



## **PUBLIC SUMMARY**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF BANK OF INDIA, NEW YORK BRANCH**

**AS OF MARCH 31, 2023**

New York State Department of Financial Services  
Consumer Protection and Financial Enforcement Division  
One State Street, New York NY 10004

**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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# **BANK OF INDIA, NEW YORK BRANCH – CRA PERFORMANCE EVALUATION**

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## **I - GENERAL INFORMATION**

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Bank of India New York Branch (“BOINY” or the “Branch”) 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 Branch’s CRA performance based on an evaluation conducted as of March 31, 2023.

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 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 Evaluation.

**II- OVERVIEW OF INSTITUTION’S PERFORMANCE**

The Department evaluated BOINY according to the community development test for wholesale or limited purpose banking institutions pursuant to Section 76.11 of the GRS. The evaluation period covered April 1, 2020 to March 31, 2023. The Department assigned BOINY a rating of “2” indicating a “Satisfactory” record of helping to meet community credit needs.

This rating is based on the following criteria:

**A. Community Development Test:**

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

**Community Development Lending:**

During the current evaluation period, BOINY renewed a \$3.0 million line-of-credit to a not-for-profit organization three times for a total of \$9.0 million in community development loans. Accordingly, the Branch’s annual amount of Community Development Lending remained the same. BOINY had no loans outstanding from prior evaluation periods.

**Qualified Investments:**

During the 3-year evaluation period, BOINY made a total of \$11.2 million of new investments and grants consisting of \$10.7 million in new qualified investments and \$.5 million in new qualified grants. In addition, BOINY still had \$6.7 million of investments outstanding from prior evaluation periods for a total of \$17.9 million of total investments and grants for the evaluation period.

**Community Development Services:**

During the evaluation period, BOINY had a total of 11 qualified community development service activities.

**B. Innovative or Complex Practices:**

BOINY demonstrated no use of innovative or flexible community development practices.

**C. Responsiveness to Credit and Community Development Needs:**

BOINY demonstrated an adequate level of responsiveness to credit and community development needs.

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

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## III - PERFORMANCE CONTEXT

### A. Institution Profile

BOINY is a New York State licensed and Federal Deposit Insurance Corporation (“FDIC”) insured foreign branch of the Bank of India, a foreign banking organization headquartered in Mumbai, India. BOINY is located at 277 Park Avenue, New York, NY, in an upper-income census tract.

BOINY provides banking and financial services to facilitate international trade between businesses located in the United States and India. The Branch provides commercial credit products such as letters of credit, lines of credit, working capital demand loans, term loans and foreign exchange products to its commercial customers and generally does not originate home mortgages, small business, or consumer loans. Retail products are limited to checking accounts and certificates of deposit.

In its Federal Financial Institutions Examination Council’s (“FFIEC”) “Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks” as of March 31, 2023, filed with the FDIC, BOINY reported total assets of \$5.6 billion, of which \$3.6 billion were net loans and lease financial receivables. It also reported total deposits of \$3.8 billion, resulting in a loan-to-deposit ratio of 95.2%.

According to the latest available comparative deposit data as of June 30, 2022, BOINY had a market share of 0.17%, or \$3.4 billion in a market of \$1.9 trillion, ranking it 32nd among 108 deposit-taking institutions in BOINY’s the assessment area.

The following is a summary of the Branch’s loan portfolio, based on Schedule C-Loans of BOINY’s December 31, 2020, December 31, 2021, December 31, 2022, and March 31, 2023 FFIEC’s Report of Assets and Liabilities of U.S Branches and Agencies of Foreign Banks:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2020		2021		2022		3/31/2023	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
Loans to other banks in foreign countries	1,468,658	77.2%	1,625,643	69.9%	2,681,535	78.4%	2,867,018	79.6%
Commercial and industrial loans:								
a. To U.S. addressees (domicile)	17,491	0.9%	17,677	0.8%	36,886	1.1%	34,808	1.0%
b. To non-U.S. addressees (domicile)	415,960	21.9%	683,136	29.4%	700,869	20.5%	698,267	19.4%
<b>Total Gross Loans</b>	<b>1,902,109</b>		<b>2,326,456</b>		<b>3,419,290</b>		<b>3,600,093</b>	

As illustrated in the above table, BOINY primarily extends loans to banks in foreign countries and the majority of the Branch’s commercial and industrial loans were made to foreign borrowers.

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

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### **B. Assessment Area**

BOINY's assessment area consists of the counties of Bronx, Kings, New York, Queens and Richmond. There are 2,327 census tracts in the Branch's assessment area, of which 285 are low-income, 570 are moderate-income, 727 are middle-income, 596 are upper-income, and 149 are tracts with no income indicated.

<b>Assessment Area Census Tracts by Income Level</b>							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	21	129	121	65	25	361	69.3
Kings	46	91	235	263	170	805	40.5
New York	23	36	44	32	175	310	25.8
Queens	52	26	157	325	165	725	25.2
Richmond	7	3	13	42	61	126	12.7
<b>Total</b>	<b>149</b>	<b>285</b>	<b>570</b>	<b>727</b>	<b>596</b>	<b>2,327</b>	<b>36.7</b>

DFS considers the assessment area to be reasonable based upon the location of the Branch's office and its lending patterns. DFS found no evidence that BOINY had arbitrarily excluded LMI areas.

### **C. Demographic & Economic Data**

The assessment area had a population of 8,804,190 during the evaluation period. Approximately 14.2% of the population were over the age of 65 and 22.5% were under the age of 16.

Of the 1,902,630 families in the assessment area 29.8% were low-income, 16.0% were moderate-income, 16.2% were middle-income and 38% were upper-income. There were 3,191,691 households in the assessment area, of which 17.2% had income below the poverty level and 4.7% were on public assistance.

The weighted average median family income in the assessment area was \$88,081.

There were 3,519,595 housing units within the assessment area, of which 38.5% were one- to four-family units and 61.3% were multifamily units. A majority (60.9%) of the housing units were rental-occupied units, while 29.8% were owner-occupied and 9.3% of housing units were vacant.

Of the total 2,143,429 rental-occupied units, 49.4% were in LMI census tracts while 49.1% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,590.

Of the 1,048,262 owner-occupied housing units, 20.7% were in LMI census tracts while 78.6% 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 \$676,656.

There were 1,123,072 non-farm businesses in the assessment area. Of these, 91.2% were businesses with reported revenues of less than or equal to \$1 million, 3.2% reported revenues of more than \$1 million and 5.0% did not report their revenues. Of all the businesses in the assessment area, 97.4% were businesses with less than fifty employees while 95.3% operated from a single

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location. The largest industries in the area were Services (33.5%), Retail Trade (11.7%) and Finance, Insurance and Real Estate (9.6%); 31.4% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average annual unemployment rates for New York State and the five counties in BOINY’S assessment area steadily decreased for the rest of the evaluation period from the high in 2020, caused by the onset of the COVID-19 pandemic. New York County’s annual average unemployment rates were consistently the lowest of the five counties, while Bronx County consistently had the highest rates.

Assessment Area Unemployment Rate						
Year	Statewide	Bronx	Kings	New York	Queens	Richmond
2020	9.8	16	12.4	9.5	12.4	10.5
2021	7	13.8	10.3	7.7	9.8	8.9
2022	4.3	7.8	5.9	4.6	5.2	5.5
<b>Average of Years Above</b>	<b>6.3</b>	<b>11.1</b>	<b>8.5</b>	<b>6.6</b>	<b>8.0</b>	<b>7.5</b>

### **D. Community Information**

DFS examiners, as a part of the CRA evaluation, conducted community contact interviews with the executives of two nonprofit organizations operating in BOINY’S assessment area. One organization is a public service corporation which plans, maintains, and provides services primarily to the Asian American community in New York City. The other organization engages in affordable housing development, property management, lending to homeowners and small businesses in various communities in New York City.

Both executives noted the diverse nature of their communities and the importance of small businesses for community health and growth. One executive pointed out the negative impact of bank branch closings on their local community. The other described the very high level of demand from largely immigrant, low- income and women-owned business entrepreneurs for startup, operating, recovery, and expansion capital. However, outside of Manhattan this demand has mostly been met by a lack of branch locations, competent business counselors and loan officers with foreign language skills, flexibility in lending even to successful small businesses, and the failure of banks to provide a quick turnaround on loan requests.

Both executives noted the high demand for affordable housing in their communities. One stressed that many tenants face long-term income instability, while landlords also deal with a loss of ground floor commercial vacancies due to the COVID pandemic and increasing maintenance and capital repair costs of building operations, particularly in older housing stock. This is forcing small landlords to seek buyers which are usually larger real estate investment funds or developers, resulting in further gentrification and harassment/eviction of tenant by the new ownership.

Both also noted that attempts by local nonprofits to maintain a supply of rent-stabilized housing stock are limited by the access to affordable acquisition financing, bridge financing, long-term permanent financing, and governmental assistance and rehab capital. Governmental down

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payment assistance programs for residential homebuyers do not reflect the current market and so do not provide sufficient assistance for most buyers.

Both executives stressed that banks make a greater effort to maintain current branch locations and add new branches and ensure staff is competent and have the required foreign language skills to serve the community and provide clear explanations of financial services and products provided. Banks should also provide more financial counseling (even mentoring), flexible loan programs for small businesses and organizations including loans, grants, and investments for start-ups, as well as for affordable housing and community services projects. One executive also recommended longer term lines-of-credit for operating capital at affordable rates (providing an alternative to credit cards and their much higher rates), acquisition and bridge financing for affordable housing pre-development, and unrestricted grants to non-profit organizations to keep pace with inflation, increases in insurance premiums and increases in health care premiums.

**IV - PERFORMANCE TEST AND ASSESSMENT FACTORS**

The Department evaluated BOINY under the wholesale banking institution performance standards pursuant to the “community development test,” as provided in Section 76.11 of the GRS.

Performance criteria include:

- (1) the number and amount of community development loans, qualified investments or community development services;
- (2) the use of innovative or complex qualified investments, community development loans or community development services and the extent to which investments are not routinely provided by private investors; and
- (3) the institution’s responsiveness to credit and community development needs.

In addition, the following factors are also considered in assessing BOINY’s record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications; evidence of prohibited discriminatory or other illegal credit practices; the Branch’s record of opening and closing offices and providing services at offices; and process factors such as activities to ascertain credit needs; and the extent of marketing and special credit related programs. Finally, the Evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

DFS derived statistics employed in this Evaluation from various sources. BOINY submitted bank-specific information both as part of the Evaluation process and in its Call Report submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2020 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 the period from April 1, 2020 to March 31, 2023

In its prior Community Reinvestment Act Performance Evaluation as of March 31, 2020, DFS assigned BOINY a rating of “2” reflecting “Satisfactory” compliance with regulatory standards.

**Current CRA Rating:** Satisfactory

**A. Community Development Test:**

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

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### 1. Community Development Lending:

During the evaluation period, BOINY made new community development loans totaling \$9.0 million and had no loans outstanding from prior evaluation periods<sup>1</sup>. The Bank’s community development loans were for the sole purpose of affordable housing.

The \$9.0 million in community development lending by BOINY consisted entirely of a single \$3.0 million line-of-credit that was renewed three times during the evaluation period. The line-of-credit provides working capital funds to a not-for-profit organization committed to revitalizing underserved neighborhoods and preserving affordable housing in New York City by providing financial literacy and housing counseling to low- and moderate-income homeowners. In addition, as a certified Community Development Financial Institution (“CDFI”) the organization makes rehab and debt consolidation loans for residential properties including co-op properties.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	3	9,000	0	0
Economic Development				
Community Services				
Other (Please Specify)				
Total	3	9,000	0	0

### 2. Qualified Investments:

During the evaluation period, BOINY made \$10.7 million in new investments and still had \$6.7 million of investments outstanding from prior evaluation periods. In addition, the Branch made \$0.5 million in qualified grants. The majority of the Branch’s investments supported the community development purpose of affordable housing, a need in the Branch’s assessment area.

While the Branch’s total investments and grants of \$17.9 million was a slight increase over the \$17.1 million of total investments and grants from the prior evaluation period, on a per year basis it was actually a decline as the branch’s average annual total investments and grants during the current evaluation period (3.0 years) was \$6.0 million per year compared to \$7.6 million per year during the prior evaluation period (2.25 years).

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<sup>1</sup> For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the exam.

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Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	6	7,902	15	6,730
Community Services	0		0	
Economic Development			0	
Revitalization & Stabilization	11	2,750	0	
<b>Total</b>	<b>17</b>	<b>10,652</b>	<b>15</b>	<b>6,730</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	0			
Community Services	44	431		
Economic Development	6	45		
Revitalization & Stabilization	3	27		
<b>Total</b>	<b>53</b>	<b>503</b>		

BOINY’s community development investments and grants included the following.

*Investments*

- During the evaluation period, BOINY purchased \$7.9 million in Federal National Mortgage Association (“Fannie Mae”) and Federal Home Loan Corporation (“Freddie Mac”) mortgage-backed securities. The securities were collateralized by residential mortgage loans made to low- and moderate-income borrowers.
- BOINY invested in certificates of deposit at four local CDFIs, which provide community-focused banking services and loans to help revitalizes underserved neighborhoods. The various certificates of deposit were renewed annually during the evaluation period for a total qualified amount of \$2.75 million.

*Grants*

- BOINY donated a total of \$67,000 to a nonprofit organization that offers services and loans to low- and moderate-income individuals and families to buy and maintain their homes.
- The Branch made various grants totaling \$61,000 to a nonprofit organization that offers affordable childcare for low-income families and for creating entrepreneurship opportunities for low-income women.
- BOINY made a total of \$30,000 in donations to a nonprofit organization that provides technical assistance to small businesses including job placement and retention, internships, job training to local residents, as well as creating affordable housing and commercial space to stabilize the community.

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### 3. Community Development Services:

During the evaluation period, BOINY employees performed a total of 11 qualified community development service activities, which reflected an improvement from the one qualified activity performed during the prior evaluation period.

<b>Community Development Services</b>	
<b>Activity Type</b>	<b>Number of Activities</b>
On-Going Board & Committee Memberships	4
Technical Assistance	4
Seminars	3
Credit Counseling	0
<b>Total Community Development Services</b>	<b>11</b>

Below are highlights of BOINY’s community development services:

- A senior compliance officer of the Branch served as a board member of a non-profit organization which helps low- and moderate-income New Yorkers buy, maintain, and stay in their homes. The officer also served as a board member of a nonprofit organization which provides affordable childcare for low-income families and creates entrepreneurship opportunities for low-income women. In addition, the officer served on the board of a nonprofit organization which provides work-based job training, community service work experience, and healthcare services for low-income and unemployed seniors regardless of their health insurance or immigration status.

### **B. Innovative or Complex Practices:**

BOINY did not demonstrate use of innovative or flexible community development practices.

### **C. Responsiveness to Credit and Community Development Needs:**

BOINY demonstrated an adequate level of responsiveness to the credit and community development needs of its assessment area considering the Branch’s capacity.

### **D. Additional Factors**

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

The Branch’s CRA policy delegates the responsibility of identifying CRA opportunities and facilitating CRA efforts to the CRA Officer, who is also tasked with creating a CRA strategic plan and tracking the Branch’s CRA performance. The CRA Officer reports to the Chief Compliance Officer and the BSA/AML/OFAC Compliance and CRA Committee, which meets at least

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quarterly. This committee, headed by the Chief Executive of U.S. operations, serves as the governance body which reviews, approves and monitors the CRA strategic plan, program, and performance.

Online CRA training is provided to all branch employees every 12 to 18 months and targeted in-person CRA training is provided annually to senior management and credit and treasury officers responsible for investments and lending.

### 1. Discrimination and other illegal practices

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

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

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

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

### 2. The institution's record of opening and closing offices and providing services at offices

The Branch has not opened or closed any branch offices since the prior evaluation and as a wholesale bank, BOINY offers limited retail products such as checking accounts and certificate of deposits.

### 3. Process Factors

- *Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.*

The CRA Officer is responsible for identifying CRA opportunities and facilitating outreach efforts. During the evaluation period, the Branch increased its efforts in providing community services in its assessment area.

- *The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution*

As a wholesale institution, BOINY does not have a formal marketing program. It does maintain a website, posts branch signage, and issues brochures to advertise its products and services.

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

DFS noted no other factors.

**V - GLOSSARY**

**Aggregate Lending**

“Aggregate lending” means the number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

**Banking Development District (“BDD”) Program**

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

**Community Development**

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- 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;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

**Community Development Loan**

“Community development loan” means a loan that has its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving LMI persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;

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- 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**

“Community development service” means a 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 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

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- ❖ Assisting in fund raising, including soliciting or arranging investments.

### **Community Development Financial Institution (“CDFI”)**

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

### **Fair Market Rents (“FMRs”)**

Fair Market Rents are published and developed annually by the US Department of Housing and Urban Development (“HUD”) and used to determine rent payments for affordable housing projects such as Section 8 contracts in defined metropolitan statistical areas (“MSAs”) nationwide. For easy reference of annual FMRs in New York MSAs or counties, go to [www.huduser.gov/portal/datasets/fmr.html](http://www.huduser.gov/portal/datasets/fmr.html)

### **Geography**

“Geography” means 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

### **LMI Geographies**

“LMI geographies” means those census tracts or block numbering areas where, according to the most current 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**

“LMI borrowers” means 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 Federal Financial Institutions Examination Council (“FFIEC”).

### **LMI Individuals/Persons**

“LMI individuals” or “LMI persons” means 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 the FFIEC.

### **LMI Penetration Rate**

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

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

LIHTC were 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. The tax credits 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 NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits 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 CDFI Fund, an agency of the United States Department of the Treasury.

### **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%. The program officially ended May 31, 2021.

### **Qualified Investment**

“Qualified investment” means 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;

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- 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.

### **Small Business Loan**

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