PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF POPULAR BANK

September 30, 2022

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

Note: **This Evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.**

TABLE OF CONTENTS

Sections

I. - GENERAL INFORMATION

This document is an evaluation (the "Evaluation") of the Community Reinvestment Act ("CRA") performance of Popular Bank ("Popular" or the "Bank") prepared by the New York State Department of Financial Services ("DFS" or the "Department"). This Evaluation represents the Department's current assessment and rating of the Bank's CRA performance based on an evaluation conducted as of September 30, 2022.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services shall assess a banking institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Superintendent ("GRS") implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate institutions' performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

(1) Outstanding record of meeting community credit needs;

(2) Satisfactory record of meeting community credit needs;

(3) Needs to improve in meeting community credit needs; and

(4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the Evaluation be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this Evaluation.

II. - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated Popular according to the large banking institutions performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The evaluation period included calendar years 2020 and 2021 for lending activities and the period from July 1, 2020 to September 30, 2022 for the community development activities. The Department assigned Popular a rating of "**2**," indicating a "**Satisfactory**" record of meeting community credit needs of meeting community credit needs."

This rating is based on the following factors:

A. Lending Test: High Satisfactory

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

1. Lending Activity: High Satisfactory

Popular's lending levels were good considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

The Bank's quarterly average LTD ratio for the evaluation period of 97.8% exceeded its peer group's average ratio of 77.4%. Furthermore, Popular's quarterly LTD ratios exceeded its peer group's ratio for each quarter of the evaluation period.

2. Assessment Area Concentration: High Satisfactory

During the evaluation period, Popular originated 80.2% by number and 84.5% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a good concentration of lending due primarily to its excellent concentration of small business lending.

3. Geographic Distribution of Loans: Outstanding

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

During the evaluation period, the Bank's HMDA-reportable and small business lending rates in LMI census tracts outperformed the aggregate's rates.

4. Distribution by Borrower Characteristics: Needs to Improve

Popular's HMDA-reportable and small business lending demonstrated a poor distribution of loans among individuals of different income levels and businesses of different revenue sizes. This was primarily due to the Bank's poor HMDA-reportable lending rates to LMI borrowers.

The Bank's HMDA-reportable lending rates to LMI borrowers were well below the aggregate's rates demonstrating a poor distribution of loans among individuals of different income levels. Popular's small business lending rates demonstrated an adequate distribution of loans among businesses of different revenue sizes, as it exceeded the aggregate's rate by dollar value of loans but trailed the aggregate's rate by number of loans.

5. Community Development Lending: High Satisfactory

During the evaluation period, Popular originated $339.6 million in new community development loans and had $4.7 million outstanding from prior evaluation periods. This demonstrated a good level of community development lending over the course of the evaluation period. Nevertheless, DFS, in accordance with DFS's industry letter[1] dated December 4, 2014, disqualified six loans outstanding from prior evaluation periods totaling $13.4 million and submitted by the Bank for CRA credit for the community development purpose of affordable housing.

a. Flexible and/or Innovative Lending Practices:

Popular made significant use of flexible or innovative lending practices to support community development.

B. Investment Test: Low Satisfactory

1. Qualified Investments

During the evaluation period, Popular made $27.2 million in new qualified investments and had $34.9 million outstanding from prior evaluation periods. In addition, Popular made $877,972 in qualified grants. This demonstrated an adequate level of qualified investments and grants over the course of the evaluation period.

2. Innovativeness of Qualified Investments:

Popular made no use of innovative investments to support community development.

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

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

C. Service Test: High Satisfactory

1. Retail Banking Services: High Satisfactory

Popular has a good branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

[1] "Updated Final Guidelines for Bank Lending to Multifamily Properties Under the Community Reinvestment Act" https://www.dfs.ny.gov/system/files/documents/2020/03/il141204.pdf

2. Community Development Services: High Satisfactory

Popular provided a relatively high level of community development services. The Bank had 95 instances of qualifying community development service activities for the evaluation period.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York Banking Law and GRS Part 76.

III. - PERFORMANCE CONTEXT

A. Institution Profile

Popular is a New York State-chartered commercial bank headquartered in New York City. The Bank is a wholly owned subsidiary of Popular North America, Inc., which is a wholly-owned subsidiary of Popular, Inc., a publicly traded financial holding company based in Puerto Rico. The Bank has three subsidiaries: Popular Equipment Finance, Inc., Popular Insurance Agency, U.S.A., and E-LOAN, Inc.

Popular operates and has a branch presence in New York, New Jersey and Florida. The Bank operates 23 full-service branches in its New York State's assessment area; eight of which are in LMI census tracts and four are in Banking Development Districts ("BDD") providing banking services and supporting growth and development in these areas with demonstrated need for banking services. Popular's branch network is supplemented by at least one ATM with deposit taking capabilities at each branch; in addition, Popular debit card customers have surcharge free access to the Allpoint ATM network.

Popular offers a variety of banking products and services which include residential mortgages, home equity lines of credit, personal loans and credit cards for retail customers. The Bank also offers trade finance, commercial mortgages, construction loans, business lines of credit, U.S. Small Business Administration ("SBA") loans, business term loans, and cash management for commercial clients. The Bank offers traditional checking, savings and time deposit accounts, safe deposit boxes, and wire transfers; and online and mobile banking serve as an alternative delivery system. The Bank, through its subsidiaries and affiliates, also offers investment, retirement, and insurance products.

In its Consolidated Report of Condition (the "Call Report") as of September 30, 2022, filed with the Federal Deposit Insurance Corporation ("FDIC"), Popular reported total assets of $11.1 billion, of which $9.1 billion were net loans and lease financing receivables. It also reported total deposits of $8.4 billion, resulting in an LTD ratio of 108%. According to the latest available comparative deposit data as of June 30, 2022, Popular obtained a market share of 0.26%, or $5 billion in a market of $1.9 trillion, ranking it 25th among 107 deposit-taking institutions in the assessment area.

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

TOTAL GROSS LOANS OUTSTANDING				
	12/31/2020		12/31/2021	
Loan Type	$000's	%	$000's	%
1-4 Family Residential Mortgage Loans	1,258,037	16.1	1,290,782	15.4
Commercial & Industrial Loans	484,385	6.2	498,861	6.0
Commercial Mortgage Loans	2,297,754	29.4	2,671,836	31.9
Multifamily Mortgages	1,743,712	22.3	1,807,861	21.6
Consumer Loans	193,207	2.5	155,398	1.9
Construction Loans	787,996	10.1	650,312	7.8
Other Loans	1,049,479	13.4	1,198,010	14.3
Lease financing	84	0.0	102,116	1.2
Total Gross Loans	7,814,654	100.0	8,375,176	100.0

As illustrated in the above table, Popular is primarily a commercial lender, with 59.5% of its loan portfolio in commercial mortgage loans (31.9%), multifamily mortgages (21.6%), and commercial and industrial (6%) loans as of December 31, 2021.

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

B. Assessment Area

The Bank's NY assessment area consists of Bronx, Kings, Queens, and New York counties in their entirety.

There are 2,201 census tracts in the Bank's 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.

While Popular's assessment area has not changed since the prior evaluation, the total number of census tracts increased by 144 from the 2,057 reported at the prior evaluation. LMI census tracts decreased by eight, middle- and upper-income census tracts combined increased by 73 and unknown income census tracts increased by 79. The change in the total number of census tracts and the shift in census tract classifications reflected the 2020 census report updates for the Bank's assessment area.

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
Queens	52	26	157	325	165	725	25.2
New York	23	36	44	32	175	310	25.8
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 were over the age of 65 and 22.5% were 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 multi-family units. A majority 62.6% of the housing units were rental-occupied units while 28% were owner-occupied units and 9.4% were vacant.

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 72 years, and the median home value in the assessment area was $684,398.

There were 1,073,766 non-farm businesses in the assessment area. Of these, 91.8% were businesses with reported revenues of less than or equal to $1 million, 3.2% reported revenues of more than $1 million and 5% did not report their revenues. Of all the businesses in the assessment area, 97.4% were businesses with less than fifty employees while 95.2% operated from a single location. The largest industries in the area were services (33.4%), followed by retail trade (11.7%), and finance, insurance, and real estate (9.7%); 31.6% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average annual unemployment rates for New York State and the four counties in the Bank's assessment area were significant higher in 2020 than 2021. This was due to the emergence of COVID-19 pandemic in 2020, which adversely affected the economy worldwide. Overall, Bronx County had the highest average unemployment rates for the evaluation period while New York County had the lowest average unemployment rates of all counties in the assessment area.

Assessment Area Unemployment Rate					
	Statewide	Bronx	Kings	Queens	New York
2020	9.9	16.2	12.6	12.6	9.6
2021	6.9	13.6	10.1	9.6	7.6
Average of years above	8.4	14.9	11.4	11.1	8.6

D. Community Information

As part of the evaluation and to identify credit needs and opportunities within the Bank's assessment area, examiners conducted community contact interviews with representatives of a nonprofit and an economic development organization. The nonprofit organization supports the preservation and development of affordable housing and the economic development organization's mission is to improve the economic prospects of mostly LMI entrepreneurs and their communities.

The first interview was with a representative of the nonprofit organization, which offers programs and services such as tenant organizing and counseling and social services for income-eligible residents. The representative stated that while banks are generally helpful in the community, such as having their branches equipped with language access for Spanish and Chinese-speaking customers, the community still needs more affordable housing and more loans, grants, and capital funding supporting affordable housing projects and development.

The other interview was with a representative of the economic development organization, which primarily serves the five boroughs of New York City, focusing on LMI neighborhoods and areas of high poverty. The representative stated that many local bank branches have closed, which adversely affected LMI communities and small businesses located in these communities. The closing of these branches has made it more difficult to access much needed banking services and products. The representative added that due to gentrification, commercial and residential rents are rising; making retail spaces and residential rental units unaffordable for most LMI individuals. The representative identified the need for more bank support for affordable housing and small businesses, including financial literacy education and flexible lending programs.

IV. - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

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

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

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

DFS derived statistics employed in this Evaluation from various sources. Popular submitted bank-specific information both as part of the Evaluation process and in its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

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

The evaluation period included calendar years 2020 and 2021 for lending activities and the period from July 1, 2020 to September 30, 2022 for community development activities.

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

HMDA-reportable and small business loan data evaluated in this Evaluation represented actual originations and DFS' small business analyses was based on the Bank's small business lending only, as Popular made no small farm loans.

Examiners placed greater weight on Popular's HMDA-reportable lending as it represented a substantial majority or 88.5% by dollar value of its total lending inside the assessment area during the evaluation period.

In its prior Community Reinvestment Act Performance Evaluation as of June 30, 2020, DFS assigned Popular a rating of "2," or a "Satisfactory" compliance with regulatory standards.

Current CRA Rating: Satisfactory

A. Lending Test: High Satisfactory

The Bank's lending performance was evaluated pursuant to the following criteria: (1) Lending Activity;
(2) Assessment Area Concentration;
(3) Geographic Distribution of Loans;
(4) Borrower Characteristics;
(5) Community Development Lending; and
(6) Flexible and/or Innovative Lending Practices.

Popular's HMDA-reportable and small business lending activities were good in light of Popular's size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area. The Bank's community development lending demonstrated a good level of responsiveness to community credit needs, primarily supporting community services and affordable housing.

1. Lending Activity: High Satisfactory

Popular's lending levels were good considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

The Bank's average LTD ratio for the evaluation period of 97.8% exceeded its peer group's average ratio of 77.4%. Furthermore, Popular's quarterly LTD ratios exceeded its peer group's ratio for each quarter of the evaluation period. Also, the Bank's average LTD ratio for the current evaluation exceeded its average LTD ratio of 92.6% for the prior evaluation.

The table below shows Popular's LTD ratios in comparison with the peer group's ratios for the eight quarters of this evaluation period.

Loan-to-Deposit Ratios									
	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	Avg.
Bank	94.6	91.8	98.4	98.5	94.9	100.8	96.9	106.2	97.8
Peer	87.9	82.3	80.9	78.0	75.3	73.2	70.9	70.8	77.4

2. Assessment Area Concentration: High Satisfactory

During the evaluation period, Popular originated 80.2% by number and 84.5% by dollar value of its total HMDA-reportable and small business loans within the assessment area, demonstrating a good concentration of lending primarily due to the Bank's excellent concentration of small business lending.

a. HMDA-Reportable Loans:

During the evaluation period, Popular originated 63.1% by number and 84.1% by dollar value of its total HMDA-reportable loans within the assessment area during the evaluation period. This majority of lending inside of its assessment area reflects an adequate concentration of lending.

b. Small Business Loans:

Popular originated 91.4% by number and 87.8% by dollar value of its small business loans within the assessment area during the evaluation period. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

The following table shows the percentages of Popular's HMDA-reportable and small business loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		$	%	$	%	
HMDA-Reportable										
2020	234	60.0%	156	40.0%	390	405,680	83.5%	80,030	16.5%	485,710
2021	218	66.9%	108	33.1%	326	358,420	84.7%	64,870	15.3%	423,290
Subtotal	452	63.1%	264	36.9%	716	764,100	84.1%	144,900	15.9%	909,000
Small Business										
2020	666	90.1%	73	9.9%	739	61,185	85.7%	10,172	14.3%	71,357
2021	335	94.1%	21	5.9%	356	38,161	91.4%	3,598	8.6%	41,759
Subtotal	1,001	91.4%	94	8.6%	1,095	99,346	87.8%	13,770	12.2%	113,116
Grand Total	1,453	80.2%	358	19.8%	1,811	863,446	84.5%	158,670	15.5%	1,022,116

3. Geographic Distribution of Loans: Outstanding

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

a. HMDA-Reportable Loans:

The distribution of Popular's HMDA-reportable loans by the income level of the geography was excellent.

During the evaluation period, Popular's lending rates in LMI census tracts of 31.4% by number and 44.6% by dollar value were well above the aggregate's rates of 23.1% and 26.4%, respectively. Furthermore, the Bank's annual rates of lending in low- and moderate-income census tracts exceeded the aggregate's rates for each year of the evaluation period, except by dollar value of loans in low-income census tracts in 2021.

Popular's rates of lending in LMI census tracts also exceeded the percentage of owner-occupied housing units (owner-occupied demographics) in LMI census tracts for each year of the evaluation period.

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

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2020									
Geographic	**Bank**				**Aggregate**				**OO HUs**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	20	8.5%	91,740	22.6%	3,814	5.1%	4,555,310	6.9%	4.0%
Moderate	55	23.5%	96,325	23.7%	13,133	17.6%	12,056,565	18.3%	18.0%
LMI	75	32.1%	188,065	46.4%	16,947	22.8%	16,611,875	25.2%	22.0%
Middle	55	23.5%	72,685	17.9%	21,881	29.4%	13,052,415	19.8%	34.2%
Upper	104	44.4%	144,930	35.7%	35,460	47.6%	36,095,320	54.7%	43.5%
Unknown	0	0.0%	0	0.0%	179	0.2%	213,905	0.3%	0.2%
Total	**234**		**405,680**		**74,467**		**65,973,515**		
2021									
Geographic	**Bank**				**Aggregate**				**OO HUs**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	16	7.3%	15,450	4.3%	5,211	5.2%	6,493,655	7.6%	4.0%
Moderate	51	23.4%	137,215	38.3%	18,391	18.2%	16,737,975	19.7%	18.0%
LMI	67	30.7%	152,665	42.6%	23,602	23.3%	23,231,630	27.3%	22.0%
Middle	43	19.7%	66,015	18.4%	28,935	28.6%	18,037,545	21.2%	34.2%
Upper	108	49.5%	139,740	39.0%	48,355	47.8%	43,637,295	51.3%	43.5%
Unknown	0	0.0%	0	0.0%	219	0.2%	148,565	0.2%	0.2%
Total	**218**		**358,420**		**101,111**		**85,055,035**		
GRAND TOTAL									
Geographic	**Bank**				**Aggregate**				**OO HUs**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	36	8.0%	107,190	14.0%	9,025	5.1%	11,048,965	7.3%	
Moderate	106	23.5%	233,540	30.6%	31,524	18.0%	28,794,540	19.1%	
LMI	142	31.4%	340,730	44.6%	40,549	23.1%	39,843,505	26.4%	
Middle	98	21.7%	138,700	18.2%	50,816	28.9%	31,089,960	20.6%	
Upper	212	46.9%	284,670	37.3%	83,815	47.7%	79,732,615	52.8%	
Unknown	-	0.0%	-	0.0%	398	0.2%	362,470	0.2%	
Total	**452**		**764,100**		**175,578**		**151,028,550**		

b. Small Business Loans:

The distribution of Popular's small business loans by the income level of the geography demonstrated an excellent distribution of lending.

During the evaluation period, Popular originated 62.3% by number and 54.8% by dollar value of its small business loans in LMI census tracts, well above the aggregate's rates of 30.6% and 23.4%, respectively. In addition, the Bank's rates of lending in low- and moderate-income census tracts exceeded the aggregate's rates for each year of the evaluation period.

The Bank's rates of lending in LMI census tracts also exceeded the percentage of small businesses located in LMI census tracts (business demographics) for each year of the evaluation period.

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

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2020									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	$000's	%	#	%	$000's	%	%
Low	157	23.6%	13,918	22.7%	23,230	8.9%	904,546	6.9%	8.9%
Moderate	268	40.2%	20,868	34.1%	52,574	20.2%	2,042,881	15.6%	21.3%
LMI	425	63.8%	34,786	56.9%	75,804	29.1%	2,947,427	22.5%	30.2%
Middle	109	16.4%	10,398	17.0%	51,908	19.9%	1,993,548	15.2%	20.5%
Upper	120	18.0%	14,897	24.3%	125,002	48.0%	7,444,290	56.8%	46.3%
Unknown	12	1.8%	1,104	1.8%	7,645	2.9%	719,790	5.5%	2.9%
Total	**666**		**61,185**		**260,359**		**13,105,055**		
2021									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	$000's	%	#	%	$000's	%	%
Low	70	20.9%	7,007	18.4%	28,836	9.4%	828,737	7.4%	9.8%
Moderate	129	38.5%	12,680	33.2%	68,644	22.4%	1,915,010	17.1%	22.6%
LMI	199	59.4%	19,687	51.6%	97,480	31.8%	2,743,747	24.5%	32.4%
Middle	58	17.3%	7,593	19.9%	68,625	22.4%	1,934,953	17.3%	21.5%
Upper	72	21.5%	10,526	27.6%	132,030	43.1%	5,959,006	53.2%	43.6%
Unknown	6	1.8%	355	0.9%	8,141	2.7%	565,376	5.0%	2.5%
Total	**335**		**38,161**		**306,276**		**11,203,082**		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	$000's	%	#	%	$000's	%	%
Low	227	22.7%	20,925	21.1%	52,066	9.2%	1,733,283	7.1%	
Moderate	397	39.7%	33,548	33.8%	121,218	21.4%	3,957,891	16.3%	
LMI	624	62.3%	54,473	54.8%	173,284	30.6%	5,691,174	23.4%	
Middle	167	16.7%	17,991	18.1%	120,533	21.3%	3,928,501	16.2%	
Upper	192	19.2%	25,423	25.6%	257,032	45.4%	13,403,296	55.1%	
Unknown	18	1.8%	1,459	1.5%	15,786	2.8%	1,285,166	5.3%	
Total	**1,001**		**99,346**		**566,635**		**24,308,137**		

4. Distribution by Borrower Characteristics: Needs to Improve

Popular's one-to-four family HMDA-reportable and small business lending demonstrated a poor distribution of loans among individuals of different income levels and businesses of different revenue sizes.

The Bank's HMDA-reportable lending rates to LMI borrowers demonstrated a poor distribution of loans among individuals of different income levels, while Popular's small business lending rates demonstrated an adequate distribution of loans among businesses of different revenue sizes.

a. One-to-four Family HMDA-Reportable Loans:

Popular's one-to-four family HMDA-reportable lending demonstrated a poor distribution of loans among individuals of different income levels.

During the evaluation period, Popular's rates of lending to LMI borrowers of 5% by number and 1.9% by dollar value of loans were significantly below the aggregate's rates of 7.6% and 3.6%, respectively.

The Bank's lending rate to LMI borrowers by number of loans did not improve from the prior evaluation period's 5.6% (aggregate 8.3%) and only slightly improved from the 1.1% by dollar value of loans (aggregate 3.4%). Popular identified the several factors contributing to its low rates of lending to LMI borrowers. First, the Bank operates in a highly competitive market. Second, low inventory of homes for sale made the home buying process more competitive and caused home prices to increase. Lastly, these factors combined with higher interest rates made purchasing a home more difficult for all borrowers and especially for LMI borrowers.

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

Distribution of One-to-Four Family Loans by Borrower Income									
2020									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	2	1.0%	970	0.8%	995	1.4%	386,215	0.9%	33.5%
Moderate	7	3.4%	1,555	1.2%	3,962	5.6%	1,115,420	2.5%	16.5%
LMI	9	4.4%	2,525	2.0%	4,957	7.0%	1,501,635	3.3%	50.0%
Middle	41	19.9%	14,095	11.2%	12,366	17.3%	4,517,850	10.0%	15.6%
Upper	156	75.7%	108,830	86.8%	48,534	68.1%	33,791,520	74.6%	34.5%
Unknown	0	0.0%	0	0.0%	5,449	7.6%	5,479,685	12.1%	0.0%
Total	**206**		**125,450**		**71,306**		**45,290,690**		
2021									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	0	0.0%	0	0.0%	1,542	1.6%	618,100	1.0%	33.5%
Moderate	11	5.7%	2,545	1.8%	6,293	6.5%	1,855,085	2.9%	16.5%
LMI	11	5.7%	2,545	1.8%	7,835	8.0%	2,473,185	3.9%	50.0%
Middle	19	9.8%	7,175	5.1%	17,680	18.1%	6,804,800	10.6%	15.6%
Upper	161	83.0%	123,455	87.9%	64,415	66.1%	47,675,975	74.6%	34.5%
Unknown	3	1.5%	7,285	5.2%	7,514	7.7%	6,947,900	10.9%	0.0%
Total	**194**		**140,460**		**97,444**		**63,901,860**		
GRAND TOTAL									
Borrower	**Bank**				**Aggregate**				**Fam.Dem.**
Income	#	%	$000's	%	#	%	$000's	%	%
Low	2	0.5%	970	0.4%	2,537	1.5%	1,004,315	0.9%	
Moderate	18	4.5%	4,100	1.5%	10,255	6.1%	2,970,505	2.7%	
LMI	20	5.0%	5,070	1.9%	12,792	7.6%	3,974,820	3.6%	
Middle	60	15.0%	21,270	8.0%	30,046	17.8%	11,322,650	10.4%	
Upper	317	79.3%	232,285	87.4%	112,949	66.9%	81,467,495	74.6%	
Unknown	3	0.8%	7,285	2.7%	12,963	7.7%	12,427,585	11.4%	
Total	**400**		**265,910**		**168,750**		**109,192,550**		

b. Small Business Loans:

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

As PPP loans did not require the collecting and reporting of revenue, DFS excluded PPP loans originated in the Bank's assessment area from the small business by revenue size analysis to avoid negatively skewing the results. Therefore, DFS excluded 637 PPP loans in the amount of $54.2 million originated by the Bank in 2020 and 301 PPP loans in the amount of $24 million for 2021. Still, a review of the 2020 and 2021 PPP loans showed that 78.1% by number and 24% by dollar value of these loans were in an amount of $100,000 or less, which generally is an indication that these loans were originated to small businesses with revenue size of $1 million or less.

Popular's average rate of lending to small businesses (excluding PPP loans) with gross annual revenue of $1 million or less of 23.8% by number of loans were below the aggregate's rate of 35.8% for the evaluation period, but by dollar value of loans the Bank's rate of 19.4% exceeded the aggregate's rate of 17.7%.

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

Distribution of Small Business Lending by Revenue Size of Business									
2020									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. <= $1MM	12	41.4%	3,081	44.0%	90,999	35.0%	2,331,388	17.8%	90.9%
Rev. > $1MM	17	58.6%	3,915	56.0%					4.4%
Rev. Unknown		0.0%		0.0%					4.7%
Total	**29**		**6,996**		**260,359**		**13,105,055**		
2021									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. <= $1MM	3	8.8%	1,030	7.3%	111,821	36.5%	1,965,719	17.5%	91.5%
Rev. > $1MM	31	91.2%	13,111	92.7%					3.5%
Rev. Unknown		0.0%		0.0%					5.1%
Total	**34**		**14,141**		**306,276**		**11,203,082**		
GRAND TOTAL									
Rev. Size	**Bank**				**Aggregate**				**Bus.Dem.**
	#	%	$000's	%	#	%	$000's	%	%
Rev. <= $1MM	15	23.8%	4,111	19.4%	202,820	35.8%	4,297,107	17.7%	
Rev. > $1MM	48	76.2%	17,026	80.6%					
Rev. Unknown	-	0.0%	-	0.0%					
Total	**63**		**21,137**		**566,635**		**24,308,137**		

5. <u>Community Development Lending:</u> High Satisfactory

During the evaluation period, Popular originated $339.6 million in new community development loans and had $4.7 million outstanding from prior evaluation periods. This demonstrated a good level of community development lending over the course of the evaluation period.

The level of new community development loans originated per year of $150.9 million for the current evaluation period (2.25 years) also reflected an increase from the $98.8 million per year during the prior evaluation period (5 years), with new community development loans by dollar value primarily supporting the community development purposes of community services (44.9%) and affordable housing (27%).

DFS considers whether a bank has met its responsibility to ensure that a multifamily loan submitted for affordable housing or neighborhood revitalization credit under CRA contributes to, and does not undermine, the availability of affordable housing or neighborhood conditions in accordance with DFS's industry letter "Updated Final Guidelines for Bank Lending to Multifamily Properties Under the Community Reinvestment Act," dated December 4, 2014. As a result, of the community development loans Popular submitted for CRA credit for affordable housing, DFS disqualified six loans outstanding from prior evaluation periods totaling $13.4 million as follow: two loans for $3.8 million were disqualified due to a greater than 30% reduction in affordable housing units since loan origination, and four loans for $9.6 million were disqualified for a lack of current rent rolls.

Community Development Loans				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
Purpose	# of Loans	$000	# of Loans	$000
Affordable Housing	15	91,611	4	4,686
Economic Development	2	61,185		
Community Services	22	152,621		
Revitalization/Stabilization	12	34,219		
Total	51	339,636	4	4,686

Below are highlights of Popular's community development lending.

Community Services

- The Bank refinanced a commercial mortgage in which the Bank participated in the amount of $37.4 million. The mortgage is secured by a skilled nursing facility with 400-beds located within the Bank's assessment area. The facility offers short-term rehabilitation, respiratory care, wound care, long-term care, and amputee care and received more than 70% of its revenues from Medicaid.

- Popular converted a construction loan to an $11.2 million permanent commercial mortgage loan, for a newly constructed assisted living program facility with 56-beds located in the Bank's assessment area. The facility provides quality nursing care and rehabilitative programs with an estimated more than 70% of revenues generated from Medicaid and the rest from Federal Supplemental Security Income ("SSI"). To qualify for SSI, residents must have little or no income and a few qualifying resources (usually excludes primary residence) such as a net worth of less than $2,000 if individual and $3,000 if married.

- The Bank originated a $3.5 million line-of-credit to a nonprofit that provides legal services for LMI residents in the Bank's assessment area. The organization assists LMI individuals and families with stopping foreclosures and evictions and helps victims of domestic violence to secure safe housing and financial stability. The organization has also partnered with healthcare providers to ensure LMI patients may receive needed legal assistance.

Affordable Housing

- Popular originated a loan of $13.6 million to finance the development of a seven-story multifamily building containing a community facility and 57 apartment units of which 18 (30%) units qualify as affordable; however, the borrower plans to lease all the units as affordable units under the Section 8 housing program.

- The Bank made a $11.9 million loan for the development of a seven-story, multi-family building with 59 apartment units. All units are to be leased under Section 8 housing program providing affordable housing for LMI individuals and families.

- Popular originated a $3.2 million nonrevolving line-of-credit to help finance a multifamily construction project in a moderate-income census tract in the Bank's assessment area. The property contains 57 units of affordable housing of which 23 units will be reserved for homeless individuals and the rest of the units will be reserved for senior citizens earning less than 60% of the area median income.

Economic Development

- During the evaluation period, Popular renewed and increased the existing $30 million line-of-credit to $60 million for a financing company that provides financing to small businesses. The financing company used the line of credit to fund SBA PPP loans.

Revitalization & Stabilization

- Popular originated eleven PPP loans totaling $29.5 million (each loan exceeding $1 million) to businesses in LMI census tracts within the Bank's assessment area. These loans supported the revitalization and stabilization of these areas by helping these businesses to maintain operations and retain employees during the economic downturn caused by the pandemic.

a. Flexible and/or Innovative Lending Practices:

Popular made significant use of flexible or innovative lending practices to support community development, as follows:

- The Bank originated 100 Federal National Mortgage Association ("FNMA") and 193 Federal Home Loan Mortgage Corporation ("FHLMC") mortgage loans during the evaluation period for a total of $85.2 million.

- During the evaluation period, Popular originated 938 SBA backed PPP loans for a total of $78.2 million in its assessment area. The PPP loans provided economic relief to small businesses that have been adversely impacted by the COVID-19 pandemic.

- The Bank continued to offer the Credit Builder loan product, that is designed to help customers who have adverse or no credit history to build credit. During the evaluation period, the Bank opened 722 credit builder accounts totaling $1.4 million.

B. Investment Test: Low Satisfactory

The Department evaluated Popular's investment performance pursuant to the following criteria:
(1) The dollar amount of qualified investments;
(2) The innovativeness or complexity of qualified investments; and
(3) The responsiveness of qualified investments to the credit and community development needs of the assessment area.

1. Qualified Investments

During the evaluation period, Popular made $27.2 million in new qualified investments and had $34.9 million outstanding from prior evaluation periods. In addition, Popular made $877,972 in qualified grants. This demonstrated an adequate level of qualified investments and grants over the course of the evaluation period.

Qualified Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
CD Investments	# of Inv.	$000	# of Inv.	$000
Affordable Housing	4	$ 27,205	4	$ 18,572
Economic Development			2	$ 16,320
Community Services				
Other (Please Specify)				
Total	4	$ 27,205	6	$ 34,892
CD Grants	# of Grants	$000	Not Applicable	
Affordable Housing				
Economic Development				
Community Services	54	$ 878		
Other (Please Specify)				
Total	54	$ 878		

Below are highlights of Popular's qualified investments and grants:

Investments:

- During the evaluation period, Popular invested in four mortgage-back securities ("MBS"s) totaling $27.2 million issued by FNMA and GNMA. The underlying mortgages are secured by residential properties to LMI borrowers within the Bank's assessment area.

Grants:

- Popular donated $283,000 to a nonprofit organization that supports the immigrant Hispanic community through programs that include education, health, immigration, as well as foster civic engagement and economic empowerment. Programs also include food assistance to, but not limited to, migrant farm workers.

- Popular contributed $170,000 to an organization which funds and supports the programs and services for underserved youth, homeless individuals and families experiencing homelessness in all areas of New York.

- Popular contributed $30,000 to a nonprofit organization which offers free legal and advocacy services to low-income people that include foreclosure prevention and tenant, consumer and employee rights.

2. Innovativeness of Qualified Investments:

Popular made no use of innovative investments to support community development. The Bank's new qualified investments were four investments in MBSs supporting affordable housing.

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

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

C. Service Test: High Satisfactory

The Department evaluated Popular's retail service performance pursuant to the following criteria:
(1) The current distribution of the banking institution's branches;
(2) The institution's record of opening and closing branches;
(3) The availability and effectiveness of alternative systems for delivering retail services; and
(4) The range of services provided.

The Department evaluated Popular's community development service performance pursuant to the following criteria:
(1) The extent to which the banking institution provides community development services; and
(2) The innovativeness and responsiveness of community development services.

1. Retail Banking Services: High Satisfactory

Popular has a good branch network, delivery systems, branch hours and services, and alternative delivery systems, including as it relates to LMI individuals.

a. Current distribution of the banking institution's branches:

Popular has a good distribution of branches within its assessment area.

The Bank operates 23 full-service branches; eight branches or 35% are in LMI census tracts, and 14 branches are in middle- and upper-income tracts, and one branch, located in the Lower East Side of Manhattan, is located in a census tract with unknown income, which is adjacent to four LMI census tracts and located in a designated Banking Development District ("BDD").

All branches are accessible by public transportation and have at least one full-service ATM with withdrawal and deposit-taking capabilities. The Bank also has one stand-alone withdrawal only ATM located in a low-income census tract in Bronx County. In addition, the bank's debit card customers have surcharge free access to 55,000 ATMs worldwide via the Allpoint ATM network.

Distribution of Branches within the Assessment Area							
County	**N/A #**	**Low #**	**Moderate #**	**Middle #**	**Upper #**	**Total #**	**LMI %**
Bronx	0	2	1	0	0	3	100%
Kings	0	1	1	3	2	7	29%
New York	1	1	1	2	4	9	22%
Queens	0	0	1	1	2	4	25%
Total	**1**	**4**	**4**	**6**	**8**	**23**	**35%**

b. Record of opening and closing branches:

Popular's record of closing branches has generally not adversely affected the accessibility of its delivery systems, including LMI geographies and/or LMI individuals.

During the evaluation period, Popular did not open any branches and closed ten branches in its New York State assessment area, of which four branches were in LMI census tracts: two in Bronx County and two in Kings County. While Bronx County is considered underbanked, at the time of the branch closings, the two neighborhoods affected were still served by three banks with one branch each located within 0.25 miles of one of the closed branches and four banks with five branches located within one mile of the other closed branch.

During the same period, the Bank relocated three branches, two of which remained in middle-income census tracts (one in Queens County and one in Kings County), and one branch in Kings County which was relocated from a low-income census tract to a moderate-income census tract.

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

Popular's delivery systems are readily accessible to its customers in its assessment area, including LMI geographies and individuals.

Online and mobile banking services are available 24 hours a day and include Popular People Pay (allowing you to send money using email address or mobile phone number), mobile check deposit, bill pay, e-statements and automated credit transfers.
Telephone banking is available Monday through Friday from 7:30 A.M. to 12:00 P.M. and Saturday and Sunday from 9:00 A.M. to 6:00 P.M.

All branches have at least one full-service ATM with withdrawal and deposit-taking capabilities. The Bank also has one stand-alone cash-dispensing only ATM; in addition, Popular's debit card customers have surcharge free access to more than 55,000 ATMs worldwide through the Allpoint ATM network.

d. Range of services provided:

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

Of the 23 full-service branches of Popular, 11 branches operate from Monday to Friday from 9:00 A.M. and 4:00 P.M. while 12 branches operate on Mondays from 9:00 A.M. to 6:00 P.M., Tuesdays to Fridays from 9:00 A.M. to 4:00 P.M., and on Saturdays from 9:00 A.M. to 2:00 P.M. All branches offer Spanish speaking representatives.

Popular participates in the Department’s BDD program, which promotes the establishment of bank branches in areas with demonstrated need for banking services. As of the evaluation period the Bank had four branches located in areas designated as BDD reflecting the Bank’s efforts to provide needed banking services in communities within its assessment area with a demonstrated need. DFS approved two BDD branch locations during the current evaluation period: the Pitkin Avenue branch in Kings County received BDD designation in January 2020; and the 116th branch in New York County received BDD designation in March 2021.

Popular's branch managers and assistant managers can assist and accept small business and consumer loan applications in-person. The Bank’s senior and junior mortgage loan officers periodically visit various branches.

During the evaluation period, Popular offered the following retail deposit accounts and loan products that benefit LMI individuals and households, and small businesses:

- Popular promotes its Easy Access Checking NY account (alternative account in lieu of the New York State mandated Basic Banking Account) on its website, bank brochures and marketing materials. The account requires $25 minimum to open and a $3 monthly service fee for 12 or fewer monthly withdrawals or a $4 monthly service fee for unlimited monthly transactions.

- Popular offers the NYC SafeStart Account program in partnership with the New York City’s Department of Consumer Affairs. The account functions as a starter savings account with features including no overdraft fees, no monthly fees (if minimum balances are met), minimum balance requirements of $25 or less, and an ATM card.

- Popular offers the FNMA HomeReady mortgage loan program for creditworthy, low-income borrowers. The program is available to first-time or repeat homebuyers and for home purchase or refinance transactions. The program has a down payment as low as 3% and the down payment and closing cost can come from multiple sources including gifts and grants.

- Popular offers “Credit Builder,” a personal loan designed to help customers establish and build credit. The loan features flexible loan terms and a credit limit up to $10,000.

- The Bank offers the “Popular Primary Business Package” and “Popular Preferred Business Package” checking accounts for small businesses. The accounts have no minimum opening deposit requirement, low monthly service fee of $15 and $30 or $0 if $5,000 and $20,000 in average checking balance is maintained, respectively. These accounts are offered at all branches and advertised on the website, bank brochures, and in-branch marketing materials.

2. Community Development Services: High Satisfactory

Popular provided a relatively high level of community development services. The Bank's qualifying community development service activities totaled 95 and included bank employees serving as board members of nonprofit organizations involved in a range of community development services. Popular provided financial literacy education to the various adults and youth in LMI communities.

Community Development Services	
Activity Type	**Number of Activities**
On-Going Board & Committee Memberships	9
Technical Assistance	0
Seminars	86
Credit Counseling	0
Total Community Development Services	95

Below are highlights of Popular's community development services.

- A senior officer of the Bank served on the board of a community organization that offers programs to the Hispanic immigrant community. Programs include learning English, citizenship assistance, increasing access to healthcare and economic empowerment.

- An executive officer served on the board of an organization which empowers disadvantaged low- and moderate-income New Yorkers to purchase and preserve affordable housing opportunities through lending, financial literacy, and housing counseling services.

- Popular hosted several in-house seminars on financial literacy at various branches located in LMI census tracts during the evaluation period. Several employees presented on topics that included credit building, shopping for and getting a mortgage, fraud and scams targeted at the elderly and training to use online and mobile banking.

- Several employees of the Bank participated as presenters, in conjunction with a youth educational organization, in a seminar targeted to students from a middle school located in moderate-income area in Bronx County. The seminar discussed practical economic education and learning experience and provided the students with information about financial skills for developing future career opportunities.

D. Additional Factors

The following factors were also considered in assessing Popular'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.

The board of directors ("the board") annually reviews and approves the Bank's CRA policy and oversees the Bank's CRA program through reviews of the Bank's CRA performance via periodic management briefings, reviews of internal self-assessments, and regulatory agencies' CRA reports. The Bank has a management CRA committee who is chaired by the CRA officer and whose members are representatives of the Bank's key business units that are involved in CRA related activities. The committee meets quarterly to monitor and discuss the Bank's CRA performance and report periodically to the appropriate committee or the board. The board receives and reviews the committee's meeting minutes including CRA management reports and any CRA-related recommendations.

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

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

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

3. Process Factors

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

Popular's managers actively participate and serve on boards and committees of local community groups, as well as participate, present and host financial literacy seminars. In addition, the Bank's fair and responsible banking manager participates in national and statewide industry groups and attends community development related webinars and conferences sponsored by various government agencies, industry groups and associations. Popular's CRA officer also participates in periodic meetings with CRA officers of various other banks operating in New York City. The CRA officers meet and discuss community needs, new regulations, and on occasions meet with various regulatory agencies. All these activities help the Bank to ascertain the credit needs of its community.

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

Popular markets its products and services across all areas in which Popular operates branches, which include those located in LMI areas. Marketing tools include in-branch displays (e.g., window clings, flyers, in-branch TVs, brochures, banners, etc.); social media digital advertising; and emailing its customers.

The retail branch staff participated and hosted various financial literacy education seminars during the evaluation period, these seminars allow staff to make the community aware of various credit services and products offered by the Bank, such as the Credit Builder personal loan product.

- *Comment Letters received with Respect to CRA*

DFS received a comment letter from a nonprofit organization that advocates for affordable housing and underserved and distressed communities in New York City. The letter raised concerns about the Bank's closing of branches primarily in Bronx County. DFS considered the information contained in the letter in its performance evaluation. Please refer to Popular's CRA Public File, for additional information regarding the comment letters.

4. <u>Other factors that in the judgment of the Superintendent bear upon the extent to which Popular is helping to meet the credit needs of its entire community</u>

Popular also originated three community development loans totaling $35.3 million outside its assessment area, but within New York State. The Loans were for the purpose of community services providing funding for two skilled nursing facilities, which derive the majority of their revenues from Medicaid and Medicare.

V - GLOSSARY

Aggregate Lending

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

Banking Development District ("BDD") Program

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

Community Development

"Community development" means:

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

Community Development Loan

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

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

- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

Community Development Service

"Community development service" means a service that has community development as its *primary purpose*, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM "Training Machines" available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
  - Serving on a loan review committee;
  - Developing loan application and underwriting standards;
  - Developing loan processing systems;
  - Developing secondary market vehicles or programs;
  - Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
  - Furnishing financial services training for staff and management;
  - Contributing accounting/bookkeeping services; and
  - Assisting in fund raising, including soliciting or arranging investments.

Community Development Financial Institution ("CDFI")

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

Fair Market Rents ("FMRs")

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

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

LMI Geographies

"LMI geographies" means those census tracts or block numbering areas where, according to the most current U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a MSA or Primary Metropolitan Statistical Area ("PMSA"), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of Block Numbering Areas ("BNAs") and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

"LMI borrowers" means borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the Federal Financial Institutions Examination Council ("FFIEC").

LMI Individuals/Persons

"LMI individuals" or "LMI persons" means individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by the FFIEC.

LMI Penetration Rate

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

Low-Income Housing Tax Credit ("LIHTC")

LIHTC were created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low-income Americans. The tax credits provide a dollar-for-dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

Minority Depository Institutions (“MDIs”)

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

New Markets Tax Credit (“NMTC”)

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

Paycheck Protection Program (“PPP”) Loans

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%. The program officially ended May 31, 2021.

Qualified Investment

“Qualified investment” means a lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;

- 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.