



## **PUBLIC DISCLOSURE**

February 16, 2016

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

Abacus Federal Savings Bank  
Charter Number 708059

6 Bowery  
New York, NY 10013-5101

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 major factors supporting the institution's rating include:

- The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, assessment area (AA), credit needs, and relevant competitive factors.
- A substantial majority of loans originated are in the bank's AA.
- The record of lending reflects reasonable distribution of residential real estate loans within low-income and moderate-income geographies.
- The distribution of loans reflects reasonable penetration among borrowers of different income levels.

## **SCOPE OF EXAMINATION**

We evaluated Abacus Federal Savings Bank's Community Reinvestment Act (CRA) performance using the Small Community Bank CRA procedures. The evaluation period covers January 1, 2013 through December 31, 2015.

Abacus is primarily a mortgage lender, and as of December 31, 2015, one-to-four family mortgages represent approximately 49.25 percent of the bank's total loan portfolio. This performance evaluation analyzed the institution's residential real estate loans. For purposes of this evaluation, residential loans include home purchase, and home refinance loans reported pursuant to the Home Mortgage Disclosure Act (HMDA). The bank did not offer home improvement loans.

We used the bank's 2013, 2014, and 2015 HMDA data to conduct our analyses and to form conclusions regarding the bank's lending performance. The reliability, accuracy, and integrity of the bank's HMDA data from January 1, 2013 through December 31, 2015 was determined to be satisfactory.

## **DESCRIPTION OF INSTITUTION**

Abacus is a \$241 million minority depository institution headquartered in New York, NY that primarily provides credit and bank facilities to the Asian-American community. A group of Chinese business leaders founded the bank in December 1984. The principal organizer continues to serve as the bank's Chairman of the Board.

This small minority owned financial institution operates six full-service bank branches located in major Asian-American communities—Manhattan’s Chinatown; the New York City Financial District; Flushing, Queens, Sunset Park, Brooklyn; Philadelphia, Pennsylvania; and Edison, New Jersey. The bank has an administrative office located in the New York City Financial District branch. The bank has two branches located in low-income geographies: the Bowery Branch and the Brooklyn Branch. The bank has one branch located in a moderate-income geography: the Philadelphia Branch. The World Trade Center Branch and Flushing Branch are located in a middle-income geography. The Edison Branch is located in an upper-income geography. During this examination period, the bank did not close or open any branches.

Branch hours are generally from 8:30AM to 4:00PM Monday through Friday. Five of the six branches, with the exception of the World Trade Center Branch, are open on Saturday from 10:00AM to 3:00PM. Three of the six branches are open on Sunday with hours from 10:00AM to 4:00PM. Services do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and/or individuals.

The bank generally offers traditional thrift products and services. The bank also offers limited electronic access, such as automatic teller machines (ATM) and a non-transactional website. All of the branches have an ATM onsite. Further, the bank advertises on a limited basis, primarily via statement stuffers and branch notices. Three of the branches offer Safe Deposit Services: the Bowery Branch, the Flushing Branch, and the Philadelphia Branch.

As of December 31, 2015, Abacus reported total assets of \$241 million, supported by total deposits of \$198 million. Net Tier 1 Leverage capital is \$41 million. The loan portfolio totaled \$178 million, or 73.16 percent of total assets.

Abacus has a longstanding practice of selling a majority of mortgage loan originations into the secondary market. Abacus has no financial or legal impediments affecting the bank’s ability to meet the credit needs of the community. The Office of Thrift Supervision (OTS) rated this bank “Outstanding” in their review dated May 4, 2009.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank’s AA comprises two, non-contiguous assessment areas for its primary lending. These two AA’s includes: Kings, Queens and New York Counties, and Middlesex County NJ, NY-NJ Metropolitan Division (MD) #35614; and Philadelphia County, PA MD #37964.

**Kings Queens, New York, and Middlesex Counties, NY Metropolitan Division (MD)  
#35614**

Demographic Information for Full Scope Area: 2015 Abacus 35614 AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,893	10.09	28.68	31.06	27.47	2.69
Population by Geography	7,131,153	12.17	31.68	26.94	29.13	0.08
Owner-Occupied Housing by Geography	979,163	3.06	18.36	32.65	45.93	0.00
Business by Geography	503,205	7.63	21.14	22.09	45.94	3.19
Farms by Geography	2,695	3.82	15.77	23.93	55.62	0.85
Family Distribution by Income Level	1,608,922	27.93	16.60	16.80	38.67	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	716,476	20.74	42.22	24.81	12.22	0.00
Median Family Income HUD Adjusted Median Family Income for 2015 Households Below Poverty Level		68,006 71,300 16%	Median Housing Value Unemployment Rate (2010 US Census)		549,711 5.1%	

Source: 2010 US Census and 2015 HUD updated MFI.

Housing Type	Count	Percentage
Owner Occupied Units	979,163	33.19%
Rental Occupied Units	1,708,741	57.92%
Total Rental Units	1,795,146	60.85%
Total Condo Units	NA	NA
1-4 Family Units	1,266,074	42.91%
Multifamily Units	1,677,659	56.86%
Mobile Homes or Trailers	4,937	0.17%
Other Units	1,677	0.06%
Occupied Housing Units	2,687,904	91.10%
Vacant Units	262,443	8.90%
<b>Total Housing Units</b>	<b>2,950,347</b>	<b>100.00%</b>

Tract Characteristics	Count	Percentage
Low	172	9.09%
Moderate	496	26.02%
Middle	658	34.76%
Upper	516	27.26%
N/A	51	2.69%

The Table below illustrates the demographic data for the Philadelphia County, PA MD #37964, which is compiled by the: 2010 US Census and 2015 HUD.

**Philadelphia County, PA MD #37964**

Demographic Information for Full Scope Area: 2015 Abacus 37964 AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	384	15.89	28.91	26.56	25.52	3.13
Population by Geography	1,526,006	15.79	31.70	28.80	23.08	0.63
Owner-Occupied Housing by Geography	317,755	11.01	29.11	33.47	26.40	0.01
Business by Geography	96,515	10.94	22.20	25.65	39.20	2.00
Farms by Geography	523	6.88	18.93	27.72	44.17	2.29
Family Distribution by Income Level	311,376	30.22	17.57	17.62	34.59	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	148,805	23.38	41.44	25.13	10.01	0.04
Median Family Income HUD Adjusted Median Family Income for 2015 Households Below Poverty Level		54,139 56,200 23%		Median Housing Value Unemployment Rate (2010 US Census)		159,504 4.8%

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2015 HUD updated MFI

Housing Type	Count	Percentage
Owner Occupied Units	317,755	47.50%
Rental Occupied Units	256,733	38.38%
Total Rental Units	287,317	42.95%
Total Condo Units	NA	NA
1-4 Family Units	550,093	82.23%
Multifamily Units	117,459	17.56%
Mobile Homes or Trailers	1,255	0.19%
Other Units	137	0.02%
Occupied Housing Units	574,488	85.88%
Vacant Units	94,456	14.12%
<b>Total Housing Units</b>	<b>668,944</b>	<b>100.00%</b>

Tract Characteristics	Count	Percentage
Low	61	15.89%
Moderate	111	28.91%
Middle	102	26.56%
Upper	98	25.52%

N/A	12	3.13%
-----	----	-------

### **Loan-to-Deposit Ratio**

Abacus has a net loan-to-deposit (LTD) ratio that is reasonable given the institution's size, financial condition, and credit needs of the AAs. The bank's average LTD ratio for the prior fourteen quarters is 64.84 percent. The quarterly average LTD ratio compares reasonably well with other similarly situated financial institutions during the same time period. The average LTD ratio for these institutions was 75.05 percent, ranging from a low of 12.56 percent to a high of 97.58 percent.

## **Multistate Metropolitan Statistical Area Rating**

### **New York-Newark-Jersey City, NY-NJ-PA (MSA) (MMSA of NY-NJ)**

#### **CRA Rating for the NY-NJ MMSA: Outstanding**

#### **The lending test for the NY-NJ MMSA is rated: Outstanding**

The major factors that support this rating include:

- A substantial majority of loans were made within the bank's assessment area (AA).
- The record of lending reflects excellent distribution to residential real estate loans within low-income and moderate-income geographies.
- The distribution of loans reflects reasonable penetration among borrowers of different income levels.

### **Description of Institution's Operations in the MMSA of NY-NJ**

Abacus operates within four counties of the MMSA of NY-NJ: Kings, Queens, New York, and Middlesex. This reflects a change from the previous evaluation, due to the Office of Management and Budget (OMB) changes in 2014, the Edison-New Brunswick NJ MD no longer exists.

Abacus provides a standard range of home mortgage loan and deposit products across the four counties within this MMSA (bank's assessment area or AA). Five of the six branches are located within this MMSA. Each of the five branches have deposit-taking ATMs. There were no branch openings or closings within the MMSA during the evaluation period. As of June 30, 2015, the bank held total deposits of \$177 million within this AA, representing a 0.02 percent market share. The majority of the bank's deposits are within this AA (89 percent). The banking industry is very competitive in this AA as it includes branches of national and large regional banks, and local community banks. As of June 30, 2015, there were 135 lenders with branches in this MMSA.

### **Scope of Evaluation in the MMSA of NY-NJ**

For the MMSA of NY-NJ, we completed a full-scope review of the New York-Newark-Jersey City, NY-NJ-PA (MSA). The bank has five branches within the MMSA.

## LENDING TEST

### Lending In Assessment Area

A substantial majority of loans were made within the bank's AA. The majority of Abacus's primary loan products originated are to consumers located within the bank's AA. Abacus originated 79.75 percent by number and 86.43 percent by dollar amount of loans in the AA. The following table details the bank's lending within the AA by number and dollar amount of loans.

Lending in AA 35614										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	21	72.41	8	27.59	29	10,470	76.30	3,252	23.70	13,722
Home Refinance	42	84.00	8	16.00	50	24,028	91.74	2,163	8.26	26,191
Totals	63	79.75	16	20.25	79	34,498	86.43	5,415	13.57	39,913

### Distribution of Loans by Income Level of the Geography

Abacus's lending in geographies of different income levels within its AA reflects excellent distribution. The bank's lending in low-income and moderate-income geographies is excellent compared to the population percentage within those geographies.

#### *Home Purchase Loans*

During 2013-14, the distribution of home purchase loans in low-income geographies met the standard as the performance falls within a reasonable range below the industry comparators. Abacus did not originate any home purchase loans in low-income geographies, however our review of aggregate lender data for home purchase loans indicates limited lending opportunities due to high housing prices. During this evaluation period, only 3.72 percent of all home purchase loans originated within the bank's AA were originated in low-income geographies.

During 2013-14, the distribution of home purchase loans in moderate-income geographies met the standard, as the performance falls within a reasonable range below the industry comparators.

During 2015, the distribution of home purchase loans in low-income geographies exceeds the standard, as the bank's performance significantly exceeds comparators. Abacus originated 6.67 percent of home purchase loans in low-income geographies, when only 3.54 percent of all home purchase loans originated within the bank's AA were originated in low-income geographies during this evaluation period.



During 2015, the distribution of home purchase loans in moderate-income geographies exceeds the standard, as the bank's performance significantly exceeds comparators. Abacus originated 26.67 percent of home purchase loans in moderate-income geographies, when only 17.66 percent of all home purchase loans originated within the bank's AA were originated in moderate-income geographies during this evaluation period.

### ***Home Mortgage Refinance Loans***

During 2013-14, the distribution of home mortgage refinance loans in low-income and moderate-income geographies significantly exceeded comparators. Our review of the aggregate lender data for home mortgage refinance loans confirms that Abacus's percentage of lending in low-income and moderate-income geographies within the AA significantly exceeds comparators and exceeds the standard of other lenders.

During 2015, the distribution of home mortgage refinance loans in low-income geographies exceeds the standard, as the bank's performance significantly exceeds comparators. Abacus originated 6.45 percent of home mortgage refinance loans in low-income geographies, when only 3.41 percent of all home mortgage refinance loans originated within the bank's AA were originated in low-income geographies during this evaluation period.

During 2015, the distribution of home mortgage refinance loans in moderate-income geographies exceeds the standard, as the bank's performance significantly exceeds comparators. Abacus originated 41.99 percent of home mortgage refinance loans in moderate-income geographies, when only 15.18 percent of all home mortgage refinance loans originated within the bank's AA were originated in moderate-income geographies during this evaluation period.

### ***Multi-Family Loans***

During 2013-14, the distribution of multi-family loans in low-income geographies meets the standard as the performance falls within a reasonable range below the industry comparators. In the same evaluation period, the distribution of multi-family loans in moderate-income geographies exceeds the standard as the performance significantly exceeds comparators.

During 2015, the distribution of multi-family loans in low-income geographies exceeds the standard, as the bank's performance significantly exceeds comparators. Abacus originated 23.53 percent of home multi-family loans in low-income geographies, when only 12.31 percent of all home multi-family loans originated within the bank's AA were originated in low-income geographies during this evaluation period.

During 2015, the distribution of home multi-family loans in moderate-income geographies exceeds the standard. Abacus originated 41.18 percent of multi-family loans in moderate-income geographies, when only 36.03 percent of all multi-family loans originated within the bank's AA were originated to moderate-income geographies during this evaluation period.

### ***Lending Gap Analysis***

We reviewed summary reports and maps and analyzed Abacus's home mortgage lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

### **Distribution of Loans by Income Level of the Borrower**

Abacus's distribution of loans reflects reasonable penetration among borrowers of different income levels.

#### ***Home Purchase Loans***

During 2013-14, the distribution of home purchase loans to low-income borrowers were reasonable. Our review of the aggregate lender data for home purchase loans showed only 2.25 percent of all home purchase loans originated within the bank's AA were to low-income borrowers.

During 2013-14, the distribution of home purchase loans to moderate-income borrowers were significantly lower than comparators and reflects weak penetration. Abacus did not originate any home purchase loans to moderate-income borrowers. Our review of the aggregate lender data for home mortgage loans showed that Abacus's percentage of lending to moderate-income borrowers within the AA is significantly lower than comparators and does not meet the standard.

In 2015, the distribution of home purchase loans to low-income borrowers was did not meet the standard. Although Abacus did not originate any home purchase loans to low-income borrowers, our review of the aggregate lender data for home purchase loans showed only 1.83 percent of all home purchase loans originated within the bank's AA were to low-income borrowers.

In 2015, the distribution of home purchase loans to moderate-income borrowers was significantly lower than comparators and reflects weak penetration. Abacus did not originate any home purchase loans to moderate-income borrowers. Our review of the aggregate lender data for home mortgage loans confirms that Abacus's percentage of lending to moderate-income borrowers within the AA is significantly lower and does not meet the standard.

### ***Home Mortgage Refinance Loans***

During 2013-14, the distribution of home mortgage refinance loans to low-income and moderate-income borrowers significantly exceeded comparators. Our review of the aggregate lender data for home mortgage refinance loans confirms that Abacus's percentage of lending to low-income and moderate-income borrowers within the AA significantly exceeds comparators and exceeds the standard.

In 2015, the distribution of home mortgage refinance loans to low-income borrowers was significantly lower than comparators and reflects poor distribution. In 2015, only 3.96 percent of all home mortgage refinance loans originated within the bank's AA were originated to low-income borrowers.

In 2015, the distribution of home mortgage refinance loans to moderate-income borrowers significantly exceeds comparators. Our review of the aggregate lender data for home mortgage refinance loans indicates that Abacus's percentage of lending to moderate-income borrowers is 14.29 percent. This significantly exceeds comparators as the aggregate percentage is 9.47 percent to moderate income borrowers.

## **State Rating- State of Pennsylvania**

### **CRA Rating for Pennsylvania: Substantial Non-Compliance The lending test is rated: Substantial Non-Compliance**

The major factors that support this rating include:

- The record of lending reflects very poor distribution of residential real estate loans within low-income and moderate-income geographies as the bank did not conduct any lending activity during this evaluation period.
- The distribution of loans reflects very poor distribution among borrowers of different income levels as the bank did not conduct any lending activity during this evaluation period.

### **Description of Institution's Operations in Pennsylvania**

Abacus has one AA within the state of Pennsylvania. This AA is comprised of the Philadelphia County, PA MD #37964. Within this AA, there is one branch located in Philadelphia. The Philadelphia Branch is located in a moderate-income geography.

As of June 30, 2015 the Philadelphia Branch held only \$13.96 million in deposits. This represents approximately 7 percent of the bank's total deposits. Abacus represented a 0.03 percent of the market share in Philadelphia County. The banking industry is very competitive in the Philadelphia County AA as it includes branches of national and large regional banks, and local community banks. As of June 30, 2015, there were 344 lenders with branches in this AA.

During this examination period, the bank did not close or open any branches within this AA. Branch hours are from 9:00AM to 4:00PM Monday through Friday. This branch is also open on Saturday from 9:00AM to 2:00PM. Services do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and/or individuals.

The bank offers traditional thrift products and services. The bank also offers limited electronic access, such as automatic teller machines (ATM) and a non-transactional website. Like all of the branches, the Philadelphia Branch has an ATM onsite. The Philadelphia branch offers Safe Deposit Services.

## **Scope of Evaluation in Pennsylvania**

For the state of Pennsylvania, we completed a full-scope review of the Philadelphia County MD. During the evaluation period, the bank did not make any loans in the MD.

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test in the state of Pennsylvania is rated "Substantial Noncompliance." The bank's performance in the AA is very poor and does not meet the standard because the bank did not conduct any HMDA lending activities within the AA. Historically, the bank's strategy was to sell one-to-four family mortgage loans that it originated in the Philadelphia AA into the secondary market. During the evaluation period, the bank lost its ability to sell one-to-four family loans to its primary correspondent, and as a result, lending in the Philadelphia market was curtailed. The bank plans to resume lending activity in this area by re-engaging with local mortgage and real estate brokers and marketing to the local community regarding their residential loan program.

### **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of the bank's lending in the state of Pennsylvania was very poor since the bank did not conduct any HMDA lending activities.

#### ***Lending Gap Analysis***

Since there was no lending activity, it was not meaningful to review the bank's lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. The census tracts chosen within those counties were selected to be part of the AA due to the location of the bank's branch in Philadelphia. This AA consists of the whole geography, and meets the requirements of the CRA regulation, and do not arbitrarily exclude any LMI areas.

### **Distribution of Loans by Income Level of the Borrower**

The overall borrower distribution of the bank's lending is very poor as the bank did not have any HMDA reportable lending activities for this evaluation period.

### ***Home Mortgage Loans***

The overall borrower distribution of home mortgage loans is very poor as the bank did not have any HMDA reportable lending activities for this evaluation period.

### **Responses to Complaints**

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

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.