



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2009

Institution: Bank Leumi USA
562 Fifth Avenue
New York, New York 10036

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 Banking Department 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 Bank Leumi USA ("BLUSA") prepared by the New York State Banking Department. The evaluation represents the Banking Department's current assessment and rating of the institution's CRA performance based on an evaluation conducted as of December 31, 2009.

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

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public ("Evaluation"). Evaluations of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. 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

Overall CRA Rating: "Outstanding"

BLNY's performance was evaluated according to the community development test for wholesale or limited purpose banking institutions pursuant to Part 76.11 of the General Regulations of the Banking Board. This assessment period included calendar years 2007, 2008 and 2009. BLNY is rated "1" indicating an "**Outstanding**" record of helping to meet community credit needs. This rating is unchanged from the prior rating of "1," (Outstanding) based on the NYSBD Performance Evaluation dated December 31, 2006.

This rating is based on the following factors:

Community Development Activity (Loans, Investments, Services): "Outstanding"

BLNY had an excellent level of responsiveness to credit and community development needs given its size and financial condition. These activities built on BLNY's previous record. During this three-year evaluation period, the bank made a total of \$236.8 million in community development loans, qualified investments and grants (in New York assessment area), despite a decrease in assets to \$5.1 billion (total for legal vehicle).

Community Development Loans: "Outstanding"

BLNY was a leader in community development loans. Since the prior evaluation, BLNY has extended or renewed community development loans or lines of credit totaling approximately \$233.7 million. This level of lending represented an annualized total of \$77.9 million versus \$64.8 million during the prior evaluation period.

Community Development Qualified Investments: "Satisfactory"

During the evaluation period, BLNY's qualified investments and grants totaled \$3.1 million. These investments supported economic development, affordable housing and community service. BLNY provided grants totaling \$127.5 thousand to organizations engaged in community development activities within the assessment area.

Community Development Services: "Satisfactory"

BLNY worked closely with several community-based social service organizations that work with low- and moderate-income individuals.

Innovative or Complex Practices: "Satisfactory"

BLNY works with non-profit and governmental agencies to provide community development lending and investments to its assessment area.

Responsiveness to Credit and Community Development Needs: “Outstanding”

As noted by the volume of lending, investments and services, BLNY demonstrated excellent responsiveness to the credit needs of the assessment area.

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

PERFORMANCE CONTEXT

Institution's Profile:

Bank Leumi USA ("BLUSA") is a New York state-chartered and FDIC-insured wholesale commercial bank and a wholly-owned subsidiary of Bank Leumi Le-Israel B.M. BLUSA currently operates three branches in New York ("BLNY"), four in California, two in Florida, and two in Illinois. Since the prior NYSBD CRA evaluation, conducted as of December 31, 2006, BLNY closed its Melville Branch in Suffolk County, New York (on June 16, 2008) and merged its Miami Branch with the Aventura Branch (on April 17, 2008).

BLUSA serves international businesses, middle and upper-middle market firms, such as importers and exporters, manufacturers, distributors, and retailers in industries as diverse as textiles and apparel, real estate, high technology, diamonds and jewelry, entertainment, food and commodities. It does not originate residential mortgages or loans to retail customers, except as an accommodation for the personal financial needs of existing corporate clients. Accordingly, on May 17, 1997, the Federal Deposit Insurance Corporation ("FDIC") designated BLUSA as a wholesale institution for purposes of its evaluation under the CRA.

As of December 31, 2009, BLUSA reported total assets of \$5.1 billion, including net loans and leases of \$3.2 billion, representing approximately 62.7% of total assets. Total domestic deposits were \$3.1 billion, of which \$1.1 billion were in New York. Since the prior performance evaluation, BLUSA's total assets decreased by \$700 million.

There are no known legal or financial impediments noted that would adversely impact BLNY's ability to meet the credit needs of its New York operation's assessment area.

Assessment Area:

BLNY's assessment area includes the five boroughs of New York City comprising Bronx, Brooklyn, New York, Queens and Richmond Counties. Suffolk County was removed from BLNY's assessment area when the Melville Branch closed. The assessment area now consists of 2217 census tracts, of which 326 are low-income tracts, 613 are moderate-income tracts, 663 are middle-income tracts, 557 are upper-income tracts and 58 tracts have no information available.

Distribution of Assessment Area Census Tracts by Income Level							
County	NA	Low	Moderate	Middle	Upper	Total	LMI %
Bronx	14	132	98	65	46	355	64.79%
Kings	15	119	297	235	117	783	53.13%
New York	9	60	59	24	144	296	40.20%
Queens	18	12	148	310	185	673	23.77%
Richmond	2	3	11	29	65	110	12.73%
Total	58	326	613	663	557	2217	42.35%

The assessment area appears reasonable based upon the bank's location and its designation as a wholesale institution. There is no evidence that LMI areas are arbitrarily excluded.

Demographic & Economic Data:

According to the 2000 U.S. Census, the population of the assessment area was 8.0 million. Of the total population, 937.8 thousand (11.7%) were over the age of 65 and 1.7 million (21.6%) were under the age of 16. Approximately 19.7% of the total households in the assessment area were below the poverty level.

According to the 2000 U.S. Census, there were 3.2 million housing units in the assessment area, of which 39.2% were 1 to 4 family units and 60.8% were multifamily units. Of the total number of housing units, 912 thousand (28.5%) were owner-occupied, 2.1 million (65.9%) were rental-occupied and 179 thousand (5.6%) were vacant. The real estate/housing market in New York City and its surrounding counties is one of the most expensive in the country. Although home prices have declined since 2007 as a result of the mortgage and credit crisis, housing affordability remains a major problem in the assessment area. In 2009, the weighted average of median family income was \$48.1 thousand, and the weighted average of HUD updated MSA median family income was \$64.8 thousand.

There were 660.4 thousand non-farm businesses in the bank's assessment area, of which 492.8 thousand reported revenues of \$1million or less. The service sector made up the largest industry; it accounted for 292 thousand (44.0%) businesses. The next largest sector was the retail trade industry with 112 thousand (16.9%) businesses. The finance, insurance and real estate sectors had 63 thousand (9.5 %) businesses combined. Small businesses dominate the assessment area, with 81.8% of total businesses employing less than 50 employees.

During the evaluation period, of the five counties that comprise BLNY's assessment area, only Bronx, and Kings (Brooklyn) Counties had average unemployment rates higher than New York State's. Reflecting the economic recession, average annual unemployment rates for New York State and the five counties in the bank's assessment area increased in 2009.

The following table summarizes the 2007, 2008 and 2009 average unemployment rates for the five counties in the bank's assessment area, as compared to New York State.

Unemployment Percentages by Geographic Area						
Year	N.Y. State	Bronx	Kings	New York	Queens	Richmond
2007	4.5	6.6	5.3	4.2	4.3	4.4
2008	5.3	7.3	5.8	4.7	4.9	4.9
2009	8.4	12.2	10.1	8.5	8.6	8.4

PERFORMANCE TEST AND ASSESSMENT FACTORS

The Banking Department evaluates the CRA performance of wholesale banks pursuant to the “community development test,” as provided for in Section 76.11 of the General Regulations of the Banking Board. Performance criteria include (1) the number and amount of community development loans, qualified investments or community development services; (2) the use of innovative or complex qualified investments, community development loans or community development services and the extent to which investments are not routinely provided by private investors; and (3) the banking institution’s responsiveness to credit and community development needs. In addition, the following factors are also considered in assessing BLNY’s record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications; evidence of prohibited discriminatory or other illegal credit practices; record of opening and closing offices and providing services at offices; and 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.

This assessment period included calendar years 2007, 2008 and 2009

Statistics employed in this evaluation were derived from various sources. The demographic data referred to in this report were derived from the 2000 U.S. Census data, with the updated median family income figures provided by the U.S. Department of Housing and Urban Development (“HUD”). Business demographic data used in this report derive from information on US businesses, enhanced by Dun & Bradstreet and updated annually.

At the prior NYSBD CRA examination, BLNY received a rating of “1” on the NYSBD Performance Evaluation dated December 31, 2006, reflecting an “Outstanding” record of helping to meet community credit needs.

Current CRA Rating: “Outstanding”

Community Development Loans, Qualified Investments and Services: Outstanding

BLNY had an excellent level of responsiveness to credit and community development needs given its size and financial condition. These activities built on BLNY’s previous record. During the last evaluation period, BLUSA had assets of \$5.8 billion (total for legal vehicle) and \$132 million of community development activity (in New York assessment area) over two years. During this three-year evaluation period, the bank made a total of \$236.8 million in community development loans, qualified investments and grants (in New York assessment area), despite a decrease in assets to \$5.1 billion (total for legal vehicle). Virtually the entire amount was new money, as there was only \$100K outstanding from the prior period.

Below is a summary of BLNY's community development loan, investment and grant activities.

Bank Leumi USA New York's Community Development Activity				
1/1/07 through 12/31/09				
(Dollars in Thousands)				
TYPE	Commitments		New Money	
	\$	%	\$	%
Affordable Housing	2,260	1.0	2,260	1.0
Community Service	16,101	6.8	16,101	6.8
Economic Development	99,557	42.0	99,457	42.0
Revitalization/Stabilization	118,900	50.2	118,900	50.2
TOTAL	236,818	100.0	236,718	100.0

Community Development Loans: "Outstanding"

BLNY was a leader in community development loans. BLNY's community development loans supported community service, economic development and projects that revitalized and/or stabilized its assessment area. Since the prior evaluation, BLNY has extended or renewed community development loans or lines of credit totaling approximately \$233.7 million. This level of lending represented an annualized total of \$77.9 million versus \$64.8 million during the prior evaluation period. New money accounted for 100% of the total.

BLNY's community development lending is summarized below.

Bank Leumi USA New York's Community Development Loan Activity				
1/1/07 through 12/31/09				
(Dollars in Thousands)				
TYPE	Commitments		New Money	
	\$	%	\$	%
Community Service	16,000	6.8	16,000	6.8
Economic Development	98,840	42.3	98,840	42.3
Revitalization/Stabilization	118,900	50.9	118,900	50.9
TOTAL	233,740	100.0	233,740	100.0

The following are examples of BLNY's community development loans:

Community Service

The bank approved and renewed a line of credit of \$8 million in 2008 and 2009, to a nonprofit organization that provides social services to low- and moderate-income individuals.

Economic Development

The bank lends to MESBICs (Minority Enterprise Small Business Investment Corporations) and SBICs (Small Business Investment Corporations), which in turn lend to individuals and small businesses who might otherwise not qualify for direct bank loans. MESBICs lend to persons who qualify under SBA regulations as socially or economically disadvantaged and to entities which are at least 50 percent owned by such persons. BLNY renewed lines of credit annually in the amounts of \$6 million, \$15 million and \$20 million, respectively, to a corporation that serves the factoring and accounts receivable needs of small businesses.

In 2007, BLNY extended a credit facility of \$4 million to a funding corporation licensed by the United States Small Business Administration (SBA). In 2008, the bank increased this credit facility to \$8 million.

BLNY extended a mortgage of \$6.25 million to a company that sells plumbing supplies to established wholesalers. The company's warehouse and office space are located in East New York Brooklyn, thereby providing jobs and employment opportunities within the LMI community.

In each year of the evaluation period, 2007 through 2009, BLNY renewed a \$900 thousand line of credit to a business providing employment within a low-income area. This corporation operates as a manufacturer of molded cast stone for commercial, institutional and residential use.

Revitalization /Stabilization

In 2009, BLNY made a \$13 million loan as a participation in a \$26 million construction loan to develop a multi-phase affordable housing development. This development will contain 166 rental apartments in three mid-rise buildings, 135 parking spaces and 34,857 square feet leasable space in the Bronx.

BLNY extended a loan for \$6 million to be used as working capital by a construction company that builds low-income housing in communities in need throughout the New York metropolitan area.

Community Development Qualified Investments: "Satisfactory"

During the evaluation period, BLNY's qualified investments and grants totaled \$3.1 million. These investments supported economic development, affordable housing and community service.

Bank Leumi USA New York's Community Development Investment & Grants Activity				
1/1/07 through 12/31/09				
(Dollars in Thousands)				
TYPE	Commitments		New Money	
	\$	%	\$	%
Affordable Housing	2,260	73.4	2260	75.9
Community Service	101	3.3	101	3.4
Economic Development	717	23.3	617	20.7
TOTAL	3,078	100	2,978	100

The following is a brief description of BLNY's qualified investments:

Economic Development

- Each year, BLNY renewed \$100 thousand deposits with both Bethex Federal Credit Union and Union Settlement Federal Credit Union. These institutions are federally chartered institutions and are qualified community development financial institutions ("CDFIs") that serve the financial needs of LMI communities and individuals of the assessment area.
- BLNY continued to hold a \$100 thousand equity investment with Statewide Zone Capital Corporation of New York ("Statewide"). Statewide was formed to promote the development of human resources within the 51 participating economic development zones created under the New York State Economic Development Zones Act. These zones include the assessment area.

Affordable Housing

- BLNY invested \$2.3 million in The CRA Qualified Investment Fund, a private equity mutual fund actively managed by the CRA Fund Advisors. The Fund seeks to invest in high-credit quality fixed-income securities that support community development activities. It allows banks to invest in geographically specific private placement debt security and acts as a source of long-term fixed rate capital for people, institutions and communities that do not have full and efficient access to the traditional banking and/or capital markets. The total amount invested by BLNY in the fund has been allocated to multi-family affordable housing in New York City.

In addition, BLNY provided grants totaling \$127.5 thousand to organizations engaged in community development activities including affordable housing, economic development and community services within the assessment area. These organizations include Neighborhood Housing Services, South Bronx Overall Economic Development and Women's Housing & Economic Development Corp.

Community Development Services: “Satisfactory”

BLNY worked closely with several community-based social service organizations that work with low- and moderate-income individuals, including Covenant House, Good Shepherd Services and The Grace Institute. In association with these organizations, the bank instituted the Internship Program, which provides three-month internships to these organization’s clients, and assigns employees to mentor and supervise each intern in an effort to increase the likelihood of their success. During the evaluation period, the bank employed approximately 14 interns through this program and five have been hired as full time employees with BLNY.

Below are more examples of BLNY’s community development services:

- BLNY’s CRA Officer sits on the board of Brooklyn Legal Services as an advisor. Brooklyn Legal Services provides legal services to low- and moderate-income individuals, primarily in Brooklyn Communities. The CRA Officer has provided guidance regarding fundraising and financial support to the organization.
- BLNYs officers conducted a financial education class/lecture with the Bronx Community High School, a New York City Charter School. This education session was coordinated through Good Shepherd Services.
- BLNY’s employees attended Grace Institute Career Day and Career Luncheon events. Graduates and students from Grace Institute’s job training programs had the opportunity to speak with BLNY representatives about employment, finances, job placement and interview skills.
- In partnership with Times Square Inc., BLNY conducted a mock interview session for low- and moderate-income individuals who were afforded a “second chance” within the context of the Manhattan Criminal Court system. Many bank employees participated in this event, assisting low- and moderate-income individuals by staging a “professional interview” process.

Innovative or Complex Practices: “Satisfactory”

BLNY works with non-profit and governmental agencies to provide community development lending and investments to its assessment area.

Responsiveness to Credit and Community Development Needs: “Outstanding”

As noted by the volume of lending, investments and services, BLNY demonstrated excellent responsiveness to the credit needs of the assessment area.

Additional Factors

The extent of participation by the banking institution’s board of directors/trustees

in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act

The bank's senior management, primarily its CEO and general counsel, maintained an active role in supervising and directing the bank's activities in relation to the fulfillment of its CRA obligations. The board of directors, as well as the Loan, Investment, and Executive Committees of the board, were involved in business decisions affecting such matters as branch purchases, openings, sales and closings, investments in various types of securities and basic lending strategy. The bank's CRA Committee, made up of officers from various departments throughout the bank, provided oversight of CRA-related issues. The chairperson of the CRA Committee reports to the general counsel and the CEO and provided detailed status reports as necessary.

BLNY's CRA Officer has the day-to-day responsibility of ensuring that the bank meets the requirements of CRA. The CRA Officer also keeps senior management informed of new government regulations or lending opportunities.

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.*

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

- *Evidence of prohibited discriminatory or other illegal credit practices.*

The most recent regulatory compliance report indicates a satisfactory performance in terms of adherence to anti-discrimination or other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

The banking institution's record of opening and closing offices and providing services at offices

As noted in the section on performance context, in its New York assessment area, BLNY closed its Melville branch in June 2008, which led to a change in its assessment area. This did not have an adverse affect on its CRA programs or activities.

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.*

CRA compliance efforts are governed by and coordinated through the bank's CRA

Committee, which is chaired by its CRA Officer. Through the CRA Committee's involvement, the bank continues to seek out entities, companies, individuals, organizations, credit unions, civic organizations and community based organizations to assure continued involvement with, and awareness of the needs of its local communities. This ascertainment process has led to the bank's commitment of substantial resources and funds to CRA related loans, grants, investments and service initiatives. Examples of such associations BLNY's service and grant involvement with Times Square Inc., Habitat for Humanity and the Grace Institute, all organizations that provide assistance (employment opportunities, housing, job training) to LMI individuals.

Additionally, the bank utilizes varied census tract data resources such as the Centrex software program and the FFIEC's online geocoding application to assist in ensuring that it is meeting the credit needs of the LMI areas within its assessment area.

During BLNY's interactions with not-for-profit groups and other public agencies, BLNY frequently learns of community needs to which it can respond. As a result of one interaction, BLNY developed a relationship with the New York Statewide Zone Capital Corporation, an intermediary through which BLNY is now participating in community development activities.

- *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.*

The bank concentrates its marketing efforts on its business lending services. The bank's traditional consumer loan services are promoted in the form of posters and brochures in branch lobbies and through personal contact with potential borrowers.

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

None.

GLOSSARY

Aggregate Penetration Rate

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

Community Development

The term “community development” is defined to mean:

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

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

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

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

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

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

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

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

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

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

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

Loans to Small Businesses

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

Low or Moderate Income (“LMI”) Geographies

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

LMI Borrowers

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

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

LMI Individuals/Persons

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

LMI Penetration Rate

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

Small Business Loans

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