



**NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2010

Institution: American Community Bank
300 Glen Street
Glen Cove, NY 11542

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of American Community Bank (“ACB”), prepared by the prepared by the New York State Department of Financial Services (“Department”). The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2010.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

1. Outstanding record of meeting community credit needs;
2. Satisfactory record of meeting community credit needs;
3. Needs to improve record of meeting community credit needs; and
4. Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA ratings and the written summary be made available to the public (“Evaluation”). Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

ACB is evaluated according to the small bank performance criteria pursuant to Part 76.12 of the General Regulations of the Banking Board. This assessment period included calendar years 2007, 2008, 2009 and 2010. ACB is rated "1," indicating an "Outstanding" record of helping to meet community credit needs.

The rating is based on the following factors:

- **Loan-to-Deposit (LTD) Ratio and Other Lending-Related Activities:** "Outstanding"

ACB's average LTD ratio was more than reasonable considering its size, business strategy, financial condition and peer group activity. ACB's average LTD ratio for the 16 consecutive quarters ending December 31, 2010 was 96.5%, which was significantly above the peer group's average of 83.0%. The LTD ratio also improved from the prior evaluation's average of 81.9%.

During the evaluation period, ACB enhanced the availability of credit in its assessment area with three community development loans in the total amount of one million dollars.

- **Assessment Area Concentration:** "Satisfactory"

During the evaluation period, ACB originated 85.4% by number, and 79.4% by dollar value of its loans within the assessment area. This majority of lending inside of its assessment area is a reasonable record of lending within ACB's assessment area.

- **Distribution by Borrowers Characteristics:** "Outstanding"

The distribution of loans based on borrower characteristics demonstrated an excellent penetration rate of lending among businesses of different revenue sizes. ACB's penetration ratios for the four-year average are 82.2% by loan number and 80.8% by dollar value, far better than the aggregate's penetration ratios of 24.9% by loan number and 29.1% by dollar value, respectively.

- **Geographic Distribution of Loans:** "Outstanding"

The distribution of small business loans based on the income level of the geography of the business demonstrated an excellent penetration rate of lending.

During the evaluation period, ACB's average lending penetration ratios in low-income census tracts were slightly better overall than the aggregate level by both the loan number and by dollar value, although it had no lending in low-income tracts in some years. In moderate-income census tracts, ACB's penetration ratios are higher than the aggregated level, averaged at 24.7% by loan number and 22.7% by dollar value, respectively. Aggregate level's penetration ratios are 11.9% by loan number and 13.8%

by dollar value. ACB's penetration ratios in the combined LMI geographies outperformed their peer group by both loan number (25.3% vs. 12.3%) and by dollar value (23.3% vs. 14.3%).

- **Action Taken in Response to Written Complaints With Respect to CRA:**

Since the latest CRA evaluation as of December 31, 2006, neither ACB nor DFS has received any written complaints regarding ACB's CRA performance.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution Profile:

Chartered in 1999, American Community Bank (“ACB”) is a commercial bank headquartered in Nassau County. ACB primarily engages in commercial real estate lending in Nassau and Suffolk Counties in Long Island, New York.

As per the Consolidated Report of Condition (“Call Report”) as of December 31, 2010, filed with the Federal Deposit Insurance Corporation (“FDIC”), ACB reported total assets of \$160.2 million, of which \$125.2 million were net loans and lease finance receivables. ACB also reported total deposits of \$133.5 million, resulting in a loan-to-deposit ratio of 93.8%. According to the latest available comparative deposit data as of June 30, 2010, ACB obtained a market share of 0.15%, or \$137.0 million in a market of \$90.2 billion inside its market, ranking it 34th among 50 deposit-taking institutions in Nassau and Suffolk Counties.

The following is a summary of ACB’s loan portfolio, based on Schedule RC-C¹ of the bank’s December 31, Year 2007, 2008, 2009 and 2010 Call Reports:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2007		2008		2009		2010	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	4,168	4.2	6,526	5.3	9,993	7.5	9,601	7.5
Commercial & Industrial Loans	4,749	4.8	3,882	3.2	2,791	2.1	4,002	3.1
Commercial Mortgage Loans	77,951	79.0	89,699	73.4	92,583	69.5	93,769	73.0
Multifamily Mortgages	0	0.0	0	0.0	7,672	5.8	8,554	6.7
Consumer Loans	196	0.2	143	0.1	112	0.1	74	0.1
Construction Loans	11,576	11.7	21,912	17.9	20,098	15.1	12,375	9.6
Other Loans	58	0.1	97	0.1	23	0.0		0.0
Total Gross Loans	98,698		122,259		133,272		128,375	

As illustrated in the above chart, ACB’s primary business focus is commercial lending, which represented 76.1% of its loan portfolio as of 12/31/2010.

There are no known financial or legal impediments that adversely impacted ACB’s ability to meet the credit needs of its community.

Assessment Area:

ACB’s assessment area is comprised of Nassau and Suffolk Counties.

There are 597 census tracts in the area, of which four are low-income, 84 are moderate-

¹ Total Gross Loans outstanding should be the amount as indicated on Lines 1 through 10.

income, 375 are middle-income, 118 are upper-income and 16 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Nassau	8	2	20	178	69	277	7.9
Suffolk	8	2	64	197	49	320	20.6
Total	16	4	84	375	118	597	14.7

The assessment area appears reasonable based upon the location of ACB's offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Demographic & Economic Data

The assessment area had a population of 2.75 million during the evaluation period. About 13.4% of the population were over the age of 65 and 22.7% were under the age of 16.

Of the 712,551 families in the assessment area, 18.0% were low-income, 18.6% were moderate-income, 24.2% were middle-income and 39.2% were upper-income families. There were 917,338 households in the assessment area, of which 5.5% had income below the poverty level and 1.4% was on public assistance.

The MSA median family income within the assessment area was \$76,221. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area was \$103,600 in 2000.

There were 980,474 housing units within the assessment area, of which 91.1% were one-to-four-family units, and 8.9% were multifamily units. A majority (74.8%) of the area's housing units were owner-occupied, while 18.7% were rental units. Of the 733,628 owner-occupied housing units, 12.4% were in LMI census tracts while 87.6% were in middle- and upper-income census tracts. The median age of the housing stock was 50 years and the median home value in the assessment area was \$240,638.

There were 231,835 non-farm businesses in the assessment area. Of these, 80.7% were businesses with reported revenues of less than or equal to \$1 million, 5.2% reported revenues of more than \$1 million and 14.1% did not report their revenues. Of all the businesses in the assessment area, 89.5% were businesses with less than fifty employees while 93.4% operated from a single location. The largest industries in the area were services (48.7%), followed by retail trade (14.0%) and construction (9.3%), while 4.9% of businesses in the assessment area were not classified.

Statistics published by the New York State Department of Labor showed that the average unemployment rate for New York State increased from 4.6% in 2007 to 8.6% in

2010. The same upward trend was manifested in Nassau and Suffolk Counties. These unemployment rates are directly tied to the ongoing economic recession.

	Statewide	Nassau	Suffolk
2007	4.6	3.7	3.9
2008	5.4	4.7	5.0
2009	8.3	7.1	7.4
2010	8.6	7.1	7.6

Community Information

Examiners interviewed the Executive Director of a charitable organization that has a number of programs to help LMI families, particularly Hispanic residents, in the City of Glen Cove, New York. Programs provided by the organization include English as a Second Language classes, housing and foreclosure counseling, citizenship and immigration services, and school-age child care program. According to this organization, affordable housing is the primary credit need of the area. In addition, there is a need for services such as financial education on available banking products. No negative information was mentioned about ACB.

In addition, an interview was conducted with an Executive Director of a not-for-profit child care organization that provides early care and learning to children 12 weeks old to 12 years old. Established 38 years ago, the organization runs six centers in Long Island with one in low-income census tract. According to the Executive Director, while there was very little involvement by the local banks for their initiatives, ACB provided a term loan to their organization.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

ACB was evaluated under the small banking institution's performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Banking Board. ACB's performance was evaluated according to the small bank performance criteria, which consists of the lending test including

1. Loan-to-deposit ratio and other lending-related activities;
2. Assessment area concentration;
3. Distribution by borrower characteristics;
4. Geographic distribution of loans; and
5. Action taken in response to written complaints regarding CRA

The following factors were also considered in assessing the bank's record of performance:

1. Extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;
2. Any practices intended to discourage credit applications,
3. Evidence of prohibited discriminatory or other illegal credit practices;
4. Record of opening and closing offices and providing services at offices; and
5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs

Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the examination process and on its Call Report submitted to FDIC. Aggregate lending data were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data were obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

The demographic data referred to in this report were derived from the 2000 U.S. Census and HUD. Business demographic data used in this report is based on Dun & Bradstreet reports which are updated annually. Unemployment data was obtained from the New York State Department of Labor. Some non-specific bank data is only available on a county-wide basis, and was used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2007, 2008, 2009 and 2010.

Examiners considered ACB's small business loans in evaluating factors (2), (3) and (4) of the lending test as noted above.

Small business/small farm loan aggregate data are shown for comparative purposes. ACB is not required to report this data and as such is not included in the aggregate data. As ACB did not make any small farm loans, all analyses was based on small business lending only.

ACB received a rating of “1”, reflecting an “Outstanding” record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2006.

Current CRA Rating: “Outstanding”

Loan-to-Deposit Ratio and other Lending-Related Activities: “Outstanding”

ACB’s average LTD ratio was more than reasonable considering its size, business strategy, financial condition, aggregate and peer group activity.

ACB’s LTD ratio for the 16 consecutive quarters since the prior evaluation was 96.5%, which was significantly above the peer group’s average of 83.0%. The LTD ratio also improved from the prior evaluation’s average of 81.9%.

The chart below shows ACB’s LTD ratios in comparison with the peer group’s ratios for the sixteen quarters since the prior evaluation.

	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	Avg.
Bank	99.1	87.2	95.1	99.7	97.1	96.6	96.5	99.2	95.6	100.5	97.6	96.9	95.7	95.7	97.6	93.8	96.5
Peer	78.3	84.8	85.4	86.5	86.6	87.1	87.3	86.3	85.1	83.8	82.8	80.6	80.1	78.7	77.8	76.7	83.0

During the evaluation period, ACB enhanced the availability of credit in its assessment area with three community development loans in the total amount of one million dollars. A brief description of the three community development loans follows:

ACB originated a term-loan in the amount of \$650,000 to a not-for-profit organization that provides early care and learning to children 12 weeks old to 12 years old in Nassau County. The organization has six centers in Nassau County, New York and serves approximately 800 children.

ACB originated an unsecured revolving line of credit in the amount of \$100,000 in 2004 to a privately owned financial organization. The organization was founded to provide loans to underserved and small businesses across New York State that are not eligible for traditional financing. The line was renewed in 2011 for one year.

In 2010, ACB approved an unsecured \$250,000 line of credit for a not-for-profit organization which acts as an intermediary to help secure public subsidies to leverage

private sector financing for housing targeted for LMI households. The line is used to bridge the funding delays in a project acquiring 13 homes from NYC for refurbishment and resale as subsidized housing.

Assessment Area Concentration: “Satisfactory”

During the evaluation period, ACB originated 85.4% by number, and 79.4% by dollar value of its small business loans within the assessment area. This majority of lending inside of its assessment area is a reasonable record of lending.

The following table shows the percentages of ACB’s small business originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Business										
2007	56	93.3%	4	6.7%	60	19,870	88.6%	2,565	11.4%	22,435
2008	51	87.9%	7	12.1%	58	16,402	84.0%	3,135	16.0%	19,537
2009	21	70.0%	9	30.0%	30	8,907	65.0%	4,795	35.0%	13,702
2010	18	78.3%	5	21.7%	23	4,849	66.0%	2,499	34.0%	7,348
Grand Total	146	85.4%	25	14.6%	171	50,028	79.4%	12,994	20.6%	63,022

Distribution by Borrower Characteristics: “Outstanding”

The distribution of loans based on borrower characteristics demonstrated an excellent penetration rate of lending among businesses of different revenue sizes.

Over the four-year evaluation period, ACB’s lending to businesses with gross annual revenues of less than or equal to \$1 million consistently exceeding the marketplace penetration ratios to a significant extent. ACB’s penetration ratios for the four-year average are 82.2% by loan number and 80.8% by dollar value, far better than the aggregate’s penetration ratios of 24.9% by loan number and 29.1% by dollar value, respectively.

The following chart provides a summary of ACB's small business lending distribution based on revenue size during the evaluation period:

Distribution of Small Business Lending by Revenue Size of Business									
2007									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	46	82.1%	16,255	81.8%	67,909	31.9%	1,601,902	38.8%	70.2%
Rev. > \$1MM	10	17.9%	3,615	18.2%					5.8%
Rev. Unknown		0.0%		0.0%					24.0%
Total	56		19,870		212,961		4,123,486		
2008									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	44	86.3%	13,640	83.2%	34,718	21.3%	909,869	26.1%	69.1%
Rev. > \$1MM	3	5.9%	337	2.1%					5.3%
Rev. Unknown	4	7.8%	2,425	14.8%					25.5%
Total	51		16,402		163,280		3,487,204		
2009									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	18	85.7%	7,637	85.7%	12,614	17.8%	447,259	21.5%	80.2%
Rev. > \$1MM	2	9.5%	420	4.7%					5.2%
Rev. Unknown	1	4.8%	850	9.5%					14.6%
Total	21		8,907		71,010		2,077,397		
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	12	66.7%	2,910	60.0%	11,490	18.4%	398,799	21.4%	80.6%
Rev. > \$1MM	5	27.8%	1,289	26.6%					5.2%
Rev. Unknown	1	5.6%	650	13.4%					14.1%
Total	18		4,849		62,612		1,860,693		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	120	82.2%	40,442	80.8%		24.9%		29.1%	
Rev. > \$1MM	20	13.7%	5,661	11.3%					
Rev. Unknown	6	4.1%	3,925	7.8%					
Total	146		50,028						

Geographic Distribution of Loans: "Outstanding"

The distribution of small business loans based on the income level of the geography of the business demonstrated an excellent penetration rate of lending.

During the evaluation period, ACB's average lending penetration ratios in low-income census tracts were slightly better overall than the aggregate level by both the loan

number and by dollar value. However ACB had no lending in low-income tracts in some years. In moderate-income census tracts, ACB's penetration ratios are higher than the aggregated level, averaged at 24.7% by loan number and 22.7% by dollar value, respectively. Aggregate level's penetration ratios are 11.9% by loan number and 13.8% by dollar value. ACB's penetration ratios in the combined LMI geographies outperformed their peer group by both loan number (25.3% vs. 12.3%) and by dollar value (23.3% vs. 14.3%).

The following chart provides a summary of ACB's small business lending distribution based on the income level of the geography.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2007									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	861	0.4%	21,522	0.5%	0.7%
Moderate	14	25.0%	5,020	25.3%	26,047	12.2%	555,419	13.5%	13.2%
LMI	14	25.0%	5,020	25.3%	26,908	12.6%	576,941	14.0%	13.9%
Middle	33	58.9%	11,875	59.8%	133,791	62.8%	2,473,349	60.0%	62.7%
Upper	9	16.1%	2,975	15.0%	52,256	24.5%	1,073,039	26.0%	23.4%
Unknown	0	0.0%	0	0.0%	6	0.0%	157	0.0%	0.0%
Total	56		19,870		212,961		4,123,486		
2008									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	2.0%	322	2.0%	679	0.4%	16,194	0.5%	0.7%
Moderate	13	25.5%	3,675	22.4%	19,360	11.9%	458,544	13.1%	13.4%
LMI	14	27.5%	3,997	24.4%	20,039	12.3%	474,738	13.6%	14.1%
Middle	33	64.7%	11,015	67.2%	101,824	62.4%	2,108,585	60.5%	62.7%
Upper	4	7.8%	1,390	8.5%	41,408	25.4%	903,651	25.9%	23.2%
Unknown	0	0.0%	0	0.0%	9	0.0%	230	0.0%	0.0%
Total	51		16,402		163,280		3,487,204		
2009									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	293	0.4%	12,916	0.6%	0.7%
Moderate	3	14.3%	1,225	13.8%	8,358	11.8%	313,432	15.1%	13.4%
LMI	3	14.3%	1,225	13.8%	8,651	12.2%	326,348	15.7%	14.1%
Middle	17	81.0%	7,532	84.6%	43,391	61.1%	1,219,719	58.7%	62.7%
Upper	1	4.8%	150	1.7%	18,963	26.7%	531,304	25.6%	23.2%
Unknown	0	0.0%	0	0.0%	5	0.0%	26	0.0%	0.0%
Total	21		8,907		71,010		2,077,397		
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	246	0.4%	10,946	0.6%	0.7%
Moderate	6	33.3%	1,415	29.2%	6,991	11.2%	263,476	14.2%	13.3%
LMI	6	33.3%	1,415	29.2%	7,237	11.6%	274,422	14.7%	14.0%
Middle	9	50.0%	2,765	57.0%	38,008	60.7%	1,116,506	60.0%	62.8%
Upper	3	16.7%	669	13.8%	17,360	27.7%	469,491	25.2%	23.3%
Unknown	0	0.0%	0	0.0%	7	0.0%	274	0.0%	0.0%
Total	18		4,849		62,612		1,860,693		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	0.7%	322	0.6%		0.4%		0.5%	
Moderate	36	24.7%	11,335	22.7%		11.9%		13.8%	
LMI	37	25.3%	11,657	23.3%		12.3%		14.3%	
Middle	92	63.0%	33,187	66.3%		62.2%		59.9%	
Upper	17	11.6%	5,184	10.4%		25.5%		25.8%	
Unknown	-	0.0%	-	0.0%		0.0%		0.0%	
Total	146		50,028						

Action Taken In Response to Written Complaints With Respect to CRA:

Since the latest CRA evaluation as of December 31, 2006, neither ACB nor DFS has received any written complaints regarding ACB's CRA performance.

Additional Factors

The extent of participation by the banking institution's board of directors or board of trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act

The board discusses CRA activities regularly and reviews management's recommendations regarding CRA initiatives.

Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.

DFS noted no practices that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

DFS noted no evidence of prohibited discriminatory or other illegal credit practices.

Record of opening and closing offices and providing services at offices

Distribution of Branches within the Assessment Area								
County	N/A	Low	Moderate	Middle	Upper	Total	LMI	LMI and
	#	#	#	#	#	#	%	Distressed or Underserved
Nassau			1			1	100%	100%
Suffolk				1	1	2	0%	0%
Total	-	-	1	1	1	3	33%	33%

ACB has opened its third branch in an Upper income census tract in Suffolk County in 2008, and did not close any branches during the evaluation period.

All three branches have office hours for at least one week-night till 7PM, and open on Saturday from 9 AM till 1PM or 3PM.

Process Factors

- Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the

banking institution.

ACB has determined that the most effective way to determine community needs is to be actively involved in the various community organizations and events. This includes active participation in Women Economic Developers of Long Island, Community Banks Mortgage Forum, Dominican Business Partnership Council, and Chambers of Commerce meetings.

- The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution

ACB made members of the community aware of their credit services through their involvement with various community organizations and events along with periodic advertising in local newspapers.

Other factors that in the judgment of the Superintendent and Banking Board bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community

During the evaluation period, ACB also enhanced the availability of credit in its assessment area by contributing \$14,576 to the Federal Home Loan Bank of New York, which in turn has allocated funds to numerous affordable housing initiatives.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3) above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A “community development service” is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;

- ❖ Developing secondary market vehicles or programs;
- ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level of the person, family or household is based on the income of person, family or household. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Loans to Small Businesses

Small business loans to businesses with gross annual revenues (“GAR”) of \$1 million or less (“< = \$ 1MM”).

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would

relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that depicts the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Small Business Loans

Loans to businesses with original amounts of \leq \$1MM.