

PUBLIC DISCLOSURE

July 9, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Flushing Bank
Certificate Number: 58564

260E RXR Plaza
Uniondale, New York 11556

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
New York Regional Office

350 Fifth Avenue, Suite 1200
New York, New York 10118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA.....	4
SCOPE OF EVALUATION.....	6
CONCLUSIONS ON PERFORMANCE CRITERIA.....	8
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	20
APPENDICES.....	21
LARGE BANK PERFORMANCE CRITERIA.....	21
SCOPE OF EVALUATION.....	23
SUMMARY OF RATINGS FOR RATED AREAS.....	23
GLOSSARY	24

INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Outstanding**.

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

The Lending Test is rated Outstanding.

- Flushing Bank’s lending levels reflect excellent responsiveness to the credit needs of its assessment area.
- The bank made a substantial majority of its loans in its assessment area.
- The geographic distribution of loans reflects excellent penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among business customers of different size.
- Flushing Bank is a leader in making community development loans.
- The bank makes limited use of innovative and/or flexible lending practices to serve the credit needs of its assessment area.

The Investment Test is rated High Satisfactory.

- The bank has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The bank exhibits good responsiveness to credit and community economic development needs.
- The bank rarely uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are accessible to essentially all portions of the institution's assessment area.
- To the extent changes have been made, the institution's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/ or individuals.
- The institution provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

Flushing Bank (FB) is a New York State-chartered commercial bank headquartered in Uniondale, New York, which is located in Nassau County. FB is a wholly-owned subsidiary of Flushing Financial Corporation, a publicly-traded bank holding company. FB owns and operates three consolidated subsidiaries: Flushing Service Corp., which markets insurance and mutual fund products; FSB Properties, Inc., which manages and disposes of other real estate owned properties; and Flushing Preferred Funding Corporation, which purchases and manages real estate mortgage assets. The bank also has two internet banking divisions, iGObanking.com and BankPurely.com, that offer competitively priced deposit products to consumers nationwide through the internet.

FB received an "Outstanding" rating at its previous Federal Deposit Insurance Corporation (FDIC) Community Reinvestment Act (CRA) evaluation dated June 25, 2018, based on Interagency Large Institution CRA Examination Procedures.

Operations

FB operates 25 full-service offices in the following counties in New York State: Queens (9), Nassau (5), Kings (5), New York (3), and Suffolk (3). Since the previous evaluation, the bank completed a merger with Empire National Bank, which added four branches, including one in Mineola, Nassau County, and one each in Islandia, Port Jefferson, and Shirley in Suffolk County. In addition, the bank opened two new offices, one in Hicksville (Nassau County) and one in Manhattan (New York County). FB's alternative delivery channels and services include the use of the Allpoint automated teller machine (ATM) network, internet banking, mobile banking, and electronic bill pay.

FB offers a range of lending products tailored to meet the needs of its local community. These products include business loans, commercial real estate loans, and residential real estate loans. The business loans include lines of credit, Small Business Administration (SBA) loans, micro loans under \$100,000, and equipment finance loans. Commercial real estate loans include multi-family loans of five or more units and mixed-use properties with commercial space. The residential real estate loans include loans secured by owner-occupied and investor-owned 1-4 family properties, 1-4 family properties with commercial space, and second homes.

FB offers a range of deposit products tailored to meet the needs of its local community. These products include various checking and savings accounts for individuals and commercial customers, as well as for not-for-profit organizations and governments. Other deposit offerings include certificates of deposit. Other services include remote deposit capture, lockboxes, Automated Clearing House services, wire transfers, and the use of the bank's ATMs.

Ability and Capacity

As of March 31, 2021, the bank reported total assets of \$8.2 billion. Loans are the primary asset at \$6.7 billion, while securities total \$817.2 million. Deposits total \$6.4 billion. The following table provides a breakdown of the loan portfolio as of March 31, 2021.

Loan Portfolio Distribution		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	70,081	1.1
Secured by 1-4 Family Residential Properties	848,579	12.5
Secured by Multi-family (5 or more) Residential Properties	2,523,664	37.4
Secured by Non-farm Non-Residential Properties	2,285,533	33.9
Total Real Estate Loans	5,727,857	84.9
Commercial and Industrial Loans	1,007,641	14.9
Consumer	3,451	0.1
Other	6,367	0.1
Total Loans	6,745,316	100.0

Source: Report of Condition and Income March 31, 2021

There are no financial, legal, or other impediments affecting the bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Flushing Bank designated two contiguous assessment areas. The first assessment area comprises Bronx, Kings, New York, Queens, Richmond, and Westchester Counties, located in the New York-Jersey City-White Plains, NY-NJ Metropolitan Division (MD) #35614. The second assessment area includes Nassau and Suffolk Counties, located in the Nassau County-Suffolk County, NY MD #35004. Since both MDs are located in the larger New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area (MSA) #35620, the evaluation shows the bank’s assessment areas as a single area for presentation purposes.

Economic and Demographic Data

The assessment area (AA) contains 2,997 census tracts, including 367 low-, 736 moderate-, 1,027 middle-, and 786 upper-income tracts, and 81 tracts with no-income designation (NA tracts).

The following table provides select demographic characteristics for this AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,997	10.3	23.1	34.5	29.4	2.7
Population by Geography	12,250,043	12.3	25.2	32.9	29.3	0.3
Housing Units by Geography	4,829,707	11.2	23.5	31.6	33.4	0.2
Owner-Occupied Units by Geography	1,947,712	2.3	14.2	41.3	42.1	0.1
Occupied Rental Units by Geography	2,442,178	18.8	31.0	24.2	25.7	0.3
Vacant Units by Geography	439,817	8.4	23.4	30.1	37.8	0.3
Businesses by Geography	1,267,183	6.2	17.8	29.6	44.6	1.8
Farms by Geography	12,043	3.2	18.1	40.0	38.2	0.6
Family Distribution by Income Level	2,808,379	28.1	16.2	17.2	38.5	0.0
Household Distribution by Income Level	4,389,890	29.5	14.6	15.9	40.0	0.0
FFEIC Median Family Income: New York-Jersey City-White Plains, NY-NJ, MD #35614		\$67,560	Median Housing Value			\$518,692
FFEIC Median Family Income: Nassau County-Suffolk County, NY, MD #35004		\$108,193	Median Gross Rent			\$1,362
			Families Below Poverty Level			13.3%
<small>Source: 2015 ACS and 2020 D&B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.</small>						

The analysis of small business loans under the Borrower Profile criterion analyzes the distribution of the bank's small business loans by the gross annual revenue of the business for each year. According to 2020 D&B data, there were 841,196 business establishments in the AA. The following list shows the gross annual revenues for these businesses:

- 86.4 percent have gross annual revenues of \$1 million or less;
- 6.8 percent have gross annual revenues more than \$1 million; and
- 6.8 percent have unknown revenues.

According to Moody's Analytics, strong housing, healthcare, and universities continue to help the regional economy. However, the pandemic is causing the overall economy to struggle. Service industries such as tourism and hospitality have suffered throughout the pandemic, and continue to suffer due to the resurgence of COVID-19 cases in the area. Additionally, high housing, tax, office rent, and energy costs contribute to the area's economic downturn. Further, the area's aging infrastructure needs to be maintained and updated at significant cost.

The unemployment rates for each of the AAs indicate that the pandemic has had a significant impact on the areas. At the start of the pandemic in 2020, the unemployment rate for the New York City area was 3.8 percent in March 2020. The unemployment rate increased to a high of 20.0 percent in May 2020, and has declined to 10.9 percent as of May 2021. Nassau and Suffolk Counties had a similar trend in the unemployment rates starting at 3.9 percent in March 2020, increasing to 17.8 percent in April 2020, and declining to 5.1 percent as of May 2021.

The top employers in the AA include Montefiore Health System, Mount Sinai Health System, JP Morgan Chase and Company, Bank of America, New York Presbyterian Healthcare System, New York University Langone Medical Center, Macy's, Verizon Communication, Columbia University, and Citigroup.

Competition

There is a high level of competition for multi-family loans (properties with five or more units) among lenders within the AA. In 2019, 125 lenders reported 4,101 multi-family loans totaling \$29.1 billion. The top ten lenders accounted for 67.1 percent of the multi-family loans originated.

There is also a high level of competition for 1-4 family mortgage loans among the area's banks, credit unions, and non-depository mortgage lenders. In 2019, 447 lenders reported 153,503 loan originations that were reportable under the Home Mortgage Disclosure Act (HMDA). The ten most prominent home mortgage lenders accounted for 51.4 percent of total market share.

There is high competition for small business loans within the bank's AA. According to the aggregate small business data for 2019, 473 lenders reported 428,249 small business loans. The top ten lenders accounted for 87.8 percent of total loans. Most all of the top lenders are large national credit card banks or very large multi-billion dollar regional banks.

The AA is also a competitive market for financial services. According to the FDIC Deposit Market Share report as of June 30, 2020, 131 financial institutions operated 2,709 offices within the bank's AA. Of these institutions, FB ranked 27th with a 0.3 percent deposit market share. The five most prominent institutions with the highest deposit market shares accounted for 65.8 percent of total market share. These entities are mainly large, multi-billion dollar depository institutions that serve a much larger multi-regional and/or multi-state area in addition to this AA.

Community Contact

As part of the evaluation process, examiners contact a third party active in the AA to assist in identifying the area's credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs.

Examiners conducted a community contact with a representative from a social services organization active in Bronx County, New York. The contact identified a need for additional bank branches in the area, and observed that more than one financial institution recently closed branches in the community they serve. These closures have had a significant impact on the community, which has limited access to financial services otherwise. The contact particularly noted a significant impact on senior citizens in the area, who are not very mobile and therefore cannot travel far to go to other bank branches. The contact also noted that the area is one of several in the city that recently underwent a rezoning process, which resulted in new residential and commercial development. There is a need for financial services in the area in order to retain existing residents and to attract businesses and residents to the area.

Credit and Community Development Needs and Opportunities

Based on information from the community contact, bank management, and the demographic and economic data, the ongoing credit needs in the AA are affordable housing and access to financial services to revitalize and stabilize low- and moderate-income areas.

SCOPE OF EVALUATION

General Information

Examiners used the Interagency Large Institution CRA Examination Procedures to evaluate FB's performance since the previous evaluation dated June 25, 2018, to the current evaluation date of July 9, 2021. The procedures consist of the Lending, Investment, and Service Tests (see Appendices). Examiners used full-scope procedures to assess FB's performance in its AA.

Activities Reviewed

Examiners analyzed FB's CRA performance using multi-family, 1-4 family, and small business loans, as these loan types represent the bank's major product lines based on a review of bank records, business strategy, loan portfolio composition, and discussions with bank management. The evaluation did not analyze small farm lending, as the bank did not originate any small farm

loans. The bank's records indicate that its lending focus and product mix remained consistent throughout the evaluation period. However, the bank's lending to small businesses increased significantly in 2020 due to the bank's participation in the SBA's Paycheck Protection Program (PPP), a lending program to aid small businesses that were adversely effected by the COVID-19 pandemic.

Examiners reviewed the bank's home mortgage loans for 2018, 2019, and 2020, which included residential loans subject to the HMDA data reporting requirements. The bank's HMDA activity included 1-4 family mortgage loans made to investors for non-owner occupied investment properties, with 240 such loans totaling \$149.5 million. FB's HMDA activity also included 574 multi-family loans totaling \$870.9 million. The evaluation presents the multi-family loans separately from the 1-4 family loans due to the large volume of lending and the different demographic measures applicable to those loan types. Examiners compared the bank's HMDA lending to American Community Survey (ACS) census demographic data for 2018, 2019, and 2020, and to the aggregate HMDA data (1-4 family and multi-family separately) for 2018 and 2019, the most recently available data.

Examiners reviewed the bank's small business loans for 2018, 2019, and 2020. Small business loans include commercial real estate or commercial and industrial loans and lines of credit in amounts of \$1 million or less. The bank reported 1,031 small business loans totaling \$275.9 million during the three-year period reviewed. Examiners compared the bank's record of small business lending to D&B demographic data for 2018, 2019, and 2020, and to the aggregate small business loan data for 2018 and 2019, the most recently available data.

Under the Lending Test, examiners placed different weight on the bank's loan products when arriving at conclusions. Examiners placed the most weight on FB's multi-family lending, which is a primary product of the bank that represented 30.6 percent of lending by number and 67.2 percent by dollar volume. The 1-4 family lending and small business lending received similar weight in this performance evaluation. The bank's 1-4 family lending represented 12.8 percent of lending by number and 11.5 percent by dollar volume, while the small business lending represented 56.6 percent of lending by number and 21.3 percent by dollar volume. While FB originated a greater number of small business loans compared to the multi-family and 1-4 family loan categories, a significant portion of this lending resulted from the bank's participation in the PPP, which was a temporary program that yielded a large increase in the number of small business loans in 2020.

The lending review included only originations, as the bank does not purchase loans. In addition, while the evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

The evaluation of the bank's community development loans, investments, and services includes all qualified activities since the prior evaluation to the current evaluation date of July 9, 2021. The Investment Test includes investments and grants made during the current evaluation period, and the current book value of any qualified investments outstanding from the prior evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test rating is “Outstanding.” The bank’s performance under the Lending Activity, Assessment Area Concentration, Geographic Distribution, and Community Development Lending criteria supports this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to the bank’s assessment area credit needs. This performance criterion considered the bank’s volume of lending in relation to its financial condition and resources.

As of March 31, 2021, the bank reported total assets of \$8.2 billion and total loans of \$6.7 billion. Total loans represent 81.7 percent of total assets, with the bank’s loans concentrated in real estate loans. The real estate loans are primarily multi-family home mortgage loans and mixed-used commercial real estate loans.

The bank is a leader in multi-family lending within its assessment area. For 2018, 2019, and 2020 combined, Flushing Bank originated 529 multi-family home mortgage loans totaling \$806.3 million inside its assessment area. FB ranked sixth in 2019 with a market share of 4.2 percent. Five lenders had greater market share, including: JPMorgan Chase, N.A.; New York Community Bank; Signature Bank; Capital Bank, N.A.; and National Cooperative Bank, N.A. These five lenders make up 51.2 percent of the total market share by number of loans for the assessment area.

Flushing Bank is also a 1-4 home mortgage lender in its assessment area. For 2018, 2019, and 2020 combined, FB originated 221 1-4 family home mortgage loans totaling \$142.1 million inside its assessment area. The 2019 aggregate HMDA data revealed that the bank ranked 155th out of 447 lenders by number of HMDA-reportable 1-4 family loans in its assessment area. The bank had less than a 0.1 percent market share. The top five lenders in the assessment area for HMDA-reportable 1-4 family loans were JP Morgan Chase Bank, N.A.; Wells Fargo Bank, N.A.; Quicken Loans; Citibank, N.A.; and Bank of America, N.A. These five lenders originated 52,800 loans, which represents 34.3 percent of the total market share by number of loans for the assessment area.

Flushing Bank is an active small business lender in its assessment area. For 2018, 2019, and 2020 combined, Flushing Bank originated 977 small business loans totaling \$257 million inside its assessment area. According to the 2019 aggregate small business loan data, FB ranked 62nd out of 273 lenders by number of small business loans in its assessment area with a less than 0.1 percent market share. The top five reporters accounted for 76.7 percent of the total market share, and included large national credit card banks that originated loans in smaller amounts.

Flushing Bank’s lending activity is excellent. Despite the high level of competition in the assessment area, including competition from larger national and regional lenders, the bank

originated a substantial volume of loans and achieved strong market rankings, particularly for its multi-family lending. Additionally, the bank’s assets are centered in loans, with a significant majority of its lending occurring inside its assessment area.

Assessment Area Concentration

Flushing Bank originated a substantial majority of its loans within its assessment area. The following table illustrates the distribution of the multi-family, 1-4 family, and small business loans, by number and dollar volume, inside and outside the assessment area. As noted in the following table, the bank originated 93.6 percent and 93.0 percent of total loans by number and dollar amount, respectively, within the assessment area. The notable increase in lending to small businesses in 2020 is the result of the bank’s participation in the PPP.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollars Amount of Loans \$(000s)				
	Inside		Outside		Total #	Inside		Outside		Total \$(000s)
	#	%	#	%		\$	%	\$	%	
Multi-family										
2018	181	97.8	4	2.2	185	280,418	96.9	8,830	3.1	289,248
2019	173	96.6	6	3.4	179	306,027	99.0	3,015	1.0	309,042
2020	175	83.3	35	16.7	210	219,871	80.7	52,749	19.3	272,620
Subtotal	529	92.2	45	7.8	574	806,316	92.6	64,594	7.4	870,910
1-4 Family										
2018	101	95.3	5	4.7	106	68,028	97.6	1,687	2.4	69,715
2019	64	94.1	4	5.9	68	33,701	96.0	1,403	4.0	35,104
2020	56	84.8	10	15.2	66	40,326	90.2	4,404	9.8	44,730
Subtotal	221	92.1	19	7.9	240	142,055	95.0	7,494	5.0	149,549
Small Business										
2018	140	90.3	15	9.7	155	68,275	91.2	6,599	8.8	74,874
2019	163	100.0	0	0.0	163	83,236	100.0	0	0.0	83,236
2020	674	94.5	39	5.5	713	105,502	89.6	12,254	10.4	117,756
Subtotal	977	94.8	54	5.2	1,031	257,013	93.2	18,853	6.8	275,866
Total	1,727	93.6	118	6.4	1,845	1,205,384	93.0	90,941	7.0	1,296,325
<i>Source: HMDA Reported Data; CRA Reported Data</i>										

Geographic Distribution

FB’s geographic distribution of loans reflects excellent penetration throughout the AA for all loan types considered.

Home Mortgage Loans (Multi-family)

The geographic distribution of the bank’s multi-family loans reflects excellent penetration throughout the AA. The following table details the geographic distribution of multi-family loans by tract income level.

Geographic Distribution of Home Mortgage Loans-Multi-Family Lending						
Tract Income Level	% of Multi-Family Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	22.2	11.6	35	19.3	48,471	17.3
2019	18.6	9.4	34	19.7	51,353	16.8
2020	18.6	--	25	14.3	42,674	19.4
Moderate						
2018	26.1	31.3	74	40.9	89,988	32.1
2019	26.6	29.3	68	39.3	119,751	39.1
2020	26.6	--	65	37.1	61,756	28.1
Middle						
2018	18.3	34.8	35	19.3	46,766	16.7
2019	19.4	35.2	33	19.1	58,955	19.3
2020	19.4	--	47	26.9	48,204	21.9
Upper/NA						
2018	33.4	22.2	37	20.4	95,193	33.9
2019	35.4	26.0	37	21.4	70,968	23.2
2020	35.4	--	37	21.1	62,637	28.5
Totals						
2018	100.0	100.0	181	100.0	280,418	100.0
2019	100.0	100.0	173	100.0	306,027	100.0
2020	100.0	--	175	100.0	219,871	100.0
<i>Source: 2015 ACS Data; 2018-2020 HMDA Reported Data; 2018-2020 HMDA Aggregate Data; "--" data not available</i>						

In 2018 and 2019, the bank’s performance exceeded the aggregate performance for both low- and moderate-income tracts. In 2020, the bank’s performance was less than the demographics in low-income tracts, but exceeded the demographics in moderate-income tracts. Examiners placed more weight on the bank’s performance against the aggregate data, as this data better reflects the loan demand in the low- and moderate-income areas. Overall, this represents excellent performance in multi-family lending.

Home Mortgage Loans (1-4 Family)

FB’s geographic distribution of 1-4 family home mortgage loans reflects excellent penetration throughout the AA. The following table details the geographic distribution of 1-4 family home mortgage loans by tract income level.

Geographic Distribution of Home Mortgage Loans - 1 to 4 Family Lending						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	2.9	3.2	23	22.8	10,762	15.8
2019	2.3	2.5	10	15.6	5,279	15.7
2020	2.3	--	5	8.9	2,322	5.8
Moderate						
2018	15.8	15.0	35	34.7	21,218	31.2
2019	14.2	13.5	18	28.1	9,051	26.9
2020	14.2	--	14	25.0	7,558	18.7
Middle						
2018	42.5	41.9	24	23.8	15,909	23.4
2019	41.3	41.2	20	31.3	9,527	28.3
2020	41.3	--	21	37.5	11,087	27.5
Upper						
2018	38.7	39.7	19	18.8	20,140	29.6
2019	42.1	42.6	16	25.0	9,843	29.2
2020	42.1	--	16	28.6	19,359	48.0
Not Available						
2018	0.1	0.2	0	0.0	0	0.0
2019	0.1	0.2	0	0.0	0	0.0
2020	0.1	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	101	100.0	68,028	100.0
2019	100.0	100.0	64	100.0	33,701	100.0
2020	100.0	--	56	100.0	40,327	100.0
<i>Source: 2015 ACS Data; 2018-2020 HMDA Reported Data; 2018-2020 HMDA Aggregate Data; "--" data not available</i>						

FB's percentage of lending in the low- and moderate-income census tracts is significantly higher than the aggregate level and the demographics for each year reviewed. The bank's volume of 1-4 family loans declined over the course of the review period, which contributed to the decreased lending in the low- and moderate-income census tracts. Nonetheless, the percentage of lending in those tracts has remained well above the aggregate and demographic data, which represents excellent performance.

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the AA. The following table details the geographic distribution of the bank's small business loans by tract income level.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	7.6	7.9	21	15.0	11,025	16.1
2019	6.1	6.5	9	5.5	5,935	7.1
2020	6.2	--	39	5.8	4,077	3.9
Moderate						
2018	17.7	17.6	43	30.7	22,081	32.3
2019	17.8	17.6	60	36.8	29,024	34.9
2020	17.8	--	140	20.8	17,853	16.9
Middle						
2018	30.7	29.8	39	27.9	18,941	27.7
2019	30.5	29.8	59	36.2	29,011	34.9
2020	29.6	--	294	43.6	50,438	47.8
Upper						
2018	42.1	43.1	37	26.4	16,228	23.8
2019	43.8	44.4	33	20.2	17,401	20.9
2020	44.6	--	194	28.8	32,092	30.4
Not Available						
2018	1.9	1.6	0	0.0	0	0.0
2019	1.8	1.7	2	1.2	1,865	2.2
2020	1.8	--	7	1.0	1,042	1.0
Totals						
2018	100.0	100.0	140	100.0	68,275	100.0
2019	100.0	100.0	163	100.0	83,236	100.0
2020	100.0	--	674	100.0	105,502	100.0
<i>Source: 2018-2020 D&B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available</i>						

The bank's percentage of small business loans in the low-income census tracts was well above the aggregate performance and the demographics in 2018. Although the bank's lending in the low-income tracts declined as a percentage of total loans in 2019 and 2020, the level of lending was generally consistent with demographics and the aggregate performance, as applicable.

The bank's percentage of small business loans in the moderate-income census tracts was well above the aggregate data and demographic data in 2018 and 2019, and was above the demographics in 2020.

FB's small business lending volume increased in 2020 due to its participation in the PPP. There was a significant increase in the number of loans to small businesses located in low- and moderate-income census tracts, which further supports the conclusion that the bank's performance was excellent.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the bank, excellent penetration among business customers of different sizes. The bank's excellent performance in small business lending supports this conclusion.

Home Mortgage Loans (Multi-family)

FB is primarily a real estate lender and focuses its lending on originating loans secured by multi-family properties. These loans are primarily secured by properties owned by limited liability corporations, which are not natural persons. In addition, borrowers typically repay these loans through rental income. The HMDA regulation does not require a bank to collect the borrower income data on multi-family loans. Consequently, the evaluation did not have sufficient information to analyze the distribution of these loans by borrower income.

Home Mortgage Loans (1-4 Family)

The bank originated 1-4 family mortgage loans during the review period; however, many of the loans did not have income data available, as they were mostly loans secured by non-owner occupied properties and/or extended to limited liability corporations. In fact, from 2018 through 2020, FB originated just three loans in which it collected and reported borrower income data. Given the limited number of loans with income data, examiners could not draw any meaningful conclusions about the distribution of the bank's 1-4 family loans based on borrower profile.

Small Business Loans

The distribution of small business loans represents an excellent penetration among business customers of different sizes. The following table details the distribution of small business loans by the gross annual revenue category of the business.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	86.4	40.2	116	82.9	57,252	83.9
2019	88.1	44.0	122	74.8	63,271	76.0
2020	90.7	--	1	0.1	94	0.1
>\$1,000,000						
2018	6.8	--	23	16.4	10,030	14.7
2019	5.7	--	40	24.5	18,965	22.8
2020	4.4	--	16	2.4	8,693	8.2
Revenue Not Available						
2018	6.8	--	1	0.7	993	1.5
2019	6.1	--	1	0.6	1,000	1.2
2020	4.9	--	657	97.5	96,715	91.7
Totals						
2018	100.0	100.0	140	100.0	68,275	100.0
2019	100.0	100.0	163	100.0	83,236	100.0
2020	100.0	--	674	100.0	105,502	100.0
<i>Source: 2018, 2019 & 2020 D&B Data; Bank Data; 2018 & 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

As noted in the table above, the bank's 2018 and 2019 percentage of loans to businesses with gross annual revenues (GARs) of \$1 million or less was lower than the percentage of businesses within that revenue category. However, the lending significantly exceeded the 2018 and 2019 aggregate lending levels, which is generally a better indicator of small business loan demand; therefore, the bank's 2018 and 2019 lending performance is excellent.

In 2020, the bank increased its overall lending to small businesses significantly due to its participation in the PPP. Since the PPP does not require the borrowers to report income data, the bank's number and percentage of loans to businesses without revenue information increased significantly, making a meaningful analysis by revenue difficult. As a substitute for GARs, examiners reviewed the loans originated by the bank in 2020 by loan size and noted that 79.8 percent of the loans were for amounts of \$250,000 or less, and 91.1 percent were for amounts of \$500,000 or less. The distribution of loans by loan size in 2020 indicates that the bank is lending to small businesses.

Innovative and/or Flexible Lending Practices

The bank makes limited use of innovative or flexible lending practices in order to serve assessment area credit needs. However, FB was involved in the following lending-related initiatives relating to the COVID-19 pandemic:

- In 2020, the bank participated in the SBA's Paycheck Protection Program (PPP), which was an emergency loan program developed by the federal government to provide funds to businesses adversely impacted by the pandemic. The PPP provided loans through banks, which were forgivable as long as the business used the funds to retain employees and pay business mortgage interest or lease expenses and utilities.
- The bank offered payment deferments to any borrower negatively impacted by the pandemic. Approximately 778 borrowers requested deferments, representing \$1.2 billion of outstanding credit. The bank worked with its borrowers throughout 2020. As of May 2021, there were approximately 48 borrowers with a combined \$91.1 million in loans outstanding that were still in deferment due to COVID-19 related issues that negatively affected operations and cash flow.
- The bank implemented other miscellaneous practices to assist borrowers dealing with the COVID-19 pandemic, including:
 - waiving late fees for borrowers impacted by COVID-19;
 - waiving late fees for loans in forbearance;
 - temporarily halting all foreclosure and eviction activities for delinquent loans;
 - refraining from reporting late residential mortgage loan payments to credit reporting agencies for 90 days or longer;
 - allowing an initial 90-day deferment with an additional 90-days, if needed, for loan payments on residential mortgage loans, home equity lines of credit, and all consumer installment loan products; and
 - allowing a 90-day deferment with additional deferments, if needed, for loan payments on commercial-related loans.

Community Development Lending

The bank is a leader in making community development loans. The bank originated 335 community development loans totaling \$450.3 million during the evaluation period. As of March 31, 2021, the bank's total community development loans equaled 5.5 percent of average total assets (\$8.2 billion) and 6.7 percent of average total loans (\$6.7 billion). During the prior evaluation period, the bank originated 467 community development loans for a total of \$469.3 million. While the number and dollar amount declined compared to the prior evaluation, the bank remains a leader in making community development loans in its assessment area.

The following table outlines the number and dollar volume of community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	66	53,660	0	0	0	0	1	1,500	67	55,160
2019	121	159,381	0	0	0	0	1	1,883	122	161,264
2020	91	138,506	0	0	0	0	0	0	91	138,506
YTD 2021	55	95,393	0	0	0	0	0	0	55	95,393
Total	333	446,940	0	0	0	0	2	3,383	335	450,323

Source: Bank Records

The following is a summary of the bank’s community development lending.

- Flushing Bank originated 333 multi-family loans totaling approximately \$450.3 million secured by properties that provide affordable housing to assessment area residents. The rents for these properties were affordable based on a comparison to the U.S. Department of Housing and Urban Development Fair Market Rents for the properties’ location.
- In 2018, the bank made a \$1.5 million loan to fund the purchase and renovation of a building in a moderate-income geography in Brooklyn, New York. The building will house the offices of a medical practice, which will provide a source of jobs and medical services to the residents of the area. In addition, this medical practice uses the facilities to train medical students, some of which are offered employment after completing medical school and meeting other requirements. This loan is contributing to the revitalization and stabilization of this moderate-income area.

INVESTMENT TEST

The Investment Test is rated “High Satisfactory.” The bank’s significant level of qualified community development investments and grants primarily supports this conclusion.

Investment and Grant Activity

FB has a significant level of qualified community development investments and grants, occasionally in a leadership position.

During the evaluation period, the bank had 101 qualified investments totaling \$86.3 million, which included 10 new investments totaling \$42.6 million, 16 outstanding prior period investments with a current balance of \$43.1 million, and 75 grants totaling \$530,130. The total qualified investments and grants of \$86.3 million represent 1.1 percent of average total assets (\$8.2 billion) and 10.5 percent of average total securities (\$817.2 million). Total qualified investments increased since the prior evaluation, which reported total qualified investments of \$72.8 million.

The following table illustrates the bank's qualified investments and grants by year and purpose.

Qualified Investments										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
Prior Period	13	36,034	0	0	3	7,089	0	0	16	43,123
2018	3	3,166	0	0	0	0	0	0	3	3,166
2019	5	12,964	0	0	0	0	0	0	5	12,964
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	2	26,512	0	0	0	0	0	0	2	26,512
Subtotal	23	78,676	0	0	3	7,089	0	0	26	85,765
Grants and Donations	16	133	39	235	10	67	10	96	75	531
Total	39	78,809	39	235	13	7,156	10	96	101	86,296
<i>Source: Bank Records</i>										

The following are examples of the bank's qualified investments:

Prior Period Qualified Investments

- FB maintains 13 Federal National Mortgage Association (FNMA) mortgage-backed securities with current book values totaling \$36 million. All mortgages collateralizing the securities were made to low- and moderate-income borrowers within the bank's assessment area, with some of the underlying mortgages secured by a property located in low- and moderate-income geographies.
- FB has \$12.8 million outstanding in a mutual fund focused on community development investments. The fund supports affordable housing for low- and moderate-income individuals and families.

New Qualified Investments

- The bank purchased seven FNMA mortgage-backed securities totaling \$35.3 million. All mortgages collateralizing the securities were made to low- and moderate-income borrowers within the bank's assessment area, with some of the underlying mortgages secured by property located in low- and moderate-income geographies.

Grants/Donations

- FB provided \$36,000 in grants to a nonprofit organization whose mission is to provide affordable housing to low- and moderate-income residents of New York City.
- FB made \$22,500 in donations to a nonprofit organization whose mission is to create and preserve affordable housing for low- and moderate-income households within the New York metropolitan area.

- Flushing Bank made multiple donations totaling \$25,000 during the evaluation period to an organization that provides programs and free technical assistance to help small businesses and nonprofit organizations in New York, with a concentration in Nassau and Suffolk Counties.

Responsiveness to Credit and Community Development Needs

FB exhibits good responsiveness to assessment area credit and community economic development needs. The bank’s qualified investments primarily promoted affordable housing efforts, which is a community development need within the assessment area.

Community Development Initiatives

The bank rarely uses innovative and/or complex investments to support community development initiatives. A majority of the bank’s new investments included FNMA MBSs, which are not particularly innovative or complex.

SERVICE TEST

The Service Test is rated “High Satisfactory.” FB’s relatively high level of community development services primarily supports this conclusion.

Accessibility of Delivery Systems

The bank’s delivery systems are accessible to essentially all portions of the assessment area. The bank operates 25 full-service office locations. The geographic distribution of the bank’s branches is relatively consistent with the population distribution within the low- and moderate-income tracts in the assessment area. In addition, 64.0 percent of the bank’s branches are in tracts that are adjacent to low- and moderate-income geographies.

The table below outlines the location of the bank’s full-service offices and ATMs by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	367	12.2	1,807,296	14.8	2	8.0	4	7.8
Moderate	736	24.6	3,158,575	25.8	8	32.0	18	35.3
Middle	1,027	34.3	3,977,590	32.5	11	44.0	19	37.3
Upper	786	26.2	3,266,314	26.7	4	16.0	10	19.6
NA	81	2.7	40,268	0.3	0	0.0	0	0.0
Total	2,997	100	12,250,043	100	25	100	51	100.0

Source: 2015 ACS Data; Bank Data

FB's alternative delivery systems, which include mobile and online banking, remote deposit capture, telephone banking, and direct deposit, increase the accessibility of banking services. The bank operates 51 ATMs throughout the assessment area, which further improves access. The number of ATMs increased from the 35 noted at the previous evaluation. There is at least one ATM located at each branch location.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

Since the previous evaluation, the bank opened three branches, including its Canal Street branch in Chinatown (New York County) and its Sutphin Boulevard Branch in Jamaica (Queens County), both located in moderate-income census tracts, and its North Broadway branch in Hicksville (Nassau County), which is in a middle-income census tract. In addition, the bank acquired four branches from Empire National Bank, effective October 2020. These branches, all located in middle-income census tracts, are in Islandia (Suffolk County), Mineola (Nassau County), Port Jefferson (Nassau County), and Shirley (Suffolk County). FB did not close any branch offices during the evaluation period.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Branch hours are comparable to other local financial institutions, with all locations offering Saturday or Sunday hours. The bank's loan and deposit product offerings do not vary among the 25 branch offices. In addition, various alternative banking options, such as telephone banking, ATMs, and online and mobile banking, provide customers with 24-hour access to their accounts.

Community Development Services

FB provides a relatively high level of community development services within its combined assessment areas. The bank's directors, officers, and employees participated in 70 instances of providing financial expertise or technical assistance to community development-related organizations that required over 464 hours of their time. The bank's community development services primarily focused on community services and financial education. Notably, community development services in 2020 decreased compared to prior years; however, this was primarily due to the COVID-19 pandemic, which limited in-person events.

The table below details the institution's community development services by community development purpose and year. The data includes the number and hours a bank employee or Board member provided financial education or served as a Board or committee member for a community development organization.

Community Development Services										
Activity Year	Affordable Housing		Community Service		Economic Development		Revitalize & Stabilize		TOTAL	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
2018	0	0	2	3	1	1	0	0	3	4
2019	1	2	49	205	1	1	0	0	51	208
2020	2	60	2	51	2	54	0	0	6	165
YTD 2021	1	15	7	31	2	41	0	0	10	87
Total	4	77	60	290	6	97	0	0	70	464

Source: Bank Records

The following are examples of the bank’s community development service activities:

- A bank officer provided financial and technical expertise to the Confucius Social Daycare Center, which serves the Chinatown sections of New York County, New York. The officer provided financial counseling and guidance regarding elder identity theft and guarding personal information to approximately 47 participants, most of whom reside in the low-income area.
- The bank collaborated with 11 high schools, junior high schools, and elementary schools to provide financial literacy training events to the students. Many of the students at these schools are from low- or moderate-income families, as a majority of the students at each school qualify for free or reduced-priced lunch programs. There were 23 instances, with over 48 hours, dedicated to providing the FDIC’s ‘MoneySmart’ financial education program. The training included guidance on the basics of handling money, banking, and personal finance.
- An executive vice president serves on the Board of the Long Island Housing Partnership. The organization provides affordable housing opportunities to individuals or families in Nassau and Suffolk Counties.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank’s compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

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

SCOPE OF EVALUATION

Flushing Bank	
Scope of Examination: Full-scope reviews were performed on the following assessment areas within the noted rated area: New York- Newark- Jersey City, NY-NJ-PA Metropolitan Statistical Area (MSA)	
Time Period Reviewed:	6/25/2018 to 7/9/2021
Products Reviewed: 1-4 Family Mortgage Loans: 01/01/2018 to 12/31/2020 Multi-Family Loans: 01/01/2018 to 12/31/2020 Small Business Loans: 01/01/2018 to 12/31/2020	

List of Assessment Areas and Type of Evaluation			
Rated Area/ Assessment Area	Type of Evaluation	Branches Visited	Other Information
MSA 35620	Full-scope	None	None

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
MSA 35620	Outstanding	High Satisfactory	High Satisfactory	Outstanding

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.