PUBLIC DISCLOSURE

February 21, 2025

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.

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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.

- Lending levels reflect excellent responsiveness to assessment area credit needs.

- A substantial majority of loans are made in the bank's 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, good penetration among business customers of different sizes.

- The institution makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs.

- The institution is a leader in making community development loans.

The Investment Test is rated <u>High Satisfactory</u>.

- The institution 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 <u>High Satisfactory</u>.

- Delivery systems are accessible to essentially all portions of the institution's assessment area.

- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low-and moderate-income geographies and/or to low- and moderate-income individuals.

- Services and 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 is a leader in providing community development services

DESCRIPTION OF INSTITUTION

Background

Flushing Bank is a New York State-chartered commercial bank headquartered in Uniondale, New York. Flushing Bank is a wholly owned subsidiary of Flushing Financial Corporation, a publicly traded bank holding company. The bank does not have any subsidiaries or affiliates. Flushing Bank maintains two internet banking divisions, iGObanking.com and BankPurely.com, that offer competitively priced deposit products to consumers nationwide through the internet. Flushing Bank received an "Outstanding" rating at its previous FDIC Community Reinvestment Act (CRA) evaluation dated July 9th, 2021, based on Interagency Large Institution CRA Examination Procedures.

Operations

Flushing Bank operates 28 full-service branches in the following New York counties: Queens (10), Kings (6), New York (3), Nassau (4), and Suffolk (5). Flushing Bank operates an ATM at each branch location. Since the prior CRA evaluation, the bank opened four and closed two branches. The bank closed its Mineola branch, located in a middle-income geography, July 30, 2021. The bank opened two branches in Suffolk County, including one in Hauppauge during 2023, and one in Melville during 2024. Additionally, Flushing Bank opened one branch in Elmhurst, New York, located in Queens County, and one branch in Bensonhurst, New York, located in Kings County, in 2022 and 2023, respectively. All four, new branches are in middle-income geographies. The bank did not engage in any new merger or acquisition activities since the previous evaluation.

Flushing Bank offers a wide variety of consumer and business loan products and services. Loan products include residential mortgages, commercial and construction mortgages, commercial lines of credit, commercial term loans, and Small Business Administration (SBA) guaranteed loan programs. Commercial and home mortgage lending are the bank's primary business focus.

Deposit products include various checking, savings, and money market accounts, as well as certificates of deposit and individual retirement accounts for consumer and business customers. Alternative banking services include internet and mobile banking, electronic bill pay, remote deposit capture, and the bank's ATMs.

Ability and Capacity

As of December 31, 2024, the bank reported total assets of approximately $9.0 billion and total deposits of $7.3 billion. Loans are the primary assets of the bank at $6.8 billion, while securities total $1.5 billion. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 12/31/2024		
Loan Category	**$(000s)**	**%**
Construction and Land Development	68,579	1.0
Secured by Farmland	0	0.0
1-4 Family Residential	759,347	11.1
Multifamily (5 or more) Residential	2,600,637	38.2
Commercial Real Estate	2,712,261	39.8
Total Real Estate Loans	**6,140,824**	**90.1**
Commercial and Industrial	676,446	9.9
Agricultural	0	0.0
Consumer	701	<0.1
Other Loans	0	0.0
Less: Unearned Income	(2,025)	(0.03)
Total Loans	**6,815,946**	**100.0**
Source: Reports of Condition and Income		

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 AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Flushing Bank designates 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.

Flushing Bank's AA changed during the evaluation period due to the nationally revised metropolitan area delineations published by the United States Office of Management and Budget (OMB), effective February 2023. The OMB published revised demographic data based on the 2020 U.S. Census, which resulted in an increase of 242 census tracts in the AA, as well as some changes to existing geographic income classifications. As a result, the revised delineation reflects an increase of 115 middle-, 111 upper- and 91 NA-income tracts; and a decrease of 57 low- and 18 moderate-income tracts. Because these changes occurred during the evaluation period, examiners analyzed the bank's 2022 - 2024 lending data using the revised delineations. Examiners analyzed the 2021 lending data using the prior delineation and 2015 American Community Survey (ACS) data.

Economic and Demographic Data

The assessment area is comprised of 3,239 census tracts that reflect the following income designations, according to the 2020 U.S. Census:

- 310 (10 percent) are low-income tracts,
- 718 (22 percent) are moderate-income tracts,
- 1142 (35 percent) are middle-income tracts,
- 897 (28 percent) are upper-income tracts, and
- 172 (5 percent) are census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3,239	9.6	22.2	35.3	27.7	5.3
Population by Geography	12,730,341	11.6	23.7	34.9	28.6	1.2
Housing Units by Geography	4,945,952	11.1	22.0	33.5	32.4	1.1
Owner-Occupied Units by Geography	2,033,960	2.4	15.0	42.7	39.4	0.6
Occupied Rental Units by Geography	2,456,850	19.1	28.0	26.4	25.1	1.4
Vacant Units by Geography	455,142	7.1	20.4	30.4	40.7	1.4
Businesses by Geography	2,142,420	7.3	17.8	31.4	40.1	3.4
Farms by Geography	17,965	3.9	17.7	40.0	36.5	1.8
Family Distribution by Income Level	2,853,045	26.2	16.0	17.5	40.3	0.0
Household Distribution by Income Level	4,490,810	28.8	14.2	15.5	41.5	0.0
Median Family Income MSA - 35004 Nassau County-Suffolk County, NY		$130,301	Median Housing Value			$635,740
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ		$85,483	Median Gross Rent			$1,606
			Families Below Poverty Level			10.8%
Source: 2020 U.S. Census and 2023 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.						

According to 2023 D&B data, there are 2,142,420 non-farm businesses operating in the AA. The following reflects the gross annual revenues (GARs) for these businesses:

- 2,002,548, or 93.47 percent, have GARs of $1 million or less,
- 54,039, or 2.52 percent, have GARs greater than $1 million, and
- 85,833, or 4.01 percent, did not report revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Non-classifiable establishments represent the greatest percentage (32.63 percent) of businesses in the AA, followed by Service industries (32.32 percent), and Finance, Insurance & Real Estate (10.41 percent). The top employers of the area are JPMorgan Chase & Co., New York-Presbyterian Healthcare System, Mount Sinai Health System, NYC Health + Hospitals, and Montefiore Health Systems.

Examiners used the 2022 and 2023 Federal Financial Institutions Examination Council's (FFIEC) updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the median family income ranges for the MDs making up the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Nassau County-Suffolk County, NY Median Family Income (35004)				
2022 ($146,400)	<$73,200	$73,200 to <$117,120	$117,120 to <$175,680	≥$175,680
2023 ($156,300)	<$78,150	$78,150 to <$125,040	$125,040 to <$187,560	≥$187,560
New York-Jersey City-White Plains, NY-NJ Median Family Income (35614)				
2022 ($99,000)	<$49,500	$49,500 to <$79,200	$79,200 to <$118,800	≥$118,800
2023 ($99,300)	<$49,650	$49,650 to <$79,440	$79,440 to <$119,160	≥$119,160
Source: FFIEC				

According to Moody's Analytics, the New York-Jersey City-White Plains, NY-NJ MD portion of the bank's AA is considered the financial capital of the world, experiencing mild expansion. The area's economic strengths include strong migration, high per capita income, and limited exposure to manufacturing. Economic weaknesses in the area stem from rapidly aging infrastructure and high costs, including taxes, housing, and office rents.

The Nassau County-Suffolk County, NY MD portion of the AA is currently struggling as a result of high costs for residents and firms due to tax burden and elevated house prices, lack of developable land, persistent out-migration, and a rapidly aging population. Economic strengths of the area include a robust healthcare sector, proximity to New York City, which contributes to high per capita income, and a highly skilled workforce. Despite a mostly negative performance in recent months, construction and logistics are helping to power growth in the area.

Data obtained from the U.S. Bureau of Labor Statistics as of December 2024, indicates that the unemployment rate in the New York-Newark-Jersey City, NY-NJ-PA MSA was 4.3 percent, which is slightly lower than the overall New York State unemployment rate of 4.4 percent, and slightly higher than the national level of 4.1 percent.

Competition

The bank operates in a highly competitive market for credit and financial services. According to the

June 30, 2024, FDIC Deposit Market Share Report, there were 150 financial institutions operating within the assessment area. Flushing Bank had 0.27 percent deposit market share in the assessment area, ranking it 31st among all institutions. The five institutions with the highest deposit market share were JPMorgan Chase Bank, NA., Goldman Sachs Bank USA, The Bank of New York Mellon, Morgan Stanley Private Bank, NA., and Bank of America, NA., with a combined market share of 63.94 percent.

The bank also faces strong competition for small business loans in the assessment area. According to the aggregate small business data for 2023, 258 lenders reported 440,909 small business loans. The top five lenders accounted for 84.5 percent of total loans. All the top lenders are large national credit card banks.

Additionally, significant competition exists for home mortgage loans. According to 2023 Home Mortgage Disclosure Act (HMDA) aggregate data, 417 lenders reported 84,530 1-4 family loans. The top ten lenders accounted for 44.4 percent of 1-4 family loans originated.

Flushing Bank's market share among multifamily lenders was relatively strong. In 2023, 116 lenders reported 1,832 multifamily HMDA loans. Flushing Bank ranked third among this group of lenders with a market share of 4.9 percent by number of loans. The ten most prominent home mortgage lenders accounted for 54.8 percent of total market share.

Community Contacts

Examiners reviewed a recent community contact with an economic development corporation that provides small business assistance to low- and moderate-income borrowers primarily in Queens County, New York. The contact indicated that the county and its immediate surrounding area has a large and diverse population, comprised of low- and moderate-income individuals and households. The contact mentioned that many individual business owners do not have the expertise or credit history to qualify for bank loans and therefore have difficulty obtaining traditional financing. The contact stated that small business loans are the primary credit need of the community. More specifically, the contact would like to see more lenders extending micro-loans (i.e. loans up to $50,000) to help small businesses get started.

Examiners also reviewed a community contact from a housing organization that serves the bank's assessment area. The organization provides affordable housing opportunities and homeownership programs for low- and moderate-income individuals in Nassau and Suffolk Counties. The contact noted that the community primarily consists of urban and suburban communities with large populations of low- and moderate- income individuals and minority households, including many first-time homebuyers. The contact indicated that first-time homebuyers are struggling to secure homes in the area due to high property values and competition from other buyers with all-cash or above-asking-price offers. Additionally, the contact stated that many single-family properties require significant refurbishments.

Credit and Community Development Needs and Opportunities

Considering the information from the community contacts, bank management, and the demographic and economic data, examiners determined that small business lending and affordable housing represents the primary credit needs in the assessment area. There are opportunities for lenders to get involved in financial literacy programs for small business owners. Additionally, given the high housing costs, affordable home mortgage products and down payment assistance are significant needs, particularly among low- and moderate-income and first-time homebuyers in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 9, 2021, to the current evaluation dated February 21, 2025. Examiners used the Interagency Large Institution Examination Procedures to evaluate Flushing Bank's CRA performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test. Examiners used full-scope procedures to assess Flushing Bank's performance in its assessment area. Please see Appendices for more information.

Activities Reviewed

Examiners determined that Flushing Bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy, and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm loans or consumer loans, represent a major product line.

Examiners reviewed the bank's small business loans for 2021, 2022, and 2023. 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 755 small business loans totaling $246.4 million overall, with 668 small business loans totaling $216.1 million located within the assessment area during the review period. Examiners compared the bank's record of small business lending to D&B demographic data and aggregate small business loan data for 2021, 2022 and 2023.

Examiners reviewed the bank's home mortgage loans for 2021, 2022, and 2023, which included residential loans subject to the HMDA data reporting requirements. Flushing Bank reported 160 1-4 family loans totaling $100.1 million overall, with 154 1-4 family loans totaling $97.9 million located within the assessment area during the review period. Finally, the bank reported 509 multi-family loans totaling $1.3 billion, with 485 multi-family loans totaling $1.1 billion during the review period. 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. 2015 American Community Survey (ACS) and the 2020 census demographic data provided a standard of comparison for the 1-4 family and multi-family lending. Examiners also compared the bank's 1-4 family and multi-family lending to the aggregate HMDA data for 2021, 2022 and 2023.

For the Lending Test, the bank's record of originating multi-family loans contributed slightly more weight to the overall conclusions due to the larger dollar and number volume when compared to 1-4 family and small business lending. 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.

Examiners reviewed the bank's delivery systems for providing retail banking services, including physical branch locations and alternative delivery systems. Examiners evaluated the impact of branch openings and closings on the accessibility of bank delivery systems within each assessment area. Refer to the Service Test portions of this evaluation for more information on these areas. Additionally, examiners evaluated the bank's retail banking products and services tailored to the needs of low- and moderate-income individuals. Refer to the Service Test portions of this evaluation, as well as the Innovative or Flexible Lending sections of the Lending Test, for more information on these products and services.

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 February 21, 2025. 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 supports this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. Examiners considered the institution's size, loan portfolio composition, and competition level.

Small Business Loans

The bank is an active small business lender. Flushing Bank originated a combined 755 loans for $246.4 million. The volume is lower than the volume of small business loans from the prior evaluation period, where the bank originated 1,031 loans totaling $275.9 million from 2018 thru 2020. According to the 2023 aggregate small business loan data, the bank ranked 44th out of 258 lenders with a 0.02 percent market share. The top five reporters accounted for 84.5 percent of the total market share, including large national banks such as American Express National Bank, JPMorgan Chase Bank NA, and Bank of America NA.

1-4 Family Home Mortgage Loans

The bank actively originates 1-4 family home mortgage loans. From 2021 through 2023, the bank originated 160 home mortgage loans totaling $100.1 million. The volume is slightly lower than the volume of 1-4 home mortgage loans from the prior evaluation period, where the bank originated 240 loans totaling $149.5 million from 2018 thru 2020. According to the 2023 aggregate peer mortgage loan data, the bank ranked 165th out of 417 lenders with a 0.04 percent market share. The top five reporters accounted for 27.6 percent of the total market share, including JP Morgan Chase Bank, NA, United Wholesale Mortgage, CBNA, TD Bank, and Bethpage Federal Credit Union.

Multi-family Mortgage Loans

The bank is a leader in originating multi-family loans, particularly within its assessment area. From 2021 through 2023, the bank originated 509 multi-family mortgage loans totaling $1.1 billion, which is slightly lower by number, but higher by dollar volume than lending from the prior evaluation period, where the bank originated 529 loans totaling $806.3 million from 2018 through 2020. According to the 2023 aggregate peer mortgage loan data, the bank ranked third with a 4.9 percent market share. The top two lenders, JPMorgan Chase Bank, NA and National Cooperative Bank, NA, accounted for 25.2 percent of the total market share.

Assessment Area Concentration

Flushing Bank originated a substantial majority of loans within the assessment area. During the review period, the bank originated 91.8 percent and 92.6 percent of its loans by number and dollar amount, respectively, within the assessment area.

The following table presents, by number and dollar volume, the 1-4 family, multi-family, and small business loans that the bank originated inside and outside the assessment area.

	Number of Loans					Dollar Amount of Loans ($000s)					Total
	Inside		Outside		Total	Inside		Outside			
Loan Category	#	%	#	%	#	$	%	$	%	$(000s)	
Home Mortgage											
2021	54	98.2%	1	1.8%	55	25,876	98.6%	365	1.4%	26,241	
2022	64	92.8%	5	7.2%	69	52,522	96.5%	1,890	3.5%	54,412	
2023	36	100.0%	0	0.0%	36	19,465	100.0%	0	0.0%	19,465	
Subtotal	**154**	**96.3%**	**6**	**3.8%**	**160**	**97,863**	**97.7%**	**2,255**	**2.3%**	**100,118**	
Multi-Family											
2021	173	96.6%	6	3.4%	179	327,079	95.5%	15,521	4.5%	342,600	
2022	222	95.3%	11	4.7%	233	441,799	89.2%	53,711	10.8%	495,510	
2023	90	92.8%	7	7.2%	97	281,128	97.3%	7,818	2.7%	288,946	
Subtotal	**485**	**95.3%**	**24**	**4.7%**	**509**	**1,050,006**	**93.2%**	**77,050**	**6.8%**	**1,127,056**	
Small Business											
2021	381	85.2%	66	14.8%	447	89,757	80.7%	21,478	19.3%	111,235	
2022	182	93.3%	13	6.7%	195	84,363	94.5%	4,886	5.5%	89,249	
2023	105	92.9%	8	7.1%	113	42,021	91.5%	3,892	8.5%	45,913	
Subtotal	**668**	**88.5%**	**87**	**11.5%**	**755**	**216,141**	**87.7%**	**30,256**	**12.3%**	**246,397**	
Total	**1,307**	**91.8%**	**117**	**8.2%**	**1,424**	**1,364,010**	**92.6%**	**109,561**	**7.4%**	**1,473,571**	

Source: 2021, 2022, and 2023 HMDA Data; 2021, 2022, and 2023 CRA Data.
Due to rounding, totals may not equal 100.0%.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment area. Examiners focused on the percentage by number of loans in the low- and moderate-income geographies. While the multi-family lending performance was good and received slightly more weight, it did not offset the excellent home mortgage and small business lending performance when determining the overall assessment of this criterion.

Home Mortgage Loans (1-4 Family)

The geographic distribution of 1-4 family loans reflects excellent penetration throughout the bank's assessment area. The following table provides the geographic distribution of 1-4 family loans by tract income level.

Geographic Distribution of Home Mortgage Loans (1-4 Family)						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	$(000s)	%
Low						
2021	2.3	2.6	7	13.0	4,137	16.0
2022	2.4	2.5	6	9.4	3,520	6.7
2023	2.4	2.6	5	13.9	3,400	17.5
Moderate						
2021	14.2	14.0	13	24.0	6,201	24.0
2022	15.0	14.9	21	32.8	14,841	28.3
2023	15.0	15.3	13	36.1	7,529	38.7
Middle						
2021	41.3	41.2	17	31.5	8,936	34.5
2022	42.7	42.0	14	21.9	7,477	14.2
2023	42.7	40.5	10	27.8	4,904	25.2
Upper						
2021	42.1	42.1	16	29.6	6,172	23.9
2022	39.4	39.9	22	34.4	26,134	49.8
2023	39.4	40.9	7	19.4	3,117	16.0
Not Available						
2021	0.1	0.1	1	1.9	430	1.7
2022	0.6	0.6	1	1.6	550	1.0
2023	0.6	0.6	1	2.8	515	2.6
Totals						
2021	100	100	54	100	25,876	100
2022	100	100	64	100	52,522	100
2023	100	100	36	100	19,465	100

Source: 2015 ACS; 2020 U.S Census Data; 2021, 2022, & 2023 HMDA Aggregate Data;2021, 2022, & 2023 Bank HMDA Data.
Due to rounding, totals may not equal 100.0%

The distribution of 1-4 family loans reflects excellent penetration throughout the assessment area, given competition and considering the bank's performance context. The bank's performance exceeded the demographic and aggregate in both low- and moderate-income tracts during the review period. While the bank made few loans in low-income geographies in 2021, 2022, and 2023, the low percentage of owner-occupied housing units indicates limited lending opportunities in low-income areas.

Multi-Family Loans

The distribution of multi-family loans reflects good penetration throughout the assessment area. The following table provides 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						
2021	18.6	15.2	32	18.5	89,173	27.3
2022	18.8	13.8	33	14.9	60,885	13.8
2023	18.8	15.5	17	18.9	43,889	15.6
Moderate						
2021	26.6	34.1	53	30.6	98,925	30.2
2022	24.2	27.3	75	33.8	162,436	36.8
2023	24.2	28.2	19	21.1	50,035	17.8
Middle						
2021	19.4	19.8	45	26.0	69,118	21.1
2022	20.9	22.6	57	25.7	116,651	26.4
2023	20.9	23.2	23	25.6	64,515	22.9
Upper						
2021	35.0	30.8	42	24.3	66,364	20.3
2022	34.7	34.4	52	23.4	95,333	21.6
2023	34.7	31.8	29	32.2	121,560	43.2
Not Available						
2021	0.4	0.1	1	0.6	3,500	1.1
2022	1.5	1.9	5	2.3	6,495	1.5
2023	1.5	1.3	2	2.2	1,129	0.4
Totals						
2021	**100**	**100**	**173**	**100**	**327,080**	**100**
2022	**100**	**100**	**222**	**100**	**441,800**	**100**
2023	**100**	**100**	**90**	**100**	**281,128**	**100**

Source: 2015 ACS; 2020 U.S Census Data; 2021, 2022, & 2023 Bank HMDA Data, 2021, 2022, & 2023 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%

The bank's performance fell slightly lower than the demographic data in 2021 and 2022 for low-income geographies but exceeded aggregate lending data. For 2023, the bank's lending data was on par with demographic data and exceeded aggregate lending data for low-income geographies.

The bank's performance in moderate-income geographies exceeded the demographic data in 2021 and 2022 and fell slightly below the demographic data in 2023. Comparatively, the 2021 performance was below aggregate lending data and in 2022, it exceeded aggregate lending data. Finally, in 2023, lending in moderate-income geographies again fell below aggregate lending data. Examiners noted an increasing trend in the number and dollar volume of loans made in moderate-income geographies between 2021 and 2022. Conversely, a significant declining trend in the number and dollar volume of loans made in low- and moderate-income geographies between 2022 and 2023 is noted.

Overall, the geographic distribution of multifamily loans reflects good penetration.

Small Business Loans

The distribution of small business loans reflects excellent penetration throughout the assessment area. The bank's small business originations in moderate-income geographies supports this conclusion. The table below details the bank's performance.

Geographic Distribution of Small Business Lending						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	$(000s)	%
Low						
2021	6.8	6.5	25	6.6	4,205	4.7
2022	7.1	6.7	10	5.5	4,805	5.7
2023	7.3	7.2	4	3.8	2,007	4.8
Moderate						
2021	18.8	18.8	88	23.1	21,143	23.6
2022	17.8	18.1	47	25.8	24,952	29.6
2023	17.8	18.5	21	20.0	7,606	18.1
Middle						
2021	30.2	31.2	170	44.6	39,607	44.1
2022	31.4	32.7	75	41.2	29,585	35.1
2023	31.4	32.4	55	52.4	22,483	53.5
Upper						
2021	42.7	41.8	92	24.1	23,014	25.6
2022	40.3	39.2	45	24.7	22,268	26.4
2023	40.1	38.8	24	22.9	9,425	22.4
Not Available						
2021	1.6	1.7	6	1.6	1,788	2.0
2022	3.4	3.3	5	2.7	2,753	3.3
2023	3.4	3.1	1	1.0	500	1.2
Totals						
2021	**100**	**100**	**381**	**100**	**89,757**	**100**
2022	**100**	**100**	**182**	**100**	**84,363**	**100**
2023	**100**	**100**	**105**	**100**	**42,021**	**100**

Source: Bank CRA Reported Data, 2021, 2022, & 2023 D&B Data; 2021, 2022, & 2023 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%

In 2021, the bank's performance exceeded the aggregate performance in low-income geographies but fell below aggregate performance in 2022 and 2023. Similarly, the bank's performance in lending in low-income geographies was on par with demographic data in 2021 but fell below demographic data in 2022 and 2023. There was a decreasing trend in the number of loans in low-income geographies over the review period.

The bank's performance in moderate-income geographies well exceeded demographic and aggregate performance throughout the review period, despite a decreasing trend in the number of loans in moderate-income geographies.

Borrower Profile

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

Home Mortgage Loans (1-4 Family)

While the bank originated 1-4 family mortgage loans during the review period, 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. The bank originated no loans to low-income borrowers during the review period and four loans to moderate-income borrowers (one loan in 2021, two loans in 2022, and one loan in 2023). Given the limited number of loans with income data available, examiners could not draw any meaningful conclusions regarding the distribution of 1-4 family loans based on borrower profile.

Multi-Family Loans

Examiners did not review the bank's multi-family lending under this criterion, as the bank is not required to report borrower income data for these loans.

Small Business Loans

The distribution of borrowers reflects good 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						
2021	91.3	36.6	58	15.2	25,615	28.5
2022	91.7	49.2	90	49.5	42,972	50.9
2023	93.5	53.4	37	35.5	12,465	29.7
>$1,000,000						
2021	3.4	--	27	7.1	11,243	12.5
2022	3.2	--	92	50.5	41,391	49.1
2023	2.5	--	68	64.8	29,556	70.3
Revenue Not Available						
2021	5.2	--	296	77.7	52,899	59.0
2022	5.2	--	0	0.0	0	0.00
2023	4.0	--	0	0.0	0	0.00
Totals						
2021	**100**	**100**	**381**	**100**	**89,757**	**100**
2022	**100**	**100**	**182**	**100**	**84,363**	**100**
2023	**100**	**100**	**105**	**100**	**42,021**	**100**
Source: 2021, 2022 & 2023 D&B Data; Bank CRA Reported Data; 2021, 2022, & 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

In 2021, the bank's lending to businesses with GARs of $1.0 million or less was significantly below aggregate and demographic data. According to management the bank participated in the SBA's Paycheck Protection Program (PPP), which does not require borrowers to report income data. Accordingly, the bank's number and percentage of loans accounted for a large percentage of loans to businesses without revenue data. Examiners reviewed the loans originated by the bank in 2021 by loan size and found that 81.4 percent of loans were for amounts of $250,000 or less and 94.5 percent were for amounts of $500,000 or less, indicating that the bank was lending to small businesses during 2021.

The bank's performance improved during 2022, exceeding the aggregate data. In 2023, the volume of loans declined, which was due to limited demand for loans caused by rising interest rates and increased competition for originating small business loans. Examiners reviewed Federal Reserve

data for 2022 and 2023 and noted rates consistently rose each quarter between 25 and 75 basis points. Further, as noted earlier, 2023 CRA aggregate data revealed strong competition for small business loans with the top five lenders accounting for 84.5 percent of total loans.

Overall, the bank's distribution of small business loans reflects good penetration.

Innovative or Flexible Lending Practices

The bank makes limited use of innovative or flexible lending practices in order to serve the assessment area credit needs. The bank was involved in the following lending activities during the review period:

- The bank participated in the SBA's PPP, which was an emergency loan program to provide financial relief and assistance to small businesses experiencing financial hardship and duress due to the COVID-19 pandemic. PPP financing featured a 100.0 percent SBA loan guarantee for loans up to $10 million. Additionally, businesses paid a below-market fixed interest rate of 1.0 percent over a two-year term, which was fully forgiven if the business retained the required minimum percentage of workers on the payroll. The federal government launched the PPP on April 3, 2020, with an expiration date of May 31, 2021.

- The bank is an approved SBA lender. The bank originated 10 loans for approximately $11.1 million under the 7(a) loan program, which helps entrepreneurs start and/or expand their small businesses, whose annual sales are $5.0 million or less and/or do not exceed $6.0 million in tangible net worth. Small businesses can use loan proceeds to acquire, refinance, or improve real estate and to fund short-term or long-term working capital.

- The bank also originated loans under the SBA 504 loan program, which provides businesses with financing for the purchase of fixed assets, which includes real estate, buildings, and machinery. SBA 504 loans are available through Certified Development Companies (CDCs) who regulate non-profits and promote economic development through business growth and job creation. These loans help promote economic development within the assessment area. During the review period, the bank originated 57 loans for approximately $74.1 million.

Community Development Loans

Flushing Bank is a leader in making community development loans. The bank originated 369 loans totaling $740.4 million during the evaluation period. This level of community development lending represented 8.2 percent of average total assets ($9.0 billion) and 10.9 percent of average total loans ($6.8 billion). This represents a significant increase by dollar volume from the prior evaluation when the bank originated 335 community development loans, totaling $450.3 million.

The following table shows the number and dollar volume of 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)
2021	97	249,273	0	0	0	0	0	0	97	249,273
2022	159	281,341	0	0	0	0	0	0	159	281,341
2023	60	143,508	0	0	0	0	0	0	60	143,508
2024	53	66,273	0	0	0	0	0	0	53	66,273
Total	369	740,395	0	0	0	0	0	0	369	740,395
Source: Bank Data										

All the bank's community development loans were to multi-family properties within the bank's assessment area. The units within the properties have rents below the HUD fair market rents, indicating the properties provide affordable housing to its tenants. These types of loans are especially responsive as they address a significant need identified within the assessment 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

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

During the evaluation period, the bank had 223 qualified investments totaling $94.2 million, which included 7 new investments totaling $64.8 million, 6 outstanding prior period investments with a current balance of $28.3 million, and 210 grants totaling $1.1 million. The total qualified investments and grants of $94.2 million represent 1.0 percent of total assets ($9.0 billion) and 6.3 percent of total securities ($1.5 billion), as of December 30, 2024. Total qualified investments increased since the prior evaluation, which reported total qualified investments of $86.3 million.

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

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
Prior Period	3	21,218	0	0	3	7,079	0	0	6	28,297
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	4	18,208	0	0	0	0	0	0	4	18,208
2024	3	46,544	0	0	0	0	0	0	3	46,544
Subtotal	10	85,970	0	0	3	7,079	0	0	13	93,049
Grants & Donations	28	193	125	729	52	208	5	18	210	1,148
Total	38	86,163	125	729	55	7,287	5	18	223	94,197
Source: Bank Data										

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

Prior Period Qualified Investments

- Flushing Bank has $13.3 million outstanding in a mutual fund focused on community development investments. Specifically, the fund supports affordable housing for low-and moderate-income individuals and households, which is a significant need identified within the assessment area.

New Qualified Investments

- The bank purchased five FNMA and two GNMA mortgage-backed securities totaling $64.8 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

- The bank made multiple contributions totaling $65,000 to an organization that offers accessible, affordable, and tailored education programs and counseling services that enable low- and moderate-income individuals and families to successfully buy and maintain their homes within the bank's assessment area.

- Flushing Bank made $75,000 in donations during the evaluation period to a university on Long Island to provide financial assistance to undergraduate students from low- and moderate-income families.

- The bank donated a total of $40,500 to an economic development organization that provides support and assistance to small businesses within the New York metropolitan area.

Responsiveness to Credit and Community Development Needs

Flushing Bank exhibits good responsiveness to assessment area credit and community economic development needs. The bank's qualified investments primarily promoted affordable housing efforts. Community contacts identified affordable housing as a critical need in the assessment area given high housing costs.

Community Development Initiatives

The bank rarely uses innovative and/or complex investments to support community development initiatives. All the bank's new investments include FNMA and GNMA mortgage-backed securities, which are not particularly innovative or complex.

SERVICE TEST

The Service Test is rated "High Satisfactory." The accessibility of Flushing Bank's delivery systems and its high level of community development services primarily support this conclusion.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to essentially all portions of the assessment area. The bank operates 28 full-service branch locations. The geographic distribution of the bank's branches is relatively consistent with the population distribution within the low- income tracts in the assessment area.

During the evaluation period, the bank did not open or close any branches in low- and moderate-income census tracts. However, three of the four opened branches are immediately adjacent to moderate-income census tracts. As such, these branch openings positively affected the accessibility of the bank's delivery systems in those areas.

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	310	9.6	1,478,711	11.6	4	14.3	9	15.0
Moderate	718	22.2	3,016,215	23.7	5	17.9	13	22.0
Middle	1,142	35.3	4,438,607	34.9	13	46.4	24	41.0
Upper	897	27.7	3,646,011	28.6	6	21.4	13	22.0
NA	172	5.3	150,797	1.2	0	0.0	0	0.0
Total	3,239	100.0	12,730,341	100.0	28	100.0	59	100.0
Source: 2020 U.S. Census & Bank Data Due to rounding, totals may not equal 100.0%								

The census tract income designations for numerous tracts where the bank maintains branch offices changed from those reflected in the 2015 ACS data compared to the 2020 U.S. Census data. Specifically, nine of the bank's branches that were open during the previous evaluation are located in a tract that experienced a change in income level during the evaluation period. Five branches previously located in a moderate-income census tract experienced a change. Of those five branches, three of them are now located in a middle-income census tract and two of them are located in a low-income census tract. Additionally, four branches previously located in a middle-income census tract also experienced a change in census tract income level. Of those four branches, two branches are now located in a moderate-income census tract, and two are located in an upper-income census tract. However, in conjunction with the bank's branch openings and closings during the evaluation period, these tract income changes did not significantly affect the branch distribution compared to the previous evaluation. Specifically, the bank's current percentage of branches in the low-income tracts is slightly higher (14.3 percent versus 8.0 percent), while the percentage of branches in the moderate-income tracts is lower (17.9 percent versus 32.0 percent).

Flushing Bank's alternative delivery systems, which include online and mobile banking, remote deposit capture, telephone banking, safe deposit, and direct deposit, increase the accessibility of banking services. The bank operates 59 ATMs throughout the assessment area, which further improves access. The number of ATMs increased from the 51 noted at the previous examination. There is at least one ATM at each branch location.

Changes in Branch Locations

To the extent changes have been made, the bank's opening and closing of branches has not adversely affected 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 four branches, including its Queens Boulevard branch in Elmhurst (Queens County), Adams Avenue branch in Hauppauge (Suffolk County), Broadhollow Road branch in Melville (Suffolk County), and 21st Avenue branch in Bensonhurst (Kings County). All four branches are in middle-income census tracts. During the evaluation period, the bank closed one branch office located in Mineola (Nassau County), located in a middle-income census tract.

Reasonableness of Business Hours and Services

Services and 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. Business hours are generally consistent across branches, with minor differences that do not disproportionately affect low- or moderate-income areas or individuals. Nearly all branches are open late on one day of the week, with many offices open until 6:00 P.M. on either Thursday or Friday. Additionally, branch hours are comparable to other financial institutions in the assessment area, with a majority of locations offering Saturday or Sunday hours.

The bank's loan and deposit product offerings do not vary among the 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

Flushing Bank is a leader in providing community development services. The bank's directors, officers, and employees participated in 358 instances of providing financial expertise or technical assistance to community development organizations that required over 927 hours of their time. The bank's community development services were primarily focused on community services providing financial education. Since the previous evaluation, the bank developed an innovative Financial Seminar Series to bring financial education into public schools in the assessment area.

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 provided financial education or served as a Board member for a community development organization.

Community Development Services										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
2021 (partial)	2	33	29	100	2	6	0	0	33	140
2022	0	0	116	264	1	3	0	0	117	267
2023	0	0	116	296	3	10	0	0	119	306
2024	0	0	87	209	2	4	0	0	89	213
Total	2	33	348	871	8	23	0	0	358	927
Source: Bank Data										

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

- An executive Vice President serves on the board of a non-profit affordable housing organization that provides affordable housing opportunities, down payment assistance, and first-time-homebuyer counseling to individuals in Nassau and Suffolk Counties, which is an identified need in the area.

- A Vice President presented at a seminar hosted by an economic development organization. The organization facilitates the development of women-owned businesses and addresses the barriers that small businesses face. The Vice President presented to approximately 250 participants, including women-owned small- and medium-sized businesses, providing education on how to prepare to obtain financing.

- Bank employees presented at more than 15 elementary schools, middle schools, and high schools throughout the bank's assessment area to provide financial education to the students. A majority of the students at these schools come from low- and moderate-income families. The training included guidance on budgeting, credit, identity theft protection, and other

financial literacy topics.

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 areas: New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area (MSA)	
Time Period Reviewed:	7/9/2021 to 2/21/2025
Products Reviewed: 1-4 Family Mortgage Loans: 2021, 2022, and 2023 Multi-Family Loans: 2021, 2022, and 2023 Small Business Loans: 2021, 2022, and 2023 Community Development Loans, Investments, and Services 7/9/2021 to 2/21/2025	

Summary of Ratings for Rated Area

Rated Area	Lending Test Rating	Investment Test Rating	Service Test Rating	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 <u>financial</u> 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 (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., 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 (e.g., 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.