



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

December 12, 1996

Community Reinvestment Act Performance Evaluation

**Arab Bank Plc.
License Number 80056**

**520 Madison Avenue, Second Floor
New York, New York 10022**

**Office of the Comptroller of the Currency
New York Duty Station
112 Madison Avenue, Fourth Floor
New York, New York 10016**

Note: **This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Arab Bank Plc.** prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of **December 12, 1996.** The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

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

- During the evaluation period, the branch lent \$173 thousand for community development, which brought the total loan outstandings to \$501 thousand.
- Community development investments for the evaluation period totaled \$100 thousand.
- Contributions and grants for community development purposes during the evaluation period were \$211 thousand.
- The branch's CRA commitment and donations are almost equal to its local deposits.

DESCRIPTION OF INSTITUTION

Arab Bank Plc, headquartered in Amman, Jordan, has operated this federally chartered branch, since 1983. It is one of 125 branches operated by the bank, worldwide. Established 65 years ago, the parent bank group has total assets of \$18 billion, and earned \$113 million for the year ending December 31, 1995.

The New York branch, with total assets of \$233 million (excluding its international banking facilities), as of September 30, 1996, is designated as a wholesale bank. It is principally engaged in providing clearing and correspondent bank services to the Arab Bank Group and other foreign banks. Only 10% of the branch's assets are in loans, which includes the community development loans and export financing activity. The majority of assets are invested in Federal Funds (85%). To a limited extent, the branch also provides corporate and private banking activities to its mostly overseas customer base. Domestic deposits represent

only 1.5% of the total \$88 million in deposits, as of September 30, 1996.

Arab Bank, Plc, consistent with its size and resources, is able to help meet the credit needs of its community, including low- and moderate-income (LMI) neighborhoods and individuals.

DESCRIPTION OF ASSESSMENT AREA

All five boroughs of New York City are the designated assessment area for Arab Bank Plc. The branch's single office is at 520 Madison Avenue, New York City. The assessment area is reasonable and does not arbitrarily exclude any LMI geographies.

New York City is part of a Metropolitan Statistical Area (MSA) and consists of 2,216 census tracts (CT's). The table below details the characteristics of those CT's. The characteristics of the CT's correspond to the income characteristics of the families by geography and the number of families.

INCOME CHARACTERISTIC	# OF CT's	% OF CT's	# OF Families	% OF Families
Low	314	14%	486,685	28%
Moderate	419	19%	285,655	16%
Middle	779	35%	328,495	19%
Upper	638	29%	654,883	37%
Not Available	66	3%	0	0%
TOTAL	2,216	100%	1,755,718	100%

The population of the assessment area is 7.3 million. Median family income is \$35,867. Median housing value is \$167,400, and the median age of the housing is fifty-three years.

New York City is the most populous city in the United States and is the center of the largest metropolitan area. It is culturally and ethnically diverse and includes many LMI communities. A diverse economy insulates the area from manufacturing swings. A huge consumer base and tourism market keep the retail and personal services industries strong. However, the city faces major economic and social issues including: high unemployment; increased dependence on public assistance; increased demand for affordable housing; and reduced government funding at the federal, state, and local levels. High operating costs continue to erode the manufacturing base. However, the New York metropolitan area has a large service sector because it is the headquarters of many Fortune 500 companies and the financial capital of the country. The New York City area has recovered more slowly from the 1990-92 recession than the rest of the nation, but recent indications are that the financial services and real estate industries are expanding.

CONCLUSIONS WITH RESPECT TO PERFORMANCE

This CRA evaluation reviewed performance from December 1994 through December 1996.

As stated earlier, this branch has been designated as a wholesale bank for CRA. The branch's CRA commitment and donations are almost equal to its local deposits. Arab Bank has been responsive to the credit needs of its defined assessment area and has provided an adequate level of support to qualified community groups and services. Arab Bank's participation is primarily in loan participation and donations. These activities are targeted for the bank's assessment area. Arab Bank's assistance includes support for affordable housing, small business, and operating cost assistance to various community groups and organizations.

Community Development Lending

Arab Bank Plc. has commitments to two loan funds which were originated and are operated by the Community Preservation Corporation (CPC), New York City. CPC is a private, not-for-profit mortgage lender. It is sponsored by fifty banks and insurance companies based in the New York Metropolitan area. Since its inception, CPC has extended over \$1.5 billion in financing, equaling more than 50 thousand units of affordable housing. The branch has provided \$900 thousand in commitments to two loan funds, \$450 thousand each to the revolving loan fund and the mortgage loan fund. As of December 9, 1996, the branch had lent \$299 thousand to the revolving fund and \$252 thousand to the mortgage loan fund. Of the present balances, \$173 thousand has been lent during the evaluation period.

Community Development Investments

The branch invested in a below market rate \$100,000 certificate of deposit in Community Capital Bank, Brooklyn. Community Capital Bank is a State of New York chartered bank dedicated to providing loans for affordable housing and small businesses in the New York City area.

Community Development Grants and Contributions

The branch has adequately helped to address community development through donations. Arab Bank Plc. provided a \$15 thousand donation to CPC. Also, the branch donated \$196 thousand of furniture, office and computer equipment to the Brooklyn Community and Cultural Center (BCCC). BCCC provides educational services, including English as a second language. The community which BCCC services is primarily low- and moderate-income. Outside of the assessment area, the branch donated a photocopy machine to Paterson, New Jersey Education Center.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

We reviewed the policies and procedures to determine compliance with fair lending laws and regulations. We did not discover any violation of the substantive provisions of the antidiscrimination laws and regulations.