



## **PUBLIC SUMMARY**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF APPLE BANK FOR SAVINGS**

**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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**I. - GENERAL INFORMATION**

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Apple Bank for Savings (“Apple Bank” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This Evaluation represents the Department’s current assessment and rating of the Bank’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 Apple Bank according to the large banking institutions performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The evaluation period included calendar years 2019, 2020, 2021 and 2022 for lending activities and the period from October 1, 2019 to March 31, 2023 for the community development activities. The Department assigned Apple Bank a rating of “2,” indicating a “Satisfactory” record of community credit needs.

This rating is based on the following factors:

**A. Lending Test: High Satisfactory**

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

**1. Lending Activity: Low Satisfactory**

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

The Bank’s average LTD ratio during the evaluation period was 75.6%, which trailed its peer group ratio of 86.5%.

**1. Assessment Area Concentration: Outstanding**

During the evaluation period, Apple Bank purchased or originated 99.9% by number and 99.7% by dollar value of its total HMDA-reportable loans within the assessment area, demonstrating an excellent concentration of lending.

**2. Geographic Distribution of Loans: High Satisfactory**

Apple Bank’s origination and purchase of loans in census tracts of varying income levels demonstrated a good distribution of lending.

The Bank’s average lending rates for HMDA-reportable loans in LMI census tracts for the evaluation period significantly exceeded the aggregate’s rate by number of loans but trailed the aggregate’s rate by dollar value of loans each year except in 2019. Apple Bank’s lending rates in LMI census tracts by number of loans also exceeded the percentage of owner-occupied housing in LMI census tracts in each year of the evaluation period.

**3. Distribution by Borrower Characteristics: Outstanding**

Apple Bank’s HMDA-reportable lending demonstrated an excellent distribution of loans among individuals of different income levels.

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The Bank's lending rates to low- and moderate-income borrowers significantly exceeded the aggregate's rates by number and dollar value of loans for each year of the evaluation period. In addition, the Bank's lending rates to LMI borrowers during the period also exceeded the percentage of LMI families (family demographics) living in the Bank's assessment area for each year of the evaluation period.

### Community Development Lending: Low Satisfactory

During the evaluation period, Apple Bank originated \$196.4 million in new community development loans and had \$204.6 million outstanding from prior evaluation periods. This demonstrated an adequate level of community development lending over the course of the evaluation period.

### **B. Investment Test: Low Satisfactory**

#### 1. Qualified Investments

During the evaluation period, Apple Bank made \$68.5 million in new qualified investments and had \$53.3 million outstanding from prior evaluation periods. In addition, Apple Bank made \$665,000 in qualified grants. This demonstrated an adequate level of qualified investments and grants over the course of the evaluation period.

#### 2. Innovativeness of Qualified Investments:

Apple Bank made occasional use of innovative investments to support community development.

#### 3. Responsiveness of Qualified Investments to Credit and Community Development Needs:

Apple Bank's qualified investments exhibited adequate responsiveness to the assessment area's credit and community development needs.

### **C. Service Test: High Satisfactory**

#### 1. Retail Banking Services: Outstanding

Apple Bank has an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

Apple Bank's delivery systems are readily accessible to significant portions of the Bank's assessment area, including LMI geographies and individuals.

#### 2. Community Development Services: High Satisfactory

Apple Bank provided a relatively high level of community development services. During the evaluation period, senior management and staff participated in 80 qualified community development service activities including serving on boards and committees of nonprofit organizations involved in community development activities or providing financial education classes to LMI individuals.

## APPLE BANK FOR SAVINGS – CRA PERFORMANCE EVALUATION

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*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.*

**III. - PERFORMANCE CONTEXT**

**A. Institution Profile**

Chartered in 1863, Apple is a New York state-chartered savings bank headquartered in Manhasset, New York. The Bank is a wholly-owned subsidiary of Apple Financial Holdings, Inc.

Apple Bank operates 82 banking offices in Bronx, Kings, Nassau, New York, Queens, Richmond<sup>1</sup>, Rockland, Suffolk, and Westchester counties. While branch hours vary slightly, all branches offer extended weekday hours and weekend hours either on Saturday or Sunday. The Bank's branch network is supported by 97 automated teller machines (ATMs) located among the Bank's branch offices with at least one ATM at each branch office. All but one of these ATMs accept deposits. The Bank does not operate any off-site ATMs.

Apple primarily offers commercial and industrial loans, commercial real estate loans, and multifamily mortgages. The Bank also makes some personal unsecured loans and purchases one-to-four family residential mortgage loans from third party originators (the Bank does not originate any on its own). The Bank offers a variety of deposit products such as savings, club, personal and business checking accounts, certificate of deposit, and individual retirement accounts. Additional services offered by the Bank include telephone and online banking and bill payments, mobile remote deposit, and wire transfers.

In its Consolidated Report of Condition (the "Call Report") as of December 31, 2022, filed with the Federal Deposit Insurance Corporation ("FDIC"), Apple Bank reported total assets of \$16.8 billion, of which \$11.4 billion were net loans and lease financing receivables. It also reported total deposits of \$15.1 billion, resulting in an LTD ratio of 75.5%. According to the latest available comparative deposit data as of June 30, 2022, Apple Bank obtained a market share of 0.6%, or \$14.3 billion in a market of \$2.4 trillion, ranking it 19th among 119 deposit-taking institutions in the assessment areas.

The following is a summary of the Bank's loan portfolio, based on Schedule RC-C of the Bank's December 31, 2019, 2020, 2021 and December 31, 2022's Call Reports:

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<sup>1</sup> The Counties of Kings, New York, and Richmond are commonly referred to, respectively, as the Boroughs of, respectively, Brooklyn, Manhattan, and Staten Island.

## APPLE BANK FOR SAVINGS – CRA PERFORMANCE EVALUATION

<b>TOTAL GROSS LOANS OUTSTANDING</b>								
Loan Type	2019		2020		2021		2022	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	117,713	1.2	96,755	0.9	73,623	0.7	57,297	0.5
Commercial & Industrial Loans	5,037,062	49.9	4,892,281	46.0	4,327,743	41.3	4,495,160	39.3
Commercial Mortgage Loans	2,116,187	21.0	2,113,156	19.9	2,047,634	19.5	2,165,439	18.9
Multifamily Mortgages	2,363,831	23.4	3,085,640	29.0	3,535,692	33.7	4,014,454	35.1
Consumer Loans	12,904	0.1	13,210	0.1	56,268	0.5	99,556	0.9
Loans to Depository Institutions	272,486	2.7	159,037	1.5	143,222	1.4	38,744	0.3
Loans to Non-Depository Financial Institutions	165,347	1.6	261,106	2.5	287,030	2.7	289,966	2.5
Other Loans	2,876	0.0	6,759	0.1	11,864	0.1	10,233	0.1
Lease financing	0	0.0	0	0.0	0	0.0	269,230	2.4
<b>Total Gross Loans</b>	<b>10,088,406</b>		<b>10,627,944</b>		<b>10,483,076</b>		<b>11,440,079</b>	

As illustrated in the above table, Apple Bank is primarily a commercial lender, with 39.3% of its loan portfolio in commercial and industrial loans, 18.9% in commercial mortgage loans, and 35.1% in multifamily mortgage loans.

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

### **B. Assessment Area**

The Bank's assessment area consists of Bronx, Kings, Nassau, New York, Queens, Richmond, Rockland, Suffolk, and Westchester counties. The Bank's New York assessment area did not change from the prior evaluation period.

There are 3,319 census tracts in the Bank's assessment area, of which 321 are low-income, 729 are moderate-income, 1,152 are middle-income, 944 are upper-income, and 173 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
Nassau	9	10	31	146	90	286	14.3
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
Rockland	1	11	11	10	47	80	27.5
Suffolk	8	5	90	220	62	385	24.7
Westchester	6	10	27	49	149	241	15.4
<b>Total</b>	<b>173</b>	<b>321</b>	<b>729</b>	<b>1,152</b>	<b>944</b>	<b>3,319</b>	<b>31.6</b>

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

The assessment area had a population of 13,068,670 during the evaluation period. Approximately

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15% of the population were over the age of 65 and 22.3% were under the age of 16.

Of the 2,928,759 families in the assessment area, 26% were low-income, 15.9% were moderate-income, 17.4% were middle-income and 40.7% were upper income. There were 4,591,977 households in the assessment area, of which 14.2% had income below the poverty level and 3.8% were on public assistance.

The weighted average median family income in the assessment area was \$104,512.

There were 5,052,573 housing units within the assessment area, of which 51.9% were one- to four-family units and 47.8% were multifamily units. The largest portion (49.3%) of the housing units were rental-occupied units, while 41.6% were owner-occupied and 9.1% were vacant.

Of the total 2,489,314 rental-occupied units, 47.1% were in LMI census tracts while 51.5% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,605.

Of the 2,102,663 owner-occupied housing units, 17.1% were in LMI census tracts while 82.4% were in middle- and upper-income census tracts. The median age of the housing stock was 72 years, and the median home value in the assessment area was \$631,918.

There were 1,744,959 non-farm businesses in the assessment area. Of these, 91.7% were businesses with reported revenues of less than or equal to \$1 million, 3.2% reported revenues of more than \$1 million and 5.2% did not report their revenues. Of all the businesses in the assessment area, 97.4% were businesses with less than fifty employees while 95.2% operated from a single location. The largest industries in the area were Services (34.6%), Retail Trade (11.1%) and Finance, Insurance and Real Estate (9.6%); 29.3% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rates for New York State and the counties in the Bank’s assessment area increased significantly from 2019 to 2020, due to the onset of the COVID-19 pandemic in early 2020, then steadily decreased from 2020 to 2022 as the pandemic receded. While Nassau, Rockland, Suffolk, and Westchester counties consistently had average annual unemployment rates lower than that of the state as a whole, Bronx and Kings Counties’ average annual unemployment rates were consistently higher, with Bronx County having the highest average annual unemployment rate in the assessment area during each year of the evaluation period.

<b>Assessment Area Unemployment Rate</b>										
	Statewide	Bronx	Kings	Nassau	New York	Queens	Richmond	Rockland	Suffolk	Westchester
2019	3.9	5.4	4.1	3.3	3.5	3.5	3.8	3.4	3.5	3.6
2020	9.8	16.0	12.4	8.0	9.5	12.4	10.5	7.7	8.1	8.0
2021	7.0	13.8	10.3	4.5	7.7	9.8	8.9	4.4	4.6	4.8
2022	4.3	7.8	5.9	2.9	4.6	5.2	5.5	2.8	3.1	3.1
Average of Years above	<b>6.3</b>	<b>10.8</b>	<b>8.2</b>	<b>4.7</b>	<b>6.3</b>	<b>7.7</b>	<b>7.2</b>	<b>4.6</b>	<b>4.8</b>	<b>4.9</b>

**D. Community Information**

DFS examiners conducted community contact interviews with representatives of two nonprofit entities operating in the Bank’s assessment area to acquire more insight into the economic conditions and credit needs of their communities.

The first interview conducted was with an executive of a community development corporation that seeks to improve economic conditions in its Brooklyn community. The corporation’s ultimate goal is to ensure that residents are well equipped to address community challenges, and that solutions come from within the community. The second interview was held with representatives of a community development organization that focuses on helping residents of low-income neighborhoods in central Brooklyn increase their income and assets. The organization offers programs that provide assistance with housing and homeownership and entrepreneurship, as well as job training, health and mental health services.

The executive representing the community development corporation stated that banks should provide more assistance to nonprofit and community development organizations seeking to establish new account relationships and should extend short-term credit and small loans to fund projects such as food pantries and education and community centers. The executive also stated that the corporation was trying to re-establish business activity that had left the area over the past three years and that it was encouraging area businesses to hire local youths. Finally, the executive stated that a recent bank branch closure had adversely affected the community and that the corporation wanted to see other banks offer services in the community.

The representatives of the community development organization stated that while several large nationwide banks had been helpful, banks overall could do much more than they are at present to help the community. Such assistance would include flexible loan products with favorable terms and repayment schedules and more financial education for individuals, small business owners, and first-time homebuyers.

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### **IV. - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

The Department evaluated Apple Bank under the large banking institutions performance criteria in accordance with Sections 76.7, 76.8, 76.9 and 76.10 of the GRS, which consist of the lending, investment and service tests. DFS also considered the following factors in assessing the Bank’s record of performance:

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

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

DFS derived statistics employed in this Evaluation from various sources. Apple Bank submitted bank-specific information both as part of the Evaluation process and in 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 and 2020 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which are updated annually. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2019, 2020, 2021, and 2022 for lending activities and the period from October 1, 2019 to March 31, 2023, for community development activities.

Examiners considered Apple Bank’s HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test noted below. HMDA-reportable loans represented purchased and originated loans. Apple Bank originates multifamily loans, but only purchases 1-4 family residential loans.

In its prior Community Reinvestment Act Performance Evaluation as of September 30, 2019, DFS assigned Apple Bank a rating of “2,” or a “Satisfactory” compliance with regulatory standards.

#### **Current CRA Rating: Satisfactory**

#### **A. Lending Test: High Satisfactory**

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

- (1) Lending Activity;*
- (2) Assessment Area Concentration;*
- (3) Geographic Distribution of Loans;*

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- (4) Borrower Characteristics;  
 (5) Community Development Lending; and  
 (6) Flexible and/or Innovative Lending Practices.

Apple Bank’s HMDA-reportable lending activities were good in light of Apple Bank’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area. Apple Bank’s level of community development lending for affordable housing, community services, and economic development purposes, demonstrates the Bank’s commitment to meet community credit needs.

### 1. Lending Activity: Low Satisfactory

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

Apple Bank’s average LTD ratio during the evaluation period was 75.6%, which trailed its peer group ratio of 86.5% and was a decline from the 85.7% reported for the prior evaluation period. However, the peer group’s ratio also declined from the 94.7% reported for the prior period.

The table below shows Apple Bank’s LTD ratios in comparison with the peer group’s ratios for the sixteen quarters of the evaluation period.

<b>Loan-to-Deposit Ratios</b>																	
	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	Avg.
Bank	81.1	81.2	77.0	74.7	75.3	77.2	73.0	72.7	71.6	72.6	74.5	74.6	75.5	76.3	76.2	75.5	75.6
Peer	94.6	94.6	92.9	93.3	93.7	90.0	88.7	86.0	82.1	80.3	79.2	77.5	78.2	81.5	84.2	87.7	86.5

### 2. Assessment Area Concentration: Outstanding

During the evaluation period, Apple Bank purchased and originated 99.9% by number and 99.7% by dollar value of its total HMDA-reportable 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 Apple Bank’s HMDA-reportable loans purchased and originated inside and outside of the assessment area.

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Distribution of Loans Inside and Outside of the Assessment Area										
Loan	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2019	432	100.0%	0	0.0%	432	803,044	100.0%	0	0.0%	803,044
2020	174	100.0%	0	0.0%	174	1,105,913	100.0%	0	0.0%	1,105,913
2021	592	99.8%	1	0.2%	593	845,117	98.8%	10,000	1.2%	855,117
2022	321	100.0%	0	0.0%	321	714,879	100.0%	0	0.0%	714,879
Grand Total	1,519	99.9%	1	0.1%	1,520	3,468,953	99.7%	10,000	0.3%	3,478,953

### 3. Geographic Distribution of Loans: High Satisfactory

Apple Bank’s HMDA-reportable loans purchased and originated in census tracts of varying income levels demonstrated a good distribution of lending.

The Bank’s average lending rates for HMDA-reportable loans in LMI census tracts for the evaluation period were 37.2% by number and 16.7% by dollar value of loans, which significantly exceeded the aggregate’s rate of 16% by number of loans but trailed the aggregate’s rate of 18.9% by dollar value of loans.

Apple Bank’s annual lending rates in LMI census tracts by number of loans exceeded the aggregate’s rates each year of the evaluation period, while by dollar value of loans the Bank’s lending rates in LMI census tracts trailed the aggregate’s each year except in 2019. In addition, Apple Bank’s lending rates in LMI census tracts by number of loans also exceeded the percentage of owner-occupied housing in LMI census tracts in the Bank’s assessment area in each year of the evaluation period.

The following table provides a summary of the distribution of Apple Bank’s HMDA-reportable loans by the income level of the geography where the property was located.

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<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2019</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	19	4.4%	31,920	4.0%	4,765	2.9%	6,294,655	5.8%	2.3%
Moderate	152	35.2%	203,860	25.4%	22,567	13.8%	15,647,355	14.4%	13.9%
LMI	171	39.6%	235,780	29.4%	27,332	16.7%	21,942,010	20.2%	16.2%
Middle	167	38.7%	162,487	20.2%	64,570	39.5%	30,359,800	27.9%	40.2%
Upper	92	21.3%	399,827	49.8%	71,248	43.6%	55,918,160	51.5%	43.5%
Unknown	2	0.5%	4,950	0.6%	212	0.1%	462,010	0.4%	0.1%
<b>Total</b>	<b>432</b>		<b>803,044</b>		<b>163,362</b>		<b>108,681,980</b>		
<b>2020</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	1	0.6%	7,500	0.7%	5,186	2.4%	5,313,690	4.1%	2.3%
Moderate	29	16.7%	79,298	7.2%	25,941	12.1%	17,036,885	13.1%	13.9%
LMI	30	17.2%	86,798	7.8%	31,127	14.5%	22,350,575	17.1%	16.2%
Middle	26	14.9%	77,246	7.0%	85,732	39.8%	39,450,750	30.2%	40.2%
Upper	117	67.2%	928,370	83.9%	98,150	45.6%	68,462,080	52.5%	43.5%
Unknown	1	0.6%	13,500	1.2%	242	0.1%	238,290	0.2%	0.1%
<b>Total</b>	<b>174</b>		<b>1,105,914</b>		<b>215,251</b>		<b>130,501,695</b>		
<b>2021</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	25	4.2%	34,600	4.1%	7,052	2.7%	7,314,630	4.5%	2.3%
Moderate	221	37.3%	125,012	14.8%	34,925	13.3%	23,788,885	14.7%	13.9%
LMI	246	41.6%	159,612	18.9%	41,977	16.0%	31,103,515	19.2%	16.2%
Middle	189	31.9%	84,779	10.0%	101,388	38.6%	49,233,800	30.4%	40.2%
Upper	157	26.5%	600,727	71.1%	118,689	45.2%	81,583,925	50.3%	43.5%
Unknown	0	0.0%	0	0.0%	310	0.1%	175,860	0.1%	0.1%
<b>Total</b>	<b>592</b>		<b>845,118</b>		<b>262,364</b>		<b>162,097,100</b>		
<b>2022</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	17	5.3%	23,441	3.3%	4,451	2.9%	5,340,315	4.6%	2.4%
Moderate	101	31.5%	74,661	10.4%	21,901	14.3%	17,194,755	14.7%	14.7%
LMI	118	36.8%	98,102	13.7%	26,352	17.2%	22,535,070	19.3%	17.1%
Middle	109	34.0%	85,089	11.9%	60,038	39.1%	33,420,080	28.6%	41.6%
Upper	93	29.0%	528,589	73.9%	65,921	43.0%	59,914,525	51.2%	40.7%
Unknown	1	0.3%	3,100	0.4%	1,082	0.7%	1,157,380	1.0%	0.6%
<b>Total</b>	<b>321</b>		<b>714,880</b>		<b>153,393</b>		<b>117,027,055</b>		
<b>GRAND TOTAL</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	62	4.1%	97,461	2.8%	21,454	2.7%	24,263,290	4.7%	
Moderate	503	33.1%	482,831	13.9%	105,334	13.3%	73,667,880	14.2%	
LMI	565	37.2%	580,292	16.7%	126,788	16.0%	97,931,170	18.9%	
Middle	491	32.3%	409,601	11.8%	311,728	39.2%	152,464,430	29.4%	
Upper	459	30.2%	2,457,513	70.8%	354,008	44.6%	265,878,690	51.3%	
Unknown	4	0.3%	21,550	0.6%	1,846	0.2%	2,033,540	0.4%	
<b>Total</b>	<b>1,519</b>		<b>3,468,956</b>		<b>794,370</b>		<b>518,307,830</b>		

4. Distribution by Borrower Characteristics: Outstanding

Apple Bank’s one-to-four family HMDA-reportable lending demonstrated an excellent distribution of loans among individuals of different income levels.

During the evaluation period, Apple Bank’s average rates of lending to LMI borrowers were 61.8% by number and 53.7% by dollar value of loans, well above the aggregate’s respective rates of 16% and 8.6%.

The Bank’s lending rates to low- and moderate-income borrowers significantly exceeded the aggregate’s rates by number and dollar value of loans for each year of the evaluation period. In addition, the Bank’s lending rates to LMI borrowers during the period also exceeded the percentage of LMI families (family demographics) living in the Bank’s assessment area for each year of the evaluation period.

The following table provides a summary of the distribution of Apple Bank’s one-to-four family loans by borrower income.

**APPLE BANK FOR SAVINGS – CRA PERFORMANCE EVALUATION**

<b>Distribution of One-to-Four Family Loans by Borrower Income</b>									
<b>2019</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	18	5.7%	4,432	4.7%	5,726	3.6%	1,351,250	1.7%	27.9%
Moderate	171	53.8%	45,169	47.4%	19,955	12.5%	5,180,835	6.5%	16.1%
LMI	189	59.4%	49,601	52.1%	25,681	16.1%	6,532,085	8.2%	43.9%
Middle	64	20.1%	20,544	21.6%	34,068	21.4%	10,663,210	13.4%	17.1%
Upper	65	20.4%	25,063	26.3%	89,987	56.5%	54,399,345	68.5%	39.0%
Unknown	0	0.0%	0	0.0%	9,496	6.0%	7,862,490	9.9%	
<b>Total</b>	<b>318</b>		<b>95,208</b>		<b>159,232</b>		<b>79,457,130</b>		
<b>2020</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	4	9.8%	719	6.2%	5,436	2.6%	1,377,560	1.3%	27.9%
Moderate	26	63.4%	6,386	55.3%	25,150	11.9%	7,376,730	6.9%	16.1%
LMI	30	73.2%	7,105	61.5%	30,586	14.4%	8,754,290	8.2%	43.9%
Middle	4	9.8%	1,662	14.4%	47,180	22.3%	16,485,860	15.4%	17.1%
Upper	6	14.6%	2,078	18.0%	121,622	57.4%	71,860,830	67.2%	39.0%
Unknown	1	2.4%	700	6.1%	12,326	5.8%	9,793,630	9.2%	
<b>Total</b>	<b>41</b>		<b>11,545</b>		<b>211,714</b>		<b>106,894,610</b>		
<b>2021</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	26	5.3%	6,229	3.9%	7,672	3.0%	2,089,370	1.5%	27.9%
Moderate	275	55.9%	80,953	50.2%	32,914	12.7%	10,025,370	7.3%	16.1%
LMI	301	61.2%	87,182	54.1%	40,586	15.7%	12,114,740	8.8%	43.9%
Middle	83	16.9%	30,117	18.7%	59,023	22.9%	21,764,715	15.8%	17.1%
Upper	107	21.7%	42,731	26.5%	144,212	55.9%	92,204,600	66.8%	39.0%
Unknown	1	0.2%	1,214	0.8%	14,367	5.6%	11,894,905	8.6%	
<b>Total</b>	<b>492</b>		<b>161,244</b>		<b>258,188</b>		<b>137,978,960</b>		
<b>2022</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	35	15.5%	8,046	10.1%	6,359	4.1%	1,607,735	1.8%	26.0%
Moderate	111	49.1%	35,034	43.8%	21,936	14.3%	6,673,160	7.5%	15.9%
LMI	146	64.6%	43,080	53.9%	28,295	18.4%	8,280,895	9.3%	41.9%
Middle	45	19.9%	18,189	22.8%	33,612	21.9%	12,655,560	14.2%	17.4%
Upper	35	15.5%	18,641	23.3%	77,437	50.5%	58,014,905	64.9%	40.7%
Unknown	0	0.0%	0	0.0%	14,049	9.2%	10,382,610	11.6%	
<b>Total</b>	<b>226</b>		<b>79,910</b>		<b>153,393</b>		<b>89,333,970</b>		
<b>GRAND TOTAL</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Fam.Dem.</b>
<b>Income</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	83	7.7%	19,426	5.6%	25,193	3.2%	6,425,915	1.6%	
Moderate	583	54.1%	167,542	48.2%	99,955	12.8%	29,256,095	7.1%	
LMI	666	61.8%	186,968	53.7%	125,148	16.0%	35,682,010	8.6%	
Middle	196	18.2%	70,512	20.3%	173,883	22.2%	61,569,345	14.9%	
Upper	213	19.8%	88,513	25.4%	433,258	55.4%	276,479,680	66.8%	
Unknown	2	0.2%	1,914	0.6%	50,238	6.4%	39,933,635	9.7%	
<b>Total</b>	<b>1,077</b>		<b>347,907</b>		<b>782,527</b>		<b>413,664,670</b>		

## APPLE BANK FOR SAVINGS – CRA PERFORMANCE EVALUATION

### 5. Community Development Lending: Low Satisfactory

During the evaluation period, Apple Bank originated \$196.4 million in new community development loans and had \$204.6 million outstanding from prior evaluation periods. This demonstrated an adequate level of community development lending over the course of the evaluation period.

The Bank’s level of total (new loans and the remaining balance of loans outstanding from prior evaluation periods) community development loans declined to \$401 million for the current evaluation period (3.5 years) from the \$468.5 million recorded at the prior evaluation period (3 years), while average assets increased by 7.3% from the prior evaluation period.

A substantial majority (\$174.4 million) of Apple Bank’s community development loans were to finance the purchase or refinance of multifamily properties, helping to meet affordable housing needs within the Bank’s assessment area.

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	68	174,355	35	184,807
Economic Development	18	18,533	4	16,405
Community Services				
Revitalization/Stabilization	1	3,500	1	3,425
<b>Total</b>	<b>87</b>	<b>196,388</b>	<b>40</b>	<b>204,637</b>

Below is a description of Apple Bank’s community development lending.

- Apple Bank originated a \$21 million multifamily mortgage loan to finance a multifamily property located in a moderate-income census tract in Queens. The subject building has 390 rental units, of which the majority had rents below the U.S. Department of Housing and Urban Development (“HUD”) fair market rents (“FMR”) for the New York City Metropolitan area, thereby providing affordable housing.
- Apple Bank refinanced an existing \$8.5 million mortgage loan secured by nine two-story multifamily properties in Queens. The buildings contain 189 residential rental units, of which 182 had below FMR, thus providing affordable housing. The loan proceeds were in part used for the installation of solar panels that helped reduce electricity costs for the mostly LMI tenants, also promoting climate resiliency.
- Apple Bank renewed a \$3.5 million commercial mortgage loan secured by a property located in a moderate-income census tract in Manhattan. The property contains 2,700 square feet of retail space and 15,000 square feet of office space on the first floor and 18,000 square feet of office space on the second floor. A major tenant of the property is an organization focused on alleviating hunger in New York City communities.

## APPLE BANK FOR SAVINGS – CRA PERFORMANCE EVALUATION

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- The Bank originated a \$1.5 million loan to a Community Development Financial Institution<sup>2</sup> (CDFI) that provides small business loans, including Small Business Administration (“SBA”) loans and other forms of credit often not available from traditional lenders to small businesses in all stages of the business cycle. The loan supports economic development by helping small businesses to remain open, retain employees and expand operations.

a. Flexible and/or Innovative Lending Practices:

Apple Bank made occasional use of flexible or innovative lending practices.

- Apple Bank offers its “SureLoan” fixed-rate installment loan product, which offers a competitive rate and flexible repayment terms. With a minimum loan amount of \$500, the loan is secured by one or more of Apple Bank’s savings or certificate of deposit accounts and allows customers with poor or no credit history to build or improve their credit history.
- The Bank also offers its “SureLine” overdraft line-of-credit linked to a customer’s checking account and secured by a saving or certificate of deposit account. This credit product includes a minimum revolving line amount of \$550, a fixed interest rate, low monthly payments, and no annual fee.

### **B. Investment Test: Low Satisfactory**

*The Department evaluated Apple Bank’s investment performance pursuant to the following criteria:*

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

1. Qualified Investments

During the evaluation period, Apple Bank made \$68.5 million in new qualified investments and had \$53.3 million outstanding from prior evaluation periods. In addition, Apple Bank made \$665,000 in qualified grants. This demonstrated an adequate level of qualified investments and grants over the course of the evaluation period.

However, Apple Bank’s level of new qualified investments for the current evaluation period of \$68.5 million represented a significant decline from the \$96.9 million recorded at the prior evaluation period. As a result, total investments of \$121.8 million were well below the \$173.4 million recorded at the prior evaluation.

Apple Bank’s new qualified investments primarily supported affordable housing initiatives in the assessment area, accounting for 77.4% by dollar value of the new qualified investments made during the evaluation period.

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<sup>2</sup> Refer to the Glossary for a definition of a Community Development Financial Institution.

**APPLE BANK FOR SAVINGS – CRA PERFORMANCE EVALUATION**

<b>Qualified Investments and Grants</b>				
	<b>This Evaluation Period</b>		<b>Outstandings from Prior Evaluation Periods</b>	
	<b># of Inv.</b>	<b>\$000</b>	<b># of Inv.</b>	<b>\$000</b>
CD Investments				
Affordable Housing	13	\$ 53,046	31	\$ 53,306
Economic Development	14	\$ 15,485		
Community Services				
Revitalization/Stabilization				
<b>Total</b>	<b>27</b>	<b>\$ 68,531</b>	<b>31</b>	<b>\$ 53,306</b>
CD Grants	<b># of Grants</b>	<b>\$000</b>	<i>Not Applicable</i>	
Affordable Housing	128	\$ 199		
Economic Development	52	\$ 86		
Community Services	112	\$ 380		
Revitalization/Stabilization				
<b>Total</b>	<b>292</b>	<b>\$ 665</b>		

Below are highlights of Apple Bank’s qualified investments:

- Apple Bank invested in eleven mortgage-backed securities totaling \$45.4 million during the evaluation period. These securities, issued by government sponsored entities, supported affordable housing for LMI individuals and families within the Bank’s assessment area.
- The Bank invested \$2.74 million in certificates of deposit at four CDFIs, which provide needed financial services and products in underserved communities and to the low- and moderate-income population within the Bank’s assessment area.

Below are highlights of Apple Bank’s qualified grants:

- Apple Bank donated a total of \$150,000 to an organization that offers various services and programs for individuals with developmental disabilities in Kings County. Such services include domestic violence, mental health, substance abuse, foster care placement, and older adult services.
- Apple Bank donated a total of \$35,000 to a nonprofit organization that focuses on providing access to affordable financial services for families, startups, small businesses, and other underserved groups and individuals.
- The Bank donated a total of \$30,000 to an organization that provides financial literacy training to New York City high school students. The organization offers programs that include setting financial goals, budgeting, savings and banking, and career opportunities for students and their families in low-income communities.

2. Innovativeness of Qualified Investments:

Apple Bank made occasional use of innovative investments to support community development.

## APPLE BANK FOR SAVINGS – CRA PERFORMANCE EVALUATION

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Below are examples of Apple Bank’s innovative or complex community development investments:

- The Bank invested \$5 million in a Low Income Housing Tax Credit (“LIHTC”) fund that supports affordable housing in the assessment area.
- The Bank invested \$2 million in a women-owned Small Business Investment Corporation (“SBIC”). The investment will support the SBIC’s fund consisting of small business loans in the assessment area.

### 3. Responsiveness of Qualified Investments to Credit and Community Development Needs:

Apple Bank’s qualified investments exhibited adequate responsiveness to its assessment area’s credit and community development needs. These needs include affordable housing and economic development initiatives.

### **C. Service Test: High Satisfactory**

The Department evaluated Apple Bank’s retail service performance pursuant to the following criteria:

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

The Department evaluated Apple Bank’s community development service performance pursuant to the following criteria:

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

#### 1. Retail Banking Services: Outstanding

Apple Bank has an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

##### a. Current distribution of the banking institution’s branches:

Apple Bank has an excellent distribution of branches within its assessment area. As of the evaluation period, the Bank operated 82 branches, of which 26 (32%) were in LMI census tracts. The majority of the Bank’s branches located in LMI census tracts are in Bronx (8) and Kings (11) counties. In addition, all of the Bank’s branches located in the five boroughs of New York City are accessible by mass transit.

**APPLE BANK FOR SAVINGS – CRA PERFORMANCE EVALUATION**

<b>Distribution of Branches within the Assessment Area</b>						
<b>County</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>	<b>Total</b>	<b>LMI</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>%</b>
Bronx	3	5	0	1	9	89%
Kings	3	8	3	4	18	61%
Nassau	0	0	7	3	10	0%
New York	0	3	1	15	19	16%
Queens	0	2	2	3	7	29%
Richmond	0	0	1	0	1	0%
Rockland	1	0	0	1	2	50%
Suffolk	0	0	7	3	10	0%
Westchester	0	1	0	5	6	17%
<b>Total</b>	<b>7</b>	<b>19</b>	<b>21</b>	<b>35</b>	<b>82</b>	<b>32%</b>

*b. Record of opening and closing branches:*

Apple Bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, including LMI geographies and/or LMI individuals.

During the evaluation period, Apple Bank opened three new branches, one each in Westchester (upper-income census tract), Rockland (upper-income census tract), and Queens (middle-income census tract) counties. The Bank also relocated three branches in New York (2) and Suffolk (1) counties. The relocations were within the same census tracts and therefore, did not affect the accessibility of Apple Bank’s delivery systems in the Bank’s assessment area.

*c. Availability and effectiveness of alternative systems for delivering retail services:*

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

Alternative delivery systems offered by the Bank include the following:

- The Bank’s website and its mobile banking app both allow customers to access their accounts from any location via computer or smartphone with an internet connection and perform transactions such as viewing account balances and transaction history, transferring funds, remotely depositing checks and paying bills.
- The Bank’s website also provides information about its products and services.
- Telephone Banking allows customers 24-hour access to their account and perform internal fund transfers, report lost or stolen debit cards, and inquire about deposit rates.
- The Bank also has a telephonic call center available Monday to Friday from 8:00 AM to 8:00 PM and Saturday and Sunday from 8:00 AM to 2:00 PM. The call center provides account information and services to Apple Bank customers, as well as information to the general public in response to inquiries.

## APPLE BANK FOR SAVINGS – CRA PERFORMANCE EVALUATION

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### *d. Range of services provided:*

Apple Bank’s services meet the convenience and accessibility needs of its assessment area, including LMI geographies and individuals.

Branch hours are generally Monday through Friday from 9:00 AM to 4:00 PM. All 82 branches offer extended hours on selected weekdays (usually Thursdays) as well as weekend hours either on Saturday or Sunday. As of the date of the evaluation period, Apple Bank operated a network of 97 ATMs with at least one ATM at each branch. The 26 branches located in LMI census tracts have a total of 33 ATMs. All ATMs except one in an upper-income census tract in New York County have deposit taking capabilities.

The Bank offers the following products that benefit LMI individuals and small businesses:

- Youth Savings Account – A savings account to teach minors ages 6 through 17 about financial literacy and how to start saving at an early age. The account has no minimum balance requirement, no maintenance fees and offers reimbursement of some fees for use of ATMs not owned by Apple Bank.
- SureCredit Loans – Secured (by deposit accounts) personal loans and lines (“Sure Line”) of credit with competitive rates that help customers establish or improve their credit history.
- Apple Edge Employee Banking – An account designed specifically for businesses to help provide their employees the convenience of having various banking services such as free checking accounts, Visa debit cards, unlimited free transactions at domestic ATMs not owned by Apple Bank, and special offers on other banking products and services.

### 2. Community Development Services: High Satisfactory

Apple Bank provided a relatively high level of community development services. During the evaluation period, senior management and staff participated in 80 qualified community development service activities, including serving on boards and committees of nonprofit organizations involved in community development activities or providing financial education classes to LMI individuals.

<b>Community Development Services</b>	
<b>Activity Type</b>	<b>Number of Activities</b>
On-Going Board & Committee Memberships	50
Technical Assistance	8
Seminars	3
Credit Counseling	0
Other Services	19
<b>Total Community Development Services</b>	<b>80</b>

Below are highlights of Apple Bank’s community development services.

## APPLE BANK FOR SAVINGS – CRA PERFORMANCE EVALUATION

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- An executive officer of the Bank serves on the board of a nonprofit organization that provides free legal services to people in poverty or crisis. Services include advocacy, case consultation, training, community education, and financial counseling.
- A senior executive vice president of Apple Bank serves on the board of a nonprofit organization that advocates for and supports development of affordable housing for LMI individuals and families. The organization also offers housing counseling programs for potential homebuyers to educate and empower them before buying a home.
- The CRA officer of the Bank serves on the board of a nonprofit organization that serves underserved and often overlooked communities. To support and strengthen these communities and provide opportunities for low-income individuals and families, the organization offers flexible and low-cost loans for housing, early learning and childcare centers, schools, healthcare centers, and businesses in the communities.
- Apple Bank employees facilitated financial literacy workshops at two high schools where the majority of students were economically-disadvantaged. The workshops provide students with financial tools and knowledge to help them achieve their goals.

### **D. Additional Factors**

The following factors were also considered in assessing Apple Bank’s record of performance.

1. 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.

Apple Bank’s board of directors appoints the Bank’s CRA officer and approves and reviews the Bank’s CRA program. The board is assisted by its “Real Estate Loan Committee” and its “Investment Loan Committee” in providing oversight of CRA’s lending and investment activities. Additionally, the Bank has a management-level CRA committee comprised of members of senior management, including the Bank’s CEO and President. This committee is tasked with the responsibility of providing day-to-day oversight and guidance for CRA performance and activities. recorded. In addition, the Bank performs periodic self-assessments of its CRA performance.

2. 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 Apple Bank’s intended to discourage applications for the types of credit offered by Apple Bank.

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

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

3. 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.*

Apple Bank ascertains community credit needs through involvement with community groups and various organizations within its assessment area. As part of these efforts, Bank executives and senior officers serve on boards and committees of various community development organizations providing technical assistance. In addition, Apple Bank employees participated in financial literacy workshops. These activities allow the Bank to ascertain the credit needs of its community and make the community aware of products and services offered by the Bank.

- *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*

Apple Bank advertises its loans and deposit products through in-branch display posters and flyers, and on its website. Furthermore, through their involvement with nonprofit community organizations and participation in financial education seminars, branch employees make the community aware of the Bank's products and services, as well as products and services for low- and moderate-income individuals and families.

- *Action Taken in Response to Written Complaints with Respect to CRA*

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

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

DFS examiners 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 (DFS multifamily industry letter <https://www.dfs.ny.gov/system/files/documents/2020/03/i1141204.pdf> ) ;
- 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 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.

### **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](http://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;
- 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.