



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2013

Institution: NEW YORK COMMERCIAL BANK
1601 Veterans Highway
Islandia, NY 11748

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 New York Commercial Bank (“NYCX”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of NYCX’s CRA performance based on an evaluation conducted as of December 31, 2013.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services 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 in 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 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

DFS evaluated NYCX's performance according to the large bank performance criteria pursuant to Part 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent. This assessment period included calendar years 2010, 2011, 2012 and 2013. NYCX 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"

NYCX's lending activities, particularly in modification, extension, and consolidation agreement ("MECA") multi-family and small business loans were more than reasonable. The volume of community development loans, particularly those addressing affordable housing, demonstrated an excellent level of lending in LMI communities in the bank's assessment area.

The following sub-components of the "Lending Test" were rated as follows:

- **Lending Activity: "Low Satisfactory"**

NYCX's lending levels were reasonable considering the bank's size, business strategy and financial condition, as well as peer group activity, and the demographics of its assessment area. NYCX's average loan-to-deposit ("LTD") ratio during the sixteen quarters of the evaluation period was 83.7% or 5.2% greater than the peer average of 78.5%.

- **Assessment Area Concentration: "Outstanding"**

NYCX originated or refinanced 98.3% by number and 98.7% by dollar value of its MECA multi-family and small business loans within the assessment area. This substantial majority of lending inside of its assessment area was an excellent record of lending.

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

The distribution of MECA multi-family loans in low- and moderate-income census tracts demonstrated a good penetration rate of lending; the distribution of small business loans was adequate.

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

Since borrower income is not reported for MECA multi-family loans, the rating of this component is based only on small business loans. These loans represented 21% of total loans submitted for CRA review, compared to MECA multi-family

loans, which represented 79% of loans. DFS deems NYCX's performance to be good.

- **Community Development Lending: "Outstanding"**

NYCX originated \$470.9 million in new community development loans which represented, on an annualized basis, 3.2% of total assets. This demonstrated an excellent level of community development lending over the course of the evaluation period.

Investment Test: "High Satisfactory"

NYCX's community development investments were reasonable in light of the assessment area's credit needs.

During the evaluation period, NYCX made \$23.1 million in new community development investments, and still had \$523,000 outstanding from prior evaluation periods. In addition, NYCX made \$1.3 million in community development grants. This demonstrated an adequate level of community development investments and grants over the course of the evaluation period. On an annualized basis, qualified investments and grants were 0.17% of total assets, which was the same as the prior evaluation.

Service Test: "High Satisfactory"

- **Retail Banking Services: High Satisfactory**

NYCX continues to have a good branch network, delivery systems, branch hours and services, and alternative delivery systems.

- **Community Development Services: High Satisfactory**

NYCX continues to provide a more than reasonable level of community development services.

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

PERFORMANCE CONTEXT

Institution Profile:

NYCX is a New York State chartered bank established on December 30, 2005. It is one of two bank subsidiaries of New York Community Bancorp, Inc. (the "Company"), a bank holding company headquartered at 615 Merrick Avenue, Westbury, New York. The other larger bank subsidiary is New York Community Bank which has 120 branches in New York State and 118 branches in New Jersey, Ohio, Arizona and Florida.

NYCX was established when the Company acquired the Long Island Financial Corp., and changed the name of its primary bank subsidiary, Long Island Commercial Bank, to NYCX. NYCX's main office is located at 1601 Veterans Memorial Highway, Islandia, New York. It has 35 branches serving customers in Manhattan, Queens, Brooklyn, Long Island, and Westchester. NYCX operates 18 of its 35 branches under the divisional name of Atlantic Bank, which the Company acquired from Atlantic Bank of New York in 2006.

NYCX offers commercial banking services addressing the needs of small and mid-size businesses, professional associations, and government agencies, by providing business installment loans, revolving lines of credit, and cash management services. NYCX is a leading originator of multi-family loans, with rent regulated multi-family properties as its primary niche. NYCX also makes commercial real estate loans, acquisition, development and construction loans, as well as commercial and industrial loans.

Per NYCX's Consolidated Report of Condition (the "Call Report") as of December 30, 2013, filed with the Federal Deposit Insurance Corporation ("FDIC"), NYCX reported total assets of \$3.7 billion, of which \$2.2 billion were net loans and lease financing receivables. It also reported total deposits of \$2.6 billion, resulting in a loan-to-deposit ratio of 86.1%. Major asset components included net loans and leases, representing 61% of total assets, and securities (held-to-maturity and available-for-sale), representing 24%. According to the latest available comparative deposit data as of June 30, 2013, NYCX had a market share of 0.23%, or \$2.3 billion in a market of \$999.2 billion, ranking it 34th among 134 deposit-taking institutions in its assessment area.

The following is a summary of NYCX's loan portfolio, based on Schedule RC-C of NYCX's Call Reports as of December 31, 2010, 2011, 2012 and 2013:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2010		2011		2012		2013	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
Loans secured by Real Estate								
1-4 Family Residential Mort. Loans	32,385	2.2	26,055	1.6	23,277	1.2	17,761	0.8
Commercial Mortgage Loans	489,169	33.5	448,025	28.1	529,763	28.4	534,441	23.7
Multifamily Mortgages	405,260	27.7	638,685	40.0	864,883	46.4	1,227,148	54.3
Commercial & Industrial Loans	473,042	32.4	421,843	26.4	422,358	22.7	461,690	20.4
Consumer Loans	4,314	0.3	6,483	0.4	2,929	0.2	1,812	0.1
Construction Loans	44,821	3.1	47,966	3.0	19,975	1.1	11,426	0.5
Other Loans	12,775	0.9	6,850	0.4	197	0.0	4,516	0.2
Lease financing	238	0.0	77	0.0	6	0.0	0	0.0
Total Gross Loans	1,462,004	100.0	1,595,984	100.0	1,863,388	100.0	2,258,794	100.0

As illustrated in the above table, NYCX is primarily a commercial lender. As of December 31, 2013, multi-family mortgages accounted for 54.3% of total loans. Commercial mortgage loans and commercial & industrial loans were 23.7% and 20.4%, respectively. While the mix of loans remained the same (commercial and multi-family mortgages and commercial & industrial loans) during the four-year evaluation period, the shift to more multi-family loans was evident, as it increased from 27.7% of total loans in 2010 to 54.3% in 2013.

There are no known financial or legal impediments that had an adverse impact on NYCX's ability to meet the credit needs of its community.

Assessment Area:

NYCX's assessment area includes the following seven counties: Bronx, Kings, New York, Queens, Westchester, Nassau, and Suffolk.

There are 2,853 census tracts in the area, of which 308 are low-income, 676 are moderate-income, 1,012 are middle-income, 782 are upper-income and 75 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	10	129	101	64	35	339	67.8
Kings	13	108	269	234	137	761	49.5
Queens	26	16	134	303	190	669	22.4
New York	12	37	65	23	151	288	35.4
Westchester	6	5	23	54	135	223	12.6
Nassau	8	9	26	157	84	284	12.3
Suffolk *	0	4	58	177	50	289	21.5
Total	75	308	676	1,012	782	2,853	34.5

*Partial county

Demographic & Economic Data:

Population and Income

The assessment area had a population of 11,345,208 during the evaluation period. About 12.5% of the population were over the age of 65 and 19.6% were under the age of sixteen.

Of the 2,634,037 families in the assessment area, 26.1% were low-income, 17.0% were moderate-income, 18.2% were middle-income and 38.7% were upper-income families. There were 4,111,222 households in the assessment area, of which 14.9% had income below the poverty level and 3.4% were on public assistance.

The weighted average median family income in the assessment area was \$79,826. Among the counties in MSA 35644 (Bronx, Kings, New York, Queens and Westchester), Bronx had the lowest median family income at \$42,639, followed by Kings at \$54,363; Westchester had the highest income at \$114,927 followed by New York at \$104,415. Nassau and Suffolk counties in MSA 35004 had median family incomes of \$113,801 and \$100,435, respectively.

Housing Characteristics

There were 4,469,573 housing units within the assessment area, almost equally divided between one-to-four family units and multi-family units, at 50.8% and 49.0%, respectively.

Owner-occupied accounted for 40.9% of the area's housing units, while 53.7% were rental units.

Of the 2,281,624 renter-occupied housing units, 51.1% were in LMI census tracts, and 48.9% were in middle- and upper-income census tracts. The average monthly gross rent in the assessment area was \$1,151.

Of the 1,829,598 owner-occupied housing units, 16.8% were in LMI census tracts while 83.2% were in middle- and upper-income census tracts. The median age of the housing stock was 67 years, and the median home value in the assessment area was \$520,683.

Business Demographics

There were 968,703 non-farm businesses in the assessment area. Of these, 73.4% were businesses with reported revenues of less than or equal to \$1 million, 5.3% reported revenues of more than \$1 million and 21.3% did not report their revenues.

Of all the businesses in the assessment area, 80.0% were businesses with less than fifty employees, and 93.9% operated from a single location. The largest industries in the area were services (45.3%), retail trade (14.2%), finance, insurance and real estate (8.6%), and 13.2% of businesses were not classified.

Unemployment Rates

According to the New York State Department of Labor, the average unemployment rate for New York State for the last four years was 8.3%. Bronx County had the highest average unemployment rate at 12.4%, followed by Kings County with 9.8%. Nassau County had the lowest unemployment rate of 6.8%, followed by Westchester County at 7.0%. All counties except Bronx and Kings had unemployment rates below the statewide average.

Assessment Area Unemployment Rate								
	Statewide	Bronx	Kings	New York	Queens	Nassau	Suffolk	Westchester
2010	8.6	12.8	10.3	8.1	8.7	7.1	7.7	7.4
2011	8.3	12.4	9.8	7.5	8.1	6.8	7.5	7.0
2012	8.5	12.7	9.9	7.7	8.3	7.1	7.6	7.2
2013	7.7	11.7	9.3	7.1	7.6	6.0	6.5	6.4
Ave (4 yrs.)	8.3	12.4	9.8	7.6	8.2	6.8	7.3	7.0

Community Information:

Community contacts included three nonprofit community development organizations advocating for affordable housing and other related needs on behalf of New York City's LMI residents and communities. DFS also made community contacts with organizations promoting community revitalization, economic development and providing technical assistance to small business owners on Long Island (Nassau and Suffolk counties).

These community contacts indicated the need for more affordable housing because of the high cost to own or rent in New York City and on Long Island. In New York City, rent in low-income neighborhoods continued to increase and families spent more than half of their income on rent. There were still opportunities for affordable housing ownership on Long Island, but 1-4 family homes were in need of rehabilitation and major repairs. In contrast, there were not enough rental housing options. In the aftermath of Hurricane Sandy, that hit the assessment area in October 2012, the demand for rental housing increased because rental units were destroyed and homeowners needed a place to stay while their homes were being repaired.

A report prepared by the NYS Office of Budget and Policy Analysis indicated that the percentage of New York State households with housing costs above the affordability threshold (30% of household income) rose for both homeowners and renters from 2000 to 2012.

Nationwide, millions of households lost income during the housing recession of 2007-2009, ultimately resulting in the loss of their homes to foreclosure. Despite increased affordability of homes available for purchase, tightened mortgage lending standards have prevented many LMI households from homeownership

opportunities. Many owner households became renter households, a significant shift that placed greater pressure on an already expensive and tight rental market, especially for lower cost rental homes.¹

NYCX's primary lending niche is to provide credit to finance the acquisition, creation and/or rehabilitation of multi-family rental units. In recent years, affordable housing supporters² expressed concerns about the rise in the number of affordable multi-family properties considered to be in physical and/or financial distress in New York State. Community contacts expressed satisfaction in NYCX's³ efforts and participation to help alleviate this concern. NYCX was one of the first banks to participate in a "First Look" program that aims to give buyers, who are willing to preserve distressed multi-family rental homes, a first look at these types of properties that banks are looking to dispose of during an exclusive limited period.

1 "Challenges for Affordable Housing in a New Era of Scarcity", published by the Community Development Department of the Federal Reserve Bank of San Francisco, spring 2013.

2 Industry letter to Banking Institutions subject to New York State CRA Examination dated 12/4/2014 which can be found at www.dfs.ny.gov.

3 NY Commercial Bank (NYCX) and NY Community Bank (NYCB) are bank subsidiaries of a parent holding company, New York Community Bancorp, Inc. and community contacts incorporated both banks in their comments.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated NYCX 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 NYCX's record of performance:

- 1. The 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 New York Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

Examiners derived the statistics employed in this evaluation from various sources. NYCX submitted bank-specific information as part of the examination process and on its Call Report submitted to the FDIC. Examiners obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS calculated loan-to-deposit ratios from information shown in NYCX's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2000 and 2010 U.S. Censuses and the U.S. Department of Housing and Urban Development. Business demographic data used in this report are based on Dun & Bradstreet reports which are updated annually. DFS obtained unemployment data from the New York State Department of Labor. Some non-specific bank data were only available on a county-wide basis and were used even where the institution's assessment area included partial counties.

The assessment period included calendar years 2010, 2011, 2012 and 2013.

Examiners considered NYCX's multi-family loan modification, extension, and consolidation agreements ("MECAs") in evaluating factors (2) and (3) of the lending test noted below and considered small business loans in evaluating factors (2), (3) and (4).

HMDA does not require the reporting of MECA loans; therefore, DFS did not include MECA loans in the aggregate data.

Since multi-family loans constituted 79% of total loans submitted for CRA evaluation, DFS gave greater weight to them in the evaluation of the lending test. In addition, a significant portion of qualified community development loans were for affordable multi-family housing projects.

At its **prior** Performance Evaluation as of December 31, 2009, DFS assigned NYCX a rating of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs.

Current CRA Rating: “Satisfactory”

LENDING TEST: “High Satisfactory”

NYCX’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.*

NYCX’s multi-family MECAs and small business lending activities were reasonable in light of its size, business strategy and financial condition, as well as peer group activity, and the demographics and credit needs of its assessment area. The volume of community development loans, particularly those addressing affordable housing demonstrated a more than reasonable response to the credit needs of the assessment area.

Lending Activity: “Low Satisfactory”

NYCX’s lending levels were adequate considering its size, business strategy and financial condition, compared to peer group activity and demographics.

NYCX is principally a commercial lender with multi-family loans as its primary loan product. Its loan portfolio also included commercial real estate, and commercial and industrial loans.¹ As of December 31, 2013 NYCX had 54.3% of its gross loans outstanding in multi-family loans; other commercial loans accounted for an additional 44.1%.

NYCX’s average LTD ratio for the evaluation period was 83.7% or 6.0% greater than the peer group² average of 77.7%.

¹ Page 2 of the Performance Context - Total Gross Loans Outstanding.

² NYCX’s Peer Group includes insured commercial banks having assets greater than \$3 billion.

Loan-to-Deposit Ratios																	
	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Avg.
Bank	71.0	88.5	86.8	84.8	80.4	78.9	82.4	83.4	80.9	91.8	87.8	86.5	82.7	83.7	82.9	86.1	83.7
Peer	81.2	80.3	79.4	78.1	76.3	79.1	75.7	75.2	73.7	74.8	74.8	77.4	78.0	79.9	79.5	80.3	77.7

Assessment Area Concentration: “Outstanding”

During the evaluation period, NYCX originated or refinanced 98.3% by number and 98.7% by dollar value of its multi-family and small business loans within the assessment area. This substantial majority of lending inside of its assessment area is an excellent record of lending.

MECA Multi-family Loans

NYCX focuses on financing rent regulated multi-family properties. During the evaluation period, NYCX refinanced 99.3% by number and 99.1% by dollar value of multi-family loans inside its assessment area, demonstrating an excellent record of lending.

Small Business Loans:

During the evaluation period, NYCX originated 97.8% by number and 97.0% by dollar value of small business loans within the assessment area.

The following table shows the percentages of NYCX's MECA multi-family and small business 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	
	#	%	#	%		\$	%	\$	%		
MECA Multi-family											
2010	64	100.0%	-	0.0%	64	206,982	100.0%	-	0.0%	206,982	
2011	136	99.3%	1	0.7%	137	408,649	99.4%	2,290	0.6%	410,939	
2012	117	99.2%	1	0.8%	118	333,711	98.5%	5,000	1.5%	338,711	
2013	103	99.0%	1	1.0%	104	354,829	98.8%	4,200	1.2%	359,029	
Subtotal	420	99.3%	3	0.7%	423	1,304,171	99.1%	11,490	0.9%	1,315,661	
Small Business											
2010	134	98.5%	2	1.5%	136	53,298	97.7%	1,250	2.3%	54,548	
2011	192	97.0%	6	3.0%	198	82,241	95.0%	4,307	5.0%	86,548	
2012	239	98.4%	4	1.6%	243	109,631	97.9%	2,314	2.1%	111,945	
2013	191	97.4%	5	2.6%	196	102,788	97.4%	2,797	2.6%	105,585	
Subtotal	756	97.8%	17	2.2%	773	347,958	97.0%	10,668	3.0%	358,626	
Grand Total	1,176	98.3%	20	1.7%	1,196	1,652,129	98.7%	22,158	1.3%	1,674,287	

Geographic Distribution of Loans: “High Satisfactory”

The distribution of NYCX’s MECA multi-family loans by census tract income level demonstrated a reasonable rate of lending in low- and moderate-income (“LMI”) tracts. The geographic distribution of small business loans was adequate.

MECA Multi-family Loans:

The distribution of NYCX’s MECA multi-family loans based on the income level of the geography demonstrated a reasonable rate of lending.

NYCX originated 11.0% by number and 17.7% by dollar value of its MECA loans in low-income census tracts, while 45.7% by number and 53% by dollar value were in combined LMI geographies. The annual and four-year average levels of lending in LMI census tracts, as shown in the following table, are deemed adequate, comparing favorably to the distribution of owner-occupied housing units in the assessment area.

The following table provides a summary of NYCX’s MECA multi-family lending distribution based on the income level of the geography.

Distribution of MECA Multi-family loans by Geographic Income of the Census Tract					
2010					
Geographic Income	Bank				OO HUs
	#	%	\$000's	%	%
Low	7	10.9%	24,910	12.0%	1.8%
Moderate	22	34.4%	79,449	38.4%	14.2%
LMI	29	45.3%	104,359	50.4%	16.0%
Middle	15	23.4%	36,030	17.4%	45.8%
Upper	20	31.3%	66,593	32.2%	38.1%
Unknown		0.0%		0.0%	
Total	64	100%	206,982	100%	100%
2011					
Geographic Income	Bank				OO HUs
	#	%	\$000's	%	%
Low	13	9.6%	87,760	21.5%	1.8%
Moderate	49	36.0%	148,777	36.4%	14.2%
LMI	62	45.6%	236,537	57.9%	16.0%
Middle	19	14.0%	38,401	9.4%	45.8%
Upper	54	39.7%	129,997	31.8%	38.1%
Unknown	1	0.7%	3,714	0.9%	
Total	136	100%	408,649	100%	100%
2012					
Geographic Income	Bank				OO HUs
	#	%	\$000's	%	%
Low	15	12.8%	46,407	13.9%	2.4%
Moderate	43	36.8%	118,237	35.4%	14.5%
LMI	58	49.6%	164,644	49.3%	16.9%
Middle	25	21.4%	59,970	18.0%	43.4%
Upper	34	29.1%	109,097	32.7%	39.7%
Unknown	0	0.0%	0	0.0%	
Total	117	100%	333,711	100%	100%
2013					
Geographic Income	Bank				OO HUs
	#	%	\$000's	%	%
Low	11	10.7%	71,415	20.1%	2.4%
Moderate	32	31.1%	114,860	32.4%	14.5%
LMI	43	41.7%	186,275	52.5%	16.9%
Middle	23	22.3%	64,533	18.2%	43.4%
Upper	35	34.0%	98,321	27.7%	39.7%
Unknown	2	1.9%	5,700	1.6%	
Total	103	100%	354,829	100%	100%
GRAND TOTAL					
Geographic Income	Bank				OO HUs
	#	%	\$000's	%	%
Low	46	11.0%	230,492	17.7%	
Moderate	146	34.8%	461,323	35.4%	
LMI	192	45.7%	691,815	53.0%	
Middle	82	19.5%	198,934	15.3%	
Upper	143	34.0%	404,008	31.0%	
Unknown	3	0.7%	9,414	0.7%	
Total	420	100%	1,304,171	100%	

Small Business Loans:

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

During the evaluation period, NYCX underperformed the aggregate levels by 1.1% by number and 2.4% by dollar amount in low-income census tracts. However, NYCX outperformed the aggregate lending levels by 3.7% by number and 3.0% by dollar value of loans in LMI geographies.

The following table provides a summary of NYCX'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									
2010									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	3.0%	2,268	4.3%	8,111	3.9%	240,690	4.2%	6.0%
Moderate	23	17.2%	7,688	14.4%	30,689	14.8%	867,129	15.1%	18.2%
LMI	27	20.1%	9,956	18.7%	38,800	18.7%	1,107,819	19.2%	24.2%
Middle	77	57.5%	30,752	57.7%	67,757	32.7%	1,907,173	33.1%	33.5%
Upper	30	22.4%	12,590	23.6%	98,932	47.7%	2,646,703	46.0%	41.5%
Unknown	0	0.0%	0	0.0%	1,833	0.9%	96,989	1.7%	0.9%
Total	134		53,298		207,322		5,758,684		100.0%
2011									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	1.0%	1,006	1.2%	11,593	4.4%	268,074	3.9%	6.1%
Moderate	41	21.4%	17,499	21.3%	41,756	15.9%	1,035,051	15.0%	18.8%
LMI	43	22.4%	18,505	22.5%	53,349	20.3%	1,303,125	18.9%	24.9%
Middle	92	47.9%	38,633	47.0%	87,069	33.1%	2,219,405	32.3%	33.8%
Upper	56	29.2%	24,620	29.9%	120,755	45.9%	3,261,005	47.4%	40.4%
Unknown	1	0.5%	483	0.6%	2,194	0.8%	98,093	1.4%	0.9%
Total	192		82,241		263,367		6,881,628		100.0%
2012									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	3.8%	3,354	3.1%	14,458	5.5%	409,969	5.6%	6.7%
Moderate	49	20.5%	22,489	20.5%	40,394	15.3%	1,110,132	15.2%	18.1%
LMI	58	24.3%	25,843	23.6%	54,852	20.7%	1,520,101	20.8%	24.7%
Middle	122	51.0%	58,442	53.3%	83,198	31.4%	2,342,326	32.0%	32.4%
Upper	57	23.8%	23,846	21.8%	120,042	45.4%	3,174,467	43.4%	40.7%
Unknown	2	0.8%	1,500	1.4%	6,460	2.4%	277,514	3.8%	2.2%
Total	239		109,631		264,552		7,314,408		
2013									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	2.1%	1,841	1.8%	14,742	6.2%	416,340	5.4%	6.6%
Moderate	42	22.0%	24,255	23.6%	38,102	15.9%	1,214,159	15.7%	17.9%
LMI	46	24.1%	26,096	25.4%	52,844	22.1%	1,630,499	21.1%	24.5%
Middle	92	48.2%	51,236	49.8%	75,747	31.7%	2,498,658	32.3%	32.2%
Upper	50	26.2%	23,941	23.3%	104,823	43.8%	3,313,148	42.8%	41.2%
Unknown	3	1.6%	1,515	1.5%	5,848	2.4%	293,681	3.8%	2.2%
Total	191		102,788		239,262		7,735,986		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	19	2.5%	8,469	2.4%		3.6%		4.8%	
Moderate	155	20.5%	71,931	20.7%		15.7%		15.3%	
LMI	174	23.0%	80,400	23.1%		19.3%		20.1%	
Middle	383	50.7%	179,063	51.5%		32.7%		32.4%	
Upper	193	25.5%	84,997	24.4%		46.3%		44.8%	
Unknown	6	0.8%	3,498	1.0%		1.7%		2.8%	
Total	756		347,958						

Distribution by Borrower Characteristics: “High Satisfactory”

Since borrower income is not applicable for multi-family loans in HMDA reporting, the rating of this component is limited to small business loans which were 21.0% of total loans submitted for CRA review, compared to 79.0% for MECA multi-family loans.

The distribution of small business loans by business income level demonstrated a reasonable penetration of lending to small businesses with revenues of \$1 million or less.

Small Business Loans:

NYCX had a four-year average level of lending of 66.3% by number and 67.6% by dollar value for businesses with revenue size of \$1 million or less, demonstrating a reasonable penetration rate of lending.

The following table provides a summary of NYCX's small business lending distribution based on revenue size during the evaluation period.

Distribution of Small Business Lending by Revenue Size of Business									
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	71	53.0%	27,738	52.0%	36,426	17.6%	1,259,240	21.9%	76.7%
Rev. > \$1MM	63	47.0%	25,560	48.0%					5.3%
Rev. Unknown		0.0%		0.0%					18.0%
Total	134		53,298		207,322		5,758,684		100.0%
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	152	79.2%	64,311	78.2%	88,556	33.6%	1,794,429	26.1%	67.0%
Rev. > \$1MM	40	20.8%	17,930	21.8%					3.7%
Rev. Unknown		0.0%		0.0%					29.3%
Total	192		82,241		263,367		6,881,628		100.0%
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	163	68.2%	77,235	70.4%	102,748	38.8%	2,077,437	28.4%	72.3%
Rev. > \$1MM	56	23.4%	24,193	22.1%					4.9%
Rev. Unknown	20	8.4%	8,203	7.5%					22.8%
Total	239		109,631		264,552		7,314,408		100.0%
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	115	60.2%	65,966	64.2%	104,507	43.7%	2,411,401	31.2%	73.4%
Rev. > \$1MM	56	29.3%	26,934	26.2%					5.3%
Rev. Unknown	20	10.5%	9,888	9.6%					21.3%
Total	191		102,788		239,262		7,735,986		100.0%
GRAND TOTAL									
Rev. Size	Bank								
	#	%	\$000's	%					
Rev. <= \$1MM	501	66.3%	235,250	67.6%					
Rev. > \$1MM	215	28.4%	94,617	27.2%					
Rev. Unknown	40	5.3%	18,091	5.2%					
Total	756		347,958						

Community Development Lending: “Outstanding”

During the evaluation period, NYCX originated \$474.4 million or 3.2% of total assets on an annualized basis in new community development loans. This demonstrated an excellent level of community development lending.³

The level of community development loans increased by 67.7% compared to the prior evaluation period. Most of the community development loans were multi-family loans that help preserve affordable rental housing for LMI individuals.

NYCX also purchased \$64.2 million in taxi medallion loans from a taxi medallion loan broker. These loans not only provide for transportation in New York City and immediate neighboring suburbs, but also provide jobs for LMI individuals such as drivers and mechanics. Taxi medallion loans were 53.5% of total economic development loans.

Of the total community development loans, 56.4% were used for affordable housing, 25.3% for economic development, 13.8% to revitalize and stabilize communities, and 4.5% for community services.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	45	267,747		
Economic Development	57	119,958		
Community Services	9	21,260		
Other (Revitalize and Stabilize)	9	65,464		
Total	120	474,429		-

Below are examples of NYCX’s community development lending:

Affordable Housing

- NYCX extended \$11 million in commercial mortgages on two, six-story, mixed use apartment buildings located in a moderate-income census tract in Bronx County. The property contains 125 residential units and nine ground level retail stores occupied by small business owners. Rents for 93.6% of this property were affordable for LMI individuals.
- NYCX made \$53 million in commercial mortgage loans on two six-story apartment buildings located in the Village of Hempstead, a low income census tract in Nassau

³ Examiners considered renewals of lines of credit that occurred during the evaluation period to be new extensions of credit. The overall level of lending, however, was reviewed across the evaluation period of the exam.

County. The property contains 337 rent-regulated apartment units, of which 239 units (70.9%) are affordable to LMI individuals.

- NYCX extended a \$19 million line of credit to a nonprofit corporation engaged in financing the construction and/or rehabilitation of affordable multi-family housing. Established in 1974, the NPO has provided a consistent source of capital for affordable housing projects throughout New York State.

Revitalize and Stabilize

- NYCX participated \$25 million in a \$125 million commercial loan to finance the acquisition of a 37-story office building located in the Special Midtown District (MID)⁴. The building houses offices, storage, and retail stores. The loan revitalizes and stabilizes a moderate-income census tract in Manhattan by helping to attract new or retain existing businesses.
- NYCX extended a \$7 million commercial mortgage to a retail shopping center located in a moderate-income census tract in Suffolk County. The building is divided into 15 rental units of two large anchor units, and 13 small retail units. The loan helped to revitalize and stabilize the area by helping to retain existing businesses and providing services to the community.

Community Services

- NYCX extended a \$15.3 million loan to a learning institution that operates a health and education facility that provides special education and therapeutic services to children with language and communication disorders. The school does not charge tuition and operates from public funds, fundraising events, and corporate grants.
- NYCX extended a \$400,000 line of credit to a nonprofit organization that provides legal services to the Harlem and upper Manhattan communities and is primarily funded by a contract with the City of New York. The organization provides legal services to indigents; promotes understanding of the legal and justice system; provides representation in court cases; and conducts research and disseminate information within the communities it serves. The offices of the organization are located in a moderate-income census tract in New York County.

Economic Development

- NYCX committed a \$7.2 million line of credit to a privately owned financial organization, funded by banks to provide long term financing to help small

⁴ The Special Midtown District (MID), established to guide development within the Midtown central business district, has three goals: growth, stabilization and preservation. The district was enacted in 1982 to shift future development further to the west and south in response to an over-concentration of development on the east side of Midtown Manhattan.

businesses across New York State to grow and prosper. Created in 1955 by a special act of the NYS Legislature, the organization is a complement to conventional banking, providing term loans to businesses that do not meet the lending requirements of conventional lenders.

Flexible and/or Innovative Lending Practices:

NYCX did not make use of innovative lending practices. They did exercise flexibility by waiving origination fees and providing special interest rate floors and loan-to-value lending limits to not-for-profit borrowers, including those involved in affordable housing, economic development, and social services.

INVESTMENT TEST: “High Satisfactory”

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

- (1) The dollar amount of qualified investments;*
- (2) The innovativeness or complexity of qualified investments; and*
- (3) The responsiveness of qualified investments to credit and community development needs.*

NYCX’s community development investments were reasonable in light of the assessment area’s credit needs.

Amount of Community Development Investments:

During the evaluation period, NYCX made \$27.2 million in new community development investments, and had \$523,000 outstanding from prior evaluation periods. In addition, NYCX made \$1.3 million in community development grants. This demonstrated an adequate level of community development investments and grants over the course of the evaluation period. On an annualized basis, the ratio of qualified investments and grants was 0.20% of total assets, the same as it was in the prior evaluation period.

Of the total community development investments and grants, 94.1% were utilized for affordable housing, 4.3% for community services, and 1.7% for economic development.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	12	\$ 26,564	2	513
Economic Development	4	\$ 400	1	10
Community Services	1	\$ 257		
Other (Please Specify)				
Total	17	\$ 27,221	3	523
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	12	\$ 221		
Economic Development	15	\$ 68		
Community Services	174	\$ 988		
Other (Please Specify)				
Total	201	\$ 1,276		

Below are highlights of NYCX's community development investments and grants:

Affordable Housing

- NYCX invested \$2 million in a CRA qualified investment fund secured by mortgage backed securities issued by Federal National Mortgage Association / Government National Mortgage Association ("GNMA") and the NYC Housing Development Corporation ("HDC"). The projects financed by the fund included two affordable housing projects for LMI borrowers in Nassau County and New York City; an affordable rental property in a low-income census tract in NYC where tenants received Section 8 rental assistance; and a HDC bond used to finance the rehabilitation of four development projects pursuant to the Mitchell-Lama Repair Loan Program.⁵
- During the evaluation period, NYCX committed \$14 million in collateral trust notes issued by a not-for-profit corporation. Funded by capital contributions and lines of credit from its member banks, the corporation works with government and housing authorities to provide sustainable and affordable housing in NYS.
- NYCX invested \$10 million in securities backed by a pool of real estate mortgage loans ("MBS"). The underlying securities were real estate mortgage loans extended to LMI borrowers in NYCX's assessment area.

⁵ Created in 1955, the Mitchell-Lama program provides affordable rental and cooperative housing to moderate- and middle-income families.

Community Services

- NYCX invested \$257,120 in a CRA qualified investment fund secured by MBSs issued by GNMA. It is secured by a loan to finance a nursing and rehabilitation facility in Nassau County, in which 70.7% of patients receive Medicaid assistance.

Community Development Grants

Through its charitable foundations and corporate donations, NYCX contributed \$1 million to 121 organizations throughout the assessment area. Of the \$1 million in grants, \$988,000 or 77.4% were disbursed to provide community services covering 111 entities. These organizations provided services such as: youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, alcohol and drug centers, and scholarships for LMI families.

NYCX also contributed \$175,000 to help fund the Federal Home Loan Bank of NY's Affordable Housing Program which includes financing of affordable housing projects in NYS and the first-time homebuyers assistance program.

Innovativeness of Community Development Investments:

NYCX made occasional use of innovative investments to support community development.

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

NYCX's community development investments exhibited adequate responsiveness to credit and community development needs.

SERVICE TEST: "High Satisfactory"

NYCX's retail service performance is evaluated pursuant to the following criteria:

- (1) The current distribution of the banking institution's branches;*
- (2) The institutions record of opening and closing branches;*
- (3) The availability and effectiveness of alternative systems for delivering retail services;*
and
- (4) The range of services provided.*

NYCX community development service performance is evaluated pursuant to the following criteria:

- (1) The extent to which the banking institution provides community development services; and*
- (2) The innovativeness and responsiveness of community development services.*

Retail Banking Services: “High Satisfactory”

NYCX continues to have a good branch network, delivery systems, branch hours and services, and alternative delivery systems. Retail banking services are accessible to all parts of its assessment area. There are nine retail branches that are located in LMI census tracts. NYCX has increased its accessibility through various other vehicles such as an online banking systems, its ATM network, bank-by-mail, telephone banking and extended branch hours.

Current distribution of the banking institutions branches:

NYCX’s branches represent an adequate distribution of branches within its assessment area.

With the exception of Bronx County, NYCX operates 35 branches and 55 automated teller machines (ATMs) within the assessment area.

Approximately 26.0% of the branch locations are in LMI areas. Each branch has at least one (1) ATM with the exception of the Hauppauge branch in Suffolk County which has no ATM. Banking hours are reasonable with most branches having extended hours at least one day a week. Of the 24 branches opened on Saturday, eight are located in moderate-income census tracts.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Bronx						-	0%
Kings			1	3		4	25%
New York			1		4	5	20%
Queens			5	5	2	12	42%
Westchester		1			3	4	25%
Nassau *			1	2		3	33%
Suffolk *				7		7	0%
Total	-	1	8	17	9	35	26%

*Partial County

Record of opening and closing branches:

NYCX’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and or LMI individuals.

NYCX did not close any branches during the evaluation period; however, NYCX did open one branch in 2013 in Bayside, Queens, in an upper-income census tract.

Availability and effectiveness of alternative systems for delivering retail services:

NYCX's delivery systems continue to be readily accessible to significant portions of its assessment area.

Customers have access to 55 ATM's in the NYCX network. As a subsidiary of New York Community Bancorp, Inc., NYCX's customers also have access to New York Community Bank's branches and ATM network, giving NYCX customers an additional 168 ATMs and 120 branches in the assessment area.

NYCX's website, www.newyorkcommercialbank.com, provides a platform for consumers to obtain information regarding the products and services offered, including ATM and branch locations as well as general bank information. Customers are able to access their account information via the website and perform a variety of transactions, such as: transfer between accounts, make payments to third parties or obtain account balance information.

NYCX also offers a 24-hour toll- free telephone banking service which allows customers to obtain account information, transfer funds between accounts and make bill payments.

Through the branches, customers have access to perform domestic and international wires and ACH originations. Business customers can also deposit items conveniently from their offices through remote deposit capture. Customers are also able to utilize banking by mail.

Range of services provided:

NYCX's services continue to meet its customer's needs, and vary in ways that provide convenience to people in its assessment area, particularly LMI geographies and individuals.

NYCX offers several products that support LMI needs, which include the following:

- Student Checking Account offers a minimum deposit of \$1 to open, and no minimum balance or monthly maintenance fees.
- My Community Free Checking account provides features such as: minimum deposit of \$1 to open, no minimum balance requirement, no monthly maintenance fees, and unlimited check writing.
- My Community America Saves program is designed to help customers save. It gives NYCX an opportunity to educate customers on the importance of saving and to promote good saving habits. The account features no minimum balance

requirements and \$1 to open.

- NYCX has banking and financial literature available in English, Spanish and Chinese to accommodate the different cultures in its assessment area.

Community Development Services: “High Satisfactory”

NYCX continues to provide a reasonable level of community development services.

Below are highlights of NYCX’s community development services.

During the evaluation period, NYCX organized and facilitated financial literacy workshops and programs that provided educational opportunities for the residents and workforce in its assessment area. All of these were conducted either in branches or in businesses located within LMI census tracts.

Through the collaboration with several local schools, NYCX was able to provide financial education classes to students. Group seminars, workshops or one-on-one sessions on financial literacy were conducted in branches located within LMI census tracts.

Other community development services that NYCX engaged in included:

- NYCX participated in the New York City Earned Income Tax Credit (“EITC”) Campaign by promoting the awareness of the EITC available to low-income persons, by placing educational posters and brochures in several of its branches. The EITC Campaign is administered through the New York City Department of Consumer Affairs Office of Financial Empowerment.
- NYCX’s managers and officers extended their financial expertise by serving on the boards of organizations that provide community services. For example:
 - An assistant vice president serves as the director of an organization that creates and maintains affordable homes for community residents.
 - A branch manager serves on the board of a nonprofit organization that is engaged in distributing daily hot meals to individuals who are homebound, in need, or cannot afford food.
- The functional area officer organizes fundraising activities for: organizations that provide services to LMI individuals; organizations on Long Island that provide affordable housing for veterans and their families; food banks distributing food; and job training to the needy in Nassau and Suffolk counties.

Additional Factors

The following factors were also considered in assessing NYCX'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

NYCX's board of directors reviews and approves the CRA policies on an annual basis. The CRA Committee meets quarterly. It consists of the business unit department heads, CRA officer, and the chief operating officer. The committee is responsible for monitoring and assessing NYCX's CRA objectives and compliance. The CRA officer, on behalf of the CRA Committee, reports directly to NYCX's board and other management groups concerning the CRA Committee's activities, findings, and recommendations.

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 did not note any 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 did not note any 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.*

Bank officers serve on the boards of directors of local community groups, enabling NYCX to ascertain the credit and other banking needs of the community.

NYCX's staff conducts seminars and one-on-one discussions with LMI communities and small business establishments, to promote financial literacy, and products and services suitable to their needs.

- *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*

NYCX conducts seminars to inform and educate community members of its products and services. In addition, NYCX advertises its products and services primarily through newspapers, radio stations and branch merchandising.

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

DFS did not note other factors.

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 cleanup 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.