

# **PUBLIC DISCLOSURE**

**February 2, 2015**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Goldman Sachs Bank USA  
RSSD No. 2182786**

**200 West Street  
New York, NY 10286**

**FEDERAL RESERVE BANK OF NEW YORK  
33 LIBERTY STREET  
NEW YORK, NY 10045**

**NOTE:** 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'S CRA RATING**

Goldman Sachs Bank USA ("GS Bank") is rated "Outstanding."

The outstanding performance of GS Bank with regard to the Community Reinvestment Act ("CRA") is based on the following performance criteria:

- A high level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
- Extensive use of complex and innovative financing structures, qualified investments and community development services that are not routinely provided in the market.
- Excellent responsiveness to credit and community development needs in GS Bank's assessment areas.
- An excellent level of community development activity outside the assessment areas.

## **DESCRIPTION OF INSTITUTION**

GS Bank is part of The Goldman Sachs Group ("GS Group") a financial holding company. The GS Group is a global investment banking, securities, and investment management firm that provides a wide range of services worldwide to a substantial and diversified client base that includes corporations, financial institutions, governments, and high-net-worth individuals. GS Group's Urban Investment Group manages GS Bank's CRA program and records CRA eligible loans and investments made by both GS Bank and GS Group.

GS Bank became a state member bank on November 8, 2008 and was formed from the merger of several Goldman subsidiaries, principally Goldman Sachs Trust Company and GS Bank, a state-chartered industrial loan bank located in Utah. GS Bank reported total assets of \$118 billion as of December 31, 2014 with total deposits of \$72 billion and net loans of \$37 billion. GS Bank does not extend home mortgage, small business, or consumer credit to retail customers or the general public and was granted wholesale status for purposes of CRA in July 2009.

GS Bank's previous CRA examination was conducted as of November 5, 2012, at which time GS Bank was evaluated as a wholesale bank and its performance was rated "Outstanding." There are no financial or legal factors that would prevent GS Bank from fulfilling its obligations under CRA.

## DESCRIPTION OF ASSESSMENT AREAS

GS Bank has designated two assessment areas:

1. Portions of Multistate MSA 35620 (New York-Newark-Jersey City, NY-NJ-PA) This multi-state MSA assessment area includes counties from two Metropolitan Divisions (“MDs”) in two states as follows:
  - Part of MD 35614 (New York-Jersey City-White Plains, NY-NJ Metropolitan Division) consisting of the five counties of New York City (Bronx, Kings, New York, Richmond and Queens) and Hudson County in New Jersey.
  - The Essex County, NJ portion of MD 35084 (Newark-Union, NJ-PA Metropolitan Division).
2. State of Utah
  - MSA 41620 (Salt Lake City, UT) consisting of Salt Lake and Toole Counties and Micropolitan Statistical Area 44920 consisting of Summit County<sup>1</sup>.

GS Bank’s assessment areas do not arbitrarily exclude low- and moderate-income (“LMI”) geographies and are in compliance with the requirements Section 228.41 of Federal Reserve Regulation BB, which implements the CRA. Maps of the assessment areas are in Appendix C.

## SCOPE OF EXAMINATION

GS Bank’s performance was evaluated using the Federal Financial Institution Examination Council’s Interagency Procedures and Guidelines for Wholesale and Limited Purpose Institutions. Loans, investments, and philanthropic grants made as well as services provided between January 1, 2013 and December 31, 2014 were evaluated as qualifying community development activities. In addition, outstanding balances of prior examination community development loans and qualified investments were analyzed as of December 31, 2014.

The extent, by number and dollar amount, of GS Bank’s community development loans, qualified investments, and services was evaluated primarily for activities made within its assessment areas, and secondary for activities made outside of the assessment area. Under the Interagency Wholesale Bank CRA Procedures, GS Bank, as a wholesale bank, can receive credit for community development loans, qualified investments, and community development services made on a nationwide basis outside of its assessment area if it has adequately addressed community development needs within its assessment areas. To evaluate whether GS Bank addressed the needs of its assessment areas, examiners also considered qualified investments that benefit the broader statewide or regional area that includes GS Bank’s assessment areas.

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<sup>1</sup> Summit County was part of MSA 41620 in 2013. With the 2014 census changes it became a separate Micropolitan Area. For analytical purposes in 2014, it was considered to be part of MSA 41620.

Examiners conducted an analysis of the dollar amount of community development loans and qualified investments as a percent of average assets maintained during the examination period and as a percent of Tier 1 capital as of December 31, 2014. GS Bank's performance level was compared to the level of community development loans and qualified investments of peer banks operating in the assessment areas. Peer institutions were selected based on the criteria that they have been designated as wholesale banks, they maintain over \$1 billion in assets, and they have either New York City or Salt Lake City as their primary assessment area. Examiners also evaluate the degree in which the bank used innovative or complex community development activities, the bank's responsiveness to community credit and development needs, and the extent to which investments are not routinely provided by private investors.

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

GS Bank provided a high level of community development loans, qualified investments and community development services that demonstrated excellent responsiveness to the credit and community development needs in both of the bank's assessment areas. GS Bank also made extensive use of innovative or complex community development loans, qualified investments and community development services.

During the evaluation period the bank had a total of \$1.8 billion in community development activity, consisting of \$781 million in community development lending and \$1.0 billion in qualified investments and provided a total of 947 community development qualified services. The current level of community development lending and qualified investment activity reflected an increase of 30% on an annualized basis when compared to the levels shown at the prior examination.

GS Bank originated 76% of its community development loans and investments in the current examination period. When compared to seven other wholesale banks that have operations in either of GS Bank's assessment areas, GS Bank's total nationwide level of annualized community development loans and qualified investments as a percent of average assets compared very favorably.

Eighty-nine percent of GS Bank's community development activity was conducted in its two assessment areas or the broader statewide regional area that included the bank's assessment areas. Eleven percent of the bank's total activity was conducted outside of the bank's assessment areas. Outside community development activity included \$81 million in community development loans and \$120 million in qualified investments. As part of its strategy GS seeks opportunities to provide capital that assist in revitalizing communities, helping to transform distressed communities into sustainable and vibrant neighborhoods of choice and opportunity wherever it is needed nationwide. Under the Interagency Wholesale CRA Procedures, GS Bank receives credit for community development activity outside its assessment areas, because it has adequately addressed community development needs within its assessment areas. Exhibit 1 on the next page summarizes GS Bank's inside and outside the assessment area.

<b>Exhibit 1</b>		
<b>Summary of Community Development Loans and Qualified Investments</b>		
<b>Inside and Outside Assessment Areas</b>		
<b><i>January 1, 2013 – December 31, 2014</i></b>		
<b>Assessment Area</b>	<b>(\$ thousands)</b>	<b>%</b>
MSA 35620	\$1,250,860	69%
Broader Statewide New York / New Jersey	\$120,050	7%
Total MSA	\$1,370,910	76%
MSA 41620	\$173,116	10%
Broader Statewide Utah	\$68,373	3%
Total State of Utah	\$241,489	13%
Nationwide	\$201,366	11%
<b>Total Community Development Loans and Qualified Investments</b>	<b>\$1,813,765</b>	<b>100%</b>

GS Bank has been a leader in both its New York/New Jersey and Utah assessment areas in identifying solutions to key community needs and bringing financing innovations to these markets. In order to meet these needs, many of GS Bank’s CRA qualified loans and investments have used innovative and/or complex structures. These transactions often have involved multiple layers of financing and government partners. No single transaction opportunity is viewed in isolation at a given time. Rather GS Bank takes a long term approach seeking to maximize its impact on LMI areas and individuals. Projects included predevelopment lines of credit, early stage financing, bridge loans, charter school financing and direct equity investments.

Additionally, GS Bank makes considerable use off equity investments in New Markets Tax Credits (“NMTCs”) and Low-Income Housing Tax Credits (“LIHTCS”) to provide the capital needed for neighborhood revitalization and affordable housing projects. These investments are often part of multiple financing arrangements and secondary loan financing that provide flexibility in meeting funding needs on the same project. The community development loans and qualified investments were also complex as they involved considerable coordination of efforts in structuring complex real estate transactions with multiple stakeholders.

Approximately 63% of the total of GS Bank’s community development activity was considered innovative and/or complex while 72% of its qualified investment activity and 43% of its community development lending activity was innovative and/or complex. According to one community contact, GS Bank routinely takes a leadership role in its New York/New Jersey marketplace and is a true leader on economic development, supporting deals both big and small to increase quality jobs in New York City.

During the examination period in response to community contacts indicating a need for small businesses development, GS Bank expanded its efforts to target the needs of small businesses and entrepreneurial development through its “10,000 Small Businesses Program”, so that it now reaches thirteen cities across the United States. The program provides formal financial technical assistance and access to financing for small business owners enabling small businesses to thrive and grow. As part of these efforts GS Bank established lines of credit totaling \$87 million to 17 Community Development Financial Institutions (“CDFIs”) across the United States that provide support to the 10K small business development program. They also provided an additional \$6 million in grant financing for capacity building to these organizations. Additionally, GS Bank partnered with 14 community colleges and universities across the country providing them with \$29 million in grant financing to establish small business development programs in their cities. The Utah assessment area also benefited from expansion of this program to Salt Lake City during the examination period.

One community contact in New York City specifically cited two instances of GS Bank’s small business lines of credit program as being particularly responsive to the needs of the New York City metropolitan area. In the first instance, GS Bank established a \$2.8 million loan with a New York City based CDFI to make loans to small construction contractors that have been awarded or being considered for construction contracts. The facility will target minority- and women-owned businesses (“MWBs”) that are located in New York City. The facility is especially important due to the destruction caused by Hurricane Sandy as local regulations require that 15% of the disaster recovery contracts be issued to certified MWBs.

In the second instance cited by the community contact, GS Bank established a \$9 million credit facility in partnership with the New York Business Development Corporation to finance manufacturing businesses that are in the food manufacturing business and are located in LMI areas or employ LMI people. The food manufacturing business is particularly important to New York City’s economy.

In the Utah assessment area, GS Bank established its second social impact bond that provided financing to develop a curriculum for early childhood education with the goal of reducing the number of special needs students. Repayment of the loans is tied to measurement of the performance of the students as they progress through elementary school. The program is considered to be highly innovative. Expanding on this theme Goldman Sachs established the Goldman Sachs Social Impact Fund that seeks to address social challenges while achieving a financial return. Goldman Sachs invested \$27 million into this fund and offers interests in the fund to other U.S. investors.

GS Bank was a leader in providing charitable grants to community development organizations in both the New York and the Salt Lake assessment areas. GS Bank made \$75 million in donations and grants to community development organizations, of which 211 grants totaling \$32 million or 43% of total grants were dedicated to community organizations operating in the NY-NJ assessment area, 14 grants totaling \$4.1 million or 5% of total grants went to community organizations operating in the Salt Lake City assessment area, and the balance of \$39 million

went to organizations outside of the assessment area and to organizations operating on a nationwide basis.

*Community Development Services*

GS Bank is a leader in providing community development services and provided a significant number of community development services, as illustrated in the chart below. During the review period, GS Bank employees participated in 947 service events in various capacities for community development organizations. Of the total number of services provided, 536 events or 57% were provided in both of its assessment areas. In addition to being responsive to the needs of their assessment areas, GS Bank employees provided a total of 411 activities or 43% of the total number of services outside of GS Bank’s assessment areas. Exhibit 2 summarizes the community service activity.

<b>Exhibit 2</b>	
<b>Summary of Community Development Services</b>	
<b>12/1/2013 – 12/31/2014</b>	
<b>Activity Type</b>	<b>Number of Activities</b>
On-Going Board & Committee Memberships	80
Technical Assistance	779
Seminars and Other Services	88
<b>Total Community Development Services</b>	<b>947*</b>

\*Includes 695 technical assistance engagements from 10K Small Businesses Program

Many of the community development services that the employees participated in focused on activities that support small businesses, education, affordable housing, youth services, and various other community services that aided LMI geographies and LMI individuals. Services provided also include ongoing activities requiring regular participation on boards, loan committees and advisory committees of local community development organizations. Many officers and staff at GS Bank also provide technical financial assistance to community development organizations in addition to their service on boards of those organizations. Participation is at senior management and executive levels.

Many of the community development services GS Bank provided are responsive to community development needs in its assessment areas. For example, the bank more than doubled its engagements in its “10,000 Small Businesses” program since the prior evaluation. The program brings small business owners together with GS Bank employee’s and local partners and engages them in activities such as 1) financial pitch clinics that help to strengthen the business owners business and marketing plans and help to develop sales pitches for new customers and funding requests; 2) networking events and roundtable discussions; 3) skills based coaching; and 4) pro-bono legal clinics. Additionally, GS Bank provides the small business with access to capital by providing financing to local partners that have committed to make loans to small businesses in



low- and moderate-income communities. Of the 695 engagements, 398 or 57%, of these engagements provided financial expertise to small businesses located in its assessment areas.

### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”) established the Consumer Financial Protection Bureau (“CFPB”). In general, the Dodd-Frank Act gives the CFPB, among other things, primary supervisory authority over insured depository institutions with total assets of more than \$10 billion when assessing compliance with the requirements of Federal consumer financial laws, including GS Bank. The Federal Reserve, however, retains authority to enforce compliance with GS Bank’s CRA and certain other consumer compliance laws and regulations. During the review period of this evaluation, January 1, 2013 through December 31, 2014, the Federal Reserve did not cite violations involving discriminatory or other illegal credit practices that adversely affected the Federal Reserve’s evaluation of the bank’s CRA performance.

**MULTISTATE METROPOLITAN AREA**  
**MSA 35620 (NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND, NY-NJ-PA)**

**CRA RATING: MSA 35620 (NY-NJ) is rated “Outstanding”.**

The major factors supporting the rating include:

- A high level of community development loans, qualified investments and community development services;
- Excellent use of innovative and/or complex structures for community development lending and qualified investment opportunities; and,
- Community development activities that exhibit excellent responsiveness to the assessment area’s credit and community development needs.

**DESCRIPTION OF INSTITUTION’S OPERATIONS**

A substantial portion of GS Bank’s community development activity was generated in this assessment area. This multi-state MSA assessment area includes counties from two MDs in two states as follows:

- MD 35614 (New York-Jersey City-White Plains, NY-NJ Metropolitan Division) consisting of Hudson County in New Jersey and Bronx, Kings, New York, Queens, and Richmond Counties in New York.
- MD 35084 (Newark-Union, NJ-PA Metropolitan Division) consisting of Essex County in New Jersey.

The multi-state MSA assessment area received the most weight of the two full scope assessment areas due to its size and demographics. For example, it contains 90% of the total population, 92% of combined census tracts, 83% of total owner-occupied housing units, 88% of total business establishments, 92% of LMI families, and 95% of families living below the poverty level.

**PERFORMANCE CONTEXT**

The following demographic and economic information was used to describe the assessment area and to evaluate the context in which GS Bank operates. The information was obtained from publicly available sources, including the U.S. Department of Commerce’s Bureau of the Census, the U.S. Department of Labor (“DOL”), the U.S. Department of Housing and Urban Development (“HUD”), the New York State Real Estate Association, the National Association of Realtors (“NAR”), The Federal Reserve Bank of New York’s Liberty Street Economics, the New York City Department of Housing Preservation and Development (“HPD”), and New York University’s (“NYU”) Furman Center for Real Estate and Urban Development.

### *Demographic Characteristics*

According to the 2010 Census, the population of this assessment area is 9.6 million. The assessment area consists of 2,544 census tracts, of which 17% are low-income and 30% are moderate-income, with LMI census tracts concentrated in Queens, Brooklyn, upper Manhattan, and Bronx County in New York and eastern Essex County including Newark, and Hudson County in New Jersey. New York City is the most populous city in the United States, with an estimated 2010 population of 8.2 million.

### *Income Characteristics*

According to the 2010 Census, the assessment area has 2.2 million families, of which 32% are low-income families and 17% are moderate-income families. For MD 35614, New York City, the HUD-estimated median family income (“MFI”) was \$63,000 in 2013 and \$62,500 in 2014. The HUD-estimated median family MFI for the entire assessment area is \$66,961. In the assessment area, 16% of families live below the poverty level.

In New York City, poverty levels are concentrated geographically with 26% of families living below the poverty level in Bronx County, and 19% of families living below the poverty level in Kings County. In Essex County 12% of families live below the poverty level with the highest concentration in the city of Newark, New Jersey, where 28% of all individuals are living below the poverty level. The assessment area also has a large proportion of non-family households, which tend to have lower incomes. Only 61% of households in GS Bank’s assessment area are families.

### *Housing Characteristics*

The assessment area has approximately 3.9 million housing units, of which 31% percent are owner-occupied, 60% are rental units, and 9% are vacant. In New York City, housing is expensive relative to income levels, causing significant affordability issues for the LMI population. According to the National Association of Realtors, the median price of a single-family home in MSA 35620 (New York, Northern New Jersey, Long Island, NY, NJ, PA) was \$392,000 in 2013, up from \$379,000 in 2012. Higher values are found in Manhattan (New York County). According to the New Jersey Association of Realtors, in Essex County, New Jersey, the median price of a single-family home through 2013 was \$414,000, up from \$362,000 in 2012.

Homeownership remains unaffordable to LMI families, and to many middle-income families in GS Bank’s assessment area. Housing prices increased in every borough of New York City in 2013. The 2013 data from the Furman Center indicates that 26.8% of home sales are affordable to families earning up to 80% of Area Median Income (“AMI), whereas this figure was 29.4% in 2012. In Newark, housing sales prices have leveled off while median rent continues to rise.

Finding affordable housing in New York City can be challenging. The assessment area also has a shortage of affordable rental housing, which is in high demand due to the high purchase prices for homes. There is an increasing gap between renter incomes and the cost of rental housing.

The sharp disparity between incomes and costs of either owned or rental housing is indicative of the intense need for affordable housing to meet the needs of LMI individuals. Rental vacancy is approximately 3.6%, well below the 5% threshold defined to be a housing emergency and used to justify the continuation of rent control and rent stabilization. Information from community contacts supports the need for affordable housing, especially programs for the lowest income New Yorkers. During the examination community contacts were conducted with four organizations. Two of the organizations were CDFI's that focused on affordable housing on a nationwide basis while one contacted focused on foreclosure prevention in NYC. The remaining contact publishes annually a report that measures the performance of all banks in NYC. They consider GS Bank to be a leader among banks, reinvesting one of the largest dollar amounts of community development funds among wholesale and many retail banks in New York City. The majority of GS Bank's community development lending and qualified investment activity targets affordable housing.

***Labor, Employment and Economic Characteristics***

The economy of the NY-NJ assessment area is driven by New York City as a major center for finance, insurance, real estate and the arts in the United States. Given these industries, the job market is concentrated with service oriented jobs. New York City leads the country in the number of Fortune 500 and Fortune 1000 companies headquartered there. The city is home to the world's largest international community, including the United Nations, and almost 2,000 foreign-based companies. Eighteen of the top 20 foreign-owned banks have their U.S. headquarters in the City.

According to Dun & Bradstreet, as of 2014, the assessment area had a total of 399,000 businesses, of which 347,000 were small businesses with gross annual revenues of \$1 million or less. Small businesses represent 99.1% of all employers and employ 54.1% of the private-sector work force in New York State.

Most recently, the labor market in New York City has been improving. The December 2014 unemployment rate in New York City was 7.2%, which was a decrease from 9.4% as reported in 2012 and 8.8% reported in 2013. Job growth has continued at a brisk pace in 2014, despite ongoing weakness in government employment. Although

<b>ANNUAL UNEMPLOYMENT RATES*</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>
MSA 35620	8.6%	7.9%	6.4%
New York City	9.4%	8.8%	7.2%
Newark, NJ	14.8%	13.4%	11.1%

\*Bureau of Labor Statistics

employment has now returned to levels seen before the recession in much of the region, the types of jobs created during the recovery are not the same as those lost during the recession. During the recession the majority of jobs lost were middle-skilled jobs such as construction workers,

teachers, machine operators and administrative support workers. These jobs have not come back. Job growth has geared towards higher and lower-skilled workers, with job opportunities in the middle continuing to shrink.

The assessment area demographic report below provides additional information.

### Assessment Area Demographics

Assessment Area : MSA 35620

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	423	16.6	402,563	18.6	140,280	34.8	689,085	31.8
Moderate-income	756	29.7	696,869	32.1	127,818	18.3	375,610	17.3
Middle-income	723	28.4	569,138	26.2	51,043	9.0	361,831	16.7
Upper-income	575	22.6	501,136	23.1	19,081	3.8	743,313	34.3
Unknown-income	67	2.6	133	0.0	44	33.1	0	0.0
<b>Total Assessment Area</b>	<b>2,544</b>	<b>100.0</b>	<b>2,169,839</b>	<b>100.0</b>	<b>338,266</b>	<b>15.6</b>	<b>2,169,839</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	667,543	62,641	5.1	9.4	544,517	81.6	60,385	9.0
Moderate-income	1,194,263	256,009	21.0	21.4	833,305	69.8	104,949	8.8
Middle-income	967,895	410,461	33.7	42.4	483,264	49.9	74,170	7.7
Upper-income	1,089,787	490,106	40.2	45.0	481,671	44.2	118,010	10.8
Unknown-income	518	52	0.0	10.0	375	72.4	91	17.6
<b>Total Assessment Area</b>	<b>3,920,006</b>	<b>1,219,269</b>	<b>100.0</b>	<b>31.1</b>	<b>2,343,132</b>	<b>59.8</b>	<b>357,605</b>	<b>9.1</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	44,961	11.3	38,744	11.2	3,380	9.9	2,837	15.4
Moderate-income	89,310	22.4	79,353	22.9	5,211	15.3	4,746	25.8
Middle-income	86,006	21.5	76,645	22.1	5,599	16.5	3,762	20.5
Upper-income	167,546	41.9	143,543	41.4	17,374	51.1	6,629	36.1
Unknown-income	11,652	2.9	8,822	2.5	2,427	7.1	403	2.2
<b>Total Assessment Area</b>	<b>399,475</b>	<b>100.0</b>	<b>347,107</b>	<b>100.0</b>	<b>33,991</b>	<b>100.0</b>	<b>18,377</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>86.9</b>		<b>8.5</b>		<b>4.6</b>

Based on 2010 ACS Information.  
2014 Dun and Bradstreet

## CONCLUSIONS WITH RESPECT TO COMMUNITY DEVELOPMENT TEST

### *Community Development Activities*

GS Bank provided a high proportion of its total community development activity in the MSA 35620 assessment area. GS Bank exhibited excellent responsiveness to credit and community development needs in its assessment area providing community development loans, qualified investments, and services, particularly complex investments not provided by private investors. Total community development loans and investments in the MSA 35620 assessment area comprised \$1.3 billion of the bank's total activity of \$1.8 billion, a 1% increase on an annualized basis compared to the prior CRA examination. Of the total community activity \$1.0 billion or 77%, represented new community development loans or qualified investments originated in the current examination period. When compared to seven similarly-situated wholesale banks operating in the metropolitan NY assessment area, the level of GS Bank's annualized community development loans and investments within the assessment area, as a percentage of average assets compared very favorably.

Community development activities primarily targeted affordable housing and revitalization and stabilization, which were identified by community contacts as essential needs within this assessment area. GS Bank also provided a total of 319 community development services. Exhibit 3 provides a summary of the types of community development activity during the evaluation period.

<b>Exhibit 3</b> <b>MSA 35620</b> <b>Summary of Community Development Loans and Qualified Investments</b> <b>January 1, 2013 – December 31, 2014</b>		
Designation	\$ (millions)	%
Affordable Housing	\$326	26%
Community Services	\$156	12%
Economic Development	\$23	2%
Revitalize and Stabilize	\$746	60%
<b>Total Activity</b>	<b>\$1,251</b>	<b>100.0%</b>

*\*Lending activity includes new loans and investments made during the examination period as well as loans and investments with existing balances from the prior examination period that were outstanding as of 12/31/2014.*

### *Community Development Lending*

GS Bank's community development lending in the MSA 35620 assessment area totaled \$563 million, 70% of which was originated in the current evaluation period. Community development

lending declined 14% on an annualized basis from the prior examination while qualified investments increased slightly by one percent.

GS Bank is a leader in this assessment area in identifying solutions to key community needs and bringing financing innovations to these markets. In order to meet these needs, 42% of GS Bank's community development loans used innovative and/or complex structures, involved projects that have multiple layers of financing and involved working with local city and state government partners. GS Bank's community development lending activity, by dollar amount, primarily targeted the revitalization and stabilization of LMI areas as well as affordable housing and community services, which community contacts identified as an essential and critical need within the assessment area.

Described below are some of the more significant examples of GS Bank's community development loans:

- A \$6.5 million loan to finance tenant improvements to a charter school located in the Brownsville section of Brooklyn. The school plans to expand occupancy by adding four additional floors. The school currently serves grades K-5 and will add on grades 6-12 over time on the additional floors. The loan allows for an additional 800 low-income students to be served by the school which is located in one of the most distressed neighborhoods in New York City.
- A \$21 million 100% participation with the Community Preservation Corporation in a construction loan of 81 single family homes, which will be affordable to families with incomes ranging from 69% to 89% of area median incomes in the East New York neighborhood of Brooklyn. The project is the fourth phase of the larger Brooklyn Nehemiah program, a church-run, city sponsored affordable housing initiative in the East New York and Brownsville sections of Brooklyn, NY.
- A \$44.6 million construction loan to finance the development of a transit-oriented mixed-use development containing a 67,000 sq. ft. supermarket, 49,000 sq. ft of retail space, and 152 units of rental housing. The project is located in a middle-income tract in Newark, N.J. but is surrounded by LMI census tracts and a predominately LMI community. The project will transform a vacant urban site into workforce housing, and provide much needed commercial space; improve access for fresh foods for an LMI community and provide permanent jobs for LMI workers.
- A \$53.5 million letter of credit and a \$32 million equity investment in Low Income Housing Tax Credits ("LIHTCs") to finance the acquisition and rehabilitation of a 468-unit portfolio of existing multifamily rental properties in the East New York section of Brooklyn. Over 400 of the units are considered affordable to LMI households. The developer is performing rehabilitation work of approximately \$85,000 per unit.

- A \$4.9 million loan to finance the construction of mixed-use mixed-income development in a low-income area of downtown Newark, NJ. The project will revitalize and stabilize the area by providing retail jobs for the low-income residents through 63,000 sq. ft. of ground floor retail space, bring 123 units of workforce housing, and provide community services through the development of three charter schools serving students populations of whom 80% receive free or reduced rate lunches.
- A \$10 million pre-development loan to refinance existing debt and fund pre-development costs associated with the development of eight mixed-income mixed use buildings in the Crotona Park area of the South Bronx. The project will help revitalize a largely LMI area. Approximately 1,100 residential units are planned over half are expected to be affordable. Over 1 million square feet of residential, retail, and community facility space is expected to be constructed.

### *Qualified Investments*

Qualified investments and grants in the MSA 35620 assessment area totaled \$688 million during the evaluation period. A total of \$460 million in community development investment dollars, or 67%, were new investments made since the prior CRA evaluation. Qualified investment increased 1% on an annualized basis from the prior CRA examination. The majority of the qualified investments focused on affordable housing and revitalization and stabilization efforts, two areas identified by community contacts as vital community development needs in the assessment area.

The largest proportion of GS Bank's qualified investment dollars consisted of equity investments (49%), New Market Tax Credits ("NMTCs") (22%), and LIHTC investments (21%). LIHTCs and NMTCs are highly responsive to the assessment area's critical community development need for affordable housing as well as revitalizing low- and moderate-income areas and financing small business development. Equity investments are complex as the underlying projects involve multiple layers of public subsidy, private debt, and the use of tax credit equity. LIHTCs and NMTCs are also considered complex, requiring considerable ongoing management attention and expertise due to the technical accounting requirements associated with the administration of the investments over time. A total of 57% of the qualified investments in the MSA were considered innovative and or complex and not the kind routinely provided by private investors.

Additionally, GS Bank made 212 grants totaling \$32 million or 43% of total grants to community organizations operating in the MSA 35620 assessment area. Included in grants were grants to four organizations totaling \$13 million that provide social services to LMI youths in New York City with the goal of breaking the cycle of poverty for the thousands of children and families they serve and giving LMI youth's opportunities to take ownership of their future. Additionally, a \$2.8 million donation was made to a community college to support development of the 10K small business program in MSA 35620.

Described on the next page are some of the more significant examples of GS Bank's community development investments:



- A \$17.2 million equity investment in historic tax credits and a \$4.7 million equity invest in NMTCs to finance renovations to Building 128, a three building complex located in the former Brooklyn Navy Yard. The space will be converted into a modern distribution center and light industrial space. Tenants will be small businesses. The Brooklyn Navy Yard is situated in a census tract that is both eligible for New Markets Tax Credits (“NMTCs”) and a FEMA disaster area, and is also adjacent to low-income tracts whose populations stand to benefit significantly from a revitalized Navy Yard. The project will create or preserve more than 370 jobs for low-income workers in an area historically plagued by high rates of unemployment, poverty and a decline of traditional industries.
- A \$33.4 million direct equity investment in a joint venture that will develop mixed-use, affordable, mixed-income, market rate-developments and renovations in transit oriented markets in New York City, Northern New Jersey, and Westchester County. The fund is subject to a requirement that the majority of projects will meet CRA definitions for affordable housing and / or revitalization and stabilization.
- A \$32 million LIHTC investment to finance the acquisition and rehabilitation of portfolio of existing multifamily rental properties located in the East New York section of Brooklyn, New York. Of the 468 units acquired, 400 of the units are affordable for low- and moderate-income individuals.
- Equity investments of \$13.2 million in NMTCs, to finance the renovation of the George Washington Bridge Bus Station in the Washington Heights neighborhood of New York City. The project will rehabilitate 105,000 sq. ft of retail space for multiple tenants including a fresh food grocer. The area is considered a “fresh food desert” with a general lack of retail options. It will also modernize the bus terminal, which serves an average of 20,000 commuters daily. The project is expected to create 320 new jobs, 80% of which are expected to be available to the nearby LMI residents and revitalize and stabilize a moderate-income area.
- A \$17 million LIHTC investment in a 248 apartment complex to preserve affordable housing in a low-income neighborhood in Brooklyn, NY.
- A \$10.3 million NMTC investment to finance development of a multi-tenant commercial complex in the low-income Melrose neighborhood of the Bronx. The Project will replace an underutilized parking lot with over 88,000 square feet of commercial and community facility space and a publicly accessible plaza. Tenants include a minority-operated supermarket, which will be the anchor retail tenant on the ground floor of the Project and expand access to fresh foods in a neighborhood that is considered a “food desert” by the New York City FRESH Program. Other tenants include Metropolitan College of New York, a local non-profit college that serves predominantly lower-income, minority working adults. The college will purchase approximately 25,100 square feet of office space in the Project to establish a satellite campus and expand educational opportunities in the Bronx.

- A \$28 million equity investment and an \$8 million investment in NMTCs to acquire and rehabilitate a retail outlet center on Staten Island. The center is expected to create 1,000 retail and fast food jobs, the majority of which will be filled by LMI individuals.

***Community Development Services***

GS Bank is a leader in providing community development services in the MSA 35620 assessment area. The bank provided highly responsive community development services throughout its assessment area through ongoing board and committee memberships, the provision of technical financial assistance and the development of new programs that respond to identified needs within distressed communities.

During the examination period, GS Bank provided 319 community development services. Services consisted of on-going participation on boards and committees of local community development organizations, technical assistance to non-profit organizations and organizations involved in GS Bank’s “10,000 Small Businesses” program” as well as seminars and other services. Exhibit 4 summarizes the types of community development services GS Bank provided over the course of the examination period.

<b>Exhibit 4</b> <b>MSA 35620</b> <b>Summary of Community Development Services</b> <b>12/1/2013 – 12/31/2014</b>	
Activity Type	Number of Activities
On-Going Board & Committee Memberships	38
Technical Assistance	216
Seminars and Other Services	65
<b>TOTAL Community Development Services</b>	<b>319</b>

Examples of community development services include:

- Two GS Bank Partners serve on the board of directors of an organization dedicated to operating a network of charter schools in Camden and Newark, NJ serving primarily LMI and minority students. This organization works to instill in their students the desire and ability to succeed in college.
- 14 GS Bank employees coached local entrepreneurs and small business owners on their elevator pitches and business models as part of their engagement with an organization that is dedicated to assisting struggling individuals and communities to build strong businesses that transform lives, strengthen families and create vibrant, sustainable neighborhoods.

- As part of its involvement with an organization that creates and maintains economically and ethnically diverse affordable housing with community programs and neighborhood amenities throughout New York City, four GS Bank employees provided residents of a Semiperm Housing building with an overview of financial literacy and targeted one-on-one counseling focusing on credit, money management, and earnings. Employees also presented an age-appropriate financial literacy lesson to children living in the Semiperm Housing building.
- Two GS Bank employees provided technical assistance to a Newark-based urban research and advocacy organization dedicated to the advancement of New Jersey's urban areas and residents. Employees discussed social impact bond financing and how it can be applied to the criminal justice system.
- A Managing Director serves on the board of directors of an organization dedicated to helping individuals and families to improve their economic and social well-being. This organization feeds, shelters, teaches and supports Bronx, NY residents to build a stronger community.
- A Vice President serves on the advisory board of an organization that seeks to empower women to break the cycle of poverty through education.

### ***Innovativeness and Complexity***

The bank's community development activity within MSA 35620 reflected excellent responsiveness to the affordable housing needs of its assessment area as well as an extensive level of use of complex financial structures, in which the bank used advanced financing and investment techniques in multiple community development projects. As indicated previously, a typical project could involve multiple transactions i.e., a predevelopment loan or early stage financing acquisition financing, an equity investment in NMTCs, and secondary loan financing to provide flexibility in meeting funding needs on the same project. Predevelopment financing is a key element in launching affordable housing projects, especially in high cost areas such as New York City. Overall 50% of all community development activity was considered innovative and/or complex.

In addition, other programs such as equity investments acquiring and refurbishing both multifamily and foreclosed properties and a program targeting small business development were highly responsive to the needs of the assessment area.

**STATE OF UTAH**  
**METROPOLITAN AREA**  
**MSA 41620**  
**(SALT LAKE CITY, UT)**

**CRA RATING: The State of Utah is rated “Outstanding”.**

The major factors supporting the rating include:

- A high level of community development loans, qualified investments and community development services;
- Occasional use of innovative and/or complex structures for community development lending and qualified investment opportunities; and,
- Community development activities that exhibit excellent responsiveness to the assessment area’s credit and community development needs.

**DESCRIPTION OF INSTITUTION’S OPERATIONS**

GS Bank’s community development activity in Utah was generated primarily in its one assessment area, MSA 41620 (Salt Lake City, UT) consisting of Salt Lake, Summit and Tooele counties. The rating for the State of Utah is based on the bank’s performance in assessment area, MSA 41620 (Salt Lake City, Utah). As of December 31, 2014, GS Bank operated one branch in this MSA. The branch does not engage in retail deposit operations.

This MSA assessment area is the smallest of GS Bank’s two full scope assessment areas. For example, it contains only 10% of the total population of both assessment areas, 8% of combined census tracts, 17% of owner-occupied housing units, 12% of business establishments, 9% of LMI families and 5% of families living below the poverty level.

## **PERFORMANCE CONTEXT**

The data used to describe the assessment area and evaluate the context in which the bank operates was obtained from publicly available sources, including the U.S. Department of Commerce's Bureau of the Census information for the State of Utah, Salt Lake County, Tooele County, and Summit County; the DOL and HUD; the State of Utah, Office of Planning and Budget; and other Salt Lake City and Salt Lake County resources.

### ***Demographic Characteristics***

The Utah market is small and is concentrated in Salt Lake City. The State's total population in 2014 was 2.9 million people. This represents a population increase of 1.5% from 2010, ranking Utah fourth in population growth among the states. The Salt Lake City MSA includes Salt Lake County with a population of 1.1 million, Tooele County with a population of 60,762, and Summit County with a population of 38,486, for a total MSA population of 1.18 million.

The banking environment in Utah is highly competitive with 48 FDIC insured institutions located in the MSA, including retail, wholesale and industrial banks. With less than 1% of the country's population, Utah is the 37<sup>th</sup> largest state, yet it ranks seventh in banking assets and second in banking assets per capita. All of the 48 financial institutions compete for a limited supply of qualified community development opportunities in the MSA and in Utah as a whole to satisfy their CRA obligations. Accordingly, the opportunity for any one of these institutions to get any sizeable portion of qualified loans or investments benefiting the assessment area is limited.

### ***Income Characteristics***

According to the 2010 Census, the assessment area has 260,590 families, of which 18% are low-income families and 18% are moderate-income families. For MSA 41620, Salt Lake City, the HUD-estimated MFI was \$70,300 in 2013 and \$68,700 in 2014. In the assessment area, 7.3% of families live below the poverty level.

### ***Housing Characteristics***

The majority of the housing in MSA 41620 consists of single family homes. Multi-family housing makes up only 28% of housing in the Salt Lake City MSA. The homeownership rate is substantially higher than that of New York City, with 63% in MSA 41620 compared to 31% in MSA 35620.

Utah ranks high on the Housing Affordability Index, with 81% of all homes affordable to the median income family. According to the Federal Housing Finance Agency, Utah's housing prices overall were up 3% in the fourth quarter of 2014 from the fourth quarter of 2013. The

median price of a single family home in the MSA 41620 was \$239,100 in 2014 compared to \$230,600 in 2013 according to the National Association of Realtors.

Community contacts indicated that although the economic conditions in the area are slowly improving both for housing and small business, there is still a need for additional credit for local affordable housing and for small businesses. During the examination community contacts were conducted with two organizations. The first was a government agency that stressed the need for small business development and has developed a fund that invests in small businesses. The second has a housing finance agency that manages low-income housing in Salt Lake. Further a review of seven community contacts conducted by the Federal Reserve Bank of San Francisco and the FDIC in MSA 41620 during the examination period further indicated the need for affordable housing and small business development.

### ***Labor, Employment and Economic Characteristics***

Utah is one of the fastest growing job markets in the U.S. according to Business Insider, and in the top 5 states in this year's economic outlook index according to American Legislator. Utah's economy as a whole continues to outperform the nation, and Salt Lake County's economy is consistent with this outlook. The unemployment rate in Utah was 3.2% for 2014, which is lower than the 2013 unemployment rate of 3.9%. Overall Utah's unemployment rate is ranked 3<sup>rd</sup> in the nation and is considerably lower than the national published unemployment rate of 5.6% for December 2014.

Salt Lake City's major industries are government, trade, transportation, utilities and professional and business services. According to the 2010 census, industry in the city varies, but much of the population works in only a few categories. The largest group, making up 25% is educational services, health care and social assistance. Manufacturing jobs only make up approximately 9%. Government employment is considerable, with the State of Utah, University of Utah, and Salt Lake County among the city's top employers. Salt Lake County is the business and financial center for most of the major businesses and industries in the state. The chart on the next page provides additional assessment area demographics.

### Assessment Area Demographics

Assessment Area : MSA 41620

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	11	4.7	8,657	3.3	2,142	24.7	46,570	17.9
Moderate-income	42	17.8	41,014	15.7	6,000	14.6	48,025	18.4
Middle-income	109	46.2	132,102	50.7	8,535	6.5	59,240	22.7
Upper-income	71	30.1	78,817	30.2	2,250	2.9	106,755	41.0
Unknown-income	3	1.3	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>236</b>	<b>100.0</b>	<b>260,590</b>	<b>100.0</b>	<b>18,927</b>	<b>7.3</b>	<b>260,590</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	#	%	#	%	
Low-income	18,772	4,760	1.9	25.4	12,348	65.8	1,664	8.9
Moderate-income	74,616	31,834	12.6	42.7	35,744	47.9	7,038	9.4
Middle-income	197,899	132,892	52.5	67.2	50,753	25.6	14,254	7.2
Upper-income	109,569	83,661	33.0	76.4	14,401	13.1	11,507	10.5
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>400,856</b>	<b>253,147</b>	<b>100.0</b>	<b>63.2</b>	<b>113,246</b>	<b>28.3</b>	<b>34,463</b>	<b>8.6</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	
Low-income	2,273	4.1	1,819	3.7	350	8.0	104	5.9
Moderate-income	9,754	17.5	7,928	16.0	1,414	32.3	412	23.5
Middle-income	24,429	43.9	21,894	44.2	1,797	41.0	738	42.1
Upper-income	19,026	34.2	17,790	35.9	753	17.2	483	27.5
Unknown-income	188	0.3	103	0.2	68	1.6	17	1.0
<b>Total Assessment Area</b>	<b>55,670</b>	<b>100.0</b>	<b>49,534</b>	<b>100.0</b>	<b>4,382</b>	<b>100.0</b>	<b>1,754</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>89.0</b>		<b>7.9</b>		<b>3.2</b>

Based on 2010 ACS Information.  
2014 Dun and Bradstreet

## CONCLUSIONS WITH RESPECT TO COMMUNITY DEVELOPMENT TEST IN MSA 41620 (Salt Lake City, UT)

### *Community Development Activities*

GS Bank provided a high level of qualified investments, community development loans and community development services in the MSA 41620 assessment area in relation to its capacity and opportunities given the highly competitive environment in the assessment area. GS Bank's performance exhibited excellent responsiveness to credit and community development needs in its MSA 41620 assessment area. Community development activity included innovative and complex investments that are not routinely provided by private investors.

As indicated in Exhibit 5, the level of GS Bank’s community development activity within MSA 41620, totaled \$174 million. Seventy-six percent of the community development loans and investments were new community development loans and qualified investments since the last CRA examination.

<p align="center"><b>Exhibit 5</b> <b>State of Utah</b> <b>Summary of Community Development Loans and Qualified Investments</b> <b>January 1, 2013 – December 31, 2014</b> <b>(000’ Millions)</b></p>					
<b>Assessment Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalization and Stabilization</b>	<b>Total</b>
MSA 41620	\$104	\$24	\$23	\$23	\$174
Broader Statewide	\$67	\$0	\$1	\$0	\$68
<b>Total Utah</b>	<b>\$171</b>	<b>\$24</b>	<b>\$24</b>	<b>\$23</b>	<b>\$242</b>

*\*Lending activity includes new loans and investments made during the examination period as well as loans and investments with existing balances from the prior examination period that were outstanding as of 12/31/2014.*

Sixty-eight million or 28% of the bank’s activity was within the broader statewide or regional area that includes GS Bank’s assessment area. Under the Interagency Wholesale CRA Procedures, GS Bank can receive credit for community development activity outside its assessment areas and in the broader statewide or regional area because it has adequately addressed community development needs within its assessment areas.

GS Bank’s community development activity in this assessment area declined 4.9% on an annualized basis since the prior CRA examination. When compared to 6 other wholesale banks whose assessment area is MSA 41620 in the State of Utah, GS Bank ranks 5<sup>th</sup> within MSA 41620 in the total dollar volume of community development activity. GS Bank’s total asset size makes it a much larger bank than the other wholesale banks in Utah, with 1.8 times the average assets of the closest wholesale bank. Additionally, opportunities to obtain community development loans and qualified investments in MSA 41620 are limited by the small size of the MSA and the large number of financial institutions competing for a limited number of community development loans and investments.

To better assess how GS Bank’s performance can be measured against banks that operate only in the Salt Lake City MSA and the State of Utah, GS Bank’s assets were allocated between their two assessment areas based on a combination of factors as a proxy such as total population, LMI



families, number of families below the poverty level, number of census tracts and availability of LIHTCs and NMTCs. Using this asset allocation method, GS Bank ranked 1<sup>st</sup> out of 6 similarly situated banks in annualized community development loans and investments within the State of Utah, including MSA 41620 as a percentage of average assets.

GS Bank exhibited excellent responsiveness to community credit needs, addressing affordable housing and revitalization and stabilization, which were identified by community contacts as essential needs within this assessment area. The bank's activity reflected occasional use of innovativeness and complexity in which GS Bank used advanced financing techniques in multiple community development projects. Twenty-one percent of all community development loans and qualified investments in MSA 41620 are considered innovative and/or complex.

### *Community Development Lending*

GS Bank's community development lending in MSA 41620 totaled \$49 million and \$55 million in the State of Utah as \$6 million in community development loans were made to organizations in the broader statewide or regional area including the State of Utah. Under the Interagency Wholesale Bank CRA Procedures, GS Bank received credit for community development activity outside of its assessment area in the broader statewide or regional area, since it has adequately addressed community development needs within its assessment area. Community development lending increased 12% on an annualized basis in a market for community development activity that is highly competitive with many institutions competing for a limited number of community development opportunities. Eighty-two percent of this activity was new community development lending originated during the current examination period. The following are some examples of GS Bank's community development loans:

- A \$5 million line of credit to a CDFI in conjunction with GS Bank's "10,000 Small Businesses" initiative. The CDFI will lend to small businesses in Salt Lake City and surrounding counties via the SBA's 7A Community Advantage program, a pilot program designed by the SBA to bring capital to underserved communities and businesses with capital needs of \$250,000 or less. The majority of small businesses served will be located in LMI neighborhoods or employ LMI people.
- A \$20.1 million letter of credit to provide credit support for a project to construct 171 units of affordable housing in Salt Lake City.
- A \$10 million loan to finance construction of a 115 unit mixed-income transit oriented residential development in the Guadalupe section of Salt Lake City. The property is located a half block from the new light rail "TRAX" system in a moderate-income area. The majority of units will have rents that are affordable to LMI individuals. Eighty-six units will be restricted to households earning up to 50% of area median income and 29 units will be market rate. The loan is part of a multi-layered financing package that includes an equity investment and a permanent mortgage.

- A \$5.1 million loan to finance construction of a 79 unit mixed-income rental property in Provo, Utah. The Project will replace a vacant, underutilized property adjacent to Provo's commuter rail station with a transit-oriented development that will provide an important linkage between the transportation hub and the city's downtown. The property will have 79 apartments, 21 of which are market rate and 58 affordable to individuals earning up to 50% of AMI.
- Two loans totaling \$4.6 million to finance a Social Impact Bond that will finance the expansion of the Utah High Quality Preschool Program to provide early education services for up to 3,500 children. The loans are to the United Way of Salt Lake City who will serve as a not for profit project intermediary. The loan supports the delivery of a high impact and targeted curriculum to increase school readiness and academic performance among 3 and 4 year olds in targeted at risk communities. Repayments are based on realized annual avoided costs based on the number of students flagged as likely to use special education and remedial services, who then did not use any services each year from kindergarten through sixth grade.

### *Qualified Investments*

GS Bank made \$125 million in qualified investments in MSA 41620. \$63 million (50%) in qualified investments were new investments made since the prior CRA evaluation. Qualified investments decreased 15% on an annualized basis since the prior evaluation when qualified investments totaled \$232 million. At the prior CRA evaluation qualified investments included \$38 million in mortgage-backed securities; however for this examination the bank chose not to make a similar investment. In addition, to the \$125 million in qualified investments in MSA 41620 GS Bank made an additional \$62 million in qualified investments were made to organizations outside the MSA located in the broader statewide or regional area that includes the State of Utah. Under the Interagency Wholesale Bank CRA Procedures, GS Bank received credit for community development activity in the broader statewide or regional area, since it had adequately addressed community development needs within its assessment area.

Qualified investments included \$56 million in investments that were considered innovative and/or complex and demonstrated a leadership role requiring significant senior and executive level management attention and expertise. Additionally, many of the investments showed excellent responsiveness to the needs of the assessment through the development of affordable housing and small business development. GS Bank made 14 grants totaling \$4.1 million to community organizations operating in the Salt Lake City assessment area. The \$4.1 million in grants included a \$2.4 million grant to Salt Lake City Community College to implement GS Bank's 10,000 Small Business Initiative in the Salt Lake City area. Additionally, an \$844,000 grant was made to Mountain West Finance to increase its capacity to make small business loans in the Salt Lake City area.

The following are some examples of GS Bank's qualified investments:

- A \$10.4 million equity investment in LIHTC's to develop 112 units of mixed-income housing for seniors in Salt Lake City. The property is located in a low-income area. A block of units will be set aside for special needs tenants.
- A \$12.3 million equity investment in a fund that invests in distressed and undercapitalized multi-family properties that, are affordable to LMI households. By doing so, the fund will improve the lives and opportunities for the properties residents.
- A \$9.4 million investment equity investment in LIHTCs to finance the construction of 72 units of affordable rental housing. Eighteen units will be restricted to low-income residents earning up to 25% of area median income ("AMI") with the remaining 54 units restricted to households making between 42% and 50% of AMI. Twenty of the Project's units will be set aside for special needs tenants, including those who are physically handicapped, transitional domestic violence victims, certified mentally ill persons and transitional homeless/near homeless persons.
- A \$3.4 million equity investment in LIHTCs and a \$14 million investment in municipal bonds for the construction of 120 units of mixed-income rental housing in Provo, Utah. Sixty of the units will be reserved for individuals earning up to 60% of area median income ("AMI") and the balance will be market rate. The property is located in a moderate-income area.
- A \$4.9 million equity investment in LIHTC and a \$20 million letter of credit providing support for a municipal bond to develop 171 units of mixed-income housing in Salt Lake. Of the residential units, 35 (20%) will be affordable to households earning up to 50% of AMI and 136 (80%) will be market rate. The Project site is located in the Sugar House neighborhood of Salt Lake City adjacent to the regional TRAX light rail system.

### ***Community Development Services***

During the examination period, GS Bank provided a high level of community development services within its Salt Lake City assessment area through on-going board and committee memberships, and providing technical assistance through its "10,000 Small Businesses" program. GS Bank provided 217 community development services during the examination period. Community development services have significantly increased from the 35 community development services reported at the prior evaluation due to GS Bank's extensive "10,000 Small Businesses" engagements in the assessment area. Exhibit 6 summarizes the types of services GS Bank provided over the course of the examination period.

<b>Exhibit 6</b> <b>MSA 41620</b> <b>Summary of Community Development Services</b> <b>12/1/2013 – 12/31/2014</b>	
Activity Type	Number of Activities
On-Going Board & Committee Memberships	2
Technical Assistance	214
Seminars and Other Services	1
<b>TOTAL Community Development Services</b>	<b>217</b>

Community development services provided by GS Bank were responsive to community development needs in its assessment area and sometimes were considered innovative and/or complex.

Examples of community development services include:

- A GS Bank Vice President is a member of the board of directors of an organization that provides services throughout Utah County to children with special needs and to assist families. The organization supports the development of young children through early intervention, early head start and autism bridges programs.
- 30 GS Bank employees taught financial literacy to children in Salt Lake City elementary schools as part of their involvement with the United Way, which provides assistance to LMI individuals and families to achieve their potential through education, income stability, and healthy lives.
- 188 GS Bank employees participated in 214 “10,000 Small Businesses” engagement events which included financial pitch clinics, networking and roundtables, skills based coaching sessions and pro-bono legal clinics.

***Innovativeness, Complexity and Responsiveness***

GS Bank’s community development activities were responsive to the needs of the Salt Lake assessment area. During the examination two community contacts were made within the Salt Lake assessment area. One of the contacts, an organization that provides affordable housing, stressed the need for more affordable housing in the area. The other, a local government agency, wanted more support from banks for its programs addressing the needs of small businesses. Both felt that GS Bank was responsive to the needs of the assessment area. Additionally, seven community contacts conducted by the FDIC and another reserve bank within the assessment area during the examination period were reviewed. The contacts further indicated the need for affordable housing and small business development.

GS Bank made occasional use of innovative and/or complex community development loans, qualified investments, and community development services within MSA 41620. Twenty-one percent of GS Bank's community development loans and qualified investments were considered innovative and/or complex. These innovative and/or complex transactions included LIHTCs, and equity investments in two corporations that specialized in acquiring and refurbishing foreclosed properties, a community service program that targeted small business development, and GS Bank's second social impact bond a community service program that financed the expansion of the Utah High Quality Preschool Program that provided early education services for up to 3,500 children in targeted at-risk communities. The majority of the students impacted are from LMI families.

## APPENDIX A

### GLOSSARY

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies; or loans, investments or services that (i) Support, enable or facilitate projects or activities that meet the "eligible uses" criteria described in Section 2301c of the Housing and Economic Recovery Act of 2008 ("HERA"), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by HUD in accordance with the Neighborhood Stabilization Program ("NSP"); (ii) Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees; (iii) Benefit low-, moderate- and middle-income individuals and geographies in the bank's assessment area(s) or geographies outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and

dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Community Development Financial Institution (“CDFI”):** A CDFI is an organization that has been certified by the U.S. Treasury as a provider of loans and services that assist specially funded institutions that revitalize LMI areas and assist LMI persons.

**Family:** A family is a group of two people or more related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

**Full Scope:** Performance is analyzed considering performance context, quantitative factors and qualitative factors.

**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 income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

- **Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

**Household:** A household consists of all persons who occupy a housing unit. Persons not living in households are classified as living in group quarters.

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

**Metropolitan Area (“MA”):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at

least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

**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 qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Small loan(s) to business (es):** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

**Wholesale bank:** A bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with the CRA regulation.



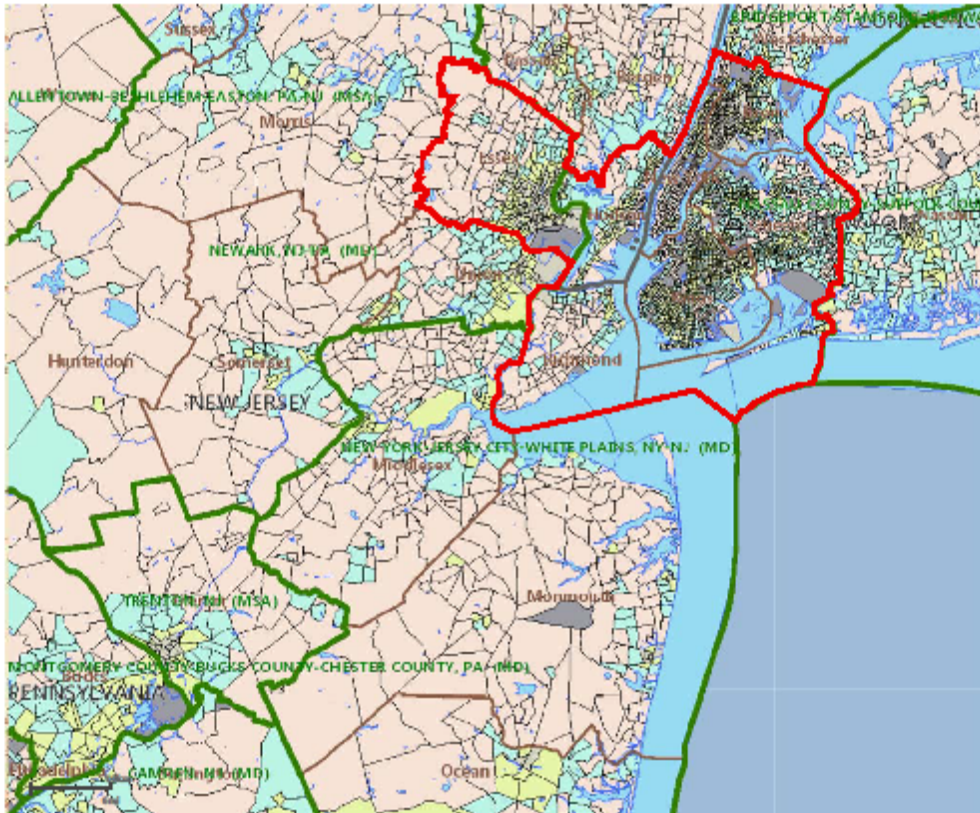
**APPENDIX B**

**SUMMARY OF STATE AND MULTISTATE METROPOLITAN AREA RATINGS**

<b>State or Multistate Metropolitan Area Name</b>	<b>Rating</b>
Multi-State MSA 35620 (New York-Northern New Jersey-Long Island, NY-NJ-PA)	Outstanding
State of Utah	Outstanding

### APPENDIX C

GS Bank's 2014 NY-NJ Assessment Area



GS Bank's 2014 Salt Lake City Assessment Area

