

MEDALLION BANK

COMMUNITY REINVESTMENT ACT

STRATEGIC PLAN

2015 – 2019

Approved by the Medallion Bank Board of Directors on

December 18, 2014

For Submission to the Federal Deposit Insurance Corporation

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SECTION 1. INTRODUCTION

As a federally insured depository institution, Medallion Bank (the “Bank”) is subject to the Community Reinvestment Act (codified at 12 U.S.C. §§ 2901 – 2908 (2006) (“CRA”)), which requires banks to identify and help in meeting the credit needs of its entire community, including low to moderate-income individuals and geographies. Because of its unique business, products, and overall performance context, an approved Strategic Plan is the preferred method of fulfilling the Bank’s obligations under the CRA. The Bank has prepared this CRA Strategic Plan and its measurable goals based upon community outreach and analysis of similarly situated lenders. The Directors have designated Salt Lake County as the Bank’s CRA assessment area.

The Bank is operated under a CRA Strategic Plan approved by the FDIC on May 3, 2011. It was a four-year plan that expires on May 3, 2015. The Bank is submitting this newly proposed plan which the Board of Directors of the Bank (“Directors”) has reviewed and approved its submission for approval.

MEDALLION BANK PROFILE

The Bank is a Utah industrial bank that opened for business on December 22, 2003. The Bank is located at 1100 East 6600 South, Suite 510, Salt Lake City, Utah 84121, where it currently employs 35 full-time equivalent employees. The Bank is not a traditional retail bank serving the general public at its offices in Salt Lake City, and does not operate with a traditional bank lobby, branches with tellers or drive-up windows. Rather, from its fifth floor location, the Bank specializes in offering limited loan and deposit services, primarily through affiliate groups and through deposit brokers. The Bank also has a small operational office located in Bothell, WA. Medallion Bank is chartered by the State of Utah with deposits insured by the Federal Deposit Insurance Corporation (“FDIC”). The State of Utah Department of Financial Institutions and the FDIC regulate the Bank.

PARENT COMPANY: MEDALLION FINANCIAL CORPORATION

Medallion Financial Corp. is a publicly traded (TAXI - NASDAQ Exchange) New York-based specialty finance company with leadership positions in taxi medallion lending and commercial lending. The Bank is a wholly owned subsidiary of Medallion Financial Corp.

SECTION 2. COMMITMENT TO CRA

As a federally insured depository institution, the Bank, being subject to CRA, understands the importance in helping to meet the credit needs of its entire community, including low-to-moderate (“LMI”) individuals and geographies. Since inception the Bank has recognized the importance of CRA and has developed and implemented a CRA plan to meet the needs of its community and earned a satisfactory CRA rating.

BOARD AND MANAGEMENT EFFORTS

The Bank’s CRA program is under the direction of the Bank’s Board of Directors. The Bank’s management and Directors take seriously their CRA obligations. Management informs the Board of CRA activities and opportunities, facilitating the Board’s oversight responsibility. The Board also receives annual training on CRA. Given the Bank’s size and limited staff, the efforts to participate in community development activities and meet the mandated levels are difficult.

The Bank’s limited resources have led management to primarily meet its CRA investment/loan obligations by investing in Utah Housing Corporation bonds and by participating in specially designed CRA loan pools and grants to community organizations who serve CRA targeted populations.

The Bank purchases bonds from the Utah Housing Corporation, Utah’s largest provider of affordable housing assistance in Utah. The Bank is heavily involved with the Utah Microenterprise Loan Fund and the Utah Community Reinvestment Corporation through board and committee involvement and/or through participation in their loan pools and other programs. Neighborworks Salt Lake (“NWSL”) is a qualified Community Development Financial Institution that focuses its efforts on revitalizing Salt Lake City’s older, declining neighborhoods. The Bank participates in the NWSL Loan Program, which consists of a revolving loan fund, and serves in key board and committee positions.

The Senior Management team is involved in the Bank CRA efforts including service on Board of Directors and other Committees of various non-profit organizations such as *Utah Microenterprise Loan Fund, Utah Community Reinvestment Corporation, Neighborworks, and Utah Financial Services Foundation*. In fact, Bank employees at all levels participate in community development service activities such as teaching financial literacy to low- and moderate-income children.

Management maintains a strong commitment to fair lending and ensures compliance through regular training of employees and directors. The directors are further encouraged to present to management CRA opportunities with which Directors become aware during the course of their regular business activities.

CRA OFFICER

At the management level the Bank employs one Board appointed CRA officer with extensive experience in the financial institutions industry. The CRA officer is charged with implementing the Bank’s CRA Strategic Plan, coordinating all Bank CRA activities, and reports to the CRA Committee and Board of Directors on a regular basis. The Bank’s CRA Officer is actively engaged in the community, with an emphasis on finding and developing new or expanded ways to help meet community needs in a safe and sound, commercially reasonable manner.

SECTION 3. ASSESSMENT AREA

The Bank has designated Salt Lake County, Utah, as the Bank's CRA assessment area. The Bank's main office is located in Salt Lake City, Utah, with a support operation located in Bothell, WA. The Bank currently has no plans for any branches or deposit-taking retail service facilities. See Exhibit 4 for the assessment area map.

The Bank's efforts to assess the needs of the community have been on-going and have included formal and informal meetings with members of the public, as more specifically described in "Identification of Community Needs", below. Although the Bank does not currently intend to make individual residential mortgage loans to fulfill its CRA responsibilities, it does devote significant resources to affordable housing issues through its community development hours and CRA related investments. The thrust of the Bank's affordable housing efforts has been, and will continue to be, to identify existing organizations whose primary mission focuses on serving the housing needs of low to moderate-income individuals within the designated assessment area.

To the extent that the Bank has met the community needs in Salt Lake County, the Bank will consider using its Qualifying Investments, Qualifying Grants and Donations, and Qualifying Service Hours in a broader state-wide or regional area.

SECTION 4. CRA PERFORMANCE CONTEXT

Management and Directors understand that the effectiveness of a strategic plan is determined by the quality of the needs assessment conducted. Management used the following strategies to identify and validate community needs. Most all of the Bank's officers and employees based in Utah live in and around Salt Lake County. The Bank has informally sought input and suggestions from a number of sources during the development of this Strategic Plan. Management understands that ongoing evaluations are necessary in order to meet the needs of the community effectively.

IDENTIFICATION OF COMMUNITY NEEDS

ASSESSMENT OF GENERAL MARKET INFORMATION

Information which management used in assessing community needs and in the development of the plan was gathered from a number of sources including:

- Data from the US Census Bureau
- The Utah 2012 Economic Report to the Governor
- The 2014 Utah Economic Outlook
- Salt Lake County Official Website
- The Utah Office of Business and Economic Development
- Community Action Partnership of Utah
- The Federal Deposit Insurance Corporation

NEEDS ASSESSMENT OF KEY COMMUNITY SERVICE PROVIDERS

Through its employees' participation on boards and key committees of a few of the organizations below and through interviews conducted with representatives of the following community development organizations, the Bank has made an effort to assess the needs of the community. The Bank will continue to contact key community groups, and on a rotating basis, select one or two as informal alliance partners.

- Neighborworks Salt Lake
- Housing Authority of the County of Salt Lake
- Utah Housing Corporation
- Utah Community Reinvestment Corporation
- Utah Microenterprise Loan Fund
- Junior Achievement of Utah

INTERNAL ANALYSIS OF THE BANK'S OPPORTUNITIES

The following management factors were also considered:

- Input from the Bank's board of directors.
- The Bank's product offerings and business strategy.
- The Bank's constraints and capabilities.
- The Bank's historical production volumes and market segments served.

- Management’s own knowledge of the assessment area.

FDIC PERFORMANCE CONTEXT FACTORS

The FDIC applies the various CRA tests and standards in the context of seven factors collectively referred to as a bank’s CRA “performance context.” The FDIC also considers whether to approve a proposed strategic plan within those same “performance context” factors (12 C.F.R. §345.21(b)). The elements of the Bank’s CRA performance context are discussed throughout this document. Details of the factors outlined in 12 C.F.R. §345.21(b)(1)-(7) follow:

DEMOGRAPHIC DATA ON MEDIAN INCOME LEVELS AND OTHER RELEVANT DATA

12 C.F.R. §345.21(b)(1)

DEMOGRAPHIC DATA ON MEDIAN INCOME LEVELS

According to the U.S. Census Bureau 2010, Salt Lake County had an estimated 2013 population of 1,079,721. The census indicates total families of 341,841 and a population density of 1,454.6 people per square mile as compared to 35 people per square mile statewide. It is Utah’s most populated county. The U.S. Census Bureau and the American Community Survey estimated that the 2013 median family income (MFI) for Salt Lake County was \$71,919. The FFEIC Census and FFIEC estimated MSA/MD Median Family Income for 2014 CRA/HMDA data for Salt Lake County was \$71,300. The Low, Moderate, Middle and Upper income categories are as follows based on the median family income of \$71,300:

Income Category	MFI Criteria	Income Threshold
Low	< 50%	Up to \$34,937
Moderate	50% up to < 80%	\$34,938 to \$56,327
Middle	80% up to < 120%	\$55,328 to \$85,560
Upper	120% +	\$85,560 +

Source: Federal Financial Institutions Examination Council (“FFEIC”) U.S. census track data 2014 est.

According to the U.S. Census Bureau and based on 2013 estimates, 12.7 percent of Utah’s population and 12.6 of Salt Lake County’s population is currently living in poverty. Families with children under 18 years old living in poverty comprise 13.6 percent of Salt Lake County’s population. U.S. Census data also indicated that 35 percent of single mothers with children in Salt Lake County were living below the federal poverty line. Close to 44 percent of Salt Lake County households in poverty received food stamps. Household incomes throughout the country have improved slightly. However, due to its relative affluence, a smaller percentage of Utah’s population lives in poverty than the national average.

The assessment area is comprised of 212 census tracts, which are broken down below by income levels, as determined by the 2010 US Census.

Census Tract Income Level	Number of Tracts	%	Population	%
Low	11	5.19	42,425	4.68
Moderate	41	19.34	188,901	18.50

Middle	98	45.23	515,575	49.36
Upper	60	28.30	278,914	27.09
Unknown	2	0.94	3,840	0.37
Total	212		1,029,655	

Source: Federal Financial Institutions Examination Council ("FFIEC") U.S. census track data 2014 est.

Low to moderate-income tracts represent about 25 percent of the population.

Housing costs

Median Mortgage Payment	Median Rental Payment	% of Families with Gross Rent Exceeding 29.9% of Household Income	% Home Ownership	% housing units in multi-unit structures
\$1,446	\$942	47.8%	66.1%	27.6%

Source: 2010 U.S. Census Data, 2013 American Community Survey 1-year estimates

Age & Family Size

	Median Age	Average Family Size
Salt Lake County	31.8	3.63

Source: 2010 U.S. Census Data, 2013 American Community Survey 1-Year Estimates

UTAH'S ECONOMIC OUTLOOK¹

Utah typically grows more rapidly than the nation after a recession, and this pattern is continuing in the current recovery. For the U.S., employment grew 1.6 percent in 2013, compared to 3.3 percent for Utah. While employment increased during 2013, Utah's unemployment rate also improved to 4.8 percent, lower than the rate in 2012. Though housing stabilized, with building permits at 12,500 in 2013, home-building is not leading the economy as it does during a typical recovery.

Utah's total personal income is estimated to have increased by 4 percent in 2013, lower growth compared to the 5.2 percent increase in 2012. The 2013 increase in personal income was led by strong wage growth of 4.9 percent.

Improvement in the state's labor market will continue during the coming 12 months. Job growth, at 3.1 percent in 2014, will be near, but slightly below the state's long-term average. This growth will bring Utah's unemployment level down to 4.2 percent by the end of 2014. However, it should be noted that labor participation rates in the state continue to be of concern; while Utah recovered all of the jobs lost during the Great Recession, labor force participation remains well below pre-recession levels.

¹ Source: Utah Economic Outlook 2014, David Eccles School of Business and Governor's Office of Management and Budget.

Utah's 2013 total population estimate was 2,900,872. This represents a population increase of 46,001 people or 1.6 percent from 2012, ranking Utah third among states and the District of Columbia in population growth. Utah grew more than twice as fast as the nation from 2012 to 2013.

Utah's unique characteristics of a high fertility rate and low mortality consistently contribute to strong natural increase, the difference between births and deaths. The natural increase accounted for 94 percent of total population growth.

Looking ahead, Utah's favorable demographic profile, continued labor market improvements and particularly dynamic sectors such as tech, energy and medical research will fuel growth. Another key area, housing, will contribute to growth during the coming year. Additionally, as companies look to guard their bottom line amid an uncertain atmosphere, Utah's stable and low-cost business environment will continue to support existing operations and attract new businesses and capital.

NATURE OF HOUSING STOCK, HOUSING COSTS

Management carefully reviewed the following to identify needs the Bank could meet that may not have been identified through the processes previously mentioned.

- *Community Action Partnership of Utah 2013 report on poverty.*² The report cites the National Low Income Housing Coalition 2013 profile which points out Utah has an estimated current housing shortage of 49,526 units in available affordable housing for Extremely Low Income (ELI) Households. ELI households make up 24 percent of total renter households and 72 percent of all severely burdened households. It further states that the Fair Market Rent for a two-bedroom apartment is \$777 in Utah.
- The *2012 Economic Report to the Governor – State of Utah*³. This annual document serves as a resource for facts regarding Utah's economic conditions. The report provides a valuable assessment of the economic outlook for the state and provides a backdrop against which CRA development activities can be evaluated.
- The *2014 Utah Economic Outlook – State of Utah*⁴. This annual document addresses a wide range of issues impacting the growth and quality of life in Utah. It provides a valuable assessment of the economic outlook for the state and provides a backdrop against which CRA development activities can be evaluated. Key findings are noted:
 - Though housing stabilized, with building permits at 12,500 in 2013, home-building is not leading the economy as it does during a typical recovery.

² Available at http://www.caputah.org/uploads/739374_CAPUtah_2013_Report-Final-Single-Page.pdf

³ Available at http://gomb.utah.gov/wp-content/uploads/sites/7/2013/08/2012_ERG_11_20_2012.pdf

⁴ Available at <http://gomb.utah.gov/wp-content/uploads/sites/7/2014/01/2014UtahEconomicOutlook.pdf>

- Improvement in the state’s labor market will continue during the coming 12 months. However, labor participation rates in the state continue to be of concern. Labor force participation remains well below pre-recession levels.
 - The state had a relatively diverse and stable economic base with less exposure to housing and commercial real estate than the rest of the country at the beginning of the recession. Utah’s economy typically grows more rapidly than the nation after a recession, and this pattern is continuing in the current recovery. U.S. employment grew 1.6 percent in 2013, compared to 3.3 percent for Utah. Utah’s unemployment rate also improved to 4.8 percent.
 - In 2014 multifamily construction should also see some improvement with 3,000 new units, a 20 percent increase over 2013. The single-family market will benefit from pent-up demand which should push new home construction to 11,000 units, an increase of 10 percent. A copy of the full report can be found at www.governor.state.ut.us/dea.
- Salt Lake County Consortium Consolidated Plan — 2010-2015. The Consolidated Plan is required by the United States Department of Housing and Urban Development (HUD) from all jurisdictions receiving annual federal assistance entitlements. The Salt Lake City *Consolidated Plan 2005-2010* combines the planning and application processes for the following programs: Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Housing Opportunities for Persons with AIDS (HOPWA), American Dream Down Payment Initiative (ADDI) and the Emergency Shelter Solutions Grant (ESG). The plan identifies several trends: rapid growth of minority populations, aging of the population, employment and wage trends, rising demand for rental housing as some of the pressures impacting housing options for low to moderate income (LMI) households. The plan states, *“the number of very low income renters with severe housing burdens far exceeds any other type of households.”* The plan notes that nationally 32.6 percent of all households were renters in 2009, but by 2020 that share is expected to grow to 36.5 percent. The plan also states, *“annually there are about 10,000 people who are homeless each year in Salt Lake County. Over 40 percent of those are in families and include children most who are under the age of 12. Approximately 7,000 new individuals and families become homeless each year. 42 percent of those who are chronically homeless individuals are homeless one year or longer.”* This plan reflects a coordinated effort between local non-profit entities, private organizations, and residents to create a strategic plan of action that will revitalize the county and deliver essential services to its residents, integrating the physical, social, economic, environmental, educational, and human development aspects of the community.
 - The Salt Lake Board of Realtors reported that the median single-family home price in the fourth quarter 2013 in Salt Lake County was \$244,625 an 11 percent increase over the prior 12 months.
 - Utah Bankers’ Association (UBA) Community Needs Survey 2012. A survey was conducted by UBA to determine community needs in the state of Utah. The Survey was sent out to non-profit groups with the majority being in the Salt Lake County area. Affordable housing ranked first overall in priority for the non-profits surveyed.
 - The 2010 U.S. Census data estimates that in 2013 Salt Lake County will have a homeownership rate of 66.1 percent which is down slightly from prior years. Historically the market has focused on single-family homes which has increased constraints on land and has driven up land prices. The result is fewer rental and multifamily units, which has likely attributed to the limitation of affordable housing opportunities for LMI individuals.

- Regional Analysis of Impediments to Fair Housing Choice⁵. Based on research conducted by James A. Wood, Director of the University of Utah’s Bureau of Economic and Business Research and prepared for U.S. Department of Housing and Urban Development. The report states the following:
 - “the need for affordable housing in Salt Lake County is substantial.”
 - “For very low-income renter households the need for affordable housing is even greater. One in four renter households have severe housing problems, a total of 27,765 households.”
 - “Severe housing problems are defined as those housing units that have any one of the four following conditions: (1) a cost burden of at least 50 percent of income for housing and utilities, (2) incomplete kitchen facilities, (3) incomplete plumbing, (4) more than 1.5 persons per room.”
 - “One in eight owner households have severe housing problems and almost 13,000 owner households in Salt Lake County are very low-income households with severe housing problems.”

Accordingly, affordable housing opportunities in the Bank’s assessment area are a critical problem affecting LMI individuals where the Bank is located. Because the Bank’s business model does not include residential mortgage lending, the best way for the Bank to address this critical need is to make investments that support affordable housing in the assessment area.

LENDING, INVESTMENT AND SERVICE OPPORTUNITIES

12 C.F.R. §345.21(b)(2)

This Strategic Plan focuses on three areas for participating in community development: Qualified Investments; Qualified Grants; and Qualified Service. The focus of the Bank’s CRA Program has been and will continue to be (i) investments in affordable housing and (ii) informal partnerships with local community groups to address financial literacy and other qualifying assistance targeted to LMI students and adults. The Bank plans to work with existing affordable housing and education partnerships in the community as well as identify new organizations and new community development opportunities in Salt Lake County and on a regional basis as needed.

After matching the identified needs above in Section 4 and the demographic data on median income summarized above with the Bank’s size, number of employees, and management’s expertise, the following focus areas have been identified to assist LMI families:

- LMI HOUSING LOANS. The lack of affordable housing for LMI individuals in the assessment area is well known and established. Revitalizing existing housing stock in targeted areas, and providing shelter for families are potential CRA initiatives.
- DOWN PAYMENT ASSISTANCE SUPPORT. The need to help LMI families with the initial down payment to acquire housing is evident and supported by the assessment results. The form of assistance can be either grants or loans.
- COMMUNITY DEVELOPMENT ADMINISTRATIVE SERVICES GRANTS. Many community based housing-related organizations can find funding for LMI housing programs but lack access to grants that help cover administrative services required to support the programs. These services include: salary expenses, office and program administrative expenses. Without funding to cover these costs, programs may not be administered effectively or achieve their stated goals.

⁵ Available at http://www.business.utah.edu/sites/bebr/Studies/RAIFHEA/RegionalAnalysis_Combined.pdf

- ***FINANCIAL LITERACY***. The lack of culturally appropriate education and information and the lack of emphasis on the importance of financial education contribute to Utah ranking 47th out of 50 states in the asset poverty rate (the ability of a household to access wealth resources sufficient to meet basic need for a period of three months). Additional financial literacy training would help improve this situation.

Management will meet the need for LMI housing loans and economic development by participating in some or all of the following:

- Utah Housing Bond or similar type bond issues with concentrations in Salt Lake County with funds used to provide LMI individuals and families with residential mortgages.
- Neighborworks Salt Lake – A non-profit group targeting affordable home ownership for LMI individuals and families through first mortgages and rehabilitation loans.
- Utah Microenterprise Loan Fund – A group that provides management and financing support to owners of start-up and existing businesses many of whom are LMI individuals and that do not have access to traditional funding sources, particularly those who are socially and economically disadvantaged.
- Utah Community Reinvestment Corp. – A non-profit mortgage-banking consortium specializing in financing affordable housing projects targeted to LMI individuals and families.
- Junior Achievement – A non-profit organization that brings the real world to LMI students through hands-on curriculum delivered by volunteers with experience and training in the workplace. This training will primarily be accomplished through the Junior Achievement program focused on elementary age children who are from LMI families that attend Title I public schools.

PRODUCTS, INVESTMENTS, SERVICE OPPORTUNITIES AND BUSINESS STRATEGY

12 C.F.R. §345.21(b)(3)

BANK PRODUCTS AND INVESTMENTS

The Bank's products and business strategy are discussed through this CRA Strategic Plan. At September 30, 2014, the products offered by the Bank included:

- ***Asset-based commercial lending*** – collateral-based commercial lending in which the Bank provides lines of credit secured primarily by the company's accounts receivable, with some inventory and machinery included. Because of the parent company's operating market, loans are concentrated in the New York tri-state area and are serviced by the Bank's New York affiliate. The Bank has full dominion and control over the borrower's accounts receivable. None of the loans fall within the Bank's assessment area and all are serviced by a New York affiliate of the Bank.
- ***Taxi medallion lending*** – a fixed term commercial loan for the purpose of financing the purchase of taxicab medallions (licenses to operate a taxicab) primarily in New York City but also in seven other major U.S. markets. None of the loans fall within the Bank's assessment area and all are serviced by a New York affiliate of the Bank.
- ***Marine, Recreational Vehicle, Horse Trailer and Motorcycle lending*** – a consumer loan to finance the purchase of boats, recreational vehicles and other recreation-related products. It is currently offered in 45 states on a direct loan basis through an extensive network of recreational product dealers. A small number of customers reside in the assessment area.

- Home Improvement financing – a consumer loan to finance home improvement projects for residential homeowners. It is currently offered in 47 states on a direct loan basis through an extensive network of home improvement contractors.
- FDIC Insured Deposit Accounts – gathered exclusively in the form of brokered time deposits primarily outside of the assessment area.

The Bank makes very few loans or investments in its assessment area except those made in conjunction with CRA.

Because the Bank does not have a mortgage loan origination program, management has elected to effectively serve these identified needs by working through Community groups, investing in loan pools and purchasing housing bonds. This will continue to be accomplished by creating and maintaining an informal alliance with two or three identified groups. The Bank will continue to participate and seek out new opportunities for Community Development Lending through organizations that target Community Development in low to moderate-income areas. The Bank will continue to participate in educating the rising generation about financial responsibility through the Junior Achievement teaching programs.

SERVICE OPPORTUNITIES

Please see Section 2: Commitment to CRA above for a description of the Bank’s service opportunities.

BUSINESS STRATEGY

Management prepares an annual business plan that is approved by the Directors. Each quarter, if warranted, the plan is re-forecast based upon current market and business conditions. Management continues to evaluate its different business lines and consider various alternatives to maximize the aggregate value of its businesses and increase stockholder value. Some of these alternatives may include expansion to other recreational collateral, expansion of unsecured consumer lending and selective acquisitions of other existing business entities. When appropriate, the quarterly re-forecast reflects these new opportunities or changes in strategy.

Management’s current plan is to maintain growth over the next five years, largely through the growth of the medallion, recreational and home improvement lending portfolios. The Bank intends to maintain its current product offerings and methods of sourcing business during the next five years while remaining open to opportunities that are consistent with the Bank’s charter, objectives and management skills. The projected growth will be funded by raising additional deposits and through net profits. Management does not expect to increase the amount of deposits generated within the Bank’s CRA assessment area.

CONSTRAINTS IMPACTING THE PLAN

12 C.F.R. §345.21(b)(4)

The bank is not public facing and does not market its products to consumers in the defined assessment area. The Bank does not market directly to consumers for its retail consumer lending products. The Bank’s marketing efforts for commercial products is very limited, conducted outside the assessment area and primarily accomplished through the Bank’s affiliates. The business plan does not include any residential mortgage related products. Additionally, the management team has no particular expertise in residential mortgage related lending. The Bank does not maintain a traditional lobby, nor does it have cash on its premises. No walk-in customer traffic exists as

virtually all business transactions are conducted electronically or through the mail. The vast majority of the Bank's loan customers are located outside the State of Utah. Deposit accounts are sourced through broker relationships and Management does not have access to the names or identification of individual depositors.

Additional capacity and constraint issues continue to exist with regard to the Bank's assessment area, including the relatively limited community development loan and investment opportunities in the Bank's assessment area, and the large number of financial institutions vying for CRA opportunities in the Bank's assessment area.

Although the Bank is projected to maximize its asset growth relevant to its capital base over the next five years, because of the outsourced services model employed, the number of full-time employees should grow by no more than a few employees, which impacts the human resources available for meeting community development goals.

BALANCE SHEET

As of September 30, 2014, the Bank had total assets of \$955.8 million (see Exhibit 1). Loans (net) were 93% of total assets. The leverage capital ratio was 15.67%. The Bank has no CRA qualifying loans in its assessment area. Table 1 details the outstanding balances extended outside the assessment area as SBIC loans purchased from or originated with the help of an affiliate.

Table 1
CRA Qualifying Loan Balances outside Assessment Area

Loan Type & Number	Current Balance	Location
SBIC Small Business and Industry Loans (taxi medallion loans)	\$387.3 million	Primarily New York; also Boston, Chicago, Newark, Miami, Cambridge & Philadelphia

THE BANK'S PERFORMANCE UNDER THE EXISTING CRA STRATEGIC PLAN

12 C.F.R. §345.21(b)(5)

The Bank has been operating under an FDIC approved CRA Strategic Plan since February 2005. The Bank received joint FDIC/Utah Department of Financial Institutions CRA examinations for which satisfactory ratings were received in March 2006, February 2009 and March 2012. The Bank's internal audit department also conducts an annual CRA compliance review, the results of which have been positive and which have been reported to the Bank's Board of Directors. The actual performance for the investment and the community development service hours is presented in Tables 2 and 3 below and indicate performance above the satisfactory level and, on occasion, at the outstanding level.

Table 2

REQUIREMENTS FOR CRA PERFORMANCE LEVELS						
Year	Bank Performance		Bank Established Goals			
	Actual CDI/CDL Activity		CDI/CDL Volume Needed to Achieve Satisfactory Performance		CDI/CDL Volume Needed to Achieve Outstanding Performance	
	% of Avg. Assets	\$(000)	% of Avg. Assets	\$(000)	% of Avg. Assets	\$(000)
2011	1.41%	\$8,332	1.25%	\$7,408	1.75%	\$10,371
2012	1.27%	\$8,432	1.25%	\$8,292	1.75%	\$11,608
2013	1.42%	\$10,827	1.25%	\$9,520	1.75%	\$13,329
2014			1.25%		1.75%	

Table 3

REQUIRED COMMUNITY DEVELOPMENT SERVICE LEVELS			
Year	Actual Bank Performance	Hours to Achieve Satisfactory Performance	Hours to Achieve Outstanding Performance
2011	184.75	173	205
2012	229.75	174	212
2013	209.50	175	215
2014		176	218

In addition, the FDIC's CRA performance evaluations of Medallion Bank are posted on the FDIC's website at:

http://www2.fdic.gov/crapes/2006/57449_060320.pdf (March 2006)

http://www2.fdic.gov/crapes/2009/57449_090202.PDF (February 2009)

http://www2.fdic.gov/crapes/2012/57449_120326.PDF (March 2012)

PUBLIC FILE AND WRITTEN COMMENTS

12 C.F.R. §345.21(b)(6)

The Bank maintains a public file and any written comments received from the public which are maintained in compliance with the requirements of 12 C.F.R. §345.43. The Bank's CRA Notice is prominently displayed in the Bank's reception area of its main office, as required by 12 C.F.R. §345.44. To date, the Bank's public file contains no written comments received from the public. There are only a few requests to review the Bank's CRA Strategic Plan; however, all such requests have come from other banks within the Bank's assessment area.

SECTION 5. CRA STRATEGIC PLAN

Medallion Bank is required by the Community Reinvestment Act to develop a plan that documents the extent of unmet credit needs in the community. Additionally, it must establish the goals and methods by which the institution proposes to address those needs – consistent with the capacity and business mission, and the mechanism by which achievement of those goals can be measured, monitored, and adjusted, if needed.

CHOICE OF PLAN OPTIONS

Five different CRA plan options are available to regulated Financial Institutions. The Bank has selected to use a Strategic Plan because it allows for a clear identification upfront of commitments to the community in satisfaction of its CRA responsibilities and objective measures for measuring its success in meeting those commitments over time. Management believes that, as drafted, the Plan allows for scalability and flexibility to grow and change as the Bank continues to evolve over the coming five years.

PLAN GOALS

The FDIC's strategic plan regulations provide flexibility regarding a bank's measurable goals, both in how the goals are expressed and regarding the three performance categories. For example, although the regulations provide that a bank should address in its plan all three performance categories and "emphasize lending and lending-related activities," they also provide that:

"[n]evertheless, a different emphasis, including a focus on one or more performance categories, may be appropriate if responsive to the characteristics and credit needs of its assessment area(s), considering public comment and the bank's capacity and constraints, product offerings, and business strategy." (12 C.F.R. §345.27.(f)(ii))

Accordingly, Medallion Bank believes that the appropriate emphasis for its measurable goals fall into the two categories discussed below.

MEASURABLE GOALS FOR COMBINED CRA LOANS AND INVESTMENTS

In light of the regulatory flexibility for both measurable goals and performance categories and consistent with the Bank's current Plan, the Bank proposes measurable goals for combined community development lending, qualified investments, and grants as set forth as below. These measurable goals consist of combined community development loan commitments and/or originations, qualified investments and grants expressed as a *percentage of the Bank's average assets for each plan year*, as opposed to percentages of the Bank's total assets at the end of each plan year. The amount for any plan year period will include (i) the total of the Bank's new community development loan commitments, qualified small business loans, qualified investments⁶ and grants for the calendar

⁶ As contemplated by 12 C.F.R. §345.22 (c) and §345.23 (c), this amount may include qualifying investments (including charitable grants and contributions) or community development loan originations and community development loan commitments or loan purchases and small business loans made by affiliates of the Bank or the Bank itself. No affiliate may claim a loan origination, a loan purchase, or qualified investment if another institution claims the same loan origination, purchase or qualified investment.

year for either a satisfactory or an outstanding rating. The Bank’s average assets for any given plan year will be calculated using the amounts from the line 9 of Schedule C-K of the Bank’s four Call Reports for that Plan year.

PLAN YEAR	For “Satisfactory” rating*	For “Outstanding” rating*
2015-2019 CRA annual loans and investments as a percentage of average total assets	.40%	.60%
2015-2019 Prior period outstanding CRA investments plus current year activity as a percentage of average total assets	1.30%	1.75%

* Annual loan and investment goals and prior period outstandings are measured on an annual cycle from April 1st to March 31st each plan year.

The annual amount of new loans and investments for each plan year period will include:

- The total of new community development loan commitments or originations, qualified investments and grants for a plan year divided by the Bank’s average assets as defined below.

The prior period outstanding CRA investments for each plan year period will include:

- The total of prior period ending outstanding community development qualified investments for a plan year plus current year activity divided by the Bank’s average assets as defined below.

The Bank’s average assets for any given Plan year will be calculated using the amounts from line 9 of Schedule RC-K of the Bank’s four Call Reports for that Plan year. We believe that calculating the measurable goal from quarterly asset averages rather than at year end is more appropriate as this approach will mitigate potential spikes in the Bank’s balance sheet arising from seasonality patterns.

The Bank’s measurable goals are set at a level that should be sustainable, depending on the relevant conditions at that time. Conditions could change for a variety of reasons, however. A change in interest rates, market demand for low to moderate housing in the community, or LMI applications for new mortgages could impact the Bank’s ability to achieve these goals. For example, should interest rates drop, it could lead to the investments prepaying and maturing earlier than planned, causing a change in the amount of annual investments purchased from year to year. Please see the section “Constraints Impacting the Plan” above for additional discussion on why these measurable goals have been targeted and the Bank’s ability to achieve them. Nevertheless, actual funds committed to lending and investment goals will increase as the Bank grows. The Bank believes its CRA goals are appropriate and significant considering its history of CRA loans and investments (Table 4 below), size and growth of the Bank, the size of the Bank’s staff and the “performance context” discussed in Section 4 above and are comparable to other regulated institutions in the assessment area that operate under a strategic plan.

Table 4

Annual Loans and Investments					
Year	Prior period ending outstanding investments	Annual Loans and Investments	Average Total Assets	Annual Investments as a percentage of average assets	Prior period ending outstanding investments plus current year activity as a percentage of average assets
2010	5,633,821	1,132,000	511,744,000	.22%	1.32%
2011	4,634,021	3,687,000	592,611,000	.62%	1.41%
2012	7,214,200	1,200,000	663,338,000	.18%	1.27%
2013	7,175,576	3,600,000	761,633,000	.47%	1.42%
Average		2,092,541		.37%	1.36%

Other Banks with strategic plans that have similar annual CRA loan and investment goals include the following (Table 5):

Table 5

Bank	Satisfactory annual investments as a percentage of average total assets	Outstanding annual investments as a percentage of average total assets	Satisfactory Prior period outstanding investments plus current year activity as a percentage of average assets	Outstanding Prior period outstanding investments plus current year activity as a percentage of average assets
Web Bank	.30%	.40%	1.00%	1.15%
BMW	.28%	.42%	N.A.	N.A.
GE	.32%	.42%	N.A.	N.A.

CIT	.32%	.42%	N.A.	N.A.
Optum Bank	.30%	.40%	N.A.	N.A.

MEASURABLE GOALS FOR COMMUNITY SERVICE HOURS

The Bank’s measurable goals for community development services are set forth below. The Bank’s measurable goals are expressed in terms of the number of hours spent performing qualifying community development services, and are realistic considering the Bank’s performance context: the Bank’s staff size is small – there are only seven officers in the Bank. Personnel available for community develop service hours do not grow proportionately with asset size. Because of these constraints, it is prudent for the Bank to set goals that can be realistically performed by the Bank’s relatively small staff in Salt Lake City. As indicated in Table 3, of Section 4, the Bank has been successful, with great effort, to meet the minimum required goals set in the previous plan.

In the 10 years the Bank has operated, the number of employees who would qualify to serve in non-profit organizations has not changed. While the Bank has grown in total assets, it has only slightly increased the number of full-time employees (from 29 as of year-end 2009 to 36 as of August 2014) and those new employees do not have the qualifications to serve on non-profit boards or credit committees or provide financial advice to non-profits. Those new employees have filled more clerical positions. It is anticipated that the number of full-time employees will not increase significantly going forward. Therefore, the measurable community service hours goals below are set to be less arduous to the Bank and yet still very meaningful to the community. At an average of 5 hours per full-time employee, the Bank’s measurable community service hours goals are consistent with other banks operating under a strategic plan in the community.

YEAR	Bank’s Service Hours (3) for “Satisfactory” rating	Bank’s Service Hours (3) for “Outstanding” rating
2015	176 hours	218 hours
2016	176 hours	218 hours
2017	176 hours	218 hours
2018	176 hours	218 hours
2019	176 hours	218 hours

(3) These service hours are not cumulative from year to year but rather reflect the number of service hours to be performed during that plan year. Service hour goals are based on an annual cycle from April 1st to March 31st each plan year.

STRUCTURES SUPPORTING THE PLAN

The Board of Directors of the Bank serves as a committee-of-the-whole regarding the Bank’s CRA plans, activities and performance. Acting as a committee, the Directors are charged with oversight of management’s performance under the strategic plan.

Daily administration of the CRA plan is under the direction of the CRA Officer of the Bank. All documentation of CRA related activities including the public file, and the research conducted or evaluated to produce this plan is maintained by the CRA Officer who provides periodic reports to the Board of Directors.

Compliance with the Bank's CRA plan is reviewed by the Bank's internal audit department on an annual basis and the results reported to the Bank's independent Board Audit Committee.

ELECTION FOR ALTERNATE METHOD

The Bank elects to decline the selection of an alternative CRA method of evaluation. The Bank prefers to be evaluated solely against its investment and service targets outlined in this Plan.

The Bank believes that under other alternatives it would be unable to provide substantive resources to create measurable benefit in the community. Investing in community development programs or other qualifying investments and providing financial expertise at various levels in the community are the most meaningful way for the Bank to meet its responsibilities under CRA.

CRA REPORTING OBLIGATIONS UNDER THE COMMUNITY REINVESTMENT ACT

It is anticipated the Bank could grow beyond the small bank classification during the timeframe of this proposed Plan. Should that occur, the Bank recognizes the need to report small business and other required loans originated or purchased during a calendar year under the CRA data reporting obligations of Part 345.42 of the FDIC Rules and Regulations.

COMMENTS – APPROVALS – SUBMISSIONS

In addition to the comments solicited from the agencies listed above, the following steps were taken to solicit additional public comment, gain approval by the Bank's board of directors and submit the plan for regulatory approval.

- Public Comment: As required by 12 C.F.R. §345.27(d)(2), Management formally solicited public comment on the plan by publishing notice on November 19, 2014 in The Deseret News and the Salt Lake Tribune, daily papers of general circulation. See Exhibit 2 for proof of publication. See Exhibit 3 for a listing of plan requests and comments received.
- Board Approval. Each Director reviewed the plan at a regularly scheduled meeting of the Board on December 18, 2014. At the meeting, the plan was approved by the Board.
- Submission of Plan to FDIC. The plan was submitted to the FDIC's San Francisco, California Office on or about December 20, 2014.
- Effective Date. Management proposes that the effective date of the plan be April 1, 2015 before the existing Strategic Plan expires on May 3, 2015. The proposed plan is set to run for a period of 60 months. Annual goals will be measured on cycle that will run concurrently from April 1st to March 31st of each plan year.

SECTION 6. REQUEST FOR APPROVAL OF STRATEGIC PLAN

The Bank respectfully submits that it has fulfilled all of the regulatory requirements for strategic plans, including those governing development of the plan, public participation in the plan, and the plan's measurable goals. As established herein, the Bank's CRA performance context thoroughly supports the Bank's measurable goals. The

Bank believes that FDIC approval of the Bank's Strategic Plan and its measurable goals as set forth in this Plan are appropriate under the FDIC's criteria for evaluation of a strategic plan outlines in 12 C.F.R. § 345.27(g)(3)(i) – (iii).

For the reasons set forth above, the Bank respectfully requests FDIC approval of this Strategic Plan.

SECTION 7. CONTACT INFORMATION

For information regarding this plan, please contact:

Mr. Clifford Pedersen
CRA Officer
1100 East 6600 South, Suite 510
Salt Lake City, Utah 84121
801-747-7172

Email address: cpedersen@medallionbank.com

SECTION 8. EXHIBITS

Exhibit 1

Medallion Bank

Balance Sheet as of

(Dollars in Thousands)

	September 30, 2014
Cash & investments	\$ 48,778
Loans receivable, net	887,625
Other assets	<u>17,512</u>
Total assets	\$955,817
Deposits payable	\$806,776
Other liabilities	3,022
Total liabilities	<u>808,913</u>
Equity	<u>146,903</u>
Total liabilities & equity	\$955,817
Full-time equivalent employees (in Salt Lake City)	36

Exhibit 2

Public Notice - Proof of Publication

4770 S. 5600 W.
P.O. BOX 704005
WEST VALLEY CITY, UTAH 84170
FED. TAX I.D.# 87-0217663
801-204-6910



PROOF OF PUBLICATION

CUSTOMER'S COPY

CUSTOMER NAME AND ADDRESS	ACCOUNT NUMBER	DATE
MEDALLION BANK, JOHN M TAGGART 1100 EAST 6600 SOUTH SUITE 510 SALT LAKE CITY UT 84121	9001482066	11/19/2014

ACCOUNT NAME	
MEDALLION BANK,	
TELEPHONE	ADORDER# / INVOICE NUMBER
8012847060	0000995772 /
SCHEDULE	
Start 11/19/2014	End 11/19/2014
CUST. REF. NO.	
Legal Notice	
CAPTION	
Public Notice Medallion Bank Medallion Bank is a Utah Industrial Bank and a member of the Fe	
SIZE	
33 Lines	1.00 COLUMN
TIMES	RATE
3	
MISC. CHARGES	AD CHARGES
TOTAL COST	
60.44	

Public Notice
Medallion Bank
Medallion Bank is a Utah Industrial Bank and a member of the Federal Deposit Insurance Corporation. Medallion Bank has developed a proposed strategic plan to meet the company's responsibilities under the Community Reinvestment Act. Public comment on the proposed strategic plan is solicited and welcomed.
A copy of the proposed strategic plan may be reviewed or obtained at no cost at the company's office, located at 1100 East 6600 South, Suite 510, Salt Lake City, Utah 84121. A copy may also be requested by mail or telephone at no cost.
Questions, comments or requests regarding the proposed strategic plan may be directed to Mr. Mike DeCarlo, CRA Officer of Medallion Bank at 801-747-7172. The public comment period expires on December 19, 2014.
UPAALP
995772

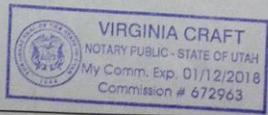
AFFIDAVIT OF PUBLICATION

AS NEWSPAPER AGENCY COMPANY, LLC dba MEDIAONE OF UTAH LEGAL BOOKER, I CERTIFY THAT THE ATTACHED ADVERTISEMENT OF **Public Notice Medallion Bank Medallion Bank is a Utah Industrial Bank and a member of the Federal Deposit Insurance Corporation. Medallion Bank has developed a FOR MEDALLION BANK** WAS PUBLISHED BY THE NEWSPAPER AGENCY COMPANY, LLC dba MEDIAONE OF UTAH, AGENT FOR THE SALT LAKE TRIBUNE AND DESERET NEWS, DAILY NEWSPAPERS PRINTED IN THE ENGLISH LANGUAGE WITH GENERAL CIRCULATION IN UTAH, AND PUBLISHED IN SALT LAKE COUNTY IN THE STATE OF UTAH. NOTICE IS ALSO POSTED ON UTAHLEGALS.COM ON THE SAME DAY AS THE FIRST NEWSPAPER PUBLICATION DATE AND REMAINS ON UTAHLEGALS.COM INDEFINATELY. COMPLIES WITH UTAH DIGITAL SIGNATURE ACT UTAH CODE 46-2-101, 46-3-104.

PUBLISHED ON Start 11/19/2014 End 11/19/2014

SIGNATURE

DATE 11/19/2014



NOTARY SIGNATURE

**THIS IS NOT A STATEMENT BUT A "PROOF OF PUBLICATION"
PLEASE PAY FROM BILLING STATEMENT**

Exhibit 3

List of Plan Requests and Comments Received

The Bank did not receive any requests for a copy of the Plan nor did it receive any comments.

Exhibit 4

Assessment Area map

