,800	54.7%	8,789	19.8%	8,989,198	23.2%	20.7%
LMI	16	72.7%	22,282	82.3%	11,184	25.2%	11,374,452	29.3%	24.6%
Middle	2	9.1%	449	1.7%	13,184	29.7%	7,296,231	18.8%	34.5%
Upper	4	18.2%	4,349	16.1%	19,872	44.8%	19,898,819	51.3%	40.6%
Unknown		0.0%		0.0%	116	0.3%	213,102	0.5%	0.3%
<b>Total</b>	<b>22</b>		<b>27,080</b>		<b>44,356</b>		<b>38,782,604</b>		
2018									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	37.5%	16,299	62.1%	2,989	5.8%	3,824,395	7.5%	3.9%
Moderate	6	37.5%	5,738	21.9%	11,102	21.4%	10,804,350	21.3%	20.7%
LMI	12	75.0%	22,037	84.0%	14,091	27.2%	14,628,745	28.9%	24.6%
Middle	1	6.3%	750	2.9%	15,900	30.7%	9,985,960	19.7%	34.5%
Upper	3	18.8%	3,460	13.2%	21,692	41.9%	25,737,620	50.8%	40.6%
Unknown		0.0%		0.0%	113	0.2%	304,045	0.6%	0.3%
<b>Total</b>	<b>16</b>		<b>26,247</b>		<b>51,796</b>		<b>50,656,370</b>		
2019									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	8.3%	749	1.3%	2,263	4.0%	3,328,095	5.5%	2.8%
Moderate	18	75.0%	33,264	57.8%	10,027	17.7%	9,894,755	16.4%	17.3%
LMI	20	83.3%	34,013	59.1%	12,290	21.7%	13,222,850	22.0%	20.1%
Middle	3	12.5%	7,045	12.2%	16,794	29.6%	12,142,320	20.2%	33.9%
Upper	1	4.2%	16,500	28.7%	27,495	48.5%	34,362,185	57.1%	45.7%
Unknown		0.0%		0.0%	151	0.3%	436,715	0.7%	0.3%
<b>Total</b>	<b>24</b>		<b>57,558</b>		<b>56,730</b>		<b>60,164,070</b>		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	19	22.9%	32,230	23.7%		5.0%		6.2%	
Moderate	41	49.4%	63,613	46.7%		19.8%		19.8%	
LMI	60	72.3%	95,843	70.4%	49,561	24.7%	48,840,024	26.0%	
Middle	10	12.0%	9,834	7.2%		30.3%		19.8%	
Upper	13	15.7%	30,446	22.4%		44.7%		53.6%	
Unknown		0.0%		0.0%		0.2%		0.5%	
<b>Total</b>	<b>83</b>		<b>136,123</b>		<b>200,385</b>		<b>187,721,515</b>		

---

*Small Business Loans:*

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

AB originated 64.2% by number and 64.4% by dollar value of its small business loans in LMI census tracts, well above the aggregate's rates of 31.2% and 26.2%, respectively. Furthermore, the Bank's rates of lending in LMI census tracts exceeded the aggregate's rates for each year of the evaluation period.

AB's rates of lending to small businesses in LMI census tracts was more than double the demographics for small businesses (27% to 30.8%) located in LMI census tracts for each year of the evaluation period.

The following table provides a summary of the distribution of AB'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	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	22.2%	1,795	21.4%	18,894	9.7%	464,715	8.3%	8.5%
Moderate	8	44.4%	3,124	37.2%	43,892	22.4%	1,029,508	18.3%	22.3%
LMI	12	66.7%	4,919	58.6%	62,786	32.1%	1,494,223	26.5%	30.8%
Middle	5	27.8%	3,280	39.1%	45,963	23.5%	1,144,869	20.3%	22.5%
Upper	1	5.6%	200	2.4%	80,354	41.1%	2,662,457	47.3%	43.1%
Unknown		0.0%		0.0%	6,637	3.4%	328,172	5.8%	3.6%
<b>Total</b>	<b>18</b>		<b>8,399</b>		<b>195,740</b>		<b>5,629,721</b>		
2017									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	33.3%	4,500	38.3%	21,794	10.7%	531,645	8.6%	8.7%
Moderate	7	33.3%	3,241	27.6%	41,721	20.4%	1,045,825	17.0%	20.6%
LMI	14	66.7%	7,741	65.9%	63,515	31.1%	1,577,470	25.6%	29.2%
Middle	5	23.8%	2,774	23.6%	40,401	19.8%	1,032,536	16.8%	20.1%
Upper	2	9.5%	1,240	10.5%	95,223	46.6%	3,249,412	52.8%	47.4%
Unknown		0.0%		0.0%	5,341	2.6%	292,514	4.8%	3.4%
<b>Total</b>	<b>21</b>		<b>11,755</b>		<b>204,480</b>		<b>6,151,932</b>		
2018									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	21.7%	1,545	16.2%	22,139	10.1%	556,975	8.8%	8.7%
Moderate	9	39.1%	4,206	44.2%	45,114	20.5%	1,120,254	17.6%	20.5%
LMI	14	60.9%	5,751	60.5%	67,253	30.6%	1,677,229	26.4%	29.1%
Middle	5	21.7%	1,854	19.5%	43,611	19.8%	1,069,020	16.8%	20.0%
Upper	4	17.4%	1,903	20.0%	103,102	46.9%	3,301,211	51.9%	47.6%
Unknown		0.0%		0.0%	5,926	2.7%	310,187	4.9%	3.3%
<b>Total</b>	<b>23</b>		<b>9,508</b>		<b>219,892</b>		<b>6,357,647</b>		
2019									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	18636	7.7%	446,394	6.5%	6.3%
Moderate	12	63.2%	7,229	71.2%	49354	20.4%	1,199,743	17.5%	20.7%
LMI	12	63.2%	7,229	71.2%	67,990	28.1%	1,646,137	24.0%	27.0%
Middle	6	31.6%	2,581	25.4%	50468	20.8%	1,217,763	17.7%	21.0%
Upper	1	5.3%	350	3.4%	116867	48.2%	3,610,463	52.6%	48.9%
Unknown		0.0%		0.0%	6,988	2.9%	394,512	5.7%	3.1%
<b>Total</b>	<b>19</b>		<b>10,160</b>		<b>242,313</b>		<b>6,868,875</b>		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	16	19.8%	7,840	19.7%		9.4%		8.0%	
Moderate	36	44.4%	17,800	44.7%		20.9%		17.6%	
LMI	52	64.2%	25,640	64.4%		30.3%		25.6%	
Middle	21	25.9%	10,489	26.3%		20.9%		17.9%	
Upper	8	9.9%	3,693	9.3%		45.9%		51.3%	
Unknown	-	0.0%	-	0.0%		2.9%		5.3%	
<b>Total</b>	<b>81</b>		<b>39,822</b>		<b>862,425</b>		<b>25,008,175</b>		

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

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

---

**Community Development Test:** “Satisfactory”

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

**Community Development Lending:** “Satisfactory”

During the evaluation period, AB originated \$30.8 million in new community development loans and had \$1 million outstanding from prior evaluation periods. This demonstrated a reasonable level of community development lending over the course of the evaluation period. SB’s community development loans included \$10.5 million in PPP loans that assisted small businesses and LMI communities impacted by the COVID-19 pandemic.<sup>1</sup>

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	13	18,006	3	1,006
Economic Development	42	2,304		
Community Services	1	900		
Revitalize and Stabilize	98	9,577		
<b>Total</b>	<b>154</b>	<b>30,787</b>	<b>3</b>	<b>1,006</b>

Below are highlights of AB’s community development lending.

**Affordable Housing**

- AB refinanced a \$6.4 million commercial real estate mortgage involving two mixed-use properties and one residential property. A majority of the units are affordable housing and the properties are located in lower Manhattan in low-income census tracts.
- AB extended a \$2.2 million commercial mortgage to refinance a two-story apartment building with 20 apartments in Rosedale, NY. The majority of the apartments provide affordable housing for LMI individuals and families.
- AB financed \$700,000 to assist in the purchase of a six-family residential property, located in Ridgewood, NY. All units are rent-stabilized and provide affordable housing for LMI individuals and families.

---

<sup>1</sup> The Bank cannot resubmit these PPP loans in the next evaluation period under either the community development or the small business lending tests.

---

## Economic Development / Revitalization and Stabilization

- AB's community development lending includes 139 PPP loans in the amount of \$10.5 million extended to assist small businesses and help stabilize communities affected by the COVID-19 pandemic. These loans helped businesses in LMI census tracts and communities located within the Bank's assessment area retain jobs for LMI individuals.
- AB refinanced a \$1.3 million construction loan for the renovation of a church building in a low-income census tract in Flushing, NY. The church provides services to new immigrants including employment assistance workshops.

### Qualified Investments: "Satisfactory"

During the evaluation period, AB made \$1.2 million in new qualified investments and had no investments outstanding from prior evaluation periods. In addition, AB made \$118,790 in qualified grants. This demonstrated a reasonable level of qualified investments over the course of the evaluation period.

Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Economic Development	5	1,196		
<b>Total</b>	<b>5</b>	<b>1,196</b>	<b>0</b>	<b>0</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	5	38		
Community Services	7	81		
<b>Total</b>	<b>12</b>	<b>119</b>		

Below are highlights of AB's qualified investments and grants.

### *Investments*

- During the evaluation period, the Bank had two certificates of deposit of \$249,000 each at a certified community development financial institution ("CDFI"). Each certificate of deposit renewed once during the evaluation period. The CDFI serves the needs of underserved consumers and small businesses by providing affordable banking products and services including SBA financing, depository and loan products designed to help small businesses, entrepreneurs, the unbanked and underserved consumers.
- AB had a \$200,000 certificate of deposit at a CDFI, which is also a minority depository institution. The CDFI promotes local economic growth through banking products and services. The financial institution is located in a low-income census tract in Kings County, serving the local LMI and immigrant communities in Kings and Queens counties.

---

### *Grants*

- AB donated \$37,923 to a community organization located in Queens County that provides free community services to LMI individuals, including a food pantry and mobile medical services.
- The Bank made grants totaling \$30,000 to a nonprofit organization dedicated to providing assistance and services to victims of domestic violence, human trafficking, sexual assault, child abuse and neglect.

### Community Development Services: “Needs to Improve”

AB demonstrated a less than adequate level of community development services over the course of the evaluation period.

AB’s community development services were limited to the activities of two members of Bank management, a director of the Bank, and the use of the Bank’s community room by various civic and nonprofit organizations to conduct community activities and events during the evaluation period.

Below are highlights of AB’s community development services.

- A director of the bank serves on the board of a local community organization that serves low-income immigrants and families. The organization provides free language classes, meals on wheels, food pantry and other social services and resources.
- An executive vice president serves on the board of a business association in Queens County that provides assistance to new immigrants and start-up businesses including a start-up mentorship program.
- During the evaluation period, community and nonprofit groups made use of the Bank’s community rooms. In particular, it was used by New York City’s Department of Finance and a New York City Council member who held a seminar about the city’s Amnesty Program. The amnesty was a three-month program whereby interests and penalties on any outstanding fines and/or violations were waived. The seminar targeted primarily small business owners and building owners of Flushing, Queens.

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

AB did not use innovative investments to support community development during the evaluation period.

---

### Responsiveness to Community Development Needs:

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

### **Additional Factors**

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

AB's board of directors annually reviews and approves the Bank's CRA program and related activities. The Board also appoints and approves the Bank's CRA officer, who provides the board with periodic reports to keep the board abreast on the Bank's CRA performance.

#### **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 practices by AB intended to discourage applications for the types of credit offered by AB.

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

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

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

As of the evaluation date, AB operated two branch offices in Queens County, one in a low-income census tract and one in a moderate-income tract. AB's branch network was supplemented by full-service ATMs at both branches. During the evaluation period, the Bank did not open or close any branches.

Lobby hours for both branches are Monday through Saturday 9:00AM to 4:00PM with extended hours on Friday from 9:00AM to 7:00PM.

AB customers could perform a variety of banking services through alternative channels such as online and mobile banking. Customers can use online banking to pay bills, view account information, and perform remote check deposits and internal transfers.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Queens	-	1	1	-	-	2	100%
<b>Total</b>	-	1	1	-	-	2	100%

### 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.

AB determines the banking and financial needs of its community through its involvement in local charitable organizations. In addition, AB's staff attends and participates in community events and seminars held at the Bank's community room that are hosted by local, civic and nonprofit organizations.

- 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

AB's marketing efforts included advertisements in local newspapers and community events journals.

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

During the examination, AB extended an additional \$896,000 in PPP loans to borrowers outside its assessment area but within New York State to assist small businesses during the COVID-19 pandemic.

## **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 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.

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

## **Small Business Loan**

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

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

Those census tracts or block numbering areas where, according to the 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](http://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 business 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%.