

## **PUBLIC DISCLOSURE**

September 13, 1999

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**BPD INTERNATIONAL BANK  
RSSD No. 66015**

**152 West 57<sup>th</sup> Street  
Carnegie Hall Tower, 5<sup>th</sup> Floor  
New York, NY 10019**

**FEDERAL RESERVE BANK OF NEW YORK  
33 Liberty Street  
New York, New York 10045**

**NOTE:** 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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## GENERAL INFORMATION

*The Community Reinvestment Act (“CRA”) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **BPD International Bank** prepared by the **Federal Reserve Bank of New York** on behalf of the Board of Governors of the Federal Reserve System, the institution's supervisory agency, as of **September 13, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

## INSTITUTION

**INSTITUTION'S CRA RATING:** BPD International Bank is rated “**OUTSTANDING.**”

For the examination period of January 1, 1997, through June 30, 1999, the performance of BPD International Bank with regard to the CRA is assessed as “outstanding.” This determination is based on the following performance criteria:

- an excellent loan-to-deposit ratio (76 percent) with consideration given to the bank’s community development lending;
- a substantial majority of the bank’s loans (74 percent) within its assessment area;
- a reasonable distribution of loans to individuals of different income levels, including low- and moderate-income (“LMI”) individuals; and
- an excellent geographic distribution of loans within the bank’s assessment area.

The following table summarizes the performance level of BPD International Bank with respect to each of the five performance criteria:

SMALL INSTITUTION ASSESSMENT CRITERIA	BPD INTERNATIONAL BANK		
	PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio	X		
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans	X		
Response to Complaints	No complaints were received since the prior examination		

## **DESCRIPTION OF INSTITUTION**

BPD International Bank (“BPD”) is a commercial bank primarily engaged in international and domestic trade activities, much of which is centered around the Dominican Republic. BPD is a wholly owned subsidiary of Grupo Financiero Popular, S.A., based in Santo Domingo, Dominican Republic, and its single office is located in midtown Manhattan at 152 West 57<sup>th</sup> Street. BPD reported average total assets as of June 30, 1999, of \$197.7 million, deposits of \$176.4 million, and total loans of \$133.1 million. Most of the bank’s deposits (60 percent) originated in the Dominican Republic, Central America and South America. BPD has no financial or legal factors that would impede its ability to serve the credit needs of its assessment area.

The types of credit BPD extends include direct and indirect automobile loans and automobile leasing; term, demand and time loans; personal installment loans; small business loans; revolving lines of credit; trade-related letters of credit; and import/export financing. The bank does not offer residential financing. BPD’s international business is primarily import/export financing, and the bank’s domestic portfolio consists almost entirely of indirect automobile and motorcycle loans.

BPD provides teller services and an automated teller machine (“ATM”) facility in the lobby of the bank. In addition to savings, checking, money market and NOW accounts, BPD offers a senior citizens checking account featuring unlimited checking and no monthly minimum balance or maintenance fee.

## **DESCRIPTION OF ASSESSMENT AREA**

The following demographic and economic information was obtained from publicly available sources that include the United States Department of Commerce’s Bureau of the Census, the U.S. Department of Labor, the U.S. Department of Housing and Urban Development (“HUD”) and the Division of Research and Statistics of the New York State Department of Labor.

### **Performance Context**

BPD’s assessment area includes the five counties of New York City: Bronx, Kings (Brooklyn), Queens, New York (Manhattan), and Richmond (Staten Island), which comprise a portion of Primary Metropolitan Statistical Area (“PMSA”) 5600. The total population of New York City is 7.3 million. The 1990 family median income for PMSA 5600 (New York, NY) is \$37,515 while the 1998 HUD-adjusted median family income is \$49,800. The 1990 Census Bureau’s median family income for New York City is \$34,360, with 28 percent, 16 percent, 19 percent and 37 percent of the families classified as low-, moderate-, middle- and upper-income, respectively. The number of families living in LMI census tracts totals 38 percent of assessment area families. LMI tracts account for 36 percent of the total 2,216 tracts in the assessment area.

New York City's economy is rebounding from a sharp economic downturn that occurred between 1989 and 1992. Private sector employment has grown steadily since 1993, with every sector except manufacturing adding jobs over the past five years. Since May 1998, the number of jobs in New York City has grown 2.1 percent. Service and retail trade industries were the primary sources of jobs. Although the increased job opportunities helped New York City's unemployment rate decline from 7.5 percent in June 1998 to 6.6 percent in June 1999, it still remains high compared with New York State's 5 percent jobless rate. On an individual county basis, Bronx County had the highest unemployment rate with 7.9 percent, followed by Kings County with 7.6 percent, Queens County with 5.9 percent, New York County with 5.8 percent, and Richmond County with 5.5 percent.

Bronx County has a total population of 1.2 million. The 1990 median family income there is \$25,479, with 39 percent, 18 percent, 18 percent and 25 percent of families classified as low-, moderate-, middle- and upper-income, respectively. Of the 292 thousand families in the county, 26 percent are living below the poverty level. LMI census tracts account for 58 percent of all census tracts in Bronx County. The county has 27 percent of all LMI families in the assessment area, and 26 percent of all LMI census tracts located in the assessment area.

Kings County is the largest of the five counties in BPD's assessment area with a total population of 2.3 million. The 1990 median family income is \$30,033, with 32 percent, 18 percent, 19 percent and 31 percent of families classified as low-, moderate-, middle- and upper-income, respectively. Of the 563 thousand families in Kings County, 20 percent are living below the poverty level. LMI census tracts account for 43 percent of all census tracts in the county. Forty percent of all assessment area LMI families and 43 percent of all assessment area LMI census tracts are located in Kings County.

Queens County's population totals 2 million. The 1990 median family income is \$40,426, with 18 percent, 16 percent, 22 percent and 44 percent of families classified as low-, moderate-, middle- and upper-income, respectively. Of the 496 thousand families in this portion of the assessment area, 8 percent are living below the poverty level. LMI census tracts account for 16 percent of all census tracts in the county. Eleven percent of all assessment area LMI families and 13 percent of all assessment area LMI census tracts are located in Queens County.

New York County has a total population of 1.5 million. The 1990 median family income is \$36,831, with 29 percent, 14 percent, 14 percent and 43 percent families classified as low-, moderate-, middle- and upper-income, respectively. Of the 305 thousand families in New York County, 17 percent live below the poverty level. LMI census tracts account for 47 percent of all census tracts in New York County. The county has 22 percent of all LMI families and 17 percent of all LMI census tracts in the assessment area.

Richmond County, the least populated and most affluent county in the assessment area, has a total population of 378,977. The county is primarily middle- and upper-income, and its 1990 median family income is \$50,734, with 13 percent, 11 percent, 19 percent and 58 percent of families classified as low-, moderate-, middle- and upper-income, respectively. Of the 99 thousand families in the county, 6 percent live below the poverty level. LMI census tracts account for 10 percent of all census tracts in the

county's. Less than 1 percent of all LMI families in the assessment area and 1 percent of all LMI census tracts in the assessment area are located in Richmond County.

Community contacts in the assessment area indicated a need for small business loans under \$20 thousand as well as flexible lending programs to meet the housing credit needs of LMI consumers.

The following map illustrates BPD's assessment area:



# INSERT MAP

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

The CRA examination of BPD encompasses the period of January 1, 1997, through June 30, 1999. The outstanding rating of the bank's CRA performance is based on an assessment of the bank's core performance criteria.

### **Loan-to-deposit Ratio**

The bank's loan-to-deposit ratio is excellent given the bank's size, financial condition and credit needs of the assessment area. Based on information contained in the Consolidated Report of Condition and Income for the four most recent quarters ending June 30, 1999, BPD's average loan-to-deposit ratio was 76 percent. BPD's ratio was higher than its peers' loan-to-deposit ratio of 65 percent.

BPD engaged in a significant level of community development lending and investments during the examination period. Community development commitments totaled \$689 thousand. The bank made two loans totaling \$200 thousand to Neighborhood Housing Services ("NHS") of New York City. In addition, a \$25 thousand balance is outstanding on a loan made to NHS during the previous examination period.

In other community development initiatives, BPD renewed a \$100 thousand line of credit to the Regional Economic Development Assistance Corporation ("REDAC") to facilitate a "mini-loan program" for small businesses in New York City. Four certificates of deposit totaling \$304 thousand were invested in the Neighborhood Trust Federal Credit Union, Dime Community Partnership, Community Capital Bank and New York National Bank. The Neighborhood Trust Federal Credit Union offers Washington Heights-Inwood residents access to savings accounts and affordable loans. Dime Community Partnership reinvests deposits in community development projects. Community Capital Bank focuses on affordable housing and small business lending as well as lending to nonprofit groups. New York National Bank, located in the South Bronx, focuses its lending efforts on LMI areas and minority-owned businesses.

In addition, BPD provided \$60 thousand in grants to nine nonprofit organizations (including NHS and REDAC) engaged in various community development initiatives benefiting LMI communities throughout New York City. This amount includes interest on NHS loans that BPD donated back to the organization.

### **Lending in the Assessment Area**

For this examination, a sample of 196 consumer loans made between January 1, 1997, and June 30, 1999, was analyzed to determine the extent of lending inside and outside of BPD's assessment area. The sample included primarily indirect automobile loans. BPD does not offer residential loans, and small business lending volume was very small. Of the 196 loans sampled, 145 loans or 74 percent were made

to borrowers located within the bank's assessment area. This level of performance exceeds the standards for satisfactory performance.

### **Lending to Borrowers of Different Income Levels**

BPD's record of consumer lending to borrowers of different income levels was reasonable. For details, see the exhibit on the following page.

Overall, loans to LMI borrowers represented 40 percent of the loans made and compared favorably with the assessment area demographics which show that LMI families are 44 percent of the population. Loans to low-income borrowers, however, represented only 10 percent of loans made while 28 percent of families in the assessment area are low-income. Loans to moderate-income borrowers represented 30 percent of loans made while 16 percent of families in the assessment area are moderate-income. The sample showed that lending to middle- and upper-income borrowers represented 34 percent and 26 percent, respectively, of total loans. Within the assessment area, middle- and upper-income families represent 19 percent and 37 percent of families, respectively.

### **Geographic Distribution of Loans**

The geographic distribution of consumer lending within BPD's assessment area was excellent. Of the 145 consumer loans originated in the assessment area the bank extended 35 percent in Queens, 32 percent in Brooklyn, 17 percent in Bronx, 9 percent in Manhattan, and 7 percent in Staten Island. Of the loans sampled, 11 percent and 26 percent were made to borrowers in low-income tracts and moderate-income tracts in New York City, respectively. Seventeen percent of these tracts are classified as low-income, and 19 percent are moderate-income. Lending to borrowers residing in middle- and upper-income tracts was 37 percent and 26 percent, respectively, of total loans. The assessment area includes 35 percent middle-income tracts and 29 percent upper-income tracts.

### **Response to Complaints**

No CRA complaints have been filed at BPD or at the Federal Reserve Bank of New York since the previous examination.

BPD is in compliance with the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity Act (Regulation B), and relevant agency regulations pertaining to nondiscriminatory treatment of credit applicants.

<b>Analysis of Loans in Assessment Area Across Borrower Income Levels</b>	
January 1, 1997 - June 30, 1999	
	<b>CONSUMER LOANS</b>
<b>LOW-INCOME</b> Less than 50% of the median income	
Number of Loans	15
Percentage	10%
Total Amount of Loans	\$103,289
Percentage	7%
<b>MODERATE-INCOME</b> At least 50% & less than 80% of median income	
Number of Loans	44
Percentage	30%
Total Amount of Loans	\$397,606
Percentage	29%
<b>MIDDLE-INCOME</b> At least 80% & less than 120% of median income	
Number of Loans	49
Percentage	34%
Total Amount of Loans	\$479,813
Percentage	34%
<b>UPPER-INCOME</b> 120% or more of median income	
Number of Loans	37
Percentage	26%
Total Amount of Loans	\$414,371
Percentage	30%

## CRA APPENDIX

### GLOSSARY

**AREA MEDIAN INCOME:** (1) The median family income for the MSA, if a person or geography (block numbering area or census tract) is located in an MSA; or (2), if a person or geography (census tract or block numbering area) is located outside an MSA, the statewide non-metropolitan median family income.

**ATM:** Automated teller machine.

**CONSUMER LOANS:** Loans made to one or more individuals for household, family, or other personal expenditures. Consumer loans do not include loans reported under the Home Mortgage Disclosure Act.

**CRA:** Community Reinvestment Act.

**GEOGRAPHY:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census (1990).

**INDIRECT LOAN:** A loan sold by a dealer or a retailer of goods, to a third party financial institution that owns the loan contract as a holder in due course and collects principal and interest payments from borrower (Dictionary of Banking Terms, 3rd Edition, by Thomas Fitch).

**LMI:** Low- and moderate-income, as in LMI census tracts.

**LOW-INCOME:** An individual income that is less than 50 percent of the area median income (i.e., of the median family income for the MSA, if the individual is located in an MSA, or, if the individual is located outside an MSA, of the statewide non-metropolitan median family income), or a BNA or census tract median family income that is less than 50 percent of the area median income. Accordingly, a low-income census tract is one in which the median family income is less than 50 percent of the area median income.

**MIDDLE-INCOME:** An individual income that is at least 80 percent and less than 120 percent of the area median income, or a BNA or census tract median family income that is at least 80 percent and less than 120 percent of the area median income.

**MODERATE-INCOME:** An individual income that is at least 50 percent and less than 80 percent of the area median income, or a BNA or census tract median family income that is at least 50 percent and less than 80 percent of the area median income.

**UPPER-INCOME:** An individual income that is 120 percent or more of the median family income in an MSA or a census tract in which the median family income is 120 percent or more of the median family income in an MSA.

**PEERS:** Similarly situated banks.

**PERFORMANCE CONTEXT:** The economic and demographic characteristics of a bank's assessment area(s). The following information is considered to help understand the context in which an institution's performance should be evaluated: (1) the economic and demographic characteristics of the assessment area(s); (2) lending, investment, and service opportunities in the assessment area(s); (3) the institution's product offerings and business strategy; (4) the institution's capacity and constraints; (5) the prior performance of the institution, and in appropriate circumstance, the performance of similarly situated institutions; and (6) other relevant information.