



PUBLIC DISCLOSURE

July 23, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

M.Y. Safra Bank, Federal Savings Bank
Charter Number 715731

499 Park Avenue
New York, NY 10022

Office of the Comptroller of the Currency

340 Madison Avenue
4th Floor
New York, NY 10017-2613

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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

- Overall, the bank originated a majority of its loans within the assessment area;
- The bank's geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels;
- The bank's LTD continues to improve since transitioning from a non-lending institution to a traditional lending bank focusing on high income customers;
- The bank's geographic distribution of loans reflects reasonable penetration throughout census tracts of different income levels.
- M.Y. Safra Bank did not receive any complaints related to CRA during the evaluation period.

Scope of Examination

Evaluation Period/Products Evaluated

M.Y. Safra Bank's Community Reinvestment Act performance was evaluated under the Small Bank performance evaluation procedures, which includes a lending test. The lending test evaluated the bank's record of meeting the credit needs of its Assessment Area (AA) through its lending activities. The evaluation period for the lending test covers home mortgage loan data from January 1, 2015 to December 31, 2017.

Selection of Areas for Full-Scope Review

M.Y. Safra has one AA that covers eight counties located in New York and New Jersey. These counties are located within the New York – Jersey City – White Plains, NY – NJ Metropolitan Division (MD) (35614). The 35614 MD is part of the New York – Newark – Jersey City, NY – NJ – PA Multistate Metropolitan Statistical Area (MMSA) (35620). The bank's one and only branch is located in the New York – Jersey City – White Plains, NY – NJ MD (35614). The bank's lending activities are concentrated in this MD. The bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. For review purposes, we performed a full-scope review of the 35614 MD. Refer to Appendix A for more information.

Ratings

The bank's overall rating is based on the bank's performance in the New York – Jersey City – White Plains, NY-NJ MD. The bank's branch and all of its deposits are located in this AA and it is where the substantial majority of the bank's lending originated.

Community Contact Summary

One local community organization was recently contacted to gain an understanding of the economic and demographic characteristics in M.Y. Safra Bank's operating environment. The executive director of the organization shared insight about the overall economic environment, demographic characteristics, and the credit needs of the community. The organization's main priority is working with other non-profit affordable housing development groups to provide more housing options for the low- and moderate-income neighborhoods in New York City. Because New York City's cost of living is well above the national average and continues to rise, our contact noted that affordable housing is a crucial necessity for lower-income residents. The organization noted that while local banks are making an effort to provide adequate financing to low- and moderate-income residents, there are plenty of opportunities these banks can act on to better serve the residents and their neighborhoods. Our contact noted that residents in lower-income neighborhoods could benefit from increased banking presence in underserved areas, as well as more home mortgage opportunities for those trying to purchase a home.

Description of Institution

M.Y. Safra Bank, FSB is a Federal Savings Bank located in midtown Manhattan, New York City. On December 5, 2013, the principal shareholder acquired control of T. Rowe Price Savings Bank by acquiring 100 percent of the outstanding common stock of T. Rowe Price Associates, Inc.. He re-branded the former T.Rowe Price Savings Bank as M.Y. Safra Bank, FSB. T. Rowe Price Savings Bank operated as a wholesale bank. M.Y. Safra currently operates one full-service retail branch located at 499 Park Avenue, New York, NY. The branch is open with reasonable lobby hours.

As of December 31, 2017, M.Y. Safra had total assets of \$295.8 million. Total loans were 67.4 percent of total assets. The loan portfolio totaled \$199.5 million as of December 31, 2017, and 71 percent of the loan portfolio consisted of real estate loans. Mortgage lending is M.Y. Safra's primary product line. Tier 1 Capital balances totaled \$40.2 million as of December 31, 2017.

M.Y. Safra's primary lending product is home mortgage loans. The bank faces substantial competition within its AA. The New York/New Jersey metropolitan area is a hub of financial activity and includes some of the world's largest banking institutions. Historically, the bank's business strategy involved the acquisition of retail certificates of deposit on a national level, and the investment in mortgage backed securities (MSB). Prior to the acquisition, the bank did not engage in the origination of loans secured by real estate or any other collateral. After the acquisition, the business strategy changed. The bank's business strategy has transitioned to lending to individuals, and businesses.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Description of Assessment Area

M.Y. Safra has one assessment area that covers eight counties located in New York and New Jersey. These counties are located within the New York – Jersey City – White Plains, NY – NJ Metropolitan Division (MD) (35614). The 35614 MD is part of the New York – Newark – Jersey City, NY – NJ – PA Multistate Metropolitan Statistical Area (MMSA) (35620). The bank’s one and only full service branch is located in the New York – Jersey City – White Plains, NY – NJ MD (35614). The bank’s lending activities are concentrated in this MD, primarily in New York County and Kings County. The bank’s AA meets the requirements of the regulation and does not arbitrarily exclude any low-or-moderate-income areas.

New York -Jersey City- White Plains, NY-NJ MD 35614

Demographic Information for Full-Scope Area: New York – Jersey City – White Plains, NY-NJ MD 35614						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	3,424	12.09	23.54	27.31	34.73	2.34
Population by Geography	14,229,588	14.03	24.06	24.75	36.91	0.25
Owner-Occupied Housing by Geography	2,271,657	2.62	13.40	27.73	56.15	0.10
Businesses by Geography	908,385	7.80	16.88	21.00	52.64	1.68
Farms by Geography	10,610	2.68	9.83	20.60	66.49	0.40
Family Distribution by Income Level	3,297,407	13.20	22.78	25.34	38.59	0.09
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,378,193	77.72	59.92	38.86	19.16	48.89
Median Family Income = \$82,546						
HUD Adjusted Median Family Income for 2017 = \$66,161						
Households Below the Poverty Level = 818,125						
			Median Housing Value = \$477M			
			Unemployment Rate = 5.65%			

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2015 U.S. Census, and 2017 HUD updated MFI.

According to the 2015 U.S. Census, the total population of the AA was 14.23 million. Of the total population, the income distribution of families was 13.20 percent low-income, 22.78 percent moderate-income, 25.34 percent middle-income, and 38.59 percent upper-income. The distribution remains relatively unchanged from metrics reported in the 2010 U.S. Census. According to 2015 U.S. Census data, there were 414 low-income tracts and 806 moderate-income tracts within the AA. Total number of households below the poverty level was high at 818,125 households, or 15.84 percent. The weighted average of median family income was \$82,546, and the HUD adjusted median family income for 2017 was \$66,161 in 2017. Conversely, the median housing value was \$477 thousand. This makes home mortgage affordability more difficult for LMI families.

There are 908,385 businesses within the AA, as well as 10,610 farm businesses. The majority of businesses in the AA are small businesses, with one-to-four employee businesses and five-

to-nine employee businesses representing 69.49 percent and 18.03 percent of total businesses, respectively. Within the AA, 52.64 percent of non-farm businesses are located in upper-income tracts, 21.00 percent in middle-income tracts, 16.88 percent in moderate-income tracts, and 7.80 percent in low-income tracts.

The bank has one full service branch offering a full line of traditional banking products and services. The main office and branch are located at 499 Park Avenue, New York, NY. The branch is open weekdays from 9:00 AM to 4:00 PM.

According to the FDIC Summary of Deposit Market Share report dated June 30, 2017, total deposit were \$233.6 million, all of which were within the market. This represents a 0.02 percent market share within New York County, where bank primarily operates. The bank's main competitors are JPMorgan Chase (149 offices, 43.04 percent market share), HSBC Bank USA (44 offices, 8.23 percent market share), Citibank (72 offices, 6.43 percent market share), and Bank of America (61 offices, 5.24 percent market share).

New York City is a strong player in the financial services, technology, communication, and manufacturing sectors. The three largest economic drivers for the New York-Newark-Jersey City, NY-NJ-PA MMSA economy are financial services, medical centers, and tourism. According to the Bureau of Labor Statistics, unemployment for the New York MMSA for December 2017 was 4.0 percent, down from 4.2 percent year end 2016 and 4.6 percent year end 2015. This is slightly lower in comparison to the national unemployment rate of 4.1 percent for December 2017.

Conclusions with Respect to Performance Criteria

M.Y. Safra's performance under the lending test is "Satisfactory." M.Y. Safra's loan-to-deposit (LTD) ratio is reasonable given the bank's size, lending opportunities, and market area. The bank has made significant progress since the change in business strategy from a non-lending institution to a traditional lending one. A majority of the bank's primary loan products were originated within the AA. When considering the bank's overall performance context, lending to borrowers of different incomes reflects poor penetration given the bank's focus on high-income customers. Geographic distribution of loans within the AA is reasonable. The bank originated loans in low, moderate, middle, and upper-income tracts.

Loan-to-Deposit Ratio

M.Y. Safra's net quarterly loan-to-deposit is reasonable given the institution's size, financial condition, and credit needs of assessment area. The bank's average LTD ratio for the evaluation period is 43.8 percent with a low of 16.7 percent during the first quarter of the period and a high of 78.6 during the last quarter of the period.

M.Y. Safra's quarterly average net loan-to-deposit ratio compares unfavorably against four other similarly situated banks in the surrounding area. The net loan-to-deposit ratios for four other banks over the same time period averaged 103.4 percent. M.Y. Safra ranked last among the other banks with quarterly loan-to-deposit ratios ranging from a low of 71.8 percent and a high of 135.3 percent.

Despite M.Y. Safra's below average loan-to-deposit ratios during the evaluation period, the bank has made significant progress since its acquisition. More weight is placed on the second half of the evaluation period where the LTD increased from 48.3 percent to 78.6 percent as a result of the bank's strategic changes. The transition in business strategy from a wholesale bank to a traditional lending bank is evident in the LTD ratios improving drastically during the evaluation period. Prior to the acquisition, the bank did not engage in any type of lending.

Lending in Assessment Area

M.Y. Safra's loan originations within the AA is outstanding. M.Y. Safra originated a substantial majority of its loans inside the AA, with 85.9 percent by number and 89.9 percent by the dollar volume during 2015-2016. During 2017, M.Y. Safra also originated a substantial majority of its loans inside the AA, with 82.6 percent by number of loans and 91.2 percent by the dollar volume. The result was based on an evaluation of all originated home mortgage loans during the evaluation period.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015	5	83.3	1	16.7	6	4,628	89.0	572	11.0	5,200
2016	23	88.5	3	11.5	26	39,560	90.6	4,117	9.4	43,677
2017	19	82.6	4	17.4	23	27,786	91.2	2,677	8.8	30,463
Subtotal	47	85.5	8	14.5	55	71,974	90.7	7,366	9.3	79,340
<i>Source: Evaluation Period: 1/1/2015 - 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0</i>										

LENDING TEST

The bank's performance under the lending test in New York-Newark-Jersey city, NY-NJ-PA MMSA is rated "Satisfactory." M.Y. Safra's borrower distribution of loans to borrowers of different incomes reflects poor penetration. The bank's geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels.

Lending to Borrowers of Different Incomes

The borrower distribution of loans to borrowers of different incomes reflects poor penetration within the New York-Jersey City-White Plains NY-NJ MD AA.

2015-2017 Performance in the New York-Jersey City-White Plains NY-NJ MD (35614)

The distribution of loans to borrowers between 2015 and 2017 reflects **poor penetration** among borrowers of different incomes. Within those three years, M.Y. Safra originated 47 loans in the AA. The bank did not originate any loans to low-income, moderate-income, or

middle-income individuals. This is considered poor penetration given the demographic data showing that 32.9 percent of families are low-income, 16.0 percent are moderate-income, and 14.6 percent are middle income. However, this poor penetration is a result of the high cost of properties in the AA. The median housing value was \$477 thousand during the evaluation period. This makes home mortgage affordability more difficult for LMI families. The bank did originate 29.8 percent of its loans to upper-income borrowers, well below the 69.3 percent aggregate. However, the bank did not have income available for 70.2 percent of its borrowers. This is high compared to an aggregate of 15.1 percent. In addition, as noted previously, home mortgage affordability is challenging for LMI families in the bank’s assessment area given the median housing value compared to median family income.

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2015-17	
Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
M Y SAFRA NY AA 35614	47	71,974	111.9	32,502	32.9	0.0	1.0	16.0	0.0	3.6	14.6	0.0	11.0	36.5	29.8	69.3	0.0	70.2	15.1	
Total	47	71,974	111.9	32,502	32.9	0.0	1.0	16.0	0.0	3.6	14.6	0.0	11.0	36.5	29.8	69.3	0.0	70.2	15.1	

Source: 2015 ACS Census ; 01/01/2015 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "-" data not available.
Due to rounding, totals may not equal 100.0

Geographic Distribution of Loans

The bank’s geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels. M.Y. Safra meets the standard for satisfactory performance in this criterion. There were no conspicuous gaps identified within M.Y. Safra’s AA.

2015-2017 Performance in the New York-Jersey City-White Plains NY-NJ MD (35614)

Lending levels in M.Y. Safra’s AA reflect reasonable dispersion among geographies of different income levels for home mortgage loans. The bank originated 14.9 percent of loans in low-income geographies, above the 7.4 percent aggregate. We noted the bank originated 34.0 percent of loans in moderate-income geographies, again above the 21.2 percent aggregate. The bank also originated 12.8 percent of its loans in middle-income tracts and 38.3 percent in upper-income tracts.

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2015-17
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
M Y SAFRA NY AA 35614	47	71,974	100.0	32,502	5.8	14.9	7.4	23.3	34.0	21.2	23.9	12.8	20.1	46.9	38.3	50.8	0.1	0.0	0.4
Total	47	71,974	100.0	32,502	5.8	14.9	7.4	23.3	34.0	21.2	23.9	12.8	20.1	46.9	38.3	50.8	0.1	0.0	0.4

Source: 2015 ACS Census; 01/01/2015 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "-" data not available.
 Due to rounding, totals may not equal 100.0

Responses to Complaints

The bank did not receive any CRA-related complaints during the evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test : (01/01/15 to 12/31/17)	
Financial Institution	Products Reviewed	
M.Y. Safra Bank, Federal Savings Bank (M.Y. Safra) New York, NY	Home Mortgage Loans	
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
New York-Jersey City-White Plains, NY-NJ Metropolitan Division 35614	Full-Scope	

Appendix B: Summary of Metropolitan Division Rating

Overall Bank:	Lending Test Rating
M.Y. Safra Bank, Federal Savings Bank	Satisfactory
Metropolitan Division	
New York-Jersey City-White Plains, NY-NJ Metropolitan Division 35614	Satisfactory

Appendix C: Community Profiles for Full-Scope Areas

New York – Jersey City – White Plains, NY-NJ- MD 35614

Demographic Information for Full-Scope Area: New York – Jersey City – White Plains, NY-NJ MD 35614						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	3,424	12.09	23.54	27.31	34.73	2.34
Population by Geography	14,229,588	14.03	24.06	24.75	36.91	0.25
Owner-Occupied Housing by Geography	2,271,657	2.62	13.40	27.73	56.15	0.10
Businesses by Geography	908,385	7.80	16.88	21.00	52.64	1.68
Farms by Geography	10,610	2.68	9.83	20.60	66.49	0.40
Family Distribution by Income Level	3,297,407	13.20	22.78	25.34	38.59	0.09
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,378,193	77.72	59.92	38.86	19.16	48.89
Median Family Income HUD Adjusted Median Family Income for 2017 Households Below the Poverty Level	= \$82,546 = \$66,161 = 818,125	Median Housing Value Unemployment Rate		= \$477M = 5.65%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2015 U.S. Census, and 2017 HUD updated MFI.

The New York – Newark – Jersey City, NY-NJ-PA MMSA (#35620) includes the five New York City counties of Bronx, Queens, Kings, New York, and Richmond. The MMSA also includes the New York counties of Westchester, Rockland, Orange, Suffolk, Nassau, Putnam, and Dutchess; the New Jersey counties of Bergen, Hudson, Middlesex, Monmouth, Ocean, Passaic, Essex, Union, Morris, Somerset, Sussex, and Hunterdon; and the Pennsylvania county of Pike.

The M.Y. Safra assessment area (AA) is the New York-Jersey City-White Plains, NY-NJ MD (#35614). The AA includes the New York City counties of Bronx, Queens, Kings, New York, and Richmond; the New York State counties of Westchester, Rockland, and Orange; as well as the New Jersey counties of Bergen, Hudson, Middlesex, Monmouth, Ocean, and Passaic. However, the bank primarily operates in New York and Kings County.

According to the 2015 U.S. Census, the total population of the AA was 14.23 million. Of the total population, the income distribution of families was 13.20 percent low-income, 22.78 percent moderate-income, 25.34 percent middle-income, and 38.59 percent upper-income. The distribution remains relatively unchanged from metrics reported in

the 2010 U.S. Census. According to 2015 U.S. Census data, there were 414 low-income tracts and 806 moderate-income tracts within the AA. Total number of households below the poverty level was high at 818,125 households, or 15.84 percent. The weighted average of median family income was \$82,546, and the HUD adjusted median family income for 2017 was \$66,161 in 2017.

There are 908,385 businesses within the AA, as well as 10,610 farm businesses. The majority of businesses in the AA are small businesses, with one-to-four employee businesses and five-to-nine employee businesses representing 69.49 percent and 18.03 percent of total businesses, respectively. Within the AA, 52.64 percent of non-farm businesses are located in upper-income tracts, 21.00 percent in middle-income tracts, 16.88 percent in moderate-income tracts, and 7.80 percent in low-income tracts. There are 1.68 percent of businesses that are not located in any income geography. The majority of businesses in the AA are within the services industry (46.59 percent), followed by retail trade (14.96 percent) and finance/insurance/real estate (8.93 percent). Non-classifiable establishments represent 9.06 percent of total businesses. Women-owned and minority-owned businesses represent 5.64 percent and 2.76 percent of total businesses, respectively.

The New York MMSA is a saturated banking environment, with multiple large banks having a significant presence in the area. Due to the heightened competition, the larger institutions conduct the majority of banking and lending activity in the area. M.Y. Safra has one branch within the MD. According to the FDIC Summary of Deposit Market Share report dated June 30, 2017, total deposit were \$233.6 million, all of which were within the market. This represents a 0.02 percent market share within New York County, where bank primarily operates. The bank's main competitors are JPMorgan Chase (149 offices, 43.04 percent market share), HSBC Bank USA (44 offices, 8.23 percent market share), Citibank (72 offices, 6.43 percent market share), and Bank of America (61 offices, 5.24 percent market share).