



## **PUBLIC DISCLOSURE**

May 14, 2018

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

KEB Hana Bank USA, National Association  
Charter Number 20622

2024 Center Avenue, Fort Lee, NJ 07024

Office of the Comptroller of the Currency

340 Madison Avenue, Fourth Floor, New York, NY 10173

**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, and should not 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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## **Overall CRA Rating**

**Institution's CRA Rating: This Institution is rated Satisfactory.**

**The Lending Test is rated: Satisfactory.**

- KEB Hana Bank's average loan-to-deposit (LTD) ratio is reasonable when compared to similarly situation institutions;
- Overall, the Bank originated a substantial majority of its primary loan product within the assessment area (AA);
- The distribution of loans to businesses of different sizes reflects reasonable penetration within the AA;
- The Bank's geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels within the AA; and
- KEB Hana Bank has not received any CRA related complaints during the evaluation period.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** 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 areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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:** 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**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) 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.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

KEB Hana Bank, USA, National Association (KEB Hana or Bank), formerly known as BNB Hana Bank, National Association (NA), began operations on September 16, 1986. KEB Hana is a wholly owned subsidiary of Hana Bancorp Incorporated. Hana Bancorp Incorporated is majority owned by KEB Hana Bank in Seoul, South Korea, which is a member of the Hana Financial Group, a large financial conglomerate also headquartered in Seoul, South Korea. In September 2003, KEB Hana's main office was relocated from New York City, New York (NY) to Fort Lee, New Jersey (NJ). KEB Hana currently operates a full-service branch in Fort Lee, NJ, a full-service branch in New York City, NY, and a full-service branch in Flushing, NY. The Fort Lee branch is also the main office. Each branch has an automated teller machine (ATM) and reasonable lobby hours. During the evaluation period, on September 4, 2015, the Bank opened the Flushing, NY branch in a moderate-income tract. The Bank also closed the Palisades Park, NJ branch during the evaluation period on April 30, 2017. This branch was located in a middle-income census tract.

As of March 31, 2018, KEB Hana had total assets of \$204.06 million and tier one capital totaled \$45 million. Net loans and leases were 65.7 percent of total assets and total deposits were 77.3 percent of total assets. The loan portfolio totaled \$134.14 million as of March 31, 2018 and 99.6 percent of the loan portfolio consists of real estate loans. Non-farm non-residential loans comprise 91.6 percent of total loans and multifamily loans comprise 6.52 percent of total loans. Commercial real estate and business lending activities dominate the Bank's lending activities and loan portfolio.

KEB Hana's primary lending product is loans to businesses, specifically commercial real estate loans. All new originations are held in the portfolio. 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 largest banking institutions in the global market. Historically, the Bank offered Small Business Administration loans and sold participations on the guaranteed portions of the loans. Due to a change in business strategy, the Bank's lending strategy is now focused on originating commercial real estate loans.

Bank operations during the evaluation period were such that there were no financial or legal impediments hindered KEB Hana's ability to meet the needs of its customer base over the evaluation period. KEB Hana received a "Satisfactory" rating during the previous CRA evaluation, dated March 9, 2015.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

KEB Hana's CRA 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 AA through lending activities. KEB Hana's primary lending product is loans to businesses. The evaluation period for the Lending Test covers business loan data from January 1, 2015 to December 31, 2017. The evaluation period under the Lending Test consists of two distinct time periods: January 1, 2015 through December 31, 2016, and January 1, 2017 through December 31, 2017. The first time period is evaluated using 2010 U.S. Census demographic information, and the second time period is evaluated using the 2015 American Community Survey (ACS) data. The separation is due to the 2015 ACS data change on impacted income categorizations. The Bank's Lending Test performance for the years 2015 and 2016 were evaluated on a combined basis. Due to changes in census data effective January 1, 2017, the 2017 lending performance was evaluated separately.

### Selection of Areas for Full-Scope Review

KEB Hana has one AA which includes the census tracts located in the counties of Bronx, Kings, New York, Queens, and Westchester in New York (NY) and the counties of Passaic, Hudson, and Bergen in New Jersey (NJ). The AA is part of 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). All of the Bank's three full-service branches are located in the New York - Jersey City - White Plains, NY - NJ MD (35614). This AA will receive a full-scope review. The Bank's AA meets the requirements of the regulation and does not arbitrarily exclude any LMI areas. *Refer to Appendix A for more information.*

### Ratings

The Bank's overall rating is based solely on the full-scope review of its one AA.

## **Discriminatory 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.

## Conclusions with Respect to Performance Criteria

KEB Hana’s performance under the Lending Test is Satisfactory. KEB Hana’s LTD ratio is reasonable given the Bank’s size, lending opportunities, and market area. A substantial majority of the Bank’s primary loan products were originated within the AA. The Bank’s record of lending to businesses of different sizes reflects reasonable distribution given the performance context. Geographic distribution of loans to businesses in LMI census tracts is reasonable given the performance context. Performance context includes the high level of competition in the AA and limited demand from businesses in LMI census tracts.

### Loan-to-Deposit Ratio

KEB’s net quarterly LTD ratio is reasonable given the institution’s size, financial condition, and the credit needs of the AA. The Bank’s average LTD ratio for the prior twelve quarters since the last evaluation is 79.82 percent, with a quarterly high of 85.02 at March 31, 2018 and a quarterly low of 73.81 at March 31, 2015. KEB’s quarterly average net LTD ratio compares positively with eight other similarly situated banks in the surrounding area. The net LTD ratios for eight other banks over the same twelve quarters averaged 82.68 percent. KEB ranked 5<sup>th</sup> among eight other banks with quarterly LTD ratios ranging from a low of 53.89 percent to a high of 125.31 percent.

### Lending in Assessment Area

KEB Hana originated a substantial majority of its loans inside the AA. The Bank extended a high percentage of business loans to borrowers inside the AA. In the 2015-2016 evaluation period, KEB Hana originated 38 loans or 80.85 percent of total loans by number in the AA, and \$44.855 million or 78.74 percent by dollar volume originated. During the 2017 evaluation period, KEB Hana originated a substantial majority of business loans inside the AA, with 20 loans or 95.24 percent of total loans made inside the AA, and \$21.433 million or 95.97 percent of loans by dollar volume. This result was based on an evaluation of all originated business loans during the evaluation period.

Table 1 - 2015-2016 Lending in New York - Jersey City - White Plains, NY - NJ										
Loan Type	Number of Loans					Dollars of Loans (\$000s)				
	Inside		Outside		Total (#)	Inside		Outside		Total (\$)
	#	%	#	%		\$	%	\$	%	
Business	38	80.85	9	19.15	47	44,855	78.74	12,112	21.26	56,967
Totals	38	80.85	9	19.15	47	44,855	78.74	12,112	21.26	56,967

Source: 2015-2016 Bank Provided Loan Data

<b>Table 1A - 2017 Lending in New York - Jersey City - White Plains, NY - NJ</b>										
Loan Type	Number of Loans					Dollars of Loans (\$000s)				
	Inside		Outside		Total (#)	Inside		Outside		Total (\$)
	#	%	#	%		\$	%	\$	%	
Business	20	95.24	1	4.76	21	21,433	95.97	900	4.03	22,333
Totals	20	95.24	1	4.76	21	21,433	95.97	900	4.03	22,333

Source: 2017 Bank Provided Loan Data

## **Multistate Metropolitan Area Rating**

### **New York - Newark - Jersey City, NY-NJ-PA Multistate Metropolitan Area**

#### **CRA rating for the New York - Newark - Jersey City, NY-NJ-PA Multistate**

**Metropolitan area<sup>1</sup>: Satisfactory**

**The Lending Test is rated: Satisfactory**

- KEB Hana's distribution of loans to businesses of different sizes reflects reasonable penetration and meets the standard for satisfactory performance; and
- The Bank's geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels and meets the standard for satisfactory performance.

### **Description of Institution's Operations in New York - Newark - Jersey City, NY-NJ-PA Multistate Metropolitan Area**

KEB Hana 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 MMSA (35620). All of the Bank's three full-service branches are located in the New York - Jersey City - White Plains, NY - NJ MD (35614). The Bank's lending activities are concentrated in this MD. The AA meets the requirements of the regulation and does not arbitrarily exclude any LMI areas. The entire MMSA includes the Nassau County-Suffolk County NY MD (35004), the Newark, NJ-PA MD (35084), and the Dutchess County-Putnam County, NY MD (20524), but these MDs are not included in the analysis. *Please refer to Appendix C for more information.*

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<sup>1</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

## **Scope of Evaluation in New York - Newark - Jersey City, NY - NJ - PA Multistate Metropolitan Area**

KEB Hana operates in the New York- Jersey City - White Plains, NY - NJ MD (35614). The MD is part of the multistate New York - Newark - Jersey City, NY - NJ - PA MMSA (35620). The New York - Jersey City - White Plains, NY - NJ MD received a full-scope review. We sampled 100 percent of business loans to assess borrower and geographic distribution. Our evaluation period for this test was January 1, 2015 through December 31, 2017.

During our evaluation, we contacted one local community organization to gain an understanding of the economic and demographic characteristics in KEB Hana's operating environment. We spoke with the executive director of the organization 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.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN New York – Newark – Jersey City, NY-NJ-PA Multistate Metropolitan Area**

### **LENDING TEST**

The Bank's performance under the Lending Test is satisfactory. The LTD ratio is reasonable. KEB Hana originated a substantial majority of its loans inside the AA. The record of lending to businesses of different sizes reflects reasonable penetration given the performance context. Geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels given the performance context.

#### **Lending to Businesses of Different Sizes**

The distribution of loans to businesses of different sizes reflects reasonable penetration within AA.

### **2015-2016 Evaluation Period**

KEB Hana's performance in the 2015-2016 evaluation period represents a reasonable distribution to businesses of different sizes. In the 2015-2016 evaluation period, KEB Hana originated 38 business loans inside the AA, with 81.58 percent of those loans originated to small businesses. By dollar volume, KEB Hana originated 87.02 percent of loans in the 2015-2016 period to small businesses. Small businesses report revenues of gross annual revenues of \$1 million or less. This performance is reasonable, as 85.3 percent of businesses in the AA are considered small businesses. The Bank did not have business revenue information for 13.16 percent of the total number of loans originated in the AA, or 0.62 percent of loans by dollar volume.

<b>Table 2 – Distribution of Loans to Businesses By Business Revenue in the AA During 2015-2016 Evaluation Period</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	85.30	7.46	7.24	100
% of Bank Loans in AA by #	81.58	5.26	13.16	100
% of Bank Loans in AA by \$	87.02	12.36	0.62	100

*Sources: 2016-2016 Bank Provided Loan Data; Dun & Bradstreet Business Demographic Data as of June 2017; 2015 ACS U.S. Census Data*

### **2017 Evaluation Period**

KEB Hana's performance in the 2017 evaluation period represents a reasonable distribution to businesses of different sizes. In the 2017 evaluation period, KEB Hana originated 20 loans inside the AA, with 75 percent of those loans originated to small businesses. By dollar volume, KEB Hana originated 98.91 percent of loans in the 2017 period to small businesses. Small businesses report revenues of gross annual revenues of \$1 million or less. This performance is reasonable, as 85.63 percent of businesses in the AA are considered small businesses. The Bank did not have business revenue information for 25 percent of the total number of loans originated in the AA, or 1.09 percent of loans by dollar volume.

<b>Table 2A – Distribution of Loans to Businesses By Business Revenue in the AA During 2017 Evaluation Period</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	85.63	7.31	7.06	100
% of Bank Loans in AA by #	75	0	25	100
% of Bank Loans in AA by \$	98.91	0	1.09	100

*Sources: 2017 Bank Provided Loan Data; Dun & Bradstreet Business Demographic Data as of June 2017; 2015 ACS U.S. Census Data*

**Geographic Distribution of Loans**

The Bank’s geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels within the AA.

**2015-2016 Evaluation Period**

KEB Hana’s loan to business lending performance in the 2015-2016 evaluation period represents reasonable dispersion to geographies of different income levels. The Bank originated 10.53 percent of loans by number to businesses located in low-income census tracts, which slightly exceeds the 8.78 percent of businesses and farms in the AA located in low-income census tracts. The Bank originated 26.32 percent of loans by number to businesses located in moderate-income tracts, which exceeds the 20.23 percent of businesses and farms in the AA located in moderate-income tracts.

<b>Table 3 – Distribution of Loans to Businesses/Farms By Census Tract Income Level in the AA During 2015-2016 Evaluation Period</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses/Farms	% of # of Loans	% of AA Businesses/Farms	% of # of Loans	% of AA Businesses/Farms	% of # of Loans	% of AA Businesses/Farms	% of # of Loans
Business	8.78	10.53	20.23	26.32	22.01	21.05	46.67	42.10

*Sources: 2015-2016 Bank Provided Loan Data; Dun & Bradstreet Business Demographic Data as of June 2017; 2015 ACS U.S. Census Data.*

**2017 Evaluation Period**

KEB Hana’s loan to business lending performance in the 2017 evaluation period represents reasonable dispersion to geographies of different income levels. The Bank did not originate any loans to businesses located in a low-income census tract. However, the Bank originated 30 percent of loans by number to businesses located in a moderate-income census tract, compared to 18.93 percent of businesses and farms in the AA that are located in moderate-income tracts. This excellent dispersion in moderate-income tracts, combined with factors including significant competition in the AA, is weighed against poor performance in the low-income tracts.

<b>Table 3A – Distribution of Loans to Businesses/Farms By Census Tract Income Level in the AA During 2017 Evaluation Period</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses/Farms	% of # of Loans	% of AA Businesses/Farms	% of # of Loans	% of AA Businesses/Farms	% of # of Loans	% of AA Businesses/Farms	% of Number of Loans
Business	9.23	0	18.93	30	20.12	20	49.56	50

*Sources: 2017 Bank Provided Loan Data; Dun & Bradstreet Business Demographic Data as of June 2017; 2015 ACS U.S. Census Data.*

**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”).

<b>Time Period Reviewed</b>	Lending Test : (01/01/15 to 12/31/17)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
KEB Hana Bank, National Association, Fort Lee, NJ	Business Loans	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
New York - Jersey City - White Plains, NY - NJ Metropolitan Division 35614 (Passaic, Hudson, Bergen, Bronx, Kings, New York, Queens, Westchester Counties)	Full-Scope	

# Appendix B: Summary of Multistate Metropolitan Area Rating

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Overall Bank:	Lending Test Rating
KEB Hana Bank, National Association	Satisfactory
Multistate Metropolitan Area	
New York-Newark-Jersey City, NY-NJ-PA Multistate MSA 35620	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)	2,725	14.24	26.79	27.45	28.88	2.64
Population by Geography	11,018,100	17.02	27.76	24.19	30.71	0.33
Owner-Occupied Housing by Geography	1,469,826	3.62	16.63	28.27	51.34	0.15
Businesses by Geography	699,820	9.28	18.98	20.12	49.45	2.17
Farms by Geography	5,846	4.05	13.96	19.23	62.08	0.68
Family Distribution by Income Level	2,494,112	29.39	15.53	15.36	39.73	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,120,256	28.64	36.00	22.07	13.17	0.13
Median Family Income HUD Adjusted Median Family Income for 2017 Households Below the Poverty Level	= \$72,047 = \$73,700 = 18%	Median Housing Value Unemployment Rate		= \$511,148 = 4.0%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2015 ACS 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 KEB Hana AA is a portion of the New York - Jersey City - White Plains, NY-NJ MD (35614), which is part of the New York - Newark - Jersey City, NY - NJ - PA MMSA (35620). The AA consists of eight counties and includes the New York City counties of Bronx, Queens, Kings, and New York; the New York State county of Westchester; as well as the New Jersey counties of Bergen, Hudson, and Passaic. This AA received a full-scope review. According to the 2015 ACS U.S. Census, the Bank's AA is comprised of 2,725 census tracts. The AA census tracts are spread among 388 low-income tracts (14.24 percent), 730 moderate-income (26.79 percent), 748 middle-income (27.45 percent), 787 upper-income (28.88 percent), and 72 tracts (2.64 percent) listed as unknown by the 2015 ACS U.S. Census. The AA meets the requirement of the regulation and does not arbitrarily exclude low-or moderate income geographies

According to the 2015 ACS U.S. Census, the total population of the AA is 11,018,100. The AA consists of 2,494,112 families of which 29.39 percent are low-income, 15.53 percent are moderate-income, 15.36 percent are middle-income, and 39.73 percent are upper-income. The HUD adjusted median family income is \$73,700 and the 2017 FFIEC adjusted median family income for 2017 is \$72,047. Within the AA, 18 percent of households live below the poverty level.

The 2015 ACS U.S. Census Data reported 1,469,826 owner-occupied housing units in the AA. Of all owner-occupied housing, 3.62 percent is located in low-income geographies, 16.63 percent in moderate-income geographies, 28.27 percent in middle-income geographies, 51.34 percent in upper-income geographies, and 0.15 percent located in unknown geographies. The median housing value is \$511,148.

There are 699,820 businesses within the AA, as well as 5,846 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 69.24 percent and 18.14 percent of total businesses, respectively, within the AA. Of the 699,820 total businesses in the AA, 9.28 percent are located in low-income tracts, 18.98 percent are in moderate-income tracts, 20.12 percent are in middle-income tracts, 49.45 percent are in upper-income tracts, and 2.17 percent are in unknown tracts. The majority of businesses in the AA are within the services industry (46.72 percent), followed by retail trade (15.24 percent).

The New York - Jersey City - White Plains, NY - NJ MD (35614) is a highly saturated banking environment, with multiple large multi-national banks dominating the area. Due to the heightened competition, the larger institutions conduct the majority of banking and lending activity in the area. According to the FDIC Summary of Deposit Market Share report dated June 30, 2017, the Bank's total deposits were \$161.9 million, representing a 0.01 percent market share within the New York MMSA. KEB Hana's main competitors include JPMorgan Chase, Bank of America, Citibank, and HSBC Bank USA.

#### *Economic Analysis*

The principal city within the MD is New York City, the largest regional urban economy in the United States. New York City is a strong player in the financial services, technology, communication, and manufacturing sectors, and is viewed as the financial capital of the world. According to the Moody's Analytics Economic Report as of February 2018, the three largest economic drivers for the economy are financial services, medical centers, and tourism. According to the report, the New York Metro economy is beginning to slow down compared to prior years. Moody's notes a tightening job market, lower performance expectations for financial services companies, and a slowing housing market as key contributors to a slowing New York Metro economy. In addition, the New York Metro area continues to have higher cost of living and business compared to the national average, as well as a high tax burden for both individuals and companies.

#### *Unemployment*

According to the Bureau of Labor Statistics, the unemployment rate in the MD was 4.0 percent at December 31, 2017. According to Moody's Analytics, unemployment for the New York - Jersey City - White Plains, NY - NJ MD area for year-end 2017 was 4.4 percent, down from 5.0 percent for 2016, and 6.7 percent in 2014. Unemployment is expected to trend downward, with expected unemployment of 4.1 and 3.8 percent for 2018 and 2019, respectively.

#### *Housing Affordability*

Affordable housing remains a significant problem in the New York MMSA. While the apartment market is overbuilt in recent years and property values are dropping, the New York Metro continues to have high costs of living and business compared to the national average. In addition, high tax burdens make it harder for lower income residents to afford housing.

According to 2015 ACS U.S. Census data, 33.26 percent of the total housing units are owner-occupied, while 58.07 percent are rental-occupied.

*Community Contact Summary*

During our evaluation, we contacted one local community organization to gain an understanding of the economic and demographic characteristics in KEB Hana's operating environment. We spoke with the executive director of the organization 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 LMI 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 LMI 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 under-served areas, as well as more home mortgage opportunities for those trying to purchase a home.