



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: September 30, 2020

Institution: NewBank
146-01 Northern Blvd
Flushing, NY 11354

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of NewBank (“NB” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of September 30, 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 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

The Department evaluated NB according to the intermediate small banking performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2015 through 2019 for lending activities and January 1, 2017 through September 30, 2020 for community development activities. NB is rated “**2**”, indicating a “**Satisfactory**” record of helping to meet community credit needs.

The rating is based on the following factors:

Lending Test: Satisfactory

NB's small business lending activities were reasonable considering its size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

Loan-to-Deposit Ratio and Other Lending-Related Activities: Satisfactory

NB's average loan-to-deposit (“LTD”) ratio was reasonable considering its size, business strategy, financial condition and peer group activity.

NB's average LTD ratio of 76.1% was just below the peer's average ratio of 80.7%. NB's LTD ratios represented the Bank's operations across all offices, including those outside the New York assessment area.

Assessment Area Concentration: Outstanding

During the evaluation period, NB originated 93.3% by number and 92.5% by dollar value of its small business loans within the assessment area, demonstrating an excellent concentration of lending.

Distribution by Borrower Characteristics: Satisfactory

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

Geographic Distribution of Loans: Satisfactory

NB's origination of loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

Action Taken in Response to Written Complaints with Respect to CRA: N/A

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

Community Development Test: Satisfactory

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

This was NB's first evaluation under the community development test as an ISB.

Community Development Lending: Outstanding

During the evaluation period, NB originated \$30.4 million in new community development loans and had no loans outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

NB's community lending activity involved revitalization and/or stabilization of LMI geographies.

Qualified Investments: Needs to Improve

NB made \$500,000 in new qualified investments and had no outstanding investments from prior evaluation periods. In addition, NB made \$32,285 in grants. This demonstrated a less than adequate level of qualified investments and grants over the course of the evaluation period.

Community Development Services: Needs to Improve

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

NB's community development services were limited to a Bank officer who worked with two nonprofit organizations.

Responsiveness to Community Development Needs:

NB 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 2006, NewBank (“NB”) is a commercial bank headquartered in Flushing, New York.

NB operates three bank branches in New York, two of which are located in Queens County (Queens) and one of which located in New York County (Manhattan). All three branches are open Monday through Friday from 8:30 AM to 5:00 PM, and the branches in Queens, one of which is in a moderate-income census tract, are open on Saturdays from 9:00 AM to 1:00 PM. The two branches in Queens also offer full service automated teller machine (“ATM”) service, and retail customers have surcharge-free access to approximately 32,000 ATMs nationwide through the MoneyPass Network. NB also operates three bank branches in New Jersey.

NB offers traditional banking products such as checking and savings accounts to individuals and businesses, while its primary lending focus is on small business loans including loans guaranteed by the Small Business Administration (“SBA”).

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2019, filed with the Federal Deposit Insurance Corporation (“FDIC”), NB reported total assets of \$451.4 million, of which \$241.2 million were net loans and lease financing receivables. It also reported total deposits of \$389.3 million, resulting in a LTD ratio of 62%. According to the latest available comparative deposit data, as of June 30, 2019, NB had a market share of 0.02%, or \$262.9 million in a market of \$1.5 billion, ranking it 87th among 131 deposit-taking institutions in the assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2015, 2016, 2017, 2018, 2019 Call Reports:

TOTAL GROSS LOANS OUTSTANDING										
Loan Type	2015		2016		2017		2018		2019	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mtg. Loans	1,701	1.0	1,091	0.6	691	0.3	674	0.3	656	0.3
Commercial & Industrial Loans	80,092	46.8	101,020	51.7	104,991	48.9	108,092	43.0	94,829	38.7
Commercial Mortgage Loans	78,567	45.9	85,440	43.7	98,480	45.8	131,702	52.4	144,347	58.9
Multifamily Mortgages	3,050	1.8	2,206	1.1	3,656	1.7	3,575	1.4	805	0.3
Consumer Loans		0.0	1	0.0	8	0.0	1	0.0	32	0.0
Construction Loans	7,840	4.6	5,581	2.9	6,986	3.3	7,449	3.0	4,312	1.8
Total Gross Loans	171,250		195,339		214,812		251,493		244,981	

As illustrated in the above table, NB is primarily a commercial lender, with 97.6% of its loan portfolio in commercial and industrial loans and commercial mortgage loans.

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

Assessment Area

The Bank's assessment area is comprised of seven counties: Bronx, Kings, Nassau, New York, Queens, Richmond and Westchester counties.

There are 2,674 census tracts in the assessment area, of which 303 are low-income, 624 are moderate-income, 841 are middle-income, 826 are upper-income, and 80 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	7	140	99	60	33	339	70.5
Kings	14	95	260	230	162	761	46.6
Nassau	9	7	28	159	81	284	12.3
New York	15	34	57	21	161	288	31.6
Queens	27	16	146	303	177	669	24.2
Richmond	3	4	8	28	67	110	32.7
Westchester	5	7	26	40	145	223	14.8
Total	80	303	624	841	826	2,674	34.7

Demographic & Economic Data

The assessment area had a population of 10,748,670 during the evaluation period. Approximately 13.4% of the population was over the age of 65 and 19.2% was under the age of 16.

Of the 2,440,853 families in the assessment area 29.1% were low-income, 15.8% were moderate-income, 16.2% were middle-income and 38.9% were upper-income families. There were 3,896,041 households in the assessment area, of which 17% had income below the poverty level and 3.7% were on public assistance.

The weighted average median family income in the assessment area was \$82,382.

There were 4,259,513 housing units within the assessment area, of which 47.2% were one-to-four family units and 52.6% were multifamily units. A majority (55%) of the area's housing units were rental units, while 36.5% were owner-occupied.

Of the 2,340,719 rental units, 50.3% were in LMI census tracts while 49.5% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,353.

Of the 1,555,322 owner-occupied housing units, 15.4% were in LMI census tracts while 84.44% were in middle- and upper-income census tracts. The median age of the housing stock was 77 years, and the median home value was \$529,951.

There were 850,569 non-farm businesses in the assessment area. Of these, 88.2% were businesses with reported revenues of less than or equal to \$1 million, 5.8% 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%), followed by retail trade (13.8%) and finance, insurance and real estate (9%); 17.5% 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 decreased from 6.3% to 4% during the evaluation period. Nassau County had the lowest annual average unemployment rates, while Bronx County’s unemployment rate was consistently the highest in the assessment area and exceeded New York State’s rates throughout the evaluation period.

Assessment Area Unemployment Rate								
	Statewide	Bronx	Kings	Nassau	New York	Queens	Richmond	Westchester
2015	5.3	7.8	5.9	4.2	4.9	5.0	5.8	4.5
2016	4.9	7.1	5.3	3.9	4.6	4.5	5.2	4.3
2017	4.7	6.3	4.7	4.1	4.1	4.1	4.7	4.5
2018	4.1	5.8	4.3	3.5	3.7	3.7	4.2	3.9
2019	4.0	5.4	4.1	3.4	3.5	3.5	3.9	3.8
Average of Years above	4.6	6.5	4.9	3.8	4.2	4.2	4.8	4.2

Community Information

Examiners interviewed representatives of two non-profit community organizations within the Bank’s assessment area that focus on community development through affordable housing, economic development, and various other community development initiatives. The purpose of the interviews was to help identify the credit needs of the community and performance of financial institutions in meeting these needs.

One organization aims to build housing stability and fulfill housing needs of LMI immigrant families. It provides housing counseling, tenant counseling, and assistance to homeowners struggling to meet mortgage and tax payments and maintain upkeep of their homes.

The second organization seeks to promote equity and inclusion in underserved communities through community development, economic development and health equity. The organization is a Certified Depository Financial Institution (“CDFI”)¹ and helps develop a pipeline of loans for affordable housing, economic development and various community development initiatives. In addition, this organization provides

¹ A Certified Community Development Financial Institution (“CDFI”) is a specialized organization, certified by the United States Department of the Treasury, that provided financial services in low-income communities and to people who lack access to financing.

grants for commercial development, workforce development and financial mobility for those in underserved communities.

Representatives from both organizations stated that economic conditions were severely impacted by the COVID-19 pandemic. Among the community's key concerns were unemployment and loss of existing affordable housing due to cash investors buying many available properties. Furthermore, much of the economy in LMI areas is cash based, for residents' income and expenses alike. As a result, many residents cannot easily build credit histories, making it harder to access affordable housing. Additionally, due to current economic conditions, many community residents are finding it hard to meet mortgage payments and others expressed fears of losing their homes due to non-payment of rent, despite the eviction moratorium currently in effect.

The organizations agree that while financial institutions have helped meet community needs by providing home buyer workshops and making grants to various community organizations, they could take steps to be more responsive. In particular, financial institutions could develop mortgage loan products with less onerous down payment requirements, and could develop and advertise more convenient and affordable deposit account products

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated NB 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. NB submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

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

The evaluation period included calendar years 2015, 2016, 2017, 2018, and 2019 for lending activities and the period from January 1, 2017 through September 30, 2020 for community development activities. NB became subject to the community development test in 2017, when it became an intermediate small bank.

Examiners considered NB’s small business loans in evaluating factors (2), (3) and (4) of the lending test noted above.

NB is not required to report small business/small farm loan data, so NB’s small business data is not included in the aggregate data. The aggregate data are shown only for comparative purposes. As NB did not make any small farm loans, DFS based all analysis on small business lending only.

At its prior Performance Evaluation, as of September 30, 2014, DFS evaluated the Bank under the small banking institution standards and assigned NB a rating of “2” reflecting a “Satisfactory” record of helping to meet the credit needs of NB’s communities. For the current evaluation period, NB was evaluated pursuant to the intermediate small banking institution standards.

Current CRA Rating: Satisfactory

Lending Test: Satisfactory

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

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

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

NB’s average LTD ratio of 76.1% was just below the peer group’s average ratio of 80.7%.

The table below shows NB’s LTD ratios in comparison with the peer group’s ratios for the 20 quarters of this evaluation period. Note that, in 2017, NB was allocated to a new peer group due to its change in asset size.

Loan-to-Deposit Ratios																					
	2015 Q1	2015 Q2	2015 Q3	2015 Q4	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	83.8	93.6	81.3	77.1	79.0	76.3	77.7	76.8	80.2	76.1	77.6	71.3	76.0	77.9	74.2	68.7	71.4	73.7	67.3	62.0	76.1
Peer	77.7	78.9	78.6	78.7	77.9	79.0	79.3	78.8	77.8	81.7	82.1	82.2	81.7	82.8	83.2	83.1	82.2	83.2	82.9	82.4	80.7

Assessment Area Concentration: Outstanding

During the evaluation period, NB originated 93.3% by number and 92.5% by dollar value of its small business loans within the assessment area. This substantial majority of

lending inside of its assessment area reflects an excellent concentration of lending.

The following table shows the percentages of NB's 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
	#	%	#	%		\$	%	\$	%	
Small Business										
2015	47	94.0%	3	6.0%	50	19,662	94.7%	1,100	5.3%	20,762
2016	59	92.2%	5	7.8%	64	25,801	92.6%	2,050	7.4%	27,851
2017	62	95.4%	3	4.6%	65	25,569	95.9%	1,090	4.1%	26,659
2018	33	89.2%	4	10.8%	37	13,273	83.1%	2,700	16.9%	15,973
2019	36	94.7%	2	5.3%	38	13,544	92.8%	1,049	7.2%	14,593
Subtotal	237	93.3%	17	6.7%	254	97,849	92.5%	7,989	7.5%	105,838

Distribution by Borrower Characteristics: Satisfactory

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

During the evaluation period, NB's lending to businesses with gross annual revenue of \$1 million or less averaged 52.7% by number of loans, exceeding the aggregate's respective rate of 46.8%.

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

Distribution of Small Business Lending by Revenue Size of Business									
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	18	38.3%	7,058	35.9%	136,009	49.2%	2,136,578	28.9%	77.5%
Rev. > \$1MM	17	36.2%	7,170	36.5%					6.1%
Rev. Unknown	12	25.5%	5,434	27.6%					16.4%
Total	47		19,662		276,506		7,403,086		
2016									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	27	45.8%	9,589	37.2%	132,872	45.7%	2,390,501	28.6%	86.0%
Rev. > \$1MM	27	45.8%	15,161	58.8%					7.1%
Rev. Unknown	5	8.5%	1,051	4.1%					6.9%
Total	59		25,801		290,441		8,364,655		
2017									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	36	58.1%	13,436	52.5%	155,936	51.8%	3,091,444	34.6%	86.2%
Rev. > \$1MM	20	32.3%	10,975	42.9%					7.0%
Rev. Unknown	6	9.7%	1,158	4.5%					6.8%
Total	62		25,569		300,923		8,943,031		
2018									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	23	69.7%	7,020	52.9%	135,190	41.7%	2,663,874	28.7%	86.4%
Rev. > \$1MM	9	27.3%	6,203	46.7%					6.8%
Rev. Unknown	1	3.0%	50	0.4%					6.8%
Total	33		13,273		323,992		9,278,742		
2019									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	21	58.3%	7,428	54.8%	164,741	46.2%	2,873,816	28.9%	88.2%
Rev. > \$1MM	10	27.8%	5,345	39.5%					5.8%
Rev. Unknown	5	13.9%	771	5.7%					6.1%
Total	36		13,544		356,793		9,940,319		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	125	52.7%	44,531	45.5%	724,748	46.8%	10,282,397	23.4%	84.9%
Rev. > \$1MM	83	35.0%	44,854	45.8%					
Rev. Unknown	29	12.2%	8,464	8.7%					
Total	237		97,849		1,548,655		43,929,833		

Geographic Distribution of Loans: Satisfactory

NB's origination of small business loans in census tracts of varying income levels demonstrated a reasonable distribution of lending.

NB's average rates of lending to small businesses in LMI census tracts of 30.4% by number and 28.9% by dollar value of loans compared favorably with the aggregate's rates of 26.4% and 23.4%, respectively. In addition, the Bank's rates of lending were also above the demographic level of small businesses in LMI census tracts in all years except 2018, of the evaluation period.

The following table provides a summary of the distribution of NB'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									
2015									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	11	23.4%	4,685	23.8%	24,413	8.8%	535,907	7.2%	8.4%
Moderate	11	23.4%	3,650	18.6%	53,804	19.5%	1,170,216	15.8%	19.0%
LMI	22	46.8%	8,335	42.4%	78,217	28.3%	1,706,123	23.0%	27.4%
Middle	13	27.7%	6,240	31.7%	76,023	27.5%	1,855,481	25.1%	27.6%
Upper	11	23.4%	4,587	23.3%	115,819	41.9%	3,531,405	47.7%	42.8%
Unknown	1	2.1%	500	2.5%	6,447	2.3%	310,077	4.2%	2.3%
Total	47		19,662		276,506		7,403,086		
2016									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	5.1%	1,195	4.6%	24,628	8.5%	652,151	7.8%	8.4%
Moderate	18	30.5%	7,174	27.8%	54,677	18.8%	1,369,329	16.4%	19.0%
LMI	21	35.6%	8,369	32.4%	79,305	27.3%	2,021,480	24.2%	27.4%
Middle	18	30.5%	7,700	29.8%	80,342	27.7%	2,118,897	25.3%	27.4%
Upper	20	33.9%	9,732	37.7%	124,116	42.7%	3,893,346	46.5%	43.0%
Unknown	0	0.0%	0	0.0%	6,678	2.3%	330,932	4.0%	2.3%
Total	59		25,801		290,441		8,364,655		
2017									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	8.1%	1,900	7.4%	28,036	9.3%	730,763	8.2%	8.7%
Moderate	10	16.1%	4,195	16.4%	52,035	17.3%	1,381,953	15.5%	17.5%
LMI	15	24.2%	6,095	23.8%	80,071	26.6%	2,112,716	23.6%	26.2%
Middle	11	17.7%	4,906	19.2%	75,967	25.2%	2,067,973	23.1%	26.2%
Upper	34	54.8%	14,419	56.4%	139,427	46.3%	4,467,089	50.0%	45.5%
Unknown	2	3.2%	149	0.6%	5,458	1.8%	295,253	3.3%	2.2%
Total	62		25,569		300,923		8,943,031		
2018									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	6.1%	1,550	11.7%	28,735	8.9%	757,355	8.2%	8.7%
Moderate	2	6.1%	430	3.2%	56,118	17.3%	1,467,436	15.8%	17.5%
LMI	4	12.1%	1,980	14.9%	84,853	26.2%	2,224,791	24.0%	26.2%
Middle	7	21.2%	2,585	19.5%	82,128	25.3%	2,156,712	23.2%	26.0%
Upper	22	66.7%	8,708	65.6%	150,975	46.6%	4,583,683	49.4%	45.8%
Unknown	0	0.0%	0	0.0%	6,036	1.9%	313,556	3.4%	2.3%
Total	33		13,273		323,992		9,278,742		
2019									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	25,752	7.2%	648,619	6.5%	6.8%
Moderate	10	27.8%	3,493	25.8%	61,343	17.2%	1,547,307	15.6%	17.6%
LMI	10	27.8%	3,493	25.8%	87,095	24.4%	2,195,926	22.1%	24.4%
Middle	6	16.7%	2,500	18.5%	91,048	25.5%	2,319,613	23.3%	26.0%
Upper	20	55.6%	7,551	55.8%	171,528	48.1%	5,024,649	50.5%	47.5%
Unknown	0	0.0%	0	0.0%	7,122	2.0%	400,131	4.0%	2.1%
Total	36		13,544		356,793		9,940,319		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	21	8.9%	9,330	9.5%	131,564	8.5%	3,324,795	7.6%	
Moderate	51	21.5%	18,942	19.4%	277,977	17.9%	6,936,241	15.8%	
LMI	72	30.4%	28,272	28.9%	409,541	26.4%	10,261,036	23.4%	
Middle	55	23.2%	23,931	24.5%	405,508	26.2%	10,518,676	23.9%	
Upper	107	45.1%	44,997	46.0%	701,865	45.3%	21,500,172	48.9%	
Unknown	3	1.3%	649	0.7%	31,741	2.0%	1,649,949	3.8%	
Total	237		97,849		1,548,655		43,929,833		

Action Taken in Response to Written Complaints with Respect to CRA: N/A

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

Community Development Test: Satisfactory

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

During the evaluation period, NB originated \$30.4 million in new community development loans, and had no community development loans outstanding from prior evaluation periods. Also during the evaluation period, NB made \$500,000 in new qualified investments and had no community development investments outstanding from prior evaluation periods. NB made \$32,285 in qualified grants. This was NB's first evaluation under the community development test as an intermediate small bank.

A more detailed description of the NB's community development activities follows:

Community Development Lending: Outstanding

During the evaluation period, NB originated \$30.4 million in new community development loans. This demonstrated an excellent level of community development lending during the evaluation period.

NB's community lending activity involved revitalization and/or stabilization of LMI geographies. Many of these loans were guaranteed by the U.S. Small Businesses Administration ("SBA") pursuant to that agency's "7(a)" loan program. In the SBA 7(a) program, the SBA guarantees up to 85% of a loan up to \$150,000 and up to 75% of a loan greater than that amount. These loans financed start-up businesses including hotels, supermarkets and laundromats and helped provide existing local businesses with funding for capital improvements.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Revitalize and Stabilize	12	30,420		
Total	12	30,420	0	0

Below are highlights of NB's community development lending.

- NB originated a \$4.9 million loan to finance the construction of a 78-room hotel located in a moderate-income tract in Queens.
- NB originated a \$2.9 million 10-year term loan for an existing supermarket located in a moderate-income census tract in Queens.
- NB originated a \$5 million loan for the purchase of a hotel located in a moderate-income tract in Queens.

Qualified Investments: Needs to Improve

During the evaluation period, NB made \$500,000 in new qualified investments. In addition, NB made \$32,285 in grants to several nonprofit organizations that provide a range of community services to LMI individuals. This demonstrated a less than adequate level of qualified investments and grants over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Revitalize & Stabilize	2	500		
Total	2	500	0	0
CD Grants	# of Grants	\$000	Not Applicable	
Community Services	15	32		
Total	15	32		

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

- NB invested \$500,000 in two CDFIs, which provide community-focused banking services, support the economy, and help revitalize underserved neighborhoods.
- NB contributed \$12,000 to a local community organization that provides services for victims of domestic violence, childcare and affordable housing.
- NB contributed \$3,000 to a Queens-based nonprofit organization focusing on the low-income immigrant community. The organization provides free social and legal services to more than 8,000 low-income individuals.

Community Development Services: Needs to Improve

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

NB's community development services were limited to a Bank officer who worked with two nonprofit organizations. The officer served as a board member of one organization which provides programs in the areas of education, immigration, workforce development, family services and wellness for minority individuals in the assessment area, and as a member of the advisory council of an organization that helps feed the hungry by donating leftover food to homeless shelters.

Responsiveness to Community Development Needs:

NB demonstrated a reasonable level of responsiveness through community development lending, investments and services to credit and community development needs.

NB's levels of qualified investments, grants, and services were less than satisfactory. However, viewed as a whole, and in particular, in light of its high level of community development lending, NB demonstrated adequate responsiveness to the development needs of the assessment area.

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.

NB's Board of Directors reviews and approves the CRA self-assessment conducted semi-annually. The CRA Officer is responsible for monitoring performance and compliance with the Bank's CRA objectives and reports directly to the board of directors regarding activities, findings and recommendations. In addition, the Bank maintains a CRA plan, which is reviewed by the board annually. Loan distribution is discussed regularly during monthly board meetings.

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 NB intended to discourage applications for the types of credit offered by NB.

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

DFS examiners did not note evidence by NB of prohibited discriminatory or other

illegal practices.

Record of opening and closing offices and providing services at offices

NB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly with respect to LMI geographies and/or LMI individuals.

NB did not close any branches during the evaluation period. On January 15, 2020, the Bank opened its Bayside branch located at 45-68 Francis Lewis Boulevard, Bayside, in an upper-income census tract.

NB operates three full-service retail branches in its New York assessment area. One branch is located in a moderate-income census tract.

The following table summarizes NB's New York branch locations by county and census tract.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
New York					1	1	0%
Queens			1		1	2	50%
Total	-	-	1	-	2	3	33%

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.

NB determines community needs through active involvement in community organizations and events. Bank officers are members of nonprofit organizations and serve as directors and/or committee members. In addition, NB has a relationship with a local YWCA, providing financial support to its after-school program for low-income students. These relationships have been helpful to NB in ascertaining the credit needs of its community.

- 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

NB advertises its products and services in local Korean media. At the beginning of

every year, Bank officers meet with two local Korean newspapers to discuss products and services offered by NB and to maintain a publishing relationship.

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

NB had made about \$15.2 million in Paycheck Protection Program (“PPP”) loans as of September 30, 2020, to help New York small businesses impacted by the COVID-19 pandemic.

In 2020, the Bank also granted payment deferments for small business loans totaling approximately \$58 million to borrowers affected by the COVID-19 pandemic and waived late payment fees on all SBA loans.

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.

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

Small Business Loan

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

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas where, according to the 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 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%.