



PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF BANK HAPOALIM B.M. – NEW YORK BRANCH

AS OF SEPTEMBER 30, 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.

**BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE
EVALUATION**

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. Community Development Test
 - B. Innovative or Complex Practices
 - C. Responsiveness to Credit and Community Development Needs:
 - D. Additional Factors
 - V. Glossary**
-

BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE EVALUATION

I - GENERAL INFORMATION

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

**BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE
EVALUATION**

II- OVERVIEW OF INSTITUTION’S PERFORMANCE

The Department evaluated BHNY according to the community development test for wholesale or limited purpose banking institutions pursuant to Section 76.11 of the GRS. The evaluation period covered October 1, 2021, to September 30, 2024. The Department assigned BHNY a rating of “1,” indicating an “**Outstanding**” record of helping to meet community credit needs.

This rating is based on the following criteria:

A. Community Development Test:

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

1. Community Development Lending:

During the evaluation period, BHNY originated \$95.6 million in new community development loans and had no community development loans outstanding from prior evaluation periods.

2. Qualified Investments:

During the evaluation period, BHNY made \$20.7 million in new qualified investments and still had \$16.1 million in qualified investments outstanding from prior evaluation periods. In addition, the Branch made \$456,000 in qualified grants.

3. Community Development Services:

During the evaluation period, BHNY provided 16 instances of community development services.

B. Innovative or Complex Practices:

BHNY demonstrated no use of innovative or complex community development practices.

C. Responsiveness to Credit and Community Development Needs:

BHNY 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 Part 76 of the General Regulations of the Superintendent.

**BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE
EVALUATION**

III - PERFORMANCE CONTEXT

A. Institution Profile

BHNY is a New York State-licensed and Federal Deposit Insurance Corporation (“FDIC”) insured foreign branch with a sole office operating in New York City, New York. BHNY is a branch of Bank Hapoalim B.M., (“BHBM”) which is headquartered in Israel. BHNY is designated as a wholesale bank for CRA purposes. BHBM had an additional uninsured branch in New York City – the Americas Tower Branch (“ATB”). However, ATB’s activities were not considered during this evaluation.

BHNY offers a variety of deposit and other financial and banking services to commercial and corporate customers in the New York City metropolitan area. BHNY does not operate Automatic Teller Machines (ATMs) or originate and/or purchase residential mortgage or other loans for retail customers, nor does it originate small business loans.

In its Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (“Call Report”), as of September 30, 2024, filed with the FDIC, BHNY reported total assets of \$9.5 billion, of which \$7.2 billion were net loans and lease financing receivables. It also reported total deposits of \$6.8 billion, resulting in a loan-to-deposit ratio of 105.2%. According to the latest available comparative deposit data as of June 30, 2024, BHNY obtained a market share of 0.38%, or \$6.8 billion in a market of \$1.8 trillion, ranking it 21st among 106 deposit-taking institutions in the assessment area.

The following is a summary of the Branch’s loan portfolio, based on Schedule C of the Bank’s December 31, 2021, 2022, 2023, and September 30, 2024, Report of Assets and Liabilities:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	12/31/2021		12/31/2022		12/31/2023		9/30/2024	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	106,785	2.2	86,165	1.6	45,879	0.8	32,237	0.4
Commercial & Industrial Loans	2,199,562	44.7	2,287,641	42.8	2,450,221	43.7	3,078,810	42.9
Commercial Mortgage Loans	1,391,682	28.3	1,489,455	27.8	1,564,604	27.9	1,779,219	24.8
Multifamily Mortgages	488,367	9.9	497,551	9.3	457,251	8.2	787,154	11.0
Construction Loans	665,306	13.5	909,377	17.0	1,004,073	17.9	1,458,912	20.3
Other Loans	73,340	1.5	79,842	1.5	80,110	1.4	38,716	0.5
Total Gross Loans	4,925,042		5,350,031		5,602,138		7,175,048	

As illustrated in the above table, BHNY is primarily a commercial lender, with a combined 79% of its loan portfolio in commercial and industrial loans, commercial mortgage loans and multifamily mortgage loans as of September 30, 2024.

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

**BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE
EVALUATION**

B. Assessment Area

The Bank’s assessment area consists of Bronx, Kings, New York, and Queens Counties¹.

There are 2,201 census tracts in the assessment area, of which 282 are low-income, 557 are moderate-income, 685 are middle-income, 535 are upper-income, and 142 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	21	129	121	65	25	361	69.3
Kings	46	91	235	263	170	805	40.5
New York	23	36	44	32	175	310	25.8
Queens	52	26	157	325	165	725	25.2
Total	142	282	557	685	535	2,201	38.1

C. Demographic & Economic Data

The assessment area had a population of 8,308,443 during the evaluation period. Approximately 14.1% of the population was over the age of 65 and 22.5% of the population was under the age of 16.

Of the 1,779,604 families in the assessment area, 30.6% were low-income, 16.1% were moderate-income, 16.2% were middle-income and 37.1% were upper-income. There were 3,024,531 households in the assessment area, of which 17.5% had income below the poverty level and 4.7% were on public assistance.

The weighted average median family income in the assessment area was \$86,982.

There were 3,338,712 housing units within the assessment area, of which 35.9% were one-to-four family units and 63.9% were multifamily units. A majority (62.6%) of the housing units were rental-occupied, 28% were owner-occupied units, and 9.4% were vacant units.

Of the total 2,091,244 rental-occupied units, 50% were in LMI census tracts while 48.5% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,597.

Of the 933,287 owner-occupied housing units, 22.5% were in LMI census tracts while 76.7% were in middle- and upper-income census tracts. The median age of the housing stock was 74 years, and the weighted average median home value in the assessment area was \$684,398.

There were 1,360,086 non-farm businesses in the assessment area. Of these, 93.6% were businesses with reported revenues of less than or equal to \$1 million, 2.6% reported revenues of more than \$1 million, and 3.9% did not report their revenues. Of all the businesses in the assessment area, 98.1% were businesses with less than fifty employees, while 96.1% operated from a single location. The largest industries in the area were services (31.5%), retail trade (10.9%)

¹ Bronx, Kings, and New York Counties are commonly referred to as, respectively, the Bronx, Brooklyn, and Manhattan.

**BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE
EVALUATION**

and finance, insurance, and real estate (10.5%); 34.2% of businesses in the assessment area were not classified.

According to New York State Department of Labor data, the average annual unemployment rates for New York State and the four counties in the Branch’s assessment area declined from their respective peaks in 2021. This trend coincided with the diminishing of the COVID-19 pandemic and the resulting improvement in economic conditions. The Bronx consistently had the highest annual average unemployment rates. Additionally, the unemployment rates in all counties in the assessment area exceeded the statewide average in each year of the evaluation period.

Assessment Area Unemployment Rate					
Year	Statewide	Bronx	Kings	New York	Queens
2021	7.1	13.9	10.4	7.8	9.9
2022	4.3	7.9	5.9	4.6	5.3
2023	4.2	6.8	5.5	4.6	4.6
Average of Years above	5.2	9.5	7.3	5.7	6.6

D. Community Information

DFS examiners conducted meetings with representatives from two nonprofit organizations to gain further insight into community needs.

The first organization focuses on economic development in Queens with a mission to create and retain jobs by assisting small businesses and encouraging entrepreneurship. The representative stated that many small business owners in the community lack the expertise, experience, and financial sophistication necessary to succeed. As a result, certain parts of Queens- most notably the Flushing area, have a high need for financial education, credit assistance, and business counseling for entrepreneurs. The representative also stated that banks needed to do more to understand and work with cultural variations occurring in different areas within Queens. For example, some cultural communities in Queens are reportedly skeptical of banks’ security and privacy practices. The representative recommended that banks endeavor to better understand these cultural differences and effectively meet the credit needs of all community members. The representative also stated that the banking markets varied considerably between different neighborhoods in Queens; Long Island City was served by larger national banks, while Flushing was reliant on local, ethnically focused institutions. Finally, the representative stated that the Rockaways area of Queens contained pockets of poverty.

The second organization aims to enhance the lives of residents of New York City Housing authority (“NYCHA”) housing developments. The representative of this organization stated that while there are many bank branches in the communities it serves, many residents do not grasp basic banking concepts and therefore prefer using non-bank or non-traditional financial services. Furthermore, because income levels of NYCHA residents are often very low, fees make traditional banking impractical for many community members. The representative also opined that NYCHA residents might benefit from financial education provided by partnerships between banks and community organizations, and that such programs would be especially helpful if provided to both youths and their parents.

BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE EVALUATION

IV - PERFORMANCE TEST AND ASSESSMENT FACTORS

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

Performance criteria include:

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

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

DFS derived statistics employed in this Evaluation from various sources. BHNY submitted branch-specific information both as part of the Evaluation process and in its Call Report submitted to the Federal Reserve Bank of New York.

DFS derived the demographic data referred to in this report from the 2020 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included the period from October 1, 2021, to September 30, 2024.

In its prior Community Reinvestment Act Performance Evaluation as of September 30, 2021, DFS assigned BHNY a rating of “2,” reflecting a “Satisfactory” compliance with regulatory standards.

Current CRA Rating: Outstanding

A. Community Development Test:

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

**BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE
EVALUATION**

1. Community Development Lending:

During the evaluation period, BHNY originated \$95.6 million in new community development loans² and had no outstanding community development loans from prior evaluation periods. The Branch’s total of new community development loans for the evaluation period (3 years) on an annualized basis was \$33.1 million, which represented a 23.7% increase from the annualized new community development loans of \$25.8 million for the prior evaluation period (3.25 years).

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	7	28,980	0	0
Economic Development	5	28,500	0	0
Community Services	3	38,114	0	0
Revitalize/Stabilize	0	0	0	0
Total	15	95,594	0	0

Below are highlights of BHNY’s community development lending:

- BHNY renewed a \$9 million line of credit twice during the evaluation period for a total of \$18 million to a major food and beverage manufacturer located in a moderate-income census tract in New York City. This company provides employment for LMI individuals in the assessment area.
- BHNY renewed a \$4 million line of credit twice during the evaluation period for a total of \$8 million, to an organization that provides affordable loans and resources to small businesses, including startups, entrepreneurs, women- and minority-owned businesses.
- BHNY renewed a \$3.8 million working capital facility to a nonprofit organization created to address the needs of persons with limited resources in the metropolitan New York City area. The organization offers programs and community services including transitional housing and shelter, food and health services, substance abuse treatment, and educational assistance.

2. Qualified Investments:

During the evaluation period, BHNY made \$20.7 million in new qualified investments and still had \$16.1 million investments outstanding from prior evaluation periods. In addition, BHNY made

² For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the period of the evaluation.

**BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE
EVALUATION**

\$456,000 in qualified grants. The Branch’s level of total qualified investments and grants on an annualized basis for the evaluation period (3 years) was \$12.4 million, a 12.5% decline from the annualized qualified investments and grants of \$14.2 million for the prior evaluation period (3.25 years). A majority of BHNY’s qualified new investments consisted of certificates of deposit made in community development financial institutions (“CDFIs”), supporting the community development purpose of economic development.

Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing			3	5,461
Economic Development	21	20,736	2	10,599
Community Services				
Revitalization/Stabilization				
Total	21	20,736	5	16,060
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing	3	18		
Economic Development	7	44		
Community Services	73	395		
Revitalization/Stabilization				
Total	83	456		

Below are highlights of BHNY’s qualified investments and grants:

- BHNY invested a total of \$19 million in certificates of deposit that are renewed annually with a CDFI that is also a minority depository institution. The CDFI, located in a moderate-income census tract in New York City, serves the banking and credit needs of the underserved, targeting mostly LMI residents and small businesses.
- BHNY invested \$630,395 in certificates of deposit of two credit unions that are also CDFIs. The two credit unions primarily serve LMI residents, underserved communities, and small businesses in New York City.
- BHNY donated a total of \$27,500 to a nonprofit CDFI that offers programs for LMI individuals and small businesses that include loans, grants, education, affordable housing preservation, job placement, financial and credit literacy training, and access to public benefits.
- BHNY made grants totaling \$23,000 to a non-profit organization that provides direct legal services, brief consultations and educational resources through its staff and volunteer attorneys to community development organizations that serve LMI individuals.
- BHNY made grants totaling \$19,500 to an organization that helps individuals and families in the Bronx improve their economic and social well-being. The organization provides

**BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE
EVALUATION**

community services such as food, housing, eviction prevention, health care management, education and youth development, job training, and legal services.

- BHNY made grants totaling \$16,000 to a nonprofit organization that provides various services for youths experiencing homelessness. The organization’s services include housing, health and wellness, employment, legal, childcare, and education workshops. All of these services are provided free of charge.

3. Community Development Services:

During the evaluation period, BHNY provided 16 community development services.

Community Development Services	
Activity Type	Number of Activities
On-Going Board & Committee Memberships	3
Technical Assistance	
Financial Seminars	11
Credit Counseling	
Other Services & Internship	2
Total Community Development Services	16

Below are highlights of BHNY’s community development services:

- BHNY’s CRA officer serves on the budget and finance committee of a nonprofit college fund in the assessment area. The fund supports its affiliated college financially, and for this purpose raises and manages private funds. An majority of the students at the college are from LMI backgrounds.
- Throughout the evaluation period, BHNY personnel provided financial literacy workshops through a nonprofit organization whose mission is to help women achieve economic independence.
- BHNY participated in an internship program for underprivileged students from a high school located in the assessment area. The students intern at the Branch and are trained by personnel on BHNY’s various financial products and services.

B. Innovative or Complex Practices:

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

C. Responsiveness to Credit and Community Development Needs:

BHNY demonstrated an excellent level of responsiveness to credit and community development needs.

**BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE
EVALUATION**

D. Additional Factors

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

BHNY’s CRA activities are overseen by its CRA committee, which holds meetings semiannually. The CRA officer prepares and submits for review a quarterly performance report to the CRA committee and an annual report to the New York Executive Committee of the Branch. Additionally, BHNY’s internal audit and compliance departments both review CRA activities and provide their respective reports to the CRA committee and senior management.

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

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

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

2. The banking institution’s record of opening and closing offices and providing services at offices

BHNY has not opened or closed any branches since the prior evaluation. As a wholesale bank, BHNY does not offer retail services at its offices.

3. Process Factors

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

The Branch’s CRA officer participates in CRA related community outreach activities, which helps BHNY ascertain the credit needs of its community. In addition, BHNY employees participate as volunteers in nonprofits and other community groups and are thus able to provide feedback regarding community needs and outreach opportunities.

- *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*

As a wholesale bank, BHNY does not market its credit products and services to the general public. However, the Branch’s ongoing interaction and involvement with various community

**BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE
EVALUATION**

organizations allows management and employees to make members of the community aware of the credit products and services offered.

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

DFS noted no other factors.

BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE EVALUATION

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;

BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE EVALUATION

-
- 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

**BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE
EVALUATION**

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

Community Development Financial Institution (“CDFI”)

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

Fair Market Rents (“FMRs”)

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

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.

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

BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE EVALUATION

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 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.

BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE EVALUATION

Minority Depository Institutions (“MDIs”)

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

New Markets Tax Credit (“NMTC”)

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (“CDEs”). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all 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 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;

BANK HAPOALIM B.M.- NEW YORK BRANCH – CRA PERFORMANCE EVALUATION

- 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.