



## **PUBLIC SUMMARY**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF NEWBANK**

**AS OF SEPTEMBER 30, 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.

**TABLE OF CONTENTS**

**Sections**

- I. General Information**
  - II. Overview of Institution’s Performance**
  - III. Performance Context**
    - A. Institution Profile
    - B. Assessment Area
    - C. Demographic & Economic Data
    - D. Community Information
  - IV. Performance Standards and Assessment Factors**
    - A. Lending Test
    - B. Community Development Test
    - C. Additional Factors
  - V. Glossary**
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# NEWBANK – 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 NewBank (“NB” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This Evaluation represents the Department’s current assessment and rating of the Bank’s CRA performance based on an evaluation conducted as of September 30, 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 end of this Evaluation.

## NEWBANK – CRA PERFORMANCE EVALUATION

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### **II - OVERVIEW OF INSTITUTION'S PERFORMANCE**

The Department evaluated NB according to the intermediate small banking institution performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2020, 2021 and 2022 for the lending test and the period from October 1, 2020, to September 30, 2023 for the community development test. NB is rated “2” indicating a “Satisfactory” record of helping to meet community credit needs.

The rating is based on the following factors:

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

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

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

NB's average LTD ratio of 66.2% for the evaluation period is just below the peer's average LTD ratio of 73.3%.

##### 2. Assessment Area Concentration: Outstanding

During the evaluation period, NB originated 93.5% by number and 93.3% by dollar value of its total small business loans within the assessment area, demonstrating an excellent concentration of lending.

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

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

##### 4. Geographic Distribution of Loans: Needs to Improve

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

##### 5. Action Taken in Response to Written Complaints with Respect to CRA:

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

#### **B. Community Development Test:** Satisfactory

NB's community development performance demonstrated an adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments and services, considering the Bank's capacity, and the need for and

## NEWBANK – CRA PERFORMANCE EVALUATION

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availability of opportunities for community development in its assessment area.

### 1. Community Development Lending: Outstanding

During the evaluation period, NB originated \$81.6 million in new community development loans, and had \$21.5 million outstanding from the prior evaluation period. This demonstrated an excellent level of community development lending over the course of the evaluation period.

### 2. Qualified Investments: Needs to Improve

During the evaluation period, NB made \$997,000 in new qualified investments and had no investments outstanding from prior evaluation periods. In addition, NB made \$45,000 in qualified grants. This demonstrated a poor level of qualified investments over the course of the evaluation period.

### 3. Community Development Services: Needs to Improve

During the evaluation period, NB demonstrated a poor level of qualified services over the course of the evaluation period. Bank personnel participated in six instances of community development services during the evaluation period.

### 4. Responsiveness to Community Development Needs

NB 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 GRS Part 76.*

## NEWBANK – CRA PERFORMANCE EVALUATION

### III - PERFORMANCE CONTEXT

#### A. Institution Profile

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

NB operates a total of six branch offices, of which three are in New Jersey and three are in New York. The three branch offices in New York are located in Queens County (2) and in New York County (1) and are supplemented by two automated teller machines (“ATM”), one at each of the two branch offices in Queens County. The Bank is also a member of the MONEYPASS network providing its customers with ATM/Debit cards surcharge free access to more than 32,000 ATMs worldwide.

NB offers personal and business deposit products including checking, savings, and time deposits. Banking services offered include online banking, e-deposit services, wire transfers, safe deposit boxes, cashier checks and money orders. Credit products offered by NB include business loans, Small Business Administration (“SBA”) loans, trade financing and business credit cards.

In its Consolidated Report of Condition (the “Call Report”) as of September 30, 2023, filed with the Federal Deposit Insurance Corporation (“FDIC”), NB reported total assets of \$645.2 million, of which \$347.8 million were net loans and lease financing receivables. It also reported total deposits of \$555.1 million, resulting in an LTD ratio of 62.7%. According to the latest available comparative deposit data as of June 30, 2023, NB obtained a market share of 0.02%, or \$324 million in a market of \$2.1 trillion, ranking it 78<sup>th</sup> among 119 deposit-taking institutions in the assessment area.

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

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	12/31/2020		12/31/2021		12/31/2022	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	1,561	0.5	1,522	0.5	1,158	0.4
Commercial & Industrial Loans	106,812	35.2	80,938	26.5	59,587	18.0
Commercial Mortgage Loans	175,728	57.9	202,631	66.2	255,317	77.3
Multifamily Mortgages	788	0.3	770	0.3	4,465	1.4
Consumer Loans	1	0.0	3	0.0	1	0.0
Agricultural Loans	0	0.0	276	0.1	269	0.1
Construction Loans	18,519	6.1	19,843	6.5	9,454	2.9
<b>Total Gross Loans</b>	<b>303,409</b>		<b>305,983</b>		<b>330,251</b>	

As illustrated in the above table, NB is primarily a commercial lender with 95.3% of its gross loan portfolio in commercial mortgage (77.3%) and commercial & industrial (18%) loans.

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

## NEWBANK – CRA PERFORMANCE EVALUATION

### **B. Assessment Area**

The Bank’s assessment area consists of the following seven counties: Bronx, Kings, New York, Queens, Richmond, Nassau and Westchester. There was no change in the assessment area from the prior evaluation period.

There are 2,854 census tracts in the Bank’s assessment area, of which 305 are low-income, 628 are moderate-income, 922 are middle-income, 835 are upper-income, and 164 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Dis-tressed %
Bronx	21	129	121	65	25	361	69.3	69%
Kings	46	91	235	263	170	805	40.5	40%
Nassau	9	10	31	146	90	286	14.3	14%
New York	23	36	44	32	175	310	25.8	26%
Queens	52	26	157	325	165	725	25.2	25%
Richmond	7	3	13	42	61	126	12.7	13%
Westchester	6	10	27	49	149	241	15.4	15%
Total	164	305	628	922	835	2,854	32.7	33%

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

The assessment area had a population of 11,204,421 during the evaluation period. Approximately 14.8% of the population were over the age of 65 and 22.3% were under the age of 16.

Of the 2,491,912 families in the assessment area 26.9% were low-income, 15.6% were moderate-income, 16.7% were middle-income and 40.9% were upper-income. There were 3,995,143 households in the assessment area, of which 15.2% had income below the poverty level and 4% were on public assistance. The weighted average median family income in the assessment area was \$101,057.

There were 4,369,148 housing units within the assessment area, of which 46.2% were one- to four-family units, and 53.7% were multifamily units. A majority 54.1% of the housing units were renter-occupied, while 37.3% were owner-occupied and 8.6% were vacant units.

Of the total 2,364,890 rental-occupied units, 47.7% were in LMI census tracts, while 50.9% were in middle- and upper-income census tracts. The weighted average monthly gross rent was \$1,599.

Of the 1,630,253 owner-occupied housing units, 16.2% were in LMI census tracts while 83.3% were in middle- and upper-income census tracts. The median age of the housing stock was 74 years, and the weighted average of median home value in the assessment area was \$654,926.

There were 1,488,649 non-farm businesses in the assessment area. Of these, 91.8% were businesses with reported revenues of less than or equal to \$1 million, 3.1% reported revenues of

## NEWBANK – CRA PERFORMANCE EVALUATION

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more than \$1 million, and 5.1% 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 location. The largest industries in the area were Services (34.3%), Retail Trade (11.3%) and Finance, Insurance & Real Estate (9.8 %); 30.2% of businesses in the assessment area were not classified.

An analysis of the New York State Department of Labor unemployment data showed that the annual average unemployment rates for New York State and all counties within the Bank’s assessment area steadily decreased during the evaluation period. This can be attributed to a steady economic recovery as the COVID-19 pandemic waned. Nassau County’s annual average unemployment rates were consistently the lowest, while Bronx County’s rates were consistently the highest.

Assessment Area Unemployment Rate								
Year	New York State	Bronx	Kings	Nassau	New York	Queens	Richmond	Westchester
2020	9.8	16.0	12.4	8.0	9.5	12.4	10.5	8.0
2021	7.0	13.8	10.3	4.5	7.7	9.8	8.9	4.8
2022	4.3	7.8	5.9	2.9	4.6	5.2	5.5	3.1
Average of Years above	7.0	12.5	9.5	5.1	7.3	9.1	8.3	5.3

### **D. Community Information**

Examiners interviewed officers of two nonprofit community organizations within the Bank’s assessment area, to gain additional insight into the banking and credit needs of the community.

The first organization offers housing education, counseling, and financing to LMI residents to help them gain access to sustainable and affordable housing. The organization partners with residents, businesses, and government to promote homeownership and community reinvestment. The officer interviewed noted that the area the organization serves lacks bank branches; as a result, many residents in the community do not have bank accounts and utilize check cashers for their financial service needs. Furthermore, the officer stated the lack of affordable housing caused in part by investors buying available properties and reselling them at a much higher price. In addition, LMI individuals and communities need financial literacy education teaching them about basic financial tools and deposit accounts, credit cards, consumer and small business loans and insurance. The officer also noted that banks need to be more creative in serving their entire community by offering special purpose loans, more affordable home improvement loan products, and affordable home financing aimed at sustaining communities and reducing foreclosures.

The second organization seeks to help under-resourced immigrant women and youth gain self-sufficiency by offering educational programs and classes in employment readiness, adult literacy, youth development, health literacy, and assistance with applications for affordable housing. This organization’s officer stated that the community they serve wants more financial literacy education and information about credit cards, consumer loans, and other financial loan and deposit products. The officer noted the opportunity for banks to provide more financial literacy programs through

## NEWBANK – CRA PERFORMANCE EVALUATION

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in-person community events and the need for more bank branches within walking distance of LMI neighborhoods, as the lack of bank branches forces many residents to use more expensive financial services such as check cashers.

## NEWBANK – CRA PERFORMANCE EVALUATION

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

The Department evaluated NB under the intermediate small banking institution performance criteria in accordance with Sections 76.7 and 76.12 of the GRS, which consist of the lending test and the community development test.

The lending test includes:

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

The community development test includes:

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

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

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

DFS derived statistics employed in this Evaluation from various sources. NB submitted bank-specific information both as part of the Evaluation process and in its all 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 loan to deposit ("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 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 calendar years 2020, 2021, and 2022 for lending activities and the period from October 1, 2020, to September 30, 2023 for community development activities.

## NEWBANK – CRA PERFORMANCE EVALUATION

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As NB made very few HMDA-reportable and small farm loans, DFS considered only NB’s small business loans in evaluating factors (2), (3) and (4) of the lending test noted above.

Small business loan data evaluated in this Evaluation represented actual originations for calendar years 2020 and 2022. For 2021, DFS analyzed a sample of 115 small business loans originated in New York State (16 small business loans and 99 PPP loans). DFS then extrapolated the results of that analysis across the total universe of 252 small business loans originated in New York State.

NB is not required to report small business loan data, so NB's small business lending is not included in the aggregate data. The aggregate data are shown only for comparative purposes.

In its prior Community Reinvestment Act Performance Evaluation as of September 30, 2020, DFS assigned NB a rating of “2” or “Satisfactory” compliance with regulatory standards.

### **CRA Rating: Satisfactory**

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

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

##### 1. Loan-to-Deposit Ratio and other Lending-Related Activities: Satisfactory

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

The Bank’s average LTD ratio, for the evaluation period, of 66.2% was lower than the peer’s average LTD of 73.3%. However, in the first quarter of 2021 the Bank’s average quarterly LTD ratio increased significantly to 80.3% exceeding its peer ratio of 72.3% for the quarter. The increase in the Bank’s quarterly LTD ratio for the first quarter of 2021, was primarily due to the Bank’s participation in the PPP loan program, which ended on May 31, 2021. The total number of PPP loans originated by the Bank was 312 in 2020 and 236 in 2021.

The table below shows NB’s LTD ratios in comparison with the peer group’s ratios for the 12 quarters of this evaluation.

<b>Loan-to-Deposit Ratios</b>													
	2020	2020	2020	2020	2021	2021	2021	2021	2022	2022	2022	2022	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Bank	63.3	64.1	69.8	71.6	80.3	64.6	63.2	63.0	63.2	62.1	64.9	64.0	66.2
Peer	81.9	80.8	80.0	75.8	72.3	70.9	69.4	67.9	66.5	69.2	71.2	73.8	73.3

## NEWBANK – CRA PERFORMANCE EVALUATION

### 2. Assessment Area Concentration: Outstanding

During the evaluation period, NB Bank originated 93.5% by number and 93.3% by dollar value of its total small business loans within the assessment area, demonstrating an excellent concentration of lending.

The following table shows the percentages of NB’s small business loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Business										
2020	309	94.5%	18	5.5%	327	21,636	96.2%	855	3.8%	22,491
2021	232	92.1%	20	7.9%	252	18,914	91.1%	1,846	8.9%	20,760
2022	20	95.2%	1	4.8%	21	7,411	91.1%	720	8.9%	8,131
Grand Total	561	93.5%	39	6.5%	600	47,961	93.3%	3,421	6.7%	51,382

*\*For 2021, DFS analyzed a sample of 115 small business loans. DFS then extrapolated the number and dollar volume of loans from the resulting percentages.*

### 3. Distribution by Borrower Characteristics: Outstanding

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

The Bank originated PPP loans in 2020 and 2021; however, the program did not require banks to collect or report gross annual revenue of the business. To avoid skewing the analysis of the “Borrower characteristics” criterion, DFS excluded these loans.

The Bank’s average lending rates to small businesses with gross annual revenues of \$1 million or less for the evaluation period were 61.2% by number and 63.3% by dollar value, which were well above the aggregate’s rates of 40.9% and 21.7% respectively.

Both the Bank’s and the aggregate’s average rates of lending to small businesses with gross annual revenues of \$1 million or less were below the average percentage of small businesses with gross annual revenue of \$1 million or less located in NB’s assessment area, as shown in the table below (business demographics column).

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

## NEWBANK – CRA PERFORMANCE EVALUATION

Distribution of Small Business Lending by Revenue Size of Business									
2020									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	7	46.7%	3,321	46.7%	133,095	36.1%	3,416,556	18.7%	90.9%
Rev. > \$1MM	8	53.3%	3,792	53.3%					4.3%
Rev. Unknown		0.0%		0.0%					4.8%
<b>Total</b>	<b>15</b>		<b>7,113</b>		<b>369,193</b>		<b>18,269,924</b>		
2021									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	10	71.4%	5,035	69.3%	162,228	37.9%	2,867,808	18.6%	91.5%
Rev. > \$1MM	4	28.6%	2,230	30.7%					3.4%
Rev. Unknown		0.0%		0.0%					5.2%
<b>Total</b>	<b>14</b>		<b>7,265</b>		<b>427,797</b>		<b>15,395,495</b>		
2022									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	13	65.0%	5,430	73.3%	186,737	49.1%	3,085,987	32.1%	91.8%
Rev. > \$1MM	2	10.0%	1,200	16.2%					3.1%
Rev. Unknown	5	25.0%	781	10.5%					5.1%
<b>Total</b>	<b>20</b>		<b>7,411</b>		<b>380,538</b>		<b>9,606,337</b>		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	30	61.2%	13,786	63.3%	482,060	40.9%	9,370,351	21.7%	91.4%
Rev. > \$1MM	14	28.6%	7,222	33.1%					
Rev. Unknown	5	10.2%	781	3.6%					
<b>Total</b>	<b>49</b>		<b>21,789</b>		<b>1,177,528</b>		<b>43,271,756</b>		

#### 4. Geographic Distribution of Loans: Needs to Improve

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

The Bank's average lending rate of 15.3% by number of loans to small businesses in LMI census tracts was well below the aggregate's rate of 24.6% for the evaluation period. NB's lending rate of 22.1% by dollar value exceeded the aggregate's lending rate of 19.7%. Furthermore, NB's annual lending rates by number and dollar value of loans trailed the aggregate's rates for each year, except for by dollar value of loans in 2021.

NB's average lending rates by number and dollar value of loans trailed the average percentage of 25.3% of small businesses (Business demographics) located in LMI census tracts within the Bank's assessment area.

The following table provides a summary of the distribution of the Bank's small business loans by the income level of the geography where the businesses were located.

**NEWBANK – CRA PERFORMANCE EVALUATION**

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2020</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	19	6.1%	1,143	5.3%	24,805	6.7%	974,541	5.3%	6.9%
Moderate	51	16.5%	2,789	12.9%	61,113	16.6%	2,472,521	13.5%	17.6%
LMI	70	22.7%	3,932	18.2%	85,918	23.3%	3,447,062	18.9%	24.4%
Middle	82	26.5%	5,311	24.5%	93,701	25.4%	4,053,125	22.2%	25.5%
Upper	150	48.5%	12,142	56.1%	181,771	49.2%	10,039,818	55.0%	47.9%
Unknown	7	2.3%	251	1.2%	7,803	2.1%	729,919	4.0%	2.1%
<b>Total</b>	<b>309</b>		<b>21,636</b>		<b>369,193</b>		<b>18,269,924</b>		
<b>2021</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	2	1.0%	1,704	9.0%	30,748	7.2%	886,413	5.8%	7.5%
Moderate	11	4.8%	3,670	19.4%	79,009	18.5%	2,299,605	14.9%	18.6%
LMI	13	5.7%	5,374	28.4%	109,757	25.7%	3,186,018	20.7%	26.2%
Middle	60	25.7%	2,196	11.6%	115,578	27.0%	3,589,244	23.3%	26.3%
Upper	146	62.9%	9,124	48.2%	194,127	45.4%	8,043,719	52.2%	12.8%
Unknown	13	5.7%	2,220	11.7%	8,335	1.9%	576,514	3.7%	1.9%
<b>Total</b>	<b>232</b>		<b>18,914</b>		<b>427,797</b>		<b>15,395,495</b>		
<b>2022</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	1	5.0%	750	10.1%	28,170	7.4%	701,403	7.3%	8.0%
Moderate	2	10.0%	540	7.3%	65,734	17.3%	1,522,081	15.8%	17.4%
LMI	3	15.0%	1,290	17.4%	93,904	24.7%	2,223,484	23.1%	25.4%
Middle	5	25.0%	1,350	18.2%	108,639	28.5%	2,369,313	24.7%	27.4%
Upper	11	55.0%	4,071	54.9%	164,008	43.1%	4,446,647	46.3%	43.5%
Unknown	1	5.0%	700	9.4%	13,987	3.7%	566,893	5.9%	3.7%
<b>Total</b>	<b>20</b>		<b>7,411</b>		<b>380,538</b>		<b>9,606,337</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	22	3.9%	3,597	7.5%	83,723	7.0%	2,562,357	5.5%	
Moderate	64	11.4%	6,999	14.6%	205,856	17.6%	6,294,207	14.2%	
LMI	86	15.3%	10,596	22.1%	289,579	24.6%	8,856,564	19.7%	25.3%
Middle	147	26.2%	8,857	18.5%	317,918	26.3%	10,011,682	22.7%	
Upper	307	54.7%	25,337	52.8%	539,906	47.2%	22,530,184	53.7%	
Unknown	21	3.7%	3,171	6.6%	30,125	2.0%	1,873,326	3.9%	
<b>Total</b>	<b>561</b>		<b>47,961</b>		<b>1,177,528</b>		<b>43,271,756</b>		

5. Action Taken in Response to Written Complaints with Respect to CRA: Not Rated

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

## NEWBANK – CRA PERFORMANCE EVALUATION

### **B. Community Development Test:** Satisfactory

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

#### **1. Community Development Lending:** Outstanding

During the evaluation period, NB originated \$81.6 million in new community development loans, and had \$21.5 million in loans outstanding from the prior evaluation period. This demonstrated an excellent level of community development lending over the course of the evaluation period.

The \$81.6 million of new community development loans originated this evaluation period (3 years) by NB, was significantly higher than the \$30.4 million in new community development loans originated during the prior evaluation period (3.75 years).

NB's community development loans made during the evaluation period supported affordable housing, economic development and minority- and women-owned businesses.

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	0	0		
Economic Development	10	35,550		
Community Services	0	0		
Revitalization & Stabilization	59	22,361	9	21,493
Minority-and Women-Owned Business	7	23,650		
<b>Total</b>	<b>76</b>	<b>81,561</b>	<b>9</b>	<b>21,493</b>

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

- NB made a \$9.3 million loan to enable the purchase of an existing hotel in a moderate-income area in Queens County. This loan will help to retain jobs for local residents and promote economic development in the area.
- The Bank made a \$5.0 million loan to a minority-owned start-up company to build a hotel in a low-income census tract in Bronx County. This hotel will create jobs for local residents and promote economic development in the area.
- NB originated a \$1.2 million loan to a start-up company to establish a supermarket in a low-income census tract in Bronx County. The supermarket will create jobs for local residents, promote economic development in the area and provide easier access to groceries for local residents.

## NEWBANK – CRA PERFORMANCE EVALUATION

- The Bank made a \$1.9 million loan to a woman-owned business to purchase a commercial real estate property with an existing coin laundromat in a low-income census tract in Bronx County. The laundromat will retain jobs and support economic development.
- NB originated a \$2.7 million loan to a start-up company to establish a new supermarket in a moderate-income census tract in Kings County. The supermarket will aid economic development by providing employment opportunities and convenient access to groceries for local residents.
- The Bank made a \$3.8 million loan to a minority-owned company to establish a new restaurant in an LMI census tract in Manhattan. This business will aid economic development of the area and provide jobs for local residents.
- Proceeds from a \$2.4 million loan originated to a minority woman owned company, were used to purchase a commercial building located in a LMI area in Queens County. This building will be used by her real estate business and also will be rented to other commercial tenants. This loan will aid in the revitalization/stabilization of the area.

### 2. Qualified Investments: Needs to Improve

During the evaluation period, NB made \$997,000 in new qualified investments and had no investments outstanding from prior evaluation periods. In addition, NB made \$45,000 in qualified grants. This demonstrated a poor level of qualified investments and grants during the evaluation period.

However, the current evaluation period's (3 years) investments and grants were more than the prior evaluation period's (3.75 years) investments (\$500,000) and grants (\$32,285).

Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing				
Economic Development				
Community Services				
Revitalize & Stabilize	4	997		
<b>Total</b>	<b>4</b>	<b>997</b>	<b>0</b>	<b>0</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing				
Economic Development				
Community Services	15	32		
MWOB	8	13		
<b>Total</b>	<b>23</b>	<b>45</b>		

## NEWBANK – CRA PERFORMANCE EVALUATION

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Below are highlights of NB’s community development investment and grants:

- NB invested in a certificate of deposit at three different Minority Deposit Institutions (“MDIs”) totaling \$748,000. These time deposits provide liquidity to the MDIs helping them to make loans and revitalize and stabilize their communities.
- The Bank made grants totaling \$9,000 to a nonprofit organization that provides community services. This organization provides people that have been disabled, hospitalized or suffered socio-economic disadvantages the opportunity to be involved in various events and cultural activities to enrich their lives.
- NB donated \$7,000 to a nonprofit organization that provides a variety of community services to LMI individuals including career services, education services, support services for seniors and access to food via a mobile food pantry.

### 3. Community Development Services: Needs to Improve

NB demonstrated a poor level of community development services over the course of the evaluation period.

Bank personnel participated in six instances of community development services during the evaluation period, which consisted of a bank employee serving on the board of directors of three non-profit organizations, two of which provided support to LMI individuals and one which provided support to women-owned businesses.

<b>Community Development Services</b>	
<b>Activity Type</b>	<b>Number of Activities</b>
Board & Committee Memberships	6
Technical Assistance	
Seminars	
Credit Counseling	
Other Services	
<b>Total Community Development Services</b>	<b>6</b>

Below is a description of NB’s community development services.

- A branch manager of NB is a member of the board of an Asian-American nonprofit organization which provides community services that include counseling and financial assistance for people in need that have catastrophic and life-threatening illnesses.
- A branch manager of the Bank is a member of the board of a Korean-American nonprofit organization that provides grants and organizational developmental support to other nonprofits that provide various services and/or offer programs to provide support and address the most critical needs of under-resourced and underserved Korean-Americans, strengthening the entire community.

## NEWBANK – CRA PERFORMANCE EVALUATION

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### Responsiveness to Community Development Needs:

NB demonstrated an adequate level of responsiveness through community development lending, investments, and service needs.

### **C. Additional Factors**

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.

NB’s board is kept abreast of CRA activities, findings, and recommendations by the CRA officer who reports to the board periodically. In addition, the CRA officer submits to the board semi-annually for review the Bank’s CRA self-assessment, which includes CRA performance metrics. The CRA officer is responsible for monitoring performance and compliance with the Bank’s CRA Plan. The Board is responsible for reviewing the CRA Plan annually and approving the allocation of funds and resources to support CRA activities and obligations.

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

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

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

3. Record of opening and closing offices and providing services at offices

NB did not open or close any branches during the evaluation period.

NB operates three full-service branches in its New York assessment area. These branches are supplemented by two ATMs, one each at the two Queens County branches.

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

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

## NEWBANK – CRA PERFORMANCE EVALUATION

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### 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.

Ongoing interaction and involvement by NB management and employees with local community organizations, nonprofit organizations and community events helps the bank to ascertain the credit needs of the community.

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

Every year senior management of NB meet with management of the local Korean newspapers to make them aware of NB's services and credit products prior to the Bank advertising its services and credit products in these newspapers. In addition, the Bank advertises special credit-related promotions including SBA Guaranteed loans on its website. Active interaction with local community organizations and involvement with local community events, also allows for promotion of banking services and credit products.

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

In addition to participating in the PPP loan program, NB supported PPP borrowers by preparing and processing PPP loan forgiveness submissions. The Bank also waived late fees on SBA loans which became due during the period from March 27, 2020 to February 28, 2022 to help these small businesses through the worst of the COVID-19 pandemic.

**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 [www.dfs.ny.gov/industry\\_guidance/industry\\_letters/il20141204\\_guidelines\\_bank\\_lending\\_multifamily\\_properties\\_cra\\_updated](http://www.dfs.ny.gov/industry_guidance/industry_letters/il20141204_guidelines_bank_lending_multifamily_properties_cra_updated) ) ;
- 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;

## NEWBANK – CRA PERFORMANCE EVALUATION

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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.

## NEWBANK – CRA PERFORMANCE EVALUATION

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### **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

## NEWBANK – CRA PERFORMANCE EVALUATION

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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;
- 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;

## NEWBANK – CRA PERFORMANCE EVALUATION

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- 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.