



## **PUBLIC SUMMARY**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF NORTHEAST COMMUNITY BANK**

**AS OF MARCH 31, 2024**

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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# NORTHEAST COMMUNITY BANK – 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 NorthEast Community Bank (“NECB” 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, 2024

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.

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## II - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated NECB according to the intermediate small banking institutions performance criteria pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2021, 2022 and 2023 for the lending test and the period from April 1, 2021 to March 31, 2024 for the community development test. NECB is rated “1” indicating an “**Outstanding**” record of helping to meet community credit needs.

The rating is based on the following factors:

### **A. Lending Test** Outstanding

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

NECB's average loan-to-deposit (“LTD”) ratio was excellent considering its size, business strategy, financial condition, and peer group activity. NECB's average LTD ratio of 105.2% for the evaluation period significantly exceeded the peer's average LTD ratio of 84.4%.

#### 2. Assessment Area Concentration:

During the evaluation period, NECB originated 97.2% by number and 97.1% by dollar value of its HMDA-reportable, small business and construction loans within the assessment area, demonstrating an excellent concentration of lending.

#### 3. Distribution by Borrower Characteristics:

NECB's small business lending demonstrated a reasonable distribution of loans among businesses of different revenue sizes. NECB's small business lending rates to businesses with annual revenues of \$1 million or less were comparable with the aggregate's rates.

The evaluation of this criterion was based solely on NECB's small business lending, as all the Bank's HMDA-reportable and construction loans were made to commercial borrowers with no revenue reported; therefore, these types of loans were not included in the evaluation of this criterion.

#### 4. Geographic Distribution of Loans:

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

NECB's average HMDA-reportable and small business lending rates in low- and moderate-income (“LMI”) census tracts for the evaluation period exceeded the aggregate's lending rates and the Bank's average construction lending rates in LMI census tracts exceeded the percentage of housing units located in LMI census tracts for the evaluation period.

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

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

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

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

#### 1. Community Development Lending:

During the evaluation period, NECB originated \$656.6 million in new community development loans and had no community development loans outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending. All of NECB's community development lending supported affordable housing.

#### 2. Qualified Investments:

During the evaluation period, NECB made \$10 million in qualified investments and had \$8.5 million outstanding from prior evaluation periods. In addition, NECB made \$12,500 in qualified grants. This demonstrated an excellent level of qualified investments over the course of the evaluation period.

#### 3. Community Development Services:

NECB demonstrated a poor level of community development services over the course of the evaluation period with four qualified community development services activities.

#### 4. Responsiveness to Community Development Needs:

NECB demonstrated an excellent 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.*

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## III - PERFORMANCE CONTEXT

### A. Institution Profile

Founded in 1934, NECB is a New York State chartered community bank headquartered in White Plains, New York. The Bank is a wholly owned subsidiary of NorthEast Community Bancorp, Inc., a bank holding and a publicly traded company.

NECB primarily offers business and commercial banking products and services. Products offered include commercial construction financing, commercial real estate loans, business lines of credit and business term loans. Banking services include remote deposit capture and bill payment services. The Bank also offers wire transfers, business debit cards, credit card merchant services, coin and currency services and ACH transactions, online banking and mobile banking services.

NECB operates eight full-service branches and two loan production offices in New York State. The Bank also operates three full-service branches in the Commonwealth of Massachusetts. Supplementing the banking offices in New York State is an automated teller machine (“ATM”) network consisting of 11 deposit-taking ATMs.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2023, filed with the Federal Deposit Insurance Corporation (“FDIC”), NECB reported total assets of \$1.7 billion, of which \$1.6 billion were net loans and lease financing receivables. It also reported total deposits of \$1.4 billion, resulting in an LTD ratio of 111.6%. According to the latest available comparative deposit data as of June 30, 2023, NECB obtained a market share of 0.06%, or \$1.2 billion in a market of \$2 trillion, ranking it 41<sup>st</sup> among 113 deposit-taking institutions in the Bank’s assessment area.

The following is a summary of NECB’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2021, 2022, and 2023 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
Loan Type	2021		2022		2023	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	7,193	0.7	5,470	0.5	5,252	0.3
Commercial & Industrial Loans	117,570	12.1	110,069	9.1	111,116	7.1
Commercial Mortgage Loans	46,959	4.8	30,959	2.6	21,132	1.3
Multifamily Mortgages	116,319	12.0	139,709	11.6	228,597	14.5
Consumer Loans	269	0.0	546	0.0	1,240	0.1
Construction Loans	680,520	70.2	917,223	76.2	1,205,410	76.6
Total Gross Loans	968,830		1,203,976		1,572,747	

As illustrated in the above table, NECB is primarily a construction loan lender, with 76.6% of its gross loan portfolio in construction loans followed by 14.5% in multifamily mortgage loans.

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

### B. Assessment Area

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The Bank’s assessment area consists of the following counties: Bronx, New York, Rockland, Westchester, Orange, and Sullivan. The Bank removed King County from its assessment area in August of 2023, due to low lending volume in the county.

There are 1,115 census tracts in the Bank’s assessment area, of which 196 are low-income, 225 are moderate-income, 220 are middle-income, 422 are upper-income, and 52 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
New York	23	36	44	32	175	310	25.8
Rockland	1	11	11	10	47	80	27.5
Westchester	6	10	27	49	149	241	15.4
Orange	0	10	17	47	18	92	29.3
Sullivan	1	0	5	17	8	31	16.1
Total	52	196	225	220	422	1,115	37.8

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

The assessment area had a population of 4,989,625 during the evaluation period. Approximately 14.8% of the population were over the age of 65 and 21.6% were under the age of 16.

Of the 1,083,355 families in the assessment area 27.5% were low-income, 14.4% were moderate-income, 14.6% were middle-income and 43.5% were upper-income. There were 1,882,697 households in the assessment area, of which 16.7% had income below the poverty level and 4.1% were on public assistance. The weighted average median family income in the assessment area was \$107,016.

There were 2,096,428 housing units within the assessment area, of which 32.8% were one- to four-family units and 66.6% were multifamily units, 32.4 % of the housing units were owner-occupied while 57.4% were rental-occupied units and 10.2% were vacant units.

Of the total 1,203,790 rental-occupied units, 50.8% were in LMI census tracts while 47.5% were in middle- and upper-income census tracts. The weighted average monthly gross rent in the assessment area was \$1,604.

Of the 678,907 owner-occupied housing units, 13.8% were in LMI census tracts while 85.4% were in middle- and upper-income census tracts. The median age of the housing stock was 67 years, and the median home value in the assessment area was \$597,464.

There were 908,247 non-farm businesses in the assessment area. Of these, 91.6% were businesses with reported revenues of less than or equal to \$1 million, 3.4% reported revenues of more than \$1 million and 5% did not report their revenues. Of all the businesses in the assessment area, 97.7% were businesses with less than fifty employees while 94.7% operated from a single location. The largest industries in the area were services at 34.4%, finance, insurance, and real estate at 12%, retail trade at 10.3% and 30.5% of businesses in the assessment area were not classified.

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An analysis of the New York State Department of Labor unemployment data showed that the annual average unemployment rates for all counties in the Bank’s assessment area steadily declined during the evaluation period from a high in 2021, as the COVID-19 pandemic subsided during 2022 and 2023. Bronx County consistently had the highest average annual unemployment rates of all counties in the Bank’s assessment area for each year of the evaluation period, while Rockland County consistently had the lowest average annual unemployment rates.

Assessment Area Unemployment Rate							
	Statewide	Bronx	New York	Orange	Rockland	Sullivan	Westchester
2021	7.1	13.9	7.8	4.8	4.5	4.9	4.8
2022	4.3	7.9	4.6	3.3	2.9	3.3	3.2
2023	4.2	6.8	4.6	3.4	3.1	3.3	3.4
Average of Years above	5.2	9.5	5.7	3.8	3.5	3.8	3.8

### **D. Community Information**

As part of the evaluation, DFS examiners conducted community a contact interview with a representative of a nonprofit organization to further identify the credit and banking needs within the Bank’s assessment area.

The nonprofit organization primarily serves the communities of East Harlem and the South Bronx. The organization’s mission is to reduce hunger and promote dignity, health, and self-sufficiency through its various programs, including distribution of fresh food packages and hot meals program, as well as assistance to homeless individuals. The representative noted that these impoverished neighborhoods, while more severely affected by the pandemic, have finally somewhat stabilized. Nonetheless, the communities are currently facing the growing population of asylum seekers and migrant workers and remain underbanked and/or unbanked. As a result, the communities rely on the more expensive money service businesses of check cashers and/or money transmitters to conduct their financial business. The representative also noted that while some local banks are involved in local civic and community organizations they seldom offer much needed financial literacy programs.

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### IV - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated NECB 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. NECB 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 2010 and 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 2021, 2022, and 2023 for lending activities and the period from April 1, 2021 to March 31, 2024, for community development activities.

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

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

HMDA-reportable, small business and construction loan data evaluated in this Evaluation represented actual originations.

Examiners evaluated NECB's construction loans as the volume of the Bank's construction lending was considerably greater than either HMDA-reportable or small business lending during the current evaluation period.

In its prior Community Reinvestment Act Performance Evaluation as of March 31, 2021, DFS assigned NECB a rating of "1" or an "Outstanding" compliance with regulatory standards.

### **CRA Rating: Outstanding**

#### **A. Lending Test:** Outstanding

NECB's small business, HMDA-reportable, and construction lending activities were excellent considering NECB'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:

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

NECB's average LTD ratio of 105.2% was well above its peer group's average LTD ratio of 84.4%. NECB's quarterly average LTD ratios ranged from 93.3% to 111.6% during the evaluation period and exceeded its peer's quarterly LTD ratios for each quarter of the evaluation period.

The table below shows NECB's or the Bank's LTD ratios in comparison with the peer group's ratios for the 12 quarters of this evaluation.

<b>Loan-to-Deposit Ratios</b>													
	2021	2021	2021	2021	2022	2022	2022	2022	2023	2023	2023	2023	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Bank	107.1	93.3	105.0	99.6	100.4	109.1	111.2	105.5	106.9	104.1	108.6	111.6	105.2
Peer	79.1	77.5	79.2	77.5	78.2	81.5	84.2	87.7	89.8	91.7	92.3	94.1	84.4

##### 2. Assessment Area Concentration:

During the evaluation period, NECB originated 97.2% by number and 97.1% by dollar value of its total HMDA-reportable, small business and construction loans within the assessment area, demonstrating an excellent concentration of lending.

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### a. HMDA-Reportable Loans:

During the evaluation period, NECB originated 80% by number and 62.4% by dollar value of its HMDA-reportable loans within the assessment area. This majority of lending inside of NECB’s assessment area reflects a reasonable concentration of lending.

### b. Small Business Loans:

During the evaluation period, NECB originated 95% by number and 98% by dollar value of its small business loans within the assessment area. This substantial majority of lending inside of NECB’s assessment area reflects an excellent concentration of lending.

### c. Construction Loans:

During the evaluation period, NECB originated 98.5% by number and 98.7% by dollar value of its construction loans within the assessment area. This substantial majority of lending inside of NECB’s assessment area reflects an excellent concentration of lending.

The following table shows the percentages of NECB’s HMDA-reportable, small business and construction loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<b>HMDA-Reportable</b>										
2021	10	76.9%	3	23.1%	13	8,602	37.5%	14,367	62.5%	22,969
2022	12	92.3%	1	7.7%	13	14,354	86.7%	2,200	13.3%	16,554
2023	6	66.7%	3	33.3%	9	10,475	74.7%	3,550	25.3%	14,025
Subtotal	28	80.0%	7	20.0%	35	33,431	62.4%	20,117	37.6%	53,548
<b>Small Business</b>										
2021	14	93.3%	1	6.7%	15	6,494	99.6%	27	0.4%	6,521
2022	20	100.0%		0.0%	20	8,476	100.0%	-	0.0%	8,476
2023	23	92.0%		0.0%	25	12,078	95.8%	534	4.2%	12,612
Subtotal	57	95.0%	1	1.7%	60	27,048	98.0%	561	2.0%	27,609
<b>Construction</b>										
2021	224	99.1%	2	0.9%	226	480,307	98.7%	6,500	1.3%	486,807
2022	190	97.4%	5	2.6%	195	405,487	98.5%	6,103	1.5%	411,590
2023	118	99.2%	1	0.8%	119	302,521	98.8%	3,600	1.2%	306,121
Subtotal	532	98.5%	8	1.5%	540	1,188,315	98.7%	16,203	1.3%	1,204,518
Grand Total	617	97.2%	16	2.5%	635	1,248,794	97.1%	36,881	2.9%	1,285,675

### 3. Distribution by Borrower Characteristics:

NECB’s small business lending demonstrated a reasonable distribution of loans to businesses of different revenue sizes.

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The evaluation of this criterion was based solely on NECB’s small business lending, as all of the Bank’s HMDA-reportable and construction loans were made to commercial borrowers with no revenue reported; therefore, these types of loans were not included in the evaluation of this criterion.

### *b. Small Business Loans:*

During the evaluation period, NECB’s rates of lending to businesses with annual revenues of \$1 million or less were 35.1% by number and 27.3% by dollar value of loans, which trailed the aggregate’s lending rate of 43.9% by number but exceeded the aggregate’s rate of 24.4% by dollar value of loans.

More than 90% of the businesses in the assessment area during the evaluation period had gross annual revenues of \$1 million or less.

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

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2021</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	7	50.0%	2,225	34.3%	111,637	37.3%	2,033,480	17.9%	90.6%
Rev. > \$1MM	5	35.7%	2,869	44.2%					3.8%
Rev. Unknown	2	14.3%	1,400	21.6%					5.6%
<b>Total</b>	<b>14</b>		<b>6,494</b>		<b>299,076</b>		<b>11,336,360</b>		
<b>2022</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	5	25.0%	1,550	18.3%	129,264	47.4%	2,233,626	30.8%	91.0%
Rev. > \$1MM	13	65.0%	5,926	69.9%					3.5%
Rev. Unknown	2	10.0%	1,000	11.8%					5.5%
<b>Total</b>	<b>20</b>		<b>8,476</b>		<b>272,988</b>		<b>7,247,090</b>		
<b>2023</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	8	34.8%	3,600	29.8%	87,003	49.7%	1,379,735	30.0%	91.6%
Rev. > \$1MM	9	39.1%	3,978	32.9%					3.4%
Rev. Unknown	6	26.1%	4,500	37.3%					5.0%
<b>Total</b>	<b>23</b>		<b>12,078</b>		<b>175,134</b>		<b>4,603,494</b>		
<b>GRAND TOTAL</b>									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	20	35.1%	7,375	27.3%	327,904	43.9%	5,646,841	24.4%	
Rev. > \$1MM	27	47.4%	12,773	47.2%					
Rev. Unknown	10	17.5%	6,900	25.5%					
<b>Total</b>	<b>57</b>		<b>27,048</b>		<b>747,198</b>		<b>23,186,944</b>		

### 4. Geographic Distribution of Loans:

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

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### a. HMDA-Reportable Loans:

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

NECB’s average HMDA-reportable lending rates in LMI geographies for the evaluation period of 21.4% by number and 22.7% by dollar value of loans, just exceeded the aggregate’s lending rates of 18.4% and 22.2%, respectively.

The Bank’s annual HMDA-reportable lending rates in LMI geographies in 2021 and 2023 exceeded the percentage of owner-occupied housing units, while the Bank’s Lending rate in 2022 was comparable to the percentage of owner-occupied housing units.

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

<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2021</b>									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	6,452	5.2%	6,834,100	7.5%	3.8%
Moderate	2	20.0%	3,580	41.6%	17,099	13.8%	14,899,925	16.3%	14.7%
LMI	2	20.0%	3,580	41.6%	23,551	19.0%	21,734,025	23.7%	18.5%
Middle	1	10.0%	500	5.8%	26,547	21.4%	14,322,135	15.7%	25.4%
Upper	7	70.0%	4,522	52.6%	73,634	59.4%	55,307,730	60.4%	55.9%
Unknown	0	0.0%	0	0.0%	223	0.2%	148,525	0.2%	0.2%
<b>Total</b>	<b>10</b>		<b>8,602</b>		<b>123,955</b>		<b>91,512,415</b>		
<b>2022</b>									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	8.3%	635	4.4%	3,923	5.2%	4,786,815	6.7%	4.0%
Moderate	1	8.3%	2,000	13.9%	10,070	13.3%	10,288,680	14.3%	14.5%
LMI	2	16.7%	2,635	18.4%	13,993	18.5%	15,075,495	21.0%	18.6%
Middle	2	16.7%	630	4.4%	18,425	24.3%	11,807,045	16.4%	27.6%
Upper	8	66.7%	11,089	77.3%	42,517	56.2%	44,132,885	61.4%	53.0%
Unknown	0	0.0%	0	0.0%	767	1.0%	910,185	1.3%	0.8%
<b>Total</b>	<b>12</b>		<b>14,354</b>		<b>75,702</b>		<b>71,925,610</b>		
<b>2023</b>									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	33.3%	1,390	13.3%	1,767	5.5%	2,463,385	10.2%	3.7%
Moderate	0	0.0%	0	0.0%	3,285	10.2%	2,340,315	9.7%	10.2%
LMI	2	33.3%	1,390	13.3%	5,052	15.7%	4,803,700	19.9%	13.8%
Middle	1	16.7%	160	1.5%	7,673	23.9%	3,157,425	13.1%	22.8%
Upper	3	50.0%	8,925	85.2%	19,116	59.5%	15,943,330	65.9%	62.6%
Unknown	0	0.0%	0	0.0%	278	0.9%	276,050	1.1%	0.7%
<b>Total</b>	<b>6</b>		<b>10,475</b>		<b>32,119</b>		<b>24,180,505</b>		
<b>GRAND TOTAL</b>									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	10.7%	2,025	6.1%		5.2%		7.5%	
Moderate	3	10.7%	5,580	16.7%		13.1%		14.7%	
LMI	6	21.4%	7,605	22.7%	42,596	18.4%	41,613,220	22.2%	
Middle	4	14.3%	1,290	3.9%		22.7%		15.6%	
Upper	18	64.3%	24,536	73.4%		58.4%		61.5%	
Unknown	0	0.0%	0	0.0%		0.5%		0.7%	
<b>Total</b>	<b>28</b>		<b>33,431</b>		<b>231,776</b>		<b>187,618,530</b>		

## NORTHEAST COMMUNITY BANK – CRA PERFORMANCE EVALUATION

### *b. Small Business Loans:*

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

NECB’s average small business lending rates in LMI geographies for the evaluation period of 35.1% by number and 41.7% by dollar value of loans, were well above the aggregate’s lending rates of 27.2% and 22.5%, respectively.

NECB’s annual lending rates in LMI geographies exceeded the percentage of small businesses located in LMI geographies within the Bank’s assessment area, for each year of the evaluation period.

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

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2021</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.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	5	35.7%	2,861	44.1%	31,595	10.6%	907,647	8.0%	10.4%
Moderate	2	14.3%	464	7.1%	55,516	18.6%	1,582,774	14.0%	18.9%
LMI	7	50.0%	3,325	51.2%	87,111	29.1%	2,490,421	22.0%	29.3%
Middle	1	7.1%	1,000	15.4%	49,488	16.5%	1,476,930	13.0%	16.5%
Upper	6	42.9%	2,169	33.4%	154,891	51.8%	6,846,370	60.4%	51.8%
Unknown	0	0.0%	0	0.0%	7,586	2.5%	522,639	4.6%	2.4%
<b>Total</b>	<b>14</b>		<b>6,494</b>		<b>299,076</b>		<b>11,336,360</b>		
<b>2022</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.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	7	35.0%	3,750	44.2%	29,387	10.8%	764,475	10.5%	10.3%
Moderate	1	5.0%	500	5.9%	48,417	17.7%	1,128,693	15.6%	17.5%
LMI	8	40.0%	4,250	50.1%	77,804	28.5%	1,893,168	26.1%	27.8%
Middle	1	5.0%	500	5.9%	50,920	18.7%	1,110,673	15.3%	17.7%
Upper	11	55.0%	3,726	44.0%	131,437	48.1%	3,735,169	51.5%	49.6%
Unknown	0	0.0%	0	0.0%	12,827	4.7%	508,080	7.0%	4.8%
<b>Total</b>	<b>20</b>		<b>8,476</b>		<b>272,988</b>		<b>7,247,090</b>		
<b>2023</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.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	3	13.0%	2,200	18.2%	18,207	10.4%	410,389	8.9%	9.6%
Moderate	2	8.7%	1,500	12.4%	20,357	11.6%	413,485	9.0%	11.7%
LMI	5	21.7%	3,700	30.6%	38,564	22.0%	823,874	17.9%	21.3%
Middle	6	26.1%	3,450	28.6%	22,276	12.7%	489,996	10.6%	12.0%
Upper	12	52.2%	4,928	40.8%	105,221	60.1%	2,956,315	64.2%	60.8%
Unknown	0	0.0%	0	0.0%	9,073	5.2%	333,309	7.2%	5.9%
<b>Total</b>	<b>23</b>		<b>12,078</b>		<b>175,134</b>		<b>4,603,494</b>		
<b>GRAND TOTAL</b>									
<b>Geographic</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.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	15	26.3%	8,811	32.6%		10.6%		9.0%	
Moderate	5	8.8%	2,464	9.1%		16.6%		13.5%	
LMI	20	35.1%	11,275	41.7%	203,479	27.2%	5,207,463	22.5%	
Middle	8	14.0%	4,950	18.3%		16.4%		13.3%	
Upper	29	50.9%	10,823	40.0%		52.4%		58.4%	
Unknown	0	0.0%	0	0.0%		3.9%		5.9%	
<b>Total</b>	<b>57</b>		<b>27,048</b>		<b>747,198</b>		<b>23,186,944</b>		

## NORTHEAST COMMUNITY BANK – CRA PERFORMANCE EVALUATION

### c. Construction Loans

The distribution of NECB’s construction loans by the income level of the geography where the construction project was located was excellent.

During the evaluation period, NECB originated 67.5% by number and 65.8% by dollar value of its construction loans in LMI geographies, exceeding the range of 35.9% to 41.3% of housing units located in LMI geographies in the Bank’s assessment area during the evaluation period.

The following table provides a summary of the distribution of NECB’s construction loans by the income level of the geography where the borrower or construction project was located.

<b>Distribution of Construction Lending by Geographic Income of the Census Tract</b>					
<b>2021</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>HU Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	69	30.8%	132,658	27.6%	16.3%
Moderate	92	41.1%	159,114	33.1%	25.0%
LMI	161	71.9%	291,772	60.7%	41.3%
Middle	31	13.8%	90,583	18.9%	20.2%
Upper	32	14.3%	97,952	20.4%	38.3%
Unknown	0	0.0%	0	0.0%	0.3%
<b>Total</b>	<b>224</b>		<b>480,307</b>		
<b>2022</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>HU Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	71	37.4%	212,871	52.5%	16.0%
Moderate	48	25.3%	73,294	18.1%	22.7%
LMI	119	62.6%	286,165	70.6%	38.7%
Middle	32	16.8%	54,284	13.4%	22.4%
Upper	38	20.0%	56,938	14.0%	37.5%
Unknown	1	0.5%	8,101	2.0%	0.0%
<b>Total</b>	<b>190</b>		<b>405,487</b>		
<b>2023</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>HU Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	48	40.7%	126,692	41.9%	17.2%
Moderate	31	26.3%	76,854	25.4%	18.7%
LMI	79	66.9%	203,546	67.3%	35.9%
Middle	17	14.4%	34,152	11.3%	17.5%
Upper	22	18.6%	64,823	21.4%	45.2%
Unknown	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>118</b>		<b>302,521</b>		
<b>GRAND TOTAL</b>					
<b>Geographic Income</b>	<b>Bank</b>				<b>HU Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	188	35.3%	472,221	39.7%	
Moderate	171	32.1%	309,262	26.0%	
LMI	359	67.5%	781,483	65.8%	
Middle	80	15.0%	179,019	15.1%	
Upper	92	17.3%	219,713	18.5%	
Unknown	1	0.2%	8,101	0.7%	
<b>Total</b>	<b>532</b>		<b>1,188,315</b>		

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

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

## NORTHEAST COMMUNITY BANK – CRA PERFORMANCE EVALUATION

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

NECB’s community development performance demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans and qualified investments, considering NECB’s capacity, and the need for and availability of opportunities for community development in its assessment area.

#### 1. Community Development Lending:

During the evaluation period, NECB originated \$656.6 million in new community development loans, and had no community development loans outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

NECB’s community development loans supported affordable housing through the construction of multifamily properties with rental units that had projected rents below the U.S. Department of Housing and Urban Development’s (“HUD”) fair market rent (“FMR”) guidelines. The majority of these community development loans supported construction of multifamily properties in Bronx County, a county with a high concentration of poverty and in need of affordable housing.

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	220	656,553	0	0
Economic Development				
Community Services				
Revitalize and Stabilize				
<b>Total</b>	<b>220</b>	<b>656,553</b>	<b>0</b>	<b>0</b>

#### 2. Qualified Investments:

During the evaluation period, NECB made \$10 million in new qualified investments and had \$8.5 million community development loans outstanding from prior evaluation periods. In addition, NECB made \$12,500 in qualified grants. This demonstrated an excellent level of qualified investments over the course of the evaluation period.

<b>Qualified Investments and Grants</b>				
CD Investments	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
Affordable Housing			7	8,262
Economic Development			2	266
Community Services				
Revitalize and Stabilize	3	9,986		
<b>Total</b>	<b>3</b>	<b>9,986</b>	<b>9</b>	<b>8,528</b>
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing	3	6		
Economic Development				
Community Services	3	7		
Revitalize and Stabilize				
<b>Total</b>	<b>6</b>	<b>13</b>		

## NORTHEAST COMMUNITY BANK – CRA PERFORMANCE EVALUATION

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Below is a summary of NECB’s qualified investments and qualified grants.

- NECB purchased three municipal bonds totaling \$10 million and issued by a village in Orange County with a high poverty rate.
- NECB made three donations totaling \$7,000 to two food banks located in the Bank’s assessment area that provide nutritious food for free to individuals and families.

#### 4. Community Development Services:

NECB’s directors, member of management and employees participated in four instances of qualified community development services during the evaluation period. This demonstrated a poor level of community development services.

A breakdown of the Bank’s community development services is in the table below:

<b>Community Development Services</b>	
<b>Activity Type</b>	<b>Number of Activities</b>
On-Going Board & Committee Memberships	3
Technical Assistance	
Seminars/Workshops	1
Credit Counseling	
<b>Total Community Development Services</b>	<b>4</b>

Below is a summary of NECB’s community development services.

- A vice president of the Bank hosted a financial literacy workshop at the Bronx office attended by students from a school where 97% of the student population qualify for the free or reduced lunch program.

#### Responsiveness to Community Development Needs:

NECB demonstrated an excellent level of responsiveness through community development lending and investments.

#### **C. Additional Factors**

The following factors were also considered in assessing NECB’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.

NECB’s board of directors approves the Bank’s CRA Policy annually and is kept abreast of the Bank’s CRA performance through quarterly CRA and HMDA performance review reports. The reports track CRA activities including loans and rent rolls. In addition, the Bank has a periodic CRA review/audit performed by a third party, which is provided to the board for review.

## NORTHEAST COMMUNITY BANK – CRA PERFORMANCE EVALUATION

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

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

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

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

NECB operates eight full-service branches and two loan production offices in its assessment area. Supplementing the banking offices is an ATM network consisting of 11 deposit-taking ATMs accessible 24 hours seven days a week. Most branches have a walk-up ATMs, while branches in Monroe and Spring Valley each have an additional drive-up ATM.

NECB opened two new branches during the evaluation period. In October 2021 and June 2022, the Bank opened branches in Rockland County in a low-income census tract and in Sullivan County in a middle-income census tract, respectively.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Bronx			1			1	100%
New York					2	2	0%
Rockland		1		1		2	50%
Orange		1		1		2	50%
Sullivan				1		1	0%
<b>Total</b>	-	2	1	3	2	8	38%

### 4. 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.*

NECB ascertains the community development and credit needs of its assessment area through ongoing communication with local business owners, religious and secular leaders and organizations that have a good understanding of their communities’ needs. The Bank’s CEO and president also conduct periodic “meet and greet” sessions with customers at the branch level.

- *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*

## NORTHEAST COMMUNITY BANK – CRA PERFORMANCE EVALUATION

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NECB's website provides information on the Bank's various lending and deposit products, as well as services offered for consumers and businesses. The Bank relies heavily on word-of-mouth marketing within the communities it serves, such as through teams of lending officers and branch managers making the community aware of its lending programs, including multifamily, affordable housing construction lending.

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

DFS noted no other factors.

## V - GLOSSARY

### Aggregate Lending

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

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

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

### Community Development

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC, and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

### Community Development Loan

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

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving LMI persons ([DFS multifamily industry letter](#)) ;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community

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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.

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### **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

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income. In cases where the residential property is 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 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.

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### **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 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.