



**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: New York Community Bank
615 Merrick Ave,
Westbury, NY 11590

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.

TABLE OF CONTENTS

	Section
General Information	1
Overview of Institution's Performance	2
Performance Context	3
Institution's Profile	
Assessment Area	
Demographic & Economic Data	
Performance Tests and Assessment Factors	4
Lending Test	
Investment Test	
Service Test	
Additional Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of New York Community Bank (“NYCB”) prepared by the New York State Department of Financial Services (the “Department” or “DFS”). This evaluation represents the 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 (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Superintendent implements Section 28-b and further requires that the 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 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 rating and the written summary (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

NYCB Bank's performance was evaluated according to the large bank performance criteria pursuant to Part 76.12 of the General Regulations of the Superintendent. This assessment period included calendar years 2007, 2008, 2009 and 2010. NYCB is rated "2," indicating a "**Satisfactory**" record of helping to meet community credit needs.

This rating is based on the following factors:

Lending Test – "High Satisfactory"

NYCB's small business and HMDA-reportable lending activities were reasonable in light of size, business strategy and financial condition, as well as peer group activity, demographics, and its assessment area's credit needs.

- **Lending Activity:** "High Satisfactory"

NYCB's lending levels reflected reasonable activities considering its size, business strategy and financial condition, as well as peer group activity and demographics.

During the evaluation period, NYCB generated 4,437 loans totaling \$10 billion including HMDA reportable loans totaling 2,732 loans for \$2.8 billion. NYCB's loan to deposit ratio was over 100% during the evaluation period.

NYCB had \$9.1 billion in deposits and a market share of 1.3% within the assessment area as of June 30, 2010. NYCB's market share declined from 1.7% in 2006. NYCB's ranking dropped to 11 from 9 in 2006.

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

During the evaluation period, NYCB originated 80% by number, and 86.9% by dollar value of its overall loans within the assessment area totaling HMDA-reportable, MECA and small business lending. While MECA loans achieved a high percentage of concentration in assessment area, the ratios of HMDA loans were relatively lower. Small business loans in particular, reached a poor ratio of 21.8% by number of loan and 29.8% by dollar value in the assessment area. Overall, the majority of lending inside of its assessment area is a reasonable record of lending within NYCB's assessment area.

- **Geographic Distribution of Loans:** "High Satisfactory"

The distribution of loans based on lending in census tracts of varying income levels demonstrated a more than reasonable rate of lending.

During the evaluation period, NYCB originated 2,110 HMDA-reportable loans totaling \$1.8 billion within the assessment area. NYCB's average LMI penetration ratio was 34.2% by dollar amount and 20.6% by count which outperformed the market aggregate.

The aggregate level for HMDA reportable loans extended in LMI tracts was 17.5% by dollar amount and 17.5% by loan count.

During the evaluation period, NYCB generated a total of 2,584 small business loans totaling \$44.9 million within the assessment area. NYCB's average LMI penetration ratio was 23.2% by dollar volume and 27.4% by loan count. Both indicators outperformed the four-year average aggregate ratios of 19.5% and 19.3%, respectively.

- **Distribution by Borrower Characteristics: "High Satisfactory"**

The distribution of loans based on borrower characteristics demonstrated a reasonable penetration rate of lending among individuals of different income levels and businesses of different revenue sizes.

NYCB extended 16.9% by dollar volume and 22.9% by loan number of its residential mortgage loans to LMI borrowers in 2009. These ratios compared favorably to their respective aggregate level of 11.2% and 11.8%. NYCB's performance ratios improved to 18.1% by dollar volume and 27.5% by loan number in 2010. These ratios compared favorably again to their respective aggregate level of 7.5% and 14.7%.

During the evaluation period, NYCB extended 51.2% (by dollar amount) and 54.5% (by count) of its small business loans to businesses with gross revenue of \$1 million or less. NYCB significantly outperformed the aggregate level, 30.0% by dollar amount and 21.9% by loan count.

- **Community Development Lending: "High Satisfactory"**

During the evaluation period, NYCB originated \$3.56 billion in new community development loans, resulting in an annualized rate of 2.3% over total assets as of December 31, 2010. The ratio has decreased from 4.85% at the prior evaluation period.

Investment Test: "High Satisfactory"

NYCB's community development investments were reasonable given the assessment area's credit needs.

- **Amount of Community Development Investments:**

During the evaluation period, NYCB made \$30.5 million in new community development investments, and had \$80.3 million outstanding from prior evaluation periods. In addition, NYCB contributed \$5.7 million in community development grants. Annualized rate of community development investments as a percentage of total assets decreased from 0.23% at the prior evaluation to 0.075% at the current evaluation period.

- **Innovativeness of Community Development Investments:**

NYCB's made a significant use of innovative and/or complex investments to support community development. The majority of NYCB's qualified investments was complex and primarily consisted of tax credit investments and collateral trust notes.

- **Responsiveness of Community Development Investments to Credit and Community Development Needs:**

NYCB's community development investments exhibited reasonable responsiveness to credit and community development needs.

Service Test: "High Satisfactory"

- **Retail Banking Services:** "High Satisfactory"

NYCB had and continues to have reasonable delivery systems, branch network, branch hours and services, and alternative delivery systems.

- **Community Development Services:** "High Satisfactory"

NYCB provided an adequate level of community development services. NYCB has a wide variety of community development services throughout its assessment area. NYCB sponsors several activities and programs in addition to staff member participation in a number of nonprofit organizations. NYCB participated in a total of 57 CRA service events during the current evaluation period, including serving on the board of directors for community development organizations.

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 Superintendent.

PERFORMANCE CONTEXT

Institution Profile:

Chartered in 1858, NYCB is a savings bank headquartered in Westbury, New York, which is part of Nassau County. The bank is a wholly-owned subsidiary of New York Community Bancorp (“NYB”). NYB is the fourth largest thrift in the nation and the largest thrift depository in the New York metropolitan region as of March 31, 2010. NYCB operates through seven of its sister banks under the holding company umbrella: four in New York (Queens County Savings Bank in Queens, Roslyn Savings Bank on Long Island, Richmond County Savings Bank on Staten Island, and Roosevelt Savings Bank in Brooklyn); one in New Jersey (Garden State Community Bank); one in Ohio (Ohio Savings Bank); and one each in Florida and Arizona (AmTrust Bank). In 2010, NYCB elected to include the small business lending activity of an affiliate, Standard Funding, in its CRA review. Established in 1978, Standard Funding is a licensed insurance premium finance company doing business in 49 states and the District of Columbia.

As per the Consolidated Report of Condition (“Call Report”) as of December 31, 2010, filed with the Federal Deposit Insurance Corporation (“FDIC”), NYCB reported total assets of \$38.9 billion, of which \$26.6 billion were net loans and lease finance receivables. It also reported total deposits of \$20.3 billion, resulting in a loan-to-deposit ratio of 131%. According to the latest available comparative deposit data as of June 30, 2010, NYCB obtained a market share of 1.3%, or \$9.1 billion in a market of \$720.8 billion inside its market, ranking it 11th among 146 deposit-taking institutions in the assessment area.

The following is a summary of the bank’s loan portfolio, based on Schedule RC-C of the bank’s Call Reports from 2007 to 2010:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2007		2008		2009		2010	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Fam. Residential Mortgage Ld	506,096	2.7	356,513	1.7	5,290,937	19.6	5,567,195	19.9
Commercial & Industrial Loans	227,551	1.2	195,611	0.9	158,489	0.6	239,343	0.9
Commercial Mortgage Loans	3,353,759	17.6	4,062,423	19.5	4,500,671	16.6	5,001,226	17.9
Multifamily Mortgages	13,725,924	72.2	15,418,004	74.1	16,422,368	60.7	16,395,162	58.7
Consumer Loans	77,729	0.4	30,298	0.1	16,946	0.1	18,533	0.1
Construction Loans	1,108,354	5.8	733,935	3.5	626,006	2.3	536,910	1.9
Other Loans	5,906	0.0	9,497	0.0	18,745	0.1	173,253	0.6
Total Gross Loans	19,005,319		20,806,281		27,034,162		27,931,622	

As illustrated in the above chart, NYCB is primarily a residential real estate lender, with 58.7% of its loan portfolio in multifamily mortgage loans as of December 31, 2010. Multifamily lending steadily increased during the evaluation period, from \$14.2 billion in 2006 to \$15.4 billion in 2008, \$16.4 in 2009 and \$16.4 billion in 2010.

There were no known financial or legal impediments that adversely impacted the bank's ability to meet the credit needs of its community.

Assessment Area:

The bank's assessment area consists of the five New York City boroughs: Bronx, Brooklyn, Manhattan, Queens, and Staten Island as well as three counties within the New York Metropolitan Area: Westchester, Nassau and Suffolk Counties.

There are 3,035 census tracts in the area, of which 334 are low-income, 718 are moderate-income, 1,077 are middle-income, 828 are upper-income and 78 are tracts with no income indicated. The Bronx, Kings, New York, Richmond, Queens and Westchester Counties are located in Metropolitan Division ("MD") # 35644, while Nassau and Suffolk Counties comprise MD # 35004.

The following chart is a summary of the census tracts within the assessment area:

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
Bronx	14	132	98	65	46	355	64.8
Kings	15	119	297	235	117	783	53.1
New York	9	60	59	24	144	296	40.2
Queens	18	12	148	310	185	673	23.8
Richmond	2	3	11	29	65	110	12.7
Westchester	4	4	21	39	153	221	11.3
Total	78	334	718	1,077	828	3,035	34.7

The assessment area appears reasonable based upon the location of the bank'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 11.7 million during the examination period. About 12.3% of the population were over the age of 65 and 22% were under the age of 16.

Of the 2.8 million families in the assessment area, 26% were low-income, 16.7% were moderate-income, 18.6% were middle-income and 38.7% were upper-income families. There were 4.3 million households in the assessment area, of which 15.8% had income below the poverty level and 5.9% were on public assistance.

The weighted average median family income within the assessment area was \$59,658. The U.S. Department of Housing and Urban Development (“HUD”) estimated median family income for the area was \$73,075 in 2010. Bronx County had the lowest (\$33,099) and Nassau had the highest (\$85,752) weighted average median family income in the assessment area. Suffolk and Nassau Counties both had a HUD median family income of \$103,600 while the remaining six counties had a HUD median family income of \$65,600.

There were 4.5 million housing units within the assessment area, of which 52.5% were one- to four-family units, and 47.3% were multifamily units. A total of 40.8% of the area’s housing units were owner-occupied, while 53.6% were rental-occupied units. Of the 1.8 million owner-occupied housing units, 13.7% were in moderate-income geographies while 44.3% were in middle-income tracts. The median age of the housing stock was 57 years and the median home value in the assessment area was \$244,311. Multifamily housing was concentrated in New York City while a majority of the housing stock in Suffolk and Nassau Counties was one- to four- residential units.

There were 805,393 non-farm businesses in the assessment area. Of these, 76.9% were businesses with reported revenues of less than or equal to \$1 million, 5.2% reported revenues of more than \$1 million and 17.9% did not report their revenues. Of all the businesses in the assessment area, 85.8% were businesses with less than fifty employees while 92.8% operated from a single location. The largest industries in the area were services (47.4%), followed by retail trade (15.7%) and finance (9.2%), while 7.3% of businesses in the assessment area were not classified.

According to the October 2010 New York State 90-Day Pre-Foreclosure Notice Report, foreclosure activity continued to be high in the assessment area during the evaluation period. The report covered the period of February 13, 2010 through August 31, 2010. During that period a total of 134,000 pre-foreclosure filings were made. Almost one-third (29.3% or 39,320) of these filings involved loans that had been originated during the evaluation period. New York City accounted for 38,460 or 28.7% of these pre-foreclosure filings. The statewide average of pre-foreclosure filings as a percentage of total mortgages outstanding on comparable properties was 5.2%. The eight counties in the assessment area accounted for a total of 78,260 pre-foreclosure filings and had a total of 1,322,049 mortgages outstanding. This constituted a ratio of 5.9% or 0.7 percentage points above the statewide average of pre-foreclosure filings.

According to the New York State Department of Labor, the average unemployment rate for New York State was 8.6% in 2010. The unemployment rate has increased significantly since the last evaluation. Three counties in the assessment area: Bronx, Kings, and Richmond had an unemployment rate higher than the state average of 8.6% in 2010. Among the eight counties, Bronx had the highest unemployment rate and Nassau had the lowest in 2010.

Assessment Area Unemployment Rate									
	Statewide	Bronx County	Kings County	Queens County	New York County	Nassau County	Richmond County	Suffolk County	Westchester County
2010	8.6	12.8	10.2	8.5	8.0	7.1	8.7	7.6	7.2
2009	8.4	11.9	9.9	8.3	8.4	7.1	8.1	7.4	7.3
2008	5.3	7.3	5.8	4.8	4.7	4.7	4.9	5	4.8
2007	4.5	6.6	5.3	4.4	4.2	3.7	4.5	3.9	3.8

Westchester, Nassau and Suffolk Counties' unemployment rates were lower than other parts of the assessment area during the evaluation period.

The New York area has experienced economic weakness during the extended recession. Real estate values have generally declined and construction activity had substantially diminished. During this period NYCB remained an active lender, although lending activity declined.

Community Contacts

A number of community groups have filed public comment letters on NYCB's multifamily lending practices and its CRA program during this examination period. These organizations raised serious concerns about the adverse impact of NYCB's multifamily lending practices on affordable housing in New York City. The CRA comment letters raised concerns regarding NYCB's lending to building owners who, the organizations stated, failed to maintain multifamily properties. Since the time of this examination NYCB has worked with some of these community organizations to address the issues raised in the comment letters. Additional information on these CRA comment letters can be found at the end of Section 4 of this report.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

NYCB was evaluated under the large bank's performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent which consist of the lending, investment and service tests. 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 the FDIC. Aggregate lending data were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data was 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.

Demographic data referred to in this report was 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 NYCB's small business, and HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test as noted below.

NYCB included small business loan data from one of its affiliates (Standard Funding) in 2010. In particular, NYCB included 2740 small business loans totaling \$22.0 million for evaluation of NYCB's CRA performance.

At the request of NYCB, home mortgage loan modification, extension, and consolidation agreements ("MECAs") were also included for evaluation.

NYCB 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: “Satisfactory”

LENDING TEST: “High Satisfactory”

The bank’s lending performance was evaluated pursuant to the following criteria:

- 1. Lending Activity*
- 2. Assessment Area Concentration*
- 3. Geographic Distribution of Loans*
- 4. Borrower Characteristics*
- 5. Community Development Lending and*
- 6. Flexible and/or Innovative Lending Practices*

NYCB’s small business and HMDA-reportable lending activities were reasonable in light of size, business strategy and financial condition, as well as peer group activity, demographics, and its assessment area’s credit needs.

Lending Activity: “High Satisfactory”

NYCB’s lending levels reflected reasonable activities considering its size, business strategy and financial condition, as well as peer group activity and demographics.

During the evaluation period, NYCB generated 4,437 loans totaling \$10 billion including HMDA reportable loans totaling 2,732 loans for \$2.8 billion. Home mortgage loan MECAs totaled 1,407 for \$7.12 billion and small business loans totaled 4,437 for \$10 million.

NYCB’s loan to deposit ratio was over 100% during the evaluation period.

NYCB had \$9.1 billion in deposits and a market share of 1.3% within the assessment area as of June 30, 2010. NYCB’s market share declined from 1.7% in 2006. NYCB’s ranking dropped to 11 from 9 in 2006.

Assessment Area Concentration: “Low Satisfactory”

During the evaluation period, NYCB originated 80% by number, and 86.9% by dollar value of its loans within the assessment area totaling HMDA-reportable, MECA and small business lending. While MECA loans achieved a high percentage of concentration in assessment area, the ratios of HMDA loans were relatively lower. Small business loans in particular, reached a poor ratio of 21.8% by number of loan and 29.8% by dollar value in the assessment area. Overall, the majority of lending inside of its assessment area is a reasonable record of lending within NYCB’s assessment area.

HMDA-Reportable Loans:

During the evaluation period, NYCB originated 77.2% by number, and 62.7% by dollar value of HMDA reportable loans within the assessment area. NYCB generated 43.8% and 55.0% by number, and 34.5% and 55.4% by dollar value of HMDA-reportable loans within the New York assessment area in 2007 and 2008 respectively. With the acquisition of AmTrust Bank in 2009, NYCB expanded its operations and lending activity to Florida, Arizona and Ohio. In 2010, NYCB further expanded its lending activity to Arizona through the acquisition of Phoenix-based Desert Hills Bank. As these two banks had mortgage operations in the State of New York, the HMDA loans originated by them in New York were also recorded in NYCB's book, resulting higher loans in 2009 and 2010 both by loan count and dollar value as compared to 2007 and 2008.

MECA Loans:

During the evaluation period, NYCB refinanced and modified 97.7% by number, and 97.2% by dollar volume of its MECA loans within the assessment area. This level of lending constitutes an "Outstanding" record of lending.

Small Business Loans:

During the evaluation period, for small business lending, NYCB originated 21.8% by number, and 29.8% by dollar value of its loans within the assessment area. The low percentage was primarily driven by the year 2010, when the bank expanded its operation and made more loans outside of its assessment area. This lending level inside of its assessment area indicates a less than adequate record of lending.

NYCB included small business lending from Standard Funding in 2010, which totaled 2,740 loans by number and \$22.0 million by dollar amount. In accordance with Paragraph 76.8(c)(3) of the General Regulations of the Superintendent, affiliate lending is not considered when determining the concentration of a bank's lending within its assessment area. This portfolio is therefore not included for the analysis of this subcomponent.

The following table shows the percentages of the NYCB's small business and HMDA-reportable loans 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
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable*										
2007	112	43.8%	144	56.3%	256	235,281	34.5%	446,817	65.5%	682,098
2008	131	55.0%	107	45.0%	238	654,217	55.4%	527,551	44.6%	1,181,768
2009	1,295	81.1%	301	18.9%	1,596	519,299	89.6%	60,073	10.4%	579,372
2010	572	89.1%	70	10.9%	642	352,274	95.9%	15,084	4.1%	367,358
Subtotal	2,110	77.2%	622	22.8%	2,732	1,761,071	62.7%	1,049,525	37.3%	2,810,596
MECA										
2007	283	95.6%	13	4.4%	296	1,651,570	94.8%	89,750	5.2%	1,741,320
2008	441	97.1%	13	2.9%	454	2,272,191	96.7%	78,105	3.3%	2,350,296
2009	372	98.9%	4	1.1%	376	1,588,312	98.1%	29,975	1.9%	1,618,287
2010	279	99.3%	2	0.7%	281	1,409,977	99.8%	2,822	0.2%	1,412,799
Subtotal	1,375	97.7%	32	2.3%	1,407	6,922,050	97.2%	200,652	2.8%	7,122,702
Small Business										
2007	25	62.5%	15	37.5%	40	9,578	71.8%	3,770	28.2%	13,348
2008	7	63.6%	4	36.4%	11	3,450	69.3%	1,530	30.7%	4,980
2009	16	88.9%	2	11.1%	18	4,959	96.1%	203	3.9%	5,162
2010	17	7.4%	212	92.6%	229	6,349	10.9%	51,729	89.1%	58,078
Subtotal	65	21.8%	233	78.2%	298	24,336	29.8%	57,232	70.2%	81,568
Grand Total	3,550	80.0%	887	20.0%	4,437	8,707,457	86.9%	1,307,409	13.1%	10,014,866

*HMDA-Reportable loans of 2007 and 2008 were from nationwide.

Geographic Distribution of Loans: “High Satisfactory”

The distribution of loans based on lending in census tracts of varying income levels demonstrated a more than reasonable rate of lending.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans based on the income level of the geography demonstrated a strong penetration rate of lending.

During the evaluation period, NYCB originated 2,110 HMDA-reportable loans totaling \$1.8 billion within the assessment area. NYCB’s average LMI penetration ratio was 34.2% by dollar amount and 20.6% by count which outperformed the market aggregate. The aggregate level for HMDA reportable loans extended in LMI tracts was 17.5% by dollar amount and 17.5% by loan count.

In 2007, NYCB originated 112 HMDA-reportable loans totaling \$235.3 million within the assessment area. Out of the total loans, 57.4% by dollar volume were extended in LMI areas, reflecting an excellent penetration rate. In comparison, the aggregate was 22%. NYCB’s penetration ratio declined in subsequent years to 42.8% in 2008, 21.8% in 2009 and 21.1% in 2010, respectively. Over this time period the aggregate level also declined by dollar amount has declined from 22% in 2007, to 19% in 2008, 13.3% in 2009 and 12.6% in 2010.

The following chart provides a summary of NYCB's HMDA-reportable lending distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2007									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	29	25.9%	58,944	25.1%	7,110	3.4%	3,597,697	4.5%	1.7%
Moderate	44	39.3%	76,167	32.4%	39,511	18.6%	14,050,235	17.5%	13.7%
LMI	73	65.2%	135,111	57.4%	46,621	22.0%	17,647,932	22.0%	15.4%
Middle	18	16.1%	40,970	17.4%	92,535	43.7%	28,617,191	35.7%	44.4%
Upper	21	18.8%	59,200	25.2%	72,672	34.3%	33,842,195	42.2%	40.2%
Unknown	0	0.0%	0	0.0%	95	0.0%	98,583	0.1%	0.0%
Total	112		235,281		211,923		80,205,901		
2008									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	14	10.7%	36,395	5.6%	3,667	3.1%	2,017,194	4.1%	1.7%
Moderate	72	55.0%	243,820	37.3%	19,548	16.4%	7,243,154	14.9%	13.7%
LMI	86	65.6%	280,215	42.8%	23,215	19.4%	9,260,348	19.0%	15.4%
Middle	26	19.8%	192,809	29.5%	49,877	41.7%	16,258,049	33.4%	44.4%
Upper	19	14.5%	181,193	27.7%	46,334	38.8%	23,006,267	47.3%	40.2%
%	0	0.0%	0	0.0%	86	0.1%	117,362	0.2%	0.0%
Total	131		654,217		119,512		48,642,026		
2009									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	25	1.9%	26,136	5.0%	2,302	1.7%	1,004,209	2.1%	1.7%
Moderate	185	14.3%	87,301	16.8%	15,620	11.8%	5,279,627	11.2%	13.7%
LMI	210	16.2%	113,437	21.8%	17,922	13.5%	6,283,836	13.3%	15.4%
Middle	641	49.5%	189,550	36.5%	55,666	42.0%	16,622,375	35.1%	44.4%
Upper	444	34.3%	216,312	41.7%	58,846	44.4%	24,368,596	51.5%	40.2%
Unknown	0	0.0%	0	0.0%	103	0.1%	47,480	0.1%	0.0%
Total	1,295		519,299		132,537		47,322,287		
2010									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	13	2.3%	39,468	11.2%	2,408	2.0%	1,174,156	2.4%	1.7%
Moderate	52	9.1%	34,729	9.9%	14,326	11.7%	4,982,708	10.2%	13.7%
LMI	65	11.4%	74,197	21.1%	16,734	13.6%	6,156,864	12.6%	15.4%
Middle	264	46.2%	93,106	26.4%	50,272	40.9%	15,778,825	32.4%	44.4%
Upper	243	42.5%	184,971	52.5%	55,741	45.4%	26,632,674	54.7%	40.2%
Unknown	0	0.0%	0	0.0%	143	0.1%	128,030	0.3%	0.0%
Total	572		352,274		122,890		48,696,393		
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	81	3.8%	160,943	9.1%	13,079	2.2%	7,793,256	3.5%	1.7%
Moderate	353	16.7%	442,017	25.1%	89,005	15.2%	31,555,724	14.0%	13.7%
LMI	434	20.6%	602,960	34.2%	102,084	17.5%	39,348,980	17.5%	15.4%
Middle	949	45.0%	516,435	29.3%	248,350	42.5%	77,276,440	34.4%	44.4%
Upper	727	34.5%	641,676	36.4%	233,593	40.0%	107,849,732	48.0%	40.2%
Unknown	-	0.0%	-	0.0%	427	0.1%	391,455	0.2%	0.0%
Total	2,110		1,761,071		584,454		224,866,607		

MECA Loans:

During the evaluation period, 58.6% by loan number and 51.0% by dollar value of the MECA loans were extended in the LMI census tracts, compared favorably to 15.4% of the owner-occupied housing units in the LMI tracts.

Distribution of MECA Loans by Geographic Income of the Census Tract					
2007					
Geographic Income	Bank				OO HUs
	#	%	\$000's	%	%
Low	46	16.3%	167,452	10.1%	1.7%
Moderate	124	43.8%	728,568	44.1%	13.7%
LMI	170	60.1%	896,020	54.3%	15.4%
Middle	69	24.4%	506,504	30.7%	44.4%
Upper	43	15.2%	248,211	15.0%	40.2%
Unknown	1	0.4%	835	0.1%	0.0%
Total	283		1,651,570		
2008					
Geographic Income	Bank				OO HUs
	#	%	\$000's	%	%
Low	86	19.5%	495,724	21.8%	1.7%
Moderate	191	43.3%	795,691	35.0%	13.7%
LMI	277	62.8%	1,291,415	56.8%	15.4%
Middle	84	19.0%	571,803	25.2%	44.4%
Upper	80	18.1%	408,973	18.0%	40.2%
%	0	0.0%	0	0.0%	0.0%
Total	441		2,272,191		
2009					
Geographic Income	Bank				OO HUs
	#	%	\$000's	%	%
Low	82	22.0%	272,106	17.1%	1.7%
Moderate	118	31.7%	461,327	29.0%	13.7%
LMI	200	53.8%	733,433	46.2%	15.4%
Middle	82	22.0%	346,902	21.8%	44.4%
Upper	90	24.2%	507,977	32.0%	40.2%
Unknown	0	0.0%	0	0.0%	0.0%
Total	372		1,588,312		
2010					
Geographic Income	Bank				OO HUs
	#	%	\$000's	%	%
Low	43	15.4%	177,229	12.6%	1.7%
Moderate	116	41.6%	433,435	30.7%	13.7%
LMI	159	57.0%	610,664	43.3%	15.4%
Middle	58	20.8%	303,683	21.5%	44.4%
Upper	62	22.2%	495,630	35.2%	40.2%
Unknown	0	0.0%	0	0.0%	0.0%
Total	279		1,409,977		
GRAND TOTAL					
Geographic Income	Bank				OO HUs
	#	%	\$000's	%	%
Low	257	18.7%	1,112,511	16.1%	1.7%
Moderate	549	39.9%	2,419,021	34.9%	13.7%
LMI	806	58.6%	3,531,532	51.0%	15.4%
Middle	293	21.3%	1,728,892	25.0%	44.4%
Upper	275	20.0%	1,660,791	24.0%	40.2%
Unknown	1	0.1%	835	0.0%	0.0%
Total	1,375		6,922,050		

Small Business Loans:

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

During the evaluation period, NYCB generated a total of 2,584 small business loans totaling \$44.9 million within the assessment area. NYCB's average LMI penetration ratio was 23.2% by dollar volume and 27.4% by loan count. Both indicators outperformed the four-year average aggregate ratios of 19.5% and 19.3%, respectively.

The following chart provides a summary of NYCB'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	2	8.0%	1,040	10.9%	27,644	4.1%	528,944	4.1%	5.9%
Moderate	3	12.0%	1,468	15.3%	109,983	16.1%	2,038,487	15.7%	17.9%
LMI	5	20.0%	2,508	26.2%	137,627	20.2%	2,567,431	19.7%	23.8%
Middle	7	28.0%	755	7.9%	241,929	35.5%	4,342,533	33.4%	33.1%
Upper	13	52.0%	6,315	65.9%	298,634	43.8%	5,953,083	45.8%	42.3%
Unknown	0	0.0%	0	0.0%	3,774	0.6%	144,420	1.1%	0.8%
Total	25		9,578		681,964		13,007,467		
2008									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	14.3%	1,000	29.0%	21,663	4.1%	448,222	4.0%	6.0%
Moderate	1	14.3%	150	4.3%	83,530	15.7%	1,741,048	15.4%	18.2%
LMI	2	28.6%	1,150	33.3%	105,193	19.8%	2,189,270	19.3%	24.2%
Middle	1	14.3%	1,000	29.0%	182,477	34.3%	3,759,435	33.2%	32.3%
Upper	4	57.1%	1,300	37.7%	240,656	45.3%	5,233,474	46.2%	42.0%
Unknown	0	0.0%	0	0.0%	3,289	0.6%	136,753	1.2%	0.8%
Total	7		3,450		531,615		11,318,932		
2009									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	6.3%	28	0.6%	10,024	4.2%	246,227	3.9%	6.1%
Moderate	2	12.5%	1,300	26.2%	36,273	15.3%	1,021,243	16.1%	18.2%
LMI	3	18.8%	1,328	26.8%	46,297	19.5%	1,267,470	19.9%	24.3%
Middle	1	6.3%	200	4.0%	78,278	33.0%	2,092,831	32.9%	32.9%
Upper	12	75.0%	3,431	69.2%	110,937	46.8%	2,919,979	45.9%	42.0%
Unknown	0	0.0%	0	0.0%	1,656	0.7%	77,499	1.2%	0.8%
Total	16		4,959		237,168		6,357,779		
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	204	8.0%	2,195	8.2%	8,115	3.8%	241,573	4.1%	5.8%
Moderate	494	19.5%	3,240	12.0%	30,812	14.4%	868,080	14.8%	17.9%
LMI	698	27.5%	5,435	20.2%	38,927	18.3%	1,109,653	18.9%	23.7%
Middle	931	36.7%	7,469	27.7%	68,941	32.3%	1,930,962	33.0%	33.2%
Upper	901	35.5%	13,957	51.8%	103,552	48.6%	2,718,556	46.4%	42.3%
Unknown	6	0.2%	62	0.2%	1,833	0.9%	96,973	1.7%	0.8%
Total	2,536		26,923		213,253		5,856,144		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	208	8.0%	4,263	9.5%	59,331	3.6%	1,464,966	4.0%	
Moderate	500	19.3%	6,158	13.7%	260,598	15.7%	5,668,858	15.5%	
LMI	708	27.4%	10,421	23.2%	319,929	19.3%	7,133,824	19.5%	
Middle	940	36.4%	9,424	21.0%	571,625	34.5%	12,125,761	33.2%	
Upper	930	36.0%	25,003	55.7%	753,779	45.5%	16,825,092	46.0%	
Unknown	6	0.2%	62	0.1%	10,552	0.6%	455,645	1.2%	
Total	2,584		44,910		1,655,885		36,540,322		

Distribution by Borrower Characteristics: “High Satisfactory”

The distribution of loans based on borrower characteristics demonstrated a reasonable penetration rate of lending among individuals of different income levels and businesses of different revenue sizes.

HMDA-Reportable Loans

The NYCB’s HMDA-reportable loans demonstrated a reasonable penetration rate of lending among individuals of different income levels.

NYCB extended 16.9% by dollar volume and 22.9% by loan number of its residential mortgage loans to LMI borrowers in 2009. These ratios compared favorably to their respective aggregate level of 11.2% and 11.8%. NYCB’s performance ratios improved to 18.1% by dollar volume and 27.5% by loan number in 2010. These ratios compared favorably again to their respective aggregate level of 7.5% and 14.7%. NYCB generated only two one to four family loans in LMI tracts in 2007 and three in LMI tracts in 2008, the loans made in these two years were therefore not included in our analysis.

The following chart provides a summary of the HMDA-reportable lending distribution based on household income in 2009 and 2010.

MECA Loans:

Applicant income was not reported for MECA loans so the factor was not rated.

Distribution of HMDA-Reportable Lending by Borrower Income									
2009									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	52	4.2%	7,900	2.1%	2,302	1.7%	1,004,209	2.1%	26.0%
Moderate	234	18.7%	55,930	14.8%	15,620	11.8%	5,279,627	11.2%	16.6%
LMI	286	22.9%	63,830	16.9%	17,922	13.5%	6,283,836	13.3%	42.6%
Middle	405	32.4%	116,886	30.9%	55,666	42.0%	16,622,375	35.1%	18.6%
Upper	559	44.7%	198,008	52.3%	58,846	44.4%	24,368,596	51.5%	38.7%
Unknown	0	0.0%	0	0.0%	103	0.1%	47,480	0.1%	0.0%
Total	1,250		378,724		132,537		47,322,287		
2010									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	31	5.8%	4,141	3.0%	3,285	2.7%	477,877	1.1%	26.0%
Moderate	115	21.7%	20,804	15.1%	14,578	12.0%	2,863,878	6.4%	16.6%
LMI	146	27.5%	24,945	18.1%	17,863	14.7%	3,341,755	7.5%	42.6%
Middle	159	29.9%	38,105	27.7%	27,445	22.6%	6,915,994	15.5%	18.6%
Upper	226	42.6%	74,726	54.2%	72,409	59.7%	32,637,311	73.1%	38.7%
Unknown	0	0.0%	0	0.0%	3,592	3.0%	1,765,763	4.0%	0.0%
Total	531		137,776		121,309		44,660,823		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	83	4.7%	12,041	2.3%	5,587	2.2%	1,482,086	1.6%	26.0%
Moderate	349	19.6%	76,734	14.9%	30,198	11.9%	8,143,505	8.9%	16.7%
LMI	432	24.3%	88,775	17.2%	35,785	14.1%	9,625,591	10.5%	42.7%
Middle	564	31.7%	154,991	30.0%	83,111	32.7%	23,538,369	25.6%	18.6%
Upper	785	44.1%	272,734	52.8%	131,255	51.7%	57,005,907	62.0%	38.7%
Unknown	-	0.0%	-	0.0%	3,695	1.5%	1,813,243	2.0%	0.0%
Total	1,781		516,500		253,846		91,983,110		

Small Business Loans:

The distribution of small business loans based on the revenue size of the business demonstrated an excellent penetration rate of lending among individuals of different income levels and businesses of different revenue sizes.

During the evaluation period, NYCB extended 51.2% (by dollar amount) and 54.5% (by count) of its small business loans to businesses with gross revenue of \$1 million or less. NYCB significantly outperformed the aggregate level, 30.0% by dollar amount and 21.9% by loan count.

The following chart provides a summary of NYCB'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	24	96.0%	8,578	89.6%	212,984	31.2%	5,039,816	38.7%	69.2%
Rev. > \$1MM	1	4.0%	1,000	10.4%	Not Applicable				6.3%
Rev. Unknown	-	0.0%	0	0.0%					24.5%
Total	25		9,578	%	681,964		13,007,467		
2008									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	7	100.0%	3,450	100.0%	110,833	20.8%	3,179,307	28.1%	67.9%
Rev. > \$1MM	-	0.0%	0	0.0%	Not Applicable				5.7%
Rev. Unknown	-	0.0%	0	0.0%					26.4%
Total	7		3,450		531,615		11,318,932		
2009									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	16	100.0%	4,959	100.0%	39,913	16.8%	1,455,942	22.9%	76.5%
Rev. > \$1MM	-	0.0%	0	0.0%	Not Applicable				5.5%
Rev. Unknown	-	0.0%	0	0.0%					18.0%
Total	16		4,959		237,168		6,357,779		
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	1,360	53.6%	6,018	22.4%	37,509	17.6%	1,297,771	22.2%	76.9%
Rev. > \$1MM	51	2.0%	2,607	9.7%	Not Applicable				5.3%
Rev. Unknown	1,124	44.3%	18,297	68.0%					17.9%
Total	2,535		26,922		213,253		5,856,144		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	1,407	54.5%	23,005	51.2%	363,730	21.9%	10,972,836	30.0%	
Rev. > \$1MM	52	2.0%	3,607	8.0%	-		-		
Rev. Unknown	1,124	43.5%	18,297	40.7%	-		-		
Total	2,583		44,909		1,664,000		36,540,322		

Community Development Lending: "High Satisfactory"

During the evaluation period, NYCB originated \$3.56 billion in new community development loans, resulting in an annualized rate of 2.3% over total assets as of December 31, 2010. The ratio has decreased from 4.85% at the prior evaluation period. As shown in the table below, NYCB continued to focus its community development

lending efforts on affordable housing, which accounted for 89.4% of the total community development loans.

Community Development Loans			
Purpose	This Evaluation Period		% of Total
	# of Loans	\$000	
Affordable Housing	756	3,183,941	89.36%
Economic Development	44	217,379	6.10%
Community Services	2	1,250	0.04%
Revitalization/Stabilization	21	160,334	4.50%
Total	823	3,562,904	

Below are highlights of NYCB’s community development lending:

Affordable Housing

During the evaluation period, NYCB financed affordable housing properties with 756 loans totaling \$3.2 billion. All of these loans were located in LMI areas within NYCB’s assessment area. While this lending represents high volume, the many of the buildings financed did not provide high quality affordable housing to LMI families, and included many properties with high indicators of distress including emergency repair liens placed by the City of New York (“NYC”) and high numbers of housing code violations.

Economic Development

- During the evaluation period, NYCB extended four construction loans totaling \$57.7 million to businesses located in the New York Liberty Zone (“Zone”). The Zone was established in the area of lower Manhattan after the terrorist attacks on September 11, 2001. Significant tax incentives are provided to businesses located in the Zone to help stimulate the economy and aid recovery.
- NYCB originated 21 construction loans totaling \$138.9 million to 12 certified businesses located in the New York State Empire Zones (“NYSEZ”) within the bank’s assessment area. The NYSEZ program was established to stimulate economic growth through a variety of tax incentives designed to expand the existing businesses and to encourage the establishment of new businesses in New York State.
- In addition to the above, NYCB generated nine construction loans totaling \$20.1 million to finance the development of properties located in LMI areas within its assessment area.

Revitalization and Stabilization

- During the evaluation period, NYCB extended 3 loans totaling \$9 million to a New York City based not-for-profit lending consortium sponsored by more than 70 banks and insurance companies whose mission is to stabilize, strengthen and sustain low and mixed income communities.
- NYCB financed a \$13 million construction project to build a housing complex consisting of 60 townhouse-style residential units in a low income community in Rockland County.
- In 2009, NYCB refinanced a \$52.1 million construction loan to renovate a housing complex in East New York, Brooklyn. The project involved large scale revitalization designed to bring affordable homeownership opportunities and to increase the supply of quality affordable housing in New York City.
- In 2008, NYCB financed a \$20.6 million development site loan to build an apartment unit in a moderate income area of Long Island City, Queens. The project was marketed to Manhattan residents seeking more affordable housing without compromising commute time.

Community Services

- In 2007, NYCB extended a \$750,000 line of credit to an organization serving the needs of children in New York City. The organization provides day care services, domestic violence intervention, educational support, foster care and adoption.
- In 2007, NYCB extended a \$500,000 line of credit to a not-for-profit organization providing home health and community-based services to clients and their families in the Long Island community.

Flexible and/or Innovative Lending Practices:

NYCB offers several innovative or flexible lending programs to meet the credit needs of its assessment area, especially borrowers who are facing hardship and are unable to make timely mortgage payments.

NYCB has tailored its loan modification programs to accommodate homeowners in financial distress due to decrease in work hours, from dual income household to single income, and un-employment. NYCB also offers several home retention programs to its homeowners including a mortgage payment assistance program and loan modification.

The flexible and innovative lending programs offered by NYCB include:

Home Affordable Modification Program

Starting March 5, 2010, NYCB and the FDIC agreed on a Proprietary Loan Modification Program that incorporated some of the features of the Home Affordable Modification Program.

The program objective is to bring the loan current and to reduce the monthly mortgage payment to an affordable level. Two approaches are used to achieve the desired outcome: a 31% Debt-to-Income (DTI) modification, and a \$400 cash flow surplus modification.

Flexible Underwriting

Based on the innovative and flexible underwriting approach, NYCB worked with various corporate borrowers to tailor the specific aspects of each deal. It has waived origination fees, interest rate floors, and other underwriting criteria such as Loan-to-value limits to a large number of non-for-profit borrowing entities, including those involved in affordable housing, economic development, and social services.

INVESTMENT TEST: “High Satisfactory”

NYCB’s investment performance is evaluated pursuant to the following criteria:

- 1. Dollar amount of qualified investments;*
- 2. Innovativeness or complexity of qualified investments and*
- 3. Responsiveness of qualified investments to credit and community development needs*

NYCB’s community development investments were reasonable given the assessment area’s credit needs.

Amount of Community Development Investments:

During the evaluation period, NYCB made \$30.5 million in new community development investments, and had \$80.3 million outstanding from prior evaluation periods. In addition, NYCB contributed \$5.7 million in community development grants. This level of activity demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

Annualized rate of community development investments as a percentage of total assets decreased from 0.23% at the prior evaluation to 0.075% at the current evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	6	\$ 26,170	3	\$ 5,243
Economic Development	2	\$ 219	3	\$ 62,486
Community Services	0	0	2	\$ 9,203
Stabilization/Revitalization	1	\$ 4,154	1	\$ 3,339
Total	9	\$ 30,543	9	80,271
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	38	\$ 250		
Economic Development	177	\$ 603		
Community Services	394	\$ 3,750		
Other	300	\$ 1,092		
Total	909	\$ 5,695		

Below are highlights of NYCB's community development investments and grants. Majority of NYCB's qualified investments were innovative or complex, and primarily consisted of tax credit investments and collateral trust notes. The remaining qualified investments were a mix of affordable housing investments and mortgage-backed securities.

Examples of qualified investments are listed below:

- *The New Markets Tax Credit Program ("NMTC")* – NYCB maintained \$62 million in investments through a Community Development Entity ("CDE"). This CDE offers commercial loan products at a discounted interest rate to borrowers located in low-income census tracts in the New York City Metropolitan area. The NMTC program was established by Congress in 2000 to encourage economic development in low-income communities.
- *Collateral Trust Notes ("CTN")* – NYCB purchased an additional \$4.2 million CTN from a not-for-profit lending consortium that makes loans for the creation, rehabilitation and preservation of affordable housing throughout the New York State during the current evaluation period. NYCB had an outstanding balance of \$3.3 million CTN from the prior evaluation. The CTNs are backed by mortgages originated by the consortium.
- *Mortgage Backed Securities* – During the evaluation period, NYCB purchased \$19.6 million in CRA targeted mortgage backed securities. The securities consisted of a pool of mortgages issued to LMI borrowers. Of the total, \$15.2 million had underlying properties located in NYCB's assessment area.

Grants:

During the evaluation period, NYCB provided grants totaling \$5.7 million either directly or through its affiliated entities such as NYCB Foundation and Roslyn Community Savings Bank (“RCSB Foundation”). NYCB Foundation made a total of \$1.9 million in grants while RCSB Foundation made a total of \$3 million.

Both RCSB and NYCB foundations provide grants designed for community development, expansion of home ownership opportunities and access to affordable housing in the local community served by NYCB. In addition, the foundations support local community organizations focusing on health, education and culture.

Recipients of these grants include the following:

- A comprehensive homeless services provider received \$322,000 charitable contribution to support the organization’s transitional residence program, which provides residential housing and as counseling services.
- A community health organization received a \$190,000 charitable contribution from RCSB Foundation to support the purchase of a building in Port Richmond for the creation of a community food pantry.
- A local food bank that is New York City’s major hunger-relief organization received an \$110,000 contribution from the RCSB Foundation. This organization works to end “food poverty” and increase access to affordable and nutritious food for low-income New Yorkers throughout the five boroughs.
- A housing and small business organization on Long Island received \$187,900 from NYCB Foundation. This organization provides rental assistance, affordable housing development, housing rehabilitation, and small business lending and business training.

Innovativeness of Community Development Investments:

NYCB’s made a significant use of innovative and/or complex investments to support community development. The majority of NYCB’s qualified investments was complex and primarily consisted of tax credit investments and collateral trust notes.

Responsiveness of Community Development Investments to Credit and Community Development Needs:

NYCB’s community development investments exhibited adequate responsiveness to credit and community development needs. While community group comment letters and contacts highlighted the need for affordable housing in the New York metropolitan area,

NYCB invested less than 5% of its grant funds in projects related to affordable housing. NYCB did invest in three new affordable housing projects during this examination period, but the number and volume of community development investments fell dramatically compared to the previous exam period, despite growing need that resulted from the economic crisis.

SERVICE TEST: “High Satisfactory”

NYCB’s retail service performance is evaluated pursuant to the following criteria:

1. *Current distribution of the banking institution’s branches;*
2. *Record of opening and closing branches;*
3. *Availability and effectiveness of alternative systems for delivering retail services;*
and
4. *Range of services provided*

NYCB’s community development service performance is evaluated pursuant to the following criteria:

1. *Extent to which the banking institution provides community development services; and*
2. *Innovativeness and responsiveness of community development services*

Retail Banking Services: “High Satisfactory”

NYCB had and continues to have reasonable delivery systems, branch network, branch hours and services, and alternative delivery systems.

Current distribution of the banking institutions branches:

NYCB’s branches represented and continue to represent an adequate distribution of branches within its assessment area.

As of the evaluation date, NYCB operated 157 branches in New York State. These branches include the 34 branches added through the acquisition of Long Island Commercial bank and Atlantic Bank over the years.¹ Of all the branches, 22 (14%) were in LMI geographies and 48 were located in tracts adjacent to LMI areas. Only one branch was located in a low-income census tract. NYCB has its largest presence in Queens County with 43 branches (27.3%), of which 21% were located within LMI geographies.

As of the evaluation date, NYCB had 229 ATMS, 38 of which (16.6%) were located in LMI geographies and additional 18 were located in tracts adjacent to LMI areas. All branches except three were equipped with Automated Teller Machines (“ATMs”). The

¹ These two banks were acquired by the parent company in the prior evaluation period. The implementation of system integration including branch network and ATM machines occurred only during this evaluation period.

following table summarizes NYCB's distribution of branches:

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Bronx	0	0	0	2	0	2	0%
Kings	0	0	7	5	1	13	54%
Nassau	0	0	0	24	11	35	0%
New York	0	0	1	0	4	5	20%
Queens	1	1	8	20	13	43	21%
Richmond	0	0	0	6	16	22	0%
Suffolk	0	0	4	24	3	31	13%
Westchester	0	0	1	0	5	6	17%
Total	1	1	21	81	53	157	14%

Record of opening and closing branches:

NYCB's record of opening and closing branches did not adversely affect the accessibility of its delivery systems. NYCB opened one branch and closed seven branches during the evaluation period. In addition, NYCB acquired 34 branches during the evaluation period. While NYCB continues to have only 1 branch in a low-income tract, the number of branches in moderate-income tracts increased to 21 branches from 12 branches at the last evaluation.

Availability and effectiveness of alternative systems for delivering retail services:

NYCB's delivery systems were and continue to be accessible by LMI geographies and individuals.

Alternative delivery systems include, but are not limited to:

- 24-hour ATM banking at ATMs located throughout NYCB's assessment area
- 24-hour internet banking and bill payment
- Easy Touch Banking, Bank-by-Phone system with 24-hour access
- Internet Cash Management system to business customers 24-hour computer access to their t accounts.

Range of services provided:

NYCB's services do not vary in a way that inconveniences LMI geographies and individuals. Out of 157 branches, all but 11 branches offer extended hours and open on Saturdays.

To meet assessment area needs, NYCB provides the following services and products:

-
- *My Community Free Checking* – NYCB offers free checking with an initial deposit required of only \$1 and no minimum balance requirements. There are no limits on the number of transactions or checks and there is no monthly maintenance fee.
 - *Products Targeted to College Students and Children* – The Smart Student Banking targets under-banked college students who are 18 years old and over, while the Kids Account is available to children who are 7 to 18 years old. NYCB provides basic financial literacy education to these students and offers these products to encourage children to start banking relationships at an earlier age. These accounts are free of service charges, and have no minimum balance requirements.

Community Development Services: “High Satisfactory”

NYCB provided an adequate level of community development services. Below are highlights of NYCB's community development services.

NYCB has a wide variety of community development services throughout its assessment area. NYCB sponsors several activities and programs in addition to staff member participation in a number of nonprofit organizations. NYCB participated in a total of 57 CRA service events during the current evaluation period, including serving on the board of directors for community development organizations.

The followings are examples of community development services provided by NYCB:

- *NYCB Foreclosure Prevention* - NYCB offers several home retention programs to its homeowners and has tailored its services to accommodate those in financial distress due to decrease in work hours and unemployment. The programs are supported by mortgage payment assistance team staffed with home retention specialists and loan counselors, in an effort to prevent foreclosure. The workout alternatives to foreclosure include forbearance, repayment plan, loan modification, short sale, and deed-in-lieu of foreclosure. NYCB financed a total of 30 1-4 family loans totaling \$7.5 million as part of the foreclosure prevention program.
- *NYCB Financial Literacy Training Initiative* - NYCB has selected the FDIC Adult and Youth Money Smart programs for its initiative, as well as the ABA Teaching Children to save program for elementary students. Each curriculum contains various training modules, at different grade levels with different course lengths. NYCB identifies schools or organizations in low or moderate-income areas to participate in the program, and employs a Community Development Officer to manage the program. Since the roll-out of this initiative in September of 2010, NYCB has facilitated various training sessions in eight different locations throughout its NY assessment area.
- *West Brighton City Housing Outreach* - West Brighton Branch personnel visited an affordable housing complex in West Brighton City that is part of the New York City Housing Authority and introduced free checking and other banking products to

residents, and opened accounts so they could pay their rent on-line. Nine accounts were opened in 2008.

- *Community Relations Representatives* – Three community relations representatives actively serve on the boards and committees of numerous community development organizations in its New York assessment area including social service and educational organizations. These individuals provide financial and technical assistance to the organizations that are instrumental in fund-raising efforts.
- *Affordable Housing Organization* - As a member of the organization, the branch manager of the East Rockaway Branch serves on the loan committee of a not-for-profit organization that provides foreclosure assistance and homeownership counseling.
- *Affordable Housing – Long Island* - The senior executive vice president & chief lending officer serves as a member of the board of directors of a coalition of housing organizations that was created to address the need for affordable housing opportunities in Long Island. The organization provides technical assistance, mortgage counseling, home-buyer education and lending programs.

Additional Factors

The following factors were also considered in assessing NYCB's record of performance.

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 of Directors sets forth CRA goals annually as part of the strategic objectives. The Board of Directors reconfirms the designation of the CRA Officer every year. All CRA Performance Evaluations are discussed and reviewed, by the board annually. The executive management is responsible for the CRA program and has designated the EVP/Director of Regulatory Oversight and CRA Officer to be responsible for NYCB's CRA performance.

Discrimination and other illegal practices

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 practices.

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.

NYCB ascertained the community's credit needs through active participation of its officers and employees as volunteers, officers, or serving on boards of numerous prominent community development organizations operating within the communities in which it operates.

- 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

NYCB market its products and services primarily through newspaper and radio advertisements. It utilizes marketing and advertising in ethnically diverse media and foreign language ads where appropriate.

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

Since the latest CRA evaluation as of December 31, 2006, both NYCB and DFS, received a number of written complaints regarding NYCB's CRA performance. CRA Comment Letters in reference to NYCB's multifamily lending were received from ANHD, UNHP, CASA, and a collaborative letter from UHAB, NYS Tenants & Neighbors and Northwest Bronx Community and Clergy Coalition.

ANHD is a membership organization of 100 New York City non-profit neighborhood housing groups. ANHD's comment letter stated that NYCB's has a low number of branches in low-income communities and stated that the Bank's multifamily lending to owners who are failing to maintain their properties was not responsive to community credit needs.

CASA-New Settlement Apartments is a not-for-profit housing and community service organization located in the southwest Bronx. The letter submitted by CASA focused on building conditions in a property in the Bronx and stated that NYCB failed to ensure that adequate repairs and maintenance were conducted on the property and failed to conduct adequate due diligence to ensure that rents in the building could support both debt service on NYCB's loan and adequate maintenance.

Three organizations issued a joint comment letter regarding NYCB: The Northwest Bronx Community and Clergy Coalition (“NWBCCC”), the Urban Homesteading Assistance Board (“UHAB”) and the New York State Tenants and Neighbors (“Tenants & Neighbors”). The joint letter submitted by these organizations described three NYCB multifamily portfolios where building conditions had steadily declined.

UNHP is a not-for-profit organization and a community development financial institution that works to create, preserve and finance affordable housing in the Northwest Bronx. UNHP stated that, according to their research, NYCB had consistently been the lender with the largest number of distressed properties in New York City. UNHP also stated that poor underwriting standards by multifamily lenders like NYCB encouraged speculative investments and contributed to increasing numbers of distressed properties.

Since the time of the examination NYCB has worked with some of these community groups to address the issues raised in these comment letters.

There were a total of 57 complaints filed against NYCB with DFS during the evaluation period: 46 consumer and 11 mortgage complaints. Most of the complaints were related to fees charged and were addressed by NYCB.

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

“Community development”:

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.

Community development loan

A loan that has 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.

Community development service

Service that has community development as its *primary purpose*, 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.

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 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 for borrowers is based on household or family income. 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 of \$1 million or less.

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas where, according to the 2000 U.S. 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 cases 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 represents 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.

Low-Income Housing Tax Credit (LIHTC)

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

New Markets Tax Credit (NMTC)

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Qualified investment

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. 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.