



PUBLIC DISCLOSURE

December 31, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Morgan Stanley Private Bank, N.A.
Charter Number: 24981

2000 Westchester Avenue
Purchase, New York 10577

Office of the Comptroller of the Currency

Large Bank Supervision
400 7th Street Southwest
Washington, DC 20219

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Morgan Stanley Private Bank, National Association

OVERALL COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution rating is **Outstanding**.

The major factors that support this rating include:

- Morgan Stanley Private Bank, N.A. (MSPBNA) lending performance is Outstanding with Community Development (CD) lending exceeding the bank’s strategic goals.
- MSPBNA investment performance is Outstanding with CD investments, including grants, exceeding the bank’s strategic goals.
- MSPBNA service performance is Outstanding with CD services exceeding the bank’s strategic goals.

CONCLUSIONS

MSPBNA exceeded its strategic plan goals for CD lending, investments and services. MSPBNA defined its CRA strategic goals with consideration to its lack of a branch network and limited product offerings.

The following table compares MSPBNA’s CRA goals as established by the strategic plan with actual lending, investment, and service performance.

| | Loans (000) | | Investments/Grants (000) | | Service (Hours) | |
|--------------|-------------|-------------|--------------------------|-------------|-----------------|-------------|
| | Goal* | Performance | Goal* | Performance | Goal* | Performance |
| 2015 | \$46,265 | \$89,810 | \$185,058 | \$425,895 | 1,032 | 6,778 |
| 2016 | \$50,891 | \$237,621 | \$203,564 | \$519,350 | 1,135 | 3,016 |
| 2017 | \$55,980 | \$158,242 | \$223,920 | \$234,261 | 1,249 | 1,319 |
| Total | \$153,136 | \$485,673 | \$612,542 | \$1,179,506 | 3,416 | 11,113 |

* Goal represents number of dollars or service hours provided to achieve a rating of Outstanding for each of the years included in the evaluation period.

Goals versus Performance

MSPBNA total assets grew significantly during the current CRA evaluation period. As a result, management increased CD lending and investment activity beyond its original approved strategic plan goals for an Outstanding CRA rating. The increased CD lending and investment activity is not required under the strategic plan adopted by management and approved by the Office of the Comptroller of the Currency (OCC). Nevertheless, management increased internal performance goals for loans and investments to reflect additional asset growth beyond the original strategic plan goals.

The following projects are specific examples of how MSPBNA exceeded the strategic goals.

Lending

- MSPBNA demonstrated response to the need for high-quality, affordable housing with its participation in a \$17 million letter of credit. The loan represents a 49 percent participation in a

construction-period stand-by letter of credit to provide credit enhancement for a fixed-rate New York City Housing Development Corporation tax exempt bond issuance. The project responds to the need to reposition and renovate multifamily rental housing for long-term affordability. It involved the acquisition, rehabilitation, and long term preservation of a portfolio of affordable multifamily apartment properties with 359 occupied apartments. The portfolio consists of six elevator buildings and 22 walk-up buildings in Harlem. The transaction demonstrated flexibility through its underwriting, and complexity due to the scattered-site nature of the portfolio and the need for extensive repairs.

- MSPBNA's loan origination of \$50 million supported the significant rehabilitation and acquisition of a severely distressed 1,393 unit public housing complex owned by the New York City Housing Authority (NYCHA). The transaction qualifies as complex due to the multiple layers of financing. It also qualifies as innovative since it is the first NYCHA rehabilitation in New York City financed through the Rental Assistance Demonstration program (RAD), after which the project will convert from Housing and Urban Development (HUD) public housing to HUD project-based Section 8 Housing Assistance Payment subsidy.

Investments

In 2012 (during the last CRA performance assessment), Morgan Stanley, the firm, along with MSPBNA and MSBNA, its sister bank, formed Morgan Stanley Community Investments LLC ("MSCIL"). The entity is a community development corporation created to bolster the bank's ability to respond to community needs by facilitating the creation of flexible product offerings.

Examples of investment activities by MSPBNA during the assessment period, include:

- MSPBNA responded to the need to rehabilitate distressed multifamily housing with a \$23 million investment in the NYC Distressed Multifamily Housing Fund (the Fund). The investment funded a loan for the purchase of 130 units of occupied multifamily housing in the bank's assessment area. Bridge financing from the Fund allowed a speedy acquisition while the sponsor put together the plans for a City-sponsored refinancing including resiliency improvements and tax abatements. The project positioned the multi-family units for long-term, regulated affordability in the face of pricing-pressure from recently rezoned neighboring areas.
- MSPBNA invested \$36 million to respond to the need for affordable and accessible supportive housing. This investment acquired a partnership interest for the new construction by a non-profit sponsor for the 175 unit low-income senior housing development with a senior and a community health center. The investment is responsive in addressing the needs of the homeless and critically ill, who face an emergency housing situation. All 175 units will have project based section 8 vouchers. Fifty-three units (30 percent) will be restricted to homeless persons referred from the NYC Department of Homeless Services (DHS) or NYS Office of Mental Health (OMH). Of the remaining 122 units, 20 will be handicap accessible, and the rest of the apartments will be adaptable. At least 30 units will be restricted to disabled homeless, individuals on Medicaid, and all 53 homeless-designated units will target chronically mentally ill persons. Supportive services are also a component of this project.

Services

MSBPNA's goals for community development services focus on revitalizing and stabilizing low and moderate income (LMI) communities. Services provided include employee membership on CD boards related to housing for LMI individuals and geographies, and economic development. Of special note is the *MS Strategy Challenge*, an initiative that provides 8 to 10 weeks of pro-bono strategic consulting to non-profit organizations. Employee volunteers provide strategic advice on issues relating to business models and growth strategies to help nonprofits become more sustainable and achieve the highest impact in more effective and efficient ways. For this exam cycle, the *MS Strategy Challenge* contributed **9,788 hours** or 88% of MSPBNA's total service hours to 11 community development-qualifying NY-based community groups.

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

MSPBNA is a federally chartered bank, incorporated as a national association headquartered in Purchase, New York (Westchester County) and is a wholly owned subsidiary of Morgan Stanley Delta Holdings LLC (MSDH). MSDH is an indirect wholly owned subsidiary of Morgan Stanley & Company, the firm.

Morgan Stanley, the parent company, or the firm, is a global financial services institution with over 57,000 employees providing a wide range of securities, investment banking, investment management, and wealth management services. Morgan Stanley, based in New York, NY, serves clients worldwide including corporations, governments, institutions and individuals in 44 countries. As of December 31, 2018, Morgan Stanley's total assets were \$854 billion and net income was \$8.7 billion. Morgan Stanley is also the parent of Salt Lake City based Morgan Stanley Bank, N.A. (MSBNA).

MSPBNA has no branches or Automated Teller Machines (ATMs). The bank has no subsidiaries. MSPBNA's total assets as of December 31, 2018, were \$75 billion and net income was \$1 billion. Tier 1 Capital was approximately 10 percent at December 31, 2018; net loans and leases and total securities as a percentage of total assets were 74 percent and 17 percent, respectively. MSPBNA experienced significant growth during 2015, 2016, and 2017 of 26 percent, 22 percent, and 15 percent, respectively. MSPBNA ranked as the 7th largest bank in its defined assessment area by domestic deposits based on the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share report dated June 30, 2018. MSPBNA's major competitors are other large United States (U.S.) banks, including, but not limited to: JP Morgan Chase, N.A., Goldman Sachs Bank USA, HSBC Bank USA, N.A., Citibank, N.A. and Bank of America, N.A.

The bank's deposit base is sweep deposits from the firm's wealth management clients' brokerage accounts and brokered deposits. MSPBNA has no foreign deposits. MSPBNA offers lending products primarily to customers of its affiliates and to Morgan Stanley's employees. MSPBNA has the following key lending businesses: residential mortgage, tailored lending, and liquidity access line.

Tailored lending provides credit through MSPBNA to ultra-high net worth clients of the firm, including individuals, trusts, foundations, not-for-profits, limited partnerships, or private corporations for a variety of purposes, including working capital and asset acquisitions. The portfolio includes Capital Call Subscription Facilities, Commercial Real Estate, Securities-Based Loans, and unsecured loan types. The Liquidity Access Line provides credit through MSPBNA to firm clients, including financial flexibility to borrow against eligible securities for multiple purposes (other than purchasing "margin stock"). Purposes include the purchase of real estate, tax obligations, education expenses, small business opportunities, debt consolidation, and unexpected expenses.

MSPBNA operates under a strategic plan for CRA purposes. The OCC approved the current strategic plan on May 22, 2014, which is in effect from July 1, 2014 through June 30, 2019. This plan covers the entire evaluation period of calendar years 2015, 2016, and 2017. MSPBNA did not merge or acquire other institutions during the CRA PE evaluation period that would impact its CRA rating. There are no known legal, financial or other factors that affect MSPBNA's ability to meet the credit and community development needs of its assessment area.

Per OCC regulation 12 CFR 25.27 (3)(f)(ii), a bank should address all three performance categories (lending, investment, and services) in its strategic plan, but the plan may emphasize different areas of

performance depending on the bank's performance context, including but not limited to capacity, products, and business strategy. Management allocated 80 percent of its community development dollars toward qualified investments and the remaining 20 percent to lending.

MSPBNA's previous CRA rating is Outstanding with an evaluation date of December 31, 2014.

MSPBNA has chosen to include the following activities from affiliates in this evaluation:

- Morgan Stanley & Co., LLC provides equity financing and philanthropic contributions to support LMI communities and neighborhood revitalization efforts;
- Morgan Stanley Bank, N.A. provides debt financing that supports affordable housing and LMI communities;
- Morgan Stanley Community Investments LLC, Morgan Stanley's community development corporation, provides debt financing to meet the needs of LMI geographies and individuals;
- MS Affordable Housing LLC provides CD investments, and;
- Morgan Stanley Foundation provides contributions and other philanthropic assistance to nonprofit organizations as a means to help strengthen local communities.

None of the aforementioned activities included in this CRA evaluation for consideration are included in any other affiliate of the bank for CRA purposes.

Community Contact Information

Prior to the start of MSPBNA's evaluation, OCC's community development personnel conducted a community contact to assess the credit needs of the bank's assessment area. The community contact identified affordable housing needs and economic development as opportunities for financial institutions to participate in community reinvestment.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The OCC evaluates a financial institution's activities under the CRA based on information regarding:

- The institution and its capacity, constraints, business strategies, competitors, and peers; and
- The bank's community and its demographic and economic data, and lending, investment, and service opportunities.

The OCC evaluated MSPBNA's ability to meet community credit needs based on its business model, competitors, and CD opportunities within the assessment area and as outlined in MSPBNA's current strategic plan.

The evaluation period spans January 1, 2015, through December 31, 2017. MSPBNA's CRA evaluation goals are set forth in the strategic plan effective July 2014 through June 2019. The strategic plan establishes goals for both an Outstanding and Satisfactory rating.

Data Integrity

The OCC completed data integrity validation for 2015, 2016, and 2017, including documentation review of CD loans, investments, and services. CRA data is reliable. All loans, investments, and services tested qualified as community development. Management implemented satisfactory risk management and governance processes to ensure CD data accuracy.

Selection of Areas for Full-Scope Review

MSPBNA's only assessment area is located in New York State, and received a full-scope review.

Ratings

Areas receiving a full-scope review derive the bank's overall rating. MSPBNA overall performance and rating results from a full scope review of the single assessment area, located in New York State.

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, or any affiliate whose loans have been considered as part of the institution's lending performance, 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.

State of New York

CRA RATING FOR NEW YORK STATE: Outstanding

- Lending performance is Outstanding.
- Investment performance is Outstanding.
- Service performance is Outstanding.

Please refer to comments under ***Overall CRA Rating*** beginning on page 2 for details.

Appendix A - Scope of Examination

| | |
|---|---|
| SCOPE OF EXAMINATION: Strategic Plan | |
| TIME PERIOD REVIEWED: | Calendar years 2015, 2016, and 2017 |
| FINANCIAL INSTITUTION: Morgan Stanley Private Bank, N.A. (MSPBNA) | PRODUCTS REVIEWED: Community Development Loans Community Development Investments/Grants Community Development Services |
| FINANCIAL INSTITUTION'S AFFILIATES: <ul style="list-style-type: none"> • Morgan Stanley & Co., LLC • Morgan Stanley Bank, N.A. • Morgan Stanley Community Investments LLC • MS Affordable Housing LLC • Morgan Stanley Foundation | AFFILIATES PRODUCTS REVIEWED: Community Development Loans Community Development Investments/Grants Community Development Services |
| ASSESSMENT AREA: Counties within the New York-Jersey City-White Plains, NY-NJ Metropolitan Division (MD) of the New York-Newark- Jersey City, NY-NJ-PA Metropolitan Statistical Area (MSA): <ul style="list-style-type: none"> • Bronx County • Kings County (Brooklyn) • New York County (Manhattan) • Queens County • Richmond County (Staten Island) • Westchester County | |

Assessment Area Description

With only its headquarters considered as a branch within the CRA regulation, and a limited product set offered to Morgan Stanley customers and employees, MSPBNA is not a traditional large retail bank. MSPBNA has one assessment area: the six counties within the New York-Jersey City-White Plains, NY-NJ Metropolitan Division (MD) of the New York-Newark- Jersey City, NY-NJ-PA Metropolitan Statistical Area (MSA). The assessment area's six counties, all located within the state of New York, include the following:

- Bronx County
- Kings County (Brooklyn)
- New York County (Manhattan)
- Queens County
- Richmond County (Staten Island)
- Westchester County

The assessment area consists of whole geographies and meets the requirements of the CRA regulation. The assessment area reasonably reflects the trade area that the bank serves and does not arbitrarily exclude any low- or moderate-income (LMI) areas.

Bank competition is strong with most of the major U.S. banks present within the assessment area. There are a total of 120 banking organization within the assessment area with more than 2,000 branches, based on the FDIC deposit market share report for June 30, 2018.

Identification of Community Development Needs

MSPBNA chose a strategic plan in order to focus on community development lending, investments, and service opportunities that best meet the assessment area needs. MSPBNA maintains a network of community partnerships in its assessment area. This network enables bank management to understand the community needs and to develop and implement programs that can generate effective community impact throughout the assessment area. Bank management engages with a variety of community partners including the Morgan Stanley Community Development Advisory Board (MSCDAB) and with a number of other community-based organizations.

MSPBNA, in conjunction with its parent company, the firm, established MSCDAB. MSCDAB consists of nationally-recognized community development leaders. Its function is to help the bank better understand the needs of its communities and to serve as an informal think-tank for community development. Bank management is in frequent contact with individual board members to get updates on emerging community needs so it can initiate programs. MSCDAB meets formally at least twice a year, which allows it together with the bank to share ideas and expertise. Additionally, MSPBNA staff serve on the boards of directors and committees of numerous assessment area based organizations.

MSPBNA, through its partnerships, identified the following community development needs within its assessment area:

- Multifamily affordable rental housing, including:
 - Distressed multifamily affordable rental housing
 - Bond underwriting for state and municipal affordable housing

- Letters of credit for construction financing
- Assisting projects reaching year 15 of tax credit compliance
- Replacement housing to address Hurricane Sandy fallout
- Economic development, including:
 - Small business lending
 - Venture capital and private equity
 - Workforce development/job creation
 - Microfinance lending
 - Financial literacy
- Support Minority Depository Institution (MDIs) and Community Development Financial Institution (CDFIs)
- Grants to non-profit community development organizations

Support for Identified Community Development Needs

Demographic Data within Each Tract Category for MSPBNA assessment area

| Housing Data Source: 2015 US Census | # of units | % of Owner Occupied | % Renter Occupied | % Vacant Units | Total Owner, renter and vacant | % Single Family Homes | % Multi- Family Homes | Total single and Multi Homes |
|---|-------------------|------------------------------------|----------------------------------|-------------------------------|---|--|--|---|
| Low Income Tracts | 629,310 | 7.5% | 85.5% | 7.0% | 100% | 20.3% | 79.4% | 99.7% |
| Moderate Income Tracts | 987,848 | 20.8% | 70.8% | 8.4% | 100% | 41.8% | 58.0% | 99.8% |
| Middle Income Tracts | 902,562 | 41.3% | 50.9% | 7.8% | 100% | 60.0% | 40.0% | 100% |
| Upper Income Tracts | 1,263,232 | 45.4% | 43.6% | 11.0% | 100% | 41.0% | 59.0% | 100% |
| NA | 9,305 | 21.3% | 66.8% | 12.2% | 100% | 5.6% | 94.4% | 100% |

Weighted average of FFIEC updated MSA median family income: \$78,000.

Weighted average of median year built: 1948.

Number of housing units where monthly owner costs > 30% of income: 12.1%

Number of housing units where monthly renter costs > 30% of income: 30.6%

Median housing values

| | |
|-----------------------|-----------|
| Low-income tract | \$329,974 |
| Moderate-income tract | \$433,347 |
| Middle-income tract | \$468,168 |

| | |
|-------------------------|-----------|
| Upper-income tract | \$759,962 |
| NA | \$397,266 |
| Overall assessment area | \$533,190 |

Median housing values reported are from 2015 census data, the latest available.

The demographic data provided above supports MSPBNA’s primary CD focus on multi-family affordable rental property. With the exception of upper-income tracts, rental units far exceed home ownership. Multi-family units represent a significant portion of housing units throughout the assessment area. The median housing cost in any income tract compared to the updated weighted MSA median family income of \$78,000 represents a financial challenge to first time home buyers. Further, approximately 30 percent of renters are paying 30 percent or more of their income for rent, indicating high rental cost in relation to income. Finally, the median year built for housing suggests an older housing universe.

MSPBNA’s assessment area has one of the highest concentrations of small businesses in the country, supporting the bank’s focus on economic development as a community development need.

MSPBNA’s support of MDIs and CDFIs helps meet already identified needs, especially housing for low-and moderate-income individuals and geographies, as well as promoting economic development.

Finally, MSPBNA identified that many non-profit CD organizations struggle to meet ever-growing needs, but are unable to find the resources to build or improve upon their own infrastructure. Many private and public funding sources support programs, but may not support non-profits, leaving them with outdated systems for Information Technology (IT), finance, and human resources. As a result, MS recognizes the need to provide grants to CD non-profits.