



**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, 2010

Institution: Banco Popular North America
9600 W. Bryn Mawr Avenue
Rosemont, IL 60018

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 Banco Popular North America (“BPNA”) prepared by the New York State Banking Department (now Department of Financial Services). The evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on BPNA’s activities within New York State as of December 31, 2010. Unless otherwise indicated, all data and analysis only reflect activities within BPNA’s New York assessment area.

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

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

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

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

This rating is based on the following factors:

Lending Test – "Low Satisfactory"

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

(1) Lending Activity: "Low Satisfactory"

BPNA's lending activity showed a reasonable level of responsiveness to the credit needs of its assessment area. During the evaluation period, BPNA extended a total of 925 HMDA-reportable and small business loans inside its assessment area, amounting to \$81.5 million. Compared with the prior evaluation period, BPNA's lending level declined \$56.1 million or 40.8% by dollar amount, and 44.6% by loan count.

In spite of the decrease in its lending activity level, BPNA's average loan-to-deposit ratios outperformed the peer group's average by 12.9% during the twelve quarters in the evaluation period.

(2) Assessment Area Concentration: "High Satisfactory"

During the evaluation period, BPNA originated 79.1% by number, and 73.1% by dollar value of HMDA-reportable and small business loans within the assessment area. This majority of lending inside of its assessment area is a substantial record of lending within BPNA's assessment area.

(3) Geographic Distribution of Loans: "Outstanding"

The distribution of loans based on lending in census tracts of varying income levels demonstrated an excellent penetration rate of lending.

BPNA's penetration ratio of lending to low to moderate income census tracts for both HMDA-reportable and small business loans outperformed the aggregate/peer group's ratios.

(4) Distribution by Borrower Characteristics: “High Satisfactory”

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

During the evaluation, the levels of lending among individuals with low to moderate income and businesses with revenue size of \$1 million or less were remarkable, both surpassing aggregate ratios. The penetration ratios for both the HMDA-reportable loans and small business loans however, were below the family demographics and business demographics.

(5) Community Development Lending: “High Satisfactory”

During the evaluation period, BPNA originated \$107.4 million in new community development loans, and still had \$46.4 million outstanding from prior evaluation periods.

The current lending level of community development loans (\$153.9 million) during the three-year evaluation period represented 0.57% of its assets on an annualized basis.

The lending level declined by 18% compared to \$188.8 million made over the prior evaluation period. This trend is primarily a reflection of the decrease in total assets (32.9%) from \$13.4 billion in 2007 to \$8.99 billion in 2010.

(6) Flexible and/or Innovative Lending Practices

BPNA has limited use of innovative and/or flexible lending practices in serving the credit needs of its assessment area. “Flexible” lending practices noted included more lenient terms as compared to BPNA’s conventional lending activities.

Investment Test: “Low Satisfactory”

During the evaluation period, BPNA made \$14.1 million in new community development investments including grants, and still had \$3.5 million outstanding from prior evaluation periods. This demonstrated an acceptable level of community development investments and grants over the course of the evaluation period. BPNA made investments in CRA qualified mortgage backed securities guaranteed/issued by U.S. government corporations and government sponsored enterprises.

Service Test: “Outstanding”

(1) Retail Banking Services: “Outstanding”

BPNA had and continues to have reasonable delivery systems, branch network, branch hours and services, and alternative delivery systems. These retail services included significant number of branches and on-site ATMs in LMI census tracts and a range of services catered to LMI residents and small businesses.

(2) Community Development Services: “Outstanding”

BPNA provided an excellent level of community development services to the low income individuals and small businesses in the assessment area. Community development services included board membership in community based organizations and financial literacy programs to LMI individuals and small businesses.

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

PERFORMANCE CONTEXT

Institution Profile:

Banco Popular North America (“BPNA”) was chartered in December 1998 as a commercial bank. It is a wholly owned direct subsidiary of Popular North America (“PNA”), which in turn is wholly owned by Popular International Bank, Inc. (“PIBI”). PIBI itself is a wholly owned subsidiary of Popular, Inc. (Popular).

Popular is a publicly owned bank holding company registered under the Bank Holding Company Act of 1956 (BHC Act). Headquartered in Puerto Rico, Popular operates in three major markets: Puerto Rico, the United States mainland, and the Caribbean & Latin America.

PNA was organized under the laws of the State of Delaware in 1991 and is a registered bank holding company under the BHC Act. PNA is the holding company for Popular’s US operating subsidiaries including BPNA.

BPNA provides personal and business lending and deposit services in areas with high concentration of Hispanics. It has a network of 98 branches in five states: California, Florida, Illinois, New York and New Jersey. It has one subsidiary, Popular Insurance Agency USA, Inc. which acts primarily as an agency or broker for issuing insurance.

As per the Consolidated Report of Condition (the Call Report) as of December 31, 2010, filed with the Federal Deposit Insurance Corporation (“FDIC”), BPNA reported total assets of \$8.99 billion, of which \$6.58 billion were net loans and lease finance receivables. It also reported total deposits of \$6.59 billion, resulting in a loan-to-deposit ratio of 99.9%. According to the latest available comparative deposit data as of June 30, 2010, BPNA obtained a market share of 0.57%, or \$3.32 billion in a market of \$578.65 billion inside its market. BPNA ranked 16th among 115 deposit-taking institutions in its assessment area.

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

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2008		2009		2010	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgages	2,799,662	27.3	2,368,777	27.3	1,846,670	26.7
Commercial & Industrial Loans	2,325,359	22.7	1,811,105	20.9	1,329,988	19.2
Commercial Mortgage Loans	2,673,232	26.1	2,583,307	29.8	2,335,727	33.7
Multifamily Mortgages	817,582	8.0	909,080	10.5	815,078	11.8
Consumer Loans	176,154	1.7	105,126	1.2	71,959	1.0
Construction Loans	873,715	8.5	653,079	7.5	364,644	5.3
Farm Loans	341	0.0	310	0.0	273	0.0
Obligations of States & Muni.	2,695	0.0	1,807	0.0	1,713	0.0
Other Loans	208,373	2.0	187,654	2.2	125,654	1.8
Lease financing	366,622	3.6	56,832	0.7	30,205	0.4
Total Gross Loans	10,243,735	100.0	8,677,077	100.0	6,921,911	100.0

As illustrated in the above chart, BPNA engages in residential and commercial mortgages and other types of commercial loans, with 91.4% of its loan portfolio in 1-4 family residential, multi-family mortgages, commercial mortgage loans and commercial & industrial loans as of 12/31/2010. Lending activity displayed a decreasing trend over the evaluation period, particularly in 1-4 family residential loans, commercial loans and construction loans.

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

Assessment Area:

BPNA's New York assessment area currently consists of all the census tracts of the Bronx, Kings, New York and Queens Counties of the New York City Region. There are 2,107 census tracts in the area, of which 323 are low-income, 602 are moderate-income, 634 are middle-income, 492 are upper-income and 56 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	14	132	98	65	46	355	65%
Kings	15	119	297	235	117	783	53%
New York	9	60	59	24	144	296	40%
Queens	18	12	148	310	185	673	24%
Total	56	323	602	634	492	2,107	44%

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

Demographic & Economic Data

The assessment area had a population of 7.56 million during the examination period. About 11.7% of the population were over the age of 65 and 21.5% were under the age of 16.

Of the 1.76 million families in the assessment area, 31.8% were low-income, 17.0% were moderate-income, 17.0% were middle-income and 34.3% were upper-income families. There were 2.87 million households in the assessment area, of which 20.2% had income below the poverty level and 7.8% were on public assistance.

The MSA median family income within the assessment area was \$49 thousand. Among the four counties, median household income was lowest in Bronx County (at \$29.5 thousand) and highest in New York County (at \$54.3 thousand.) The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area to be \$66 thousand in 2010.

There were 3.04 million housing units within the assessment area, of which 63.3% were multifamily units, and 36.6% were one- to four-family units. A majority (67.6%) of the area's housing units were renter-occupied while 26.8% are owner-occupied. Of the 2.05 million renter-occupied housing units, 54.33% were in low- and moderate-income census tracts while 45.67% were in middle- and upper-income census tracts. Weighted average monthly gross rent was \$746.

Of the 812 thousand owner-occupied housing units, 22.6% were in low- and moderate-income census tracts while 77.4% were in middle- and upper-income census tracts. The median age of the housing stock was 60 years, and the median home value in the assessment area was \$242 thousand.

There were 476 thousand non-farm businesses in the assessment area. Of these, 74.5% were businesses with reported revenues of less than or equal to \$1 million, 5.4% reported revenues of more than \$1 million and 20.1% did not report their revenues. Of all the businesses in the assessment area, 83.5% were businesses with less than fifty employees while 92.4% operated from a single location. Major industries in the area were in services providers (46.3%), followed by retail (16.9%) and finance, insurance and real estate (9.6%), while 8.9% of businesses in the assessment area were not classified.

Statistics on Pre-foreclosure Filings (PFF), Modifications or Foreclosures

The 2009 Mortgage Foreclosure Law approved on December 15, 2009 requires that a pre-foreclosure notice be sent, at least 90 days before the lender commences legal action against all borrowers with home loans. The latest report on 90-day pre-foreclosure notice mailing requirement compiled and issued by the New York State Banking Department, covered the period between February 13, 2010 and August 31, 2010. It involved 134,000 borrowers with mortgages on owner-occupied 1-to-4 family residential properties in New York State.

PFF notices were highest in Queens County among the four counties and second highest among 62 counties in NYS.

Breakdown of PFF notices in the four counties in the New York City region are as follows:

County	PFF Volume	% to total filings
Queens	15,184	11.3%
Kings	11,037	8.2%
Bronx	4,639	3.5%
New York	2,980	2.2%

NYS DOL unemployment rates

Statistics published by the New York State Department of Labor showed that the average unemployment rate for New York State increased from 5.3% in 2008 to 8.4% in 2009 and 8.6% in 2010. The same upward trend was also manifested in the four New York City counties in BPNA’s assessment area.

The chart below describes how unemployment rates in the four NYC counties compared with statewide averages for the last three years.

Assessment Area Unemployment Rate					
Year	NYS	Bronx	Kings	New York	Queens
2008	5.3%	7.3%	5.8%	4.7%	4.8%
2009	8.4%	11.9%	9.9%	8.4%	8.3%
2010	8.6%	12.8%	10.2%	8.0%	8.5%

Community Information

Overall, 44% of the total census tracts in BPNA’s assessment area are categorized as low to moderate income levels. The Bronx and Kings counties have the highest concentration of low to moderate income census tracts, at 65% and 53% of their respective total census tracts. Communities being served include the banking development district (BDD)¹ in the Lower East Side neighborhood of Manhattan, where the bank has a branch located in a moderate income tract. New York City also has two designated empowerment zones², which provide tax incentives and other benefits to entrepreneurs to establish their businesses in these distressed communities.

¹ Created by § 96-d of the NYS Banking Law, a “BDD” is designed to encourage the establishment of bank branches in areas where there is a demonstrated need for banking services.

² The empowerment zone and enterprise community legislation were included in the Omnibus Budget and Reconciliation Act of 1993 aiming to revitalize distressed communities by creating economic opportunities and jobs. New York City has two empowerment zones – Upper Manhattan EZ and Bronx EZ.

Several community development corporations (CDCs), operating in New York City, were contacted for the community information section, including the following:

- A city-wide, not for profit organization (NPO), founded in 1970 with the mission to preserve and develop affordable housing for low and moderate income New Yorkers, especially senior citizens in the neighborhood;
- A NPO alternative lending organization dedicated to provide credit and related services to small business owners, who do not have access to traditional sources of financing. The NPO also serves low- and moderate income individuals, primarily minorities and women that are unable to access mainstream financial services.
- A NPO established in 1974 with a mission of assisting Asian Americans and others in need. Their services include community development and housing preservation, social services, homeownership counseling, and small business development serving NYC's more than 800,000 Asian American residents.

Community contacts indicated affordable housing, and providing credit and banking services to low income individuals and small businesses as foremost credit concerns that should be addressed by banks particularly in BPNA's NYC assessment areas.

An officer of a NPO interviewed during this examination commented that BPNA's CRA compliance officers are not working in New York City on a day to day basis. In response to the comment, BPNA indicated that they have regional CRA committees specifically established to monitor local community needs in New York City. In addition, the regional CRA committees report and meet with senior compliance officers for regular and up to date monitoring of local CRA activities in New York.

Another community contact indicated that BPNA is an active financial partner in their common goals of providing credit needs to small businesses who are credit and income challenged; as well as providing banking services and financial educational services to low income individuals.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

BPNA was evaluated under the large bank's performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board which consist of the lending, investment and service tests. The following factors were also considered in assessing the bank'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.

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

The demographic data referred to in this report were derived from the 2000 U.S. Census and the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report provide information on US businesses, enhanced by Dun & Bradstreet reports and updated annually. Unemployment data were obtained from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis, and were used even where the institution's assessment area includes partial counties.

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

Examiners considered BPNA's small business and HMDA-reportable loans in its assessment area in evaluating factors (2), (3) and (4) of the lending test as noted below.

BPNA received a rating of "2", reflecting a "Satisfactory" record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2007.

Current CRA Rating: “Satisfactory”

LENDING TEST: “Low Satisfactory”

The bank’s lending performance was evaluated pursuant to the following criteria: (1) Lending Activity; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Borrower Characteristics; (5) Community Development Lending and (6) Flexible and/or Innovative Lending Practices.

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

Lending Activity: “Low Satisfactory”

BPNA’s lending activity showed a reasonable level of responsiveness to the credit needs of its assessment area.

During the evaluation period, BPNA extended a total of 925 HMDA-reportable and small business loans inside its assessment area, amounting to \$81.5 million. Compared with the prior evaluation period, BPNA’s lending activity declined \$56.1 million or 40.8% by dollar amount and 44.6% by loan count.

In spite of the decrease in its lending activity level, BPNA’s average loan-to-deposit ratios outperformed the peer group’s average by 12.9% during the twelve quarters in the evaluation period, as indicated in the chart below.

Loan-to-Deposit Ratios													
	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	Avg.
Bank	107.5	107.4	106.5	102.2	97.4	99.2	95.8	97.6	96.5	99.6	102.1	100.0	101.0
Peer	95.4	96.3	96.6	92.8	90.3	89.1	86.6	84.3	82.7	82.1	81.6	79.9	88.1

The aggregate market data for small business loans indicated a decreasing trend during the evaluation period in the assessment area. Aggregate small business loans were \$6.49 billion in 2008, \$3.56 billion in 2009 and \$3.4 billion in 2010, respectively. The decrease can be attributed to the general slowdown of lending caused by the recession.

BPNA revealed similar declining trend in its small business lending activity. As exhibited in the chart on page 4-4, BPNA’s small business lending was at a higher volume in 2008, representing 66.8% of the total small business loans made by dollar amount during the evaluation period. The small business activities decreased significantly in 2009 and 2010 compared to 2008, as a result of BPNA’s restructuring of business its strategy to mitigate the impact of the current economic climate on its overall financial condition. The measures adopted included suspension of a variety of specialized

lending programs such as business loans to professionals, multi-family loans and commercial loans. In addition, BPNA eliminated its Small Business Banking division and SBA loan programs.

On the other hand, market aggregate originated an average of \$25.9 billion HMDA-reportable loans during the three-year evaluation period, representing a decrease of 46.2% from the two-year average of \$48.2 billion at the prior evaluation period. BPNA's HMDA lending activities, revealed a 35.4% decline during the same comparative periods. BPNA originated \$39.9 million HMDA reportable loans inside its assessment area during the evaluation period, compared to \$41.2 million originated at the prior evaluation period.

Assessment Area Concentration: “High Satisfactory”

During the evaluation period, BPNA originated 79.1% by number, and 73.1% by dollar value of HMDA-reportable and small business loans within the assessment area. This majority of lending inside of its assessment area is a substantial record of lending.

HMDA-Reportable Loans:

During the evaluation period, for HMDA-reportable lending, BPNA originated 70% by number, and 68.9% by dollar value of its loans within the assessment area. In terms of the HMDA loans originated by dollar amount, only 53.9% were extended in 2008. The lending level however demonstrated a steadily upward trend, increasing to 73.1% in 2009 and 74.9% in 2010. The level of lending inside of its assessment area is considered a reasonable record of lending.

Small Business Loans:

During the evaluation period, BPNA originated 82.2 % by number, and 77.7% by dollar value of its small business loans within the assessment area. This level of lending inside of its assessment area demonstrated a satisfactory record of lending.

The following table shows the percentages of BPNA's small business and HMDA-reportable loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2008	57	57.6%	42	42.4%	99	7,856	53.9%	6,725	46.1%	14,581
2009	80	75.5%	26	24.5%	106	17,182	73.1%	6,331	26.9%	23,513
2010	73	76.8%	22	23.2%	95	14,867	74.9%	4,972	25.1%	19,839
Subtotal	210	70.0%	90	30.0%	300	39,905	68.9%	18,028	31.1%	57,933
Small Business										
2008	557	80.5%	135	19.5%	692	27,792	73.4%	10,058	26.6%	37,850
2009	84	84.8%	15	15.2%	99	6,686	80.2%	1,654	19.8%	8,340
2010	74	93.7%	5	6.3%	79	7,140	96.9%	229	3.1%	7,369
Subtotal	715	82.2%	155	17.8%	870	41,618	77.7%	11,941	22.3%	53,559
Grand Total	925	79.1%	245	20.9%	1,170	81,523	73.1%	29,969	26.9%	111,492

Geographic Distribution of Loans: "Outstanding"

The distribution of loans based on lending in census tracts of varying income levels demonstrated an excellent penetration rate of lending.

BPNA's penetration ratio of lending to low to moderate income census tracts for both HMDA-reportable and small business loans outperformed the aggregate/peer group's ratios.

HMDA-Reportable Loans:

Total HMDA-reportable loans of \$39.9 million, originated during the evaluation period was 71% less than the \$137.9 million generated from the prior evaluation period. Nevertheless, the distribution of HMDA-reportable loans based on the income level of the geography demonstrated an excellent penetration rate of lending in the assessment area.

During the evaluation period, BPNA originated 38.1%, by number, of its HMDA-reportable loans in LMI areas as compared to the aggregate's penetration ratio of 21.0%. Based on dollar amount, the bank's penetration ratio was 40.6%, outperformed the aggregate penetration ratio of 21.0%.

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

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2008									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	15.8%	1,026	13.1%	3,425	5.8%	1,954,992	6.9%	3.7%
Moderate	20	35.1%	2,763	35.2%	12,231	20.7%	5,202,679	18.3%	19.0%
LMI	29	50.9%	3,789	48.2%	15,656	26.5%	7,157,671	25.2%	22.7%
Middle	15	26.3%	1,206	15.4%	18,870	32.0%	6,687,948	23.6%	36.4%
Upper	13	22.8%	2,861	36.4%	24,397	41.4%	14,411,387	50.8%	41.0%
Unknown		0.0%		0.0%	71	0.1%	109,791	0.4%	
Total	57	100.0%	7,856	100.0%	58,994	100%	28,366,797	100%	100.0%
2009									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	6.3%	775	4.5%	2,181	3.7%	974,601	4.1%	3.7%
Moderate	20	25.0%	5,087	29.6%	9,067	15.5%	3,591,784	15.2%	19.0%
LMI	25	31.3%	5,862	34.1%	11,248	19.3%	4,566,385	19.3%	22.7%
Middle	28	35.0%	5,728	33.3%	17,240	29.5%	5,400,765	22.8%	36.4%
Upper	27	33.8%	5,592	32.5%	29,794	51.0%	13,661,938	57.7%	41.0%
Unknown		0.0%		0.0%	100	0.2%	46,354	0.2%	
Total	80	100.0%	17,182	100.0%	58,382	100%	23,675,442	100%	100.0%
2010									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	12.3%	3,822	25.7%	2,278	4.2%	1,125,882	4.4%	3.7%
Moderate	17	23.3%	2,719	18.3%	8,720	16.0%	3,467,761	13.5%	19.0%
LMI	26	35.6%	6,541	44.0%	10,998	20.1%	4,593,643	17.8%	22.7%
Middle	27	37.0%	4,326	29.1%	15,893	29.1%	5,454,305	21.2%	36.4%
Upper	20	27.4%	4,000	26.9%	27,602	50.5%	15,576,421	60.5%	41.0%
Unknown		0.0%		0.0%	136	0.2%	122,968	0.5%	
Total	73	100.0%	14,867	100.0%	54,629	100%	25,747,337	100%	100.0%
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	23	11.0%	5,623	14.1%		3.3%		5.2%	3.7%
Moderate	57	27.1%	10,569	26.5%		17.7%		15.8%	19.0%
LMI	80	38.1%	16,192	40.6%		21.0%		21.0%	22.7%
Middle	70	33.3%	11,260	28.2%		30.6%		22.6%	36.4%
Upper	60	28.6%	12,453	31.2%		48.2%		56.1%	41.0%
Unknown	-	0.0%	-	0.0%		0.2%		0.4%	
Total	210	100.0%	39,905	100.0%		100%		100%	100.0%

Small Business Loans:

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

BPNA, during the evaluation period, generated \$41.62 million small business loans, compared to prior period's \$96.46 million in the prior period. Nonetheless, BPNA's penetration rate of lending to low to moderate income tracts (53% by number and 46.9% in dollar value) were adequate, and surpassing aggregate ratios of 25.0% and 24.4%, respectively.

The following chart provides a summary of BPNA'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									
2008									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	108	19.4%	5,737	20.6%	20,611	6.8%	426,794	6.6%	9.6%
Moderate	187	33.6%	7,123	25.6%	60,184	19.9%	1,180,351	18.2%	22.2%
LMI	295	53.0%	12,860	46.3%	80,795	26.7%	1,607,145	24.8%	31.9%
Middle	156	28.0%	6,569	23.6%	70,722	23.4%	1,424,658	22.0%	21.9%
Upper	97	17.4%	7,903	28.4%	147,503	48.8%	3,322,833	51.2%	44.8%
Unknown	9	1.6%	460	1.7%	3,254	1.1%	135,454	2.1%	1.4%
Total	557	100.0%	27,792	100.0%	302,274	100.0%	6,490,090	100.0%	100.0%
2009									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	16	19.0%	1,122	16.8%	9,583	7.0%	229,792	6.5%	9.6%
Moderate	27	32.1%	2,218	33.2%	26,192	19.1%	654,504	18.4%	22.2%
LMI	43	51.2%	3,340	50.0%	35,775	26.1%	884,296	24.8%	31.8%
Middle	23	27.4%	2,097	31.4%	30,521	22.3%	737,751	20.7%	21.9%
Upper	16	19.0%	1,142	17.1%	69,101	50.4%	1,860,689	52.3%	44.9%
Unknown	2	2.4%	107	1.6%	1,636	1.2%	76,417	2.1%	1.4%
Total	84	100.0%	6,686	100.0%	137,033	100.0%	3,559,153	100.0%	100.0%
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	18	24.3%	916	12.8%	7,732	6.2%	225,156	6.7%	9.3%
Moderate	23	31.1%	2,385	33.4%	22,320	18.0%	554,913	16.5%	22.0%
LMI	41	55.4%	3,301	46.2%	30,052	24.2%	780,069	23.3%	31.3%
Middle	15	20.3%	1,401	19.6%	27,030	21.7%	692,446	20.7%	22.0%
Upper	16	21.6%	2,356	33.0%	65,377	52.6%	1,784,896	53.2%	45.3%
Unknown	2	2.7%	82	1.1%	1,822	1.5%	95,686	2.9%	1.4%
Total	74	100.0%	7,140	100.0%	124,281	100.0%	3,353,097	100.0%	100.0%
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	142	19.9%	7,775	18.7%		5.4%		6.6%	
Moderate	237	33.1%	11,726	28.2%		19.6%		17.8%	
LMI	379	53.0%	19,501	46.9%	136,891	25.0%	3,271,511	24.4%	
Middle	194	27.1%	10,067	24.2%		23.1%		21.3%	
Upper	129	18.0%	11,401	27.4%		50.7%		52.0%	
Unknown	13	1.8%	649	1.6%		1.2%		2.3%	
Total	715	100.0%	41,618	100.0%		100.0%		100.0%	

Distribution by Borrower Characteristics: “High Satisfactory”

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

During the evaluation, the levels of lending among individuals with low to moderate income and businesses with revenue size of \$1 million or less were remarkable, both surpassing aggregate ratios. The penetration ratios for both the HMDA-reportable loans and small business loans however, were below the family demographics and business demographics.

HMDA-Reportable Loans:

BPNA’s HMDA-reportable lending activities demonstrated an excellent level of lending among individuals of different income levels.

The penetration ratio to LMI borrowers by number of loan improved from the two-year average of 14.8% at the prior evaluation to an average of 21.4% at the current evaluation period. Similarly, the penetration ratio by dollar volume also improved from 4.7% to 6.6% during the same period of time. Meanwhile, these ratios achieved by BPNA have outperformed the aggregate levels of 7.9% by loan count and 3.0% by dollar volume, respectively.

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

Distribution of HMDA-Reportable Lending by Borrower Income									
2008									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	7.0%	151	1.9%	720	1.2%	91,063	0.3%	31.8%
Moderate	11	19.3%	447	5.7%	3,960	6.7%	593,411	2.1%	17.0%
LMI	15	26.3%	598	7.6%	4,680	7.9%	684,474	2.4%	48.8%
Middle	5	8.8%	439	5.6%	10,000	17.0%	2,296,663	8.1%	17.0%
Upper	31	54.4%	4,660	59.3%	40,154	68.1%	19,405,999	68.4%	34.3%
Unknown	6	10.5%	2,159	27.5%	4,160	7.1%	5,979,661	21.1%	
Total	57	100.0%	7,856	100.0%	58,994	100.0%	28,366,797	100.0%	100.0%
2009									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	3.8%	23	0.1%	853	1.5%	193,445	0.8%	31.8%
Moderate	8	10.0%	802	4.7%	4,208	7.2%	726,045	3.1%	17.0%
LMI	11	13.8%	825	4.8%	5,061	8.7%	919,490	3.9%	48.8%
Middle	25	31.3%	4,909	28.6%	11,241	19.3%	2,749,068	11.6%	17.0%
Upper	38	47.5%	10,417	60.6%	37,835	64.8%	16,438,677	69.4%	34.3%
Unknown	6	7.5%	1,031	6.0%	4,245	7.3%	3,568,207	15.1%	
Total	80	100.0%	17,182	100.0%	58,382	100.0%	23,675,442	100.0%	100.0%
2010									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	5	6.8%	60	0.4%	750	1.4%	120,023	0.5%	31.8%
Moderate	14	19.2%	1,156	7.8%	3,863	7.1%	639,230	2.5%	17.0%
LMI	19	26.0%	1,216	8.2%	4,613	8.4%	759,253	2.9%	48.8%
Middle	20	27.4%	3,300	22.2%	10,024	18.3%	2,410,354	9.4%	17.0%
Upper	31	42.5%	6,616	44.5%	36,890	67.5%	17,919,380	69.6%	34.3%
Unknown	3	4.1%	3,735	25.1%	3,102	5.7%	4,658,350	18.1%	
Total	73	100.0%	14,867	100.0%	54,629	100.0%	25,747,337	100.0%	100.0%
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	12	5.7%	234	0.6%		0.9%		0.5%	31.8%
Moderate	33	15.7%	2,405	6.0%		7.0%		2.5%	17.0%
LMI	45	21.4%	2,639	6.6%	13,604	7.9%	2,363,211	3.0%	48.8%
Middle	50	23.8%	8,648	21.7%		18.3%		9.6%	17.0%
Upper	100	47.6%	21,693	54.4%		67.1%		69.1%	34.3%
Unknown	15	7.1%	6,925	17.4%		6.7%		18.3%	
Total	210	100.0%	39,905	100.0%		100.0%		100.0%	100%

Small Business Loans:

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

As a result of the major restructuring efforts initiated in 2009, the level of overall small business loan originations decreased between evaluations. BPNA generated \$41.6

million of small business loans in the assessment area during the current evaluation period, representing a decline of 56.9% from the \$96.5 million small business loans originated during the prior period.

During the evaluation period, lending to small businesses with revenue size less than or equal to \$1 million was 50.8% by dollar volume and 71.3% by loan count, outperforming their correspondent aggregate ratios of 25.3% and 14.9%, respectively.

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

Distribution of Small Business Lending by Revenue Size of Business									
2008									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	423	75.9%	16,706	60.1%	62,117	20.5%	1,848,505	28.5%	67.1%
Rev. > \$1MM	129	23.2%	10,844	39.0%					6.0%
Rev. Unknown	5	0.9%	242	0.9%					26.9%
Total	557		27,792		302,274		6,490,090		
2009									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	46	54.8%	2,118	31.7%	22,101	16.1%	818,180	23.0%	74.3%
Rev. > \$1MM	35	41.7%	4,383	65.6%					5.8%
Rev. Unknown	3	3.6%	185	2.8%					20.0%
Total	84		6,686		137,033		3,559,153		
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	41	55.4%	2,313	32.4%	20,803	16.7%	720,864	21.5%	74.5%
Rev. > \$1MM	32	43.2%	4,727	66.2%					5.4%
Rev. Unknown	1	1.4%	100	1.4%					20.1%
Total	74		7,140		124,281		3,353,097		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	510	71.3%	21,137	50.8%		14.9%		25.3%	
Rev. > \$1MM	196	27.4%	19,954	47.9%					
Rev. Unknown	9	1.3%	527	1.3%					
Total	715		41,618						

Community Development Lending: "High Satisfactory"

During the evaluation period, BPNA originated \$107.4 million in new community development loans, and still had \$46.4 million outstanding from prior evaluation periods.

The current lending level of community development loans (\$153.9 million) during the three-year evaluation period represented 0.57% of its assets on an annualized basis.

The lending level itself declined by 18% compared to \$188.8 million made over the prior evaluation period. This trend is primarily a reflection of the decrease in total assets (32.9%) from \$13.4 billion in 2007 to \$8.99 billion in 2010. Of the total community development loans, 33% were used for affordable housing; 34% for community services; 30% for neighborhood revitalization and stabilization efforts and 3% for economic development.

Purpose	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Loans	-	# of Loans	-
Affordable Housing	7	33,570	16	17,200
Economic Development	1	2,262	1	1,950
Community Services	34	31,020	14	21,956
Revitalize & Stabilize	8	40,590	4	5,341
Total	50	107,442	35	46,447

The following is a description of some of the community development loans made during the evaluation period:

BPNA extended a total of \$6.675 million in term loans and lines of credit to a non-profit organization with a mission of providing services to low to moderate income persons through meaningful employment and training opportunities for individuals who are blind or visually impaired in the greater New York City area. The NPO manufactures products and offers business services and job placement programs. Its main production lines and headquarters are located in a low income tract in Brooklyn, NY.

BPNA extended an \$18 million loan for a mixed use development in a low income area of Brooklyn, NY. The project is a co-op apartment building with 75% of the units priced at affordable housing levels. The residential portion of the project will receive subsidy and mortgage from the NYC Housing Development Corporation in conjunction with the Affordable Co-Operative Program. The property also includes 8,000 square feet of community space and 49 parking spaces.

BPNA extended a \$1.5 million line of credit to a community development corporation to finance property acquisitions in low income tracts in the Bronx neighborhood, to provide rental housing to LMI individuals.

Flexible and/or Innovative Lending Practices

BPNA has limited use of innovative and/or flexible lending practices in serving the credit needs of its assessment area. “Flexible” lending practices noted included more lenient terms as compared to BPNA’s conventional lending activities. The terms included maximum loan to value as high as 90%; no payment guarantee; and minimum debt service coverage as low as 1.15 times for loans in excess of \$2 million.

INVESTMENT TEST: “Low Satisfactory”

BPNA’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; (3) the responsiveness of qualified investments to credit and community development needs; (4) the degree to which the qualified investments are not routinely provided by private investors.

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

Amount of Community Development Investments

During the evaluation period, BPNA made \$14.1 million in new community development investments including grants, and still had \$3.5 million outstanding from prior evaluation periods. In addition, BPNA made \$242 thousand in community development grants. This demonstrated an acceptable level of community development investments and grants over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	3	13,410	5	3,491
Economic Development	3	300		
Community Services	1	100		
Other (Please Specify)				
Total	7	13,810	5	3,491
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	2	3		
Economic Development	8	13		
Community Services	44	216		
Revitalize & Stabilize	4	10		
Total	58	242		

Below are highlights of BPNA's community development investments and grants.

BPNA made seven investments in mortgage backed securities guaranteed/issued by U.S. government corporation (GNMA) and government sponsored enterprises (FNMA and FHLMC) supporting affordable housing for low- to moderate- income families. It has a total of \$16.9 million, of which \$13.4 million were in new investments.

BPNA invested \$400 thousand in share certificates of two federal credit unions providing affordable financial services to low- and moderate- income communities.

\$216 thousand or 89.3% of total grants by BPNA were to support community services. BPNA made \$37.5 thousand in donations to a non-profit organization that provides primary health care services ranging from medical and dental services to counseling at its facility located at a moderate income community in Bronx, NY and \$30 thousand towards scholarships to high school graduates residing in low to moderate income residents in the assessment area.

Innovativeness and Complexity of Community Development Investments

Qualified investments made by BPNA were not considered innovative or complex.

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

BPNA's community development investments exhibited an acceptable level of responsiveness to credit and community development needs.

SERVICE TEST: "Outstanding"

BPNA'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. BPNA's 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: "Outstanding"

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

Current distribution of the banking institution's branches:

BPNA's branches represented and continue to represent an excellent distribution of branches within its assessment area.

There are 31 branches in the New York assessment area, of which 21 or 68% are located in low- and moderate income census tracts.

Business hours and services were designed for the convenience and needs of customers. All branches provided extended hours one day a week and nineteen locations were open on Saturdays.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Bronx		4		1		5	80%
Kings		1	5	3	1	10	60%
Queens		0	3	1	0	4	75%
New York		5	3	1	3	12	67%
Total	-	10	11	6	4	31	68%

Record of opening and closing branches:

BPNA'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.

BPNA has closed two branches during the evaluation period to improve the Bank's operating efficiency; one at moderate income census tract and one at middle income census tract. The percentage of branches located in LMI census tract to the total branches was 68%, in line with the 66.7% at prior evaluation.

Availability and effectiveness of alternative systems for delivering retail services:

BPNA's delivery systems continue to be readily accessible to particularly LMI geographies and individuals.

BPNA employs several alternative delivery systems:

ATMs: BPNA has a network of 57 on-site ATMs, of which 54 can be used for deposits and withdrawals. Majority of the ATMs (44 or 77.2%) are located in LMI areas.

As a member of "AllPoint" ATM Network, BPNA customers has access to over 33,000 off-site ATMs nationwide, of which 709 are located in the NYC assessment area and

280 are located in LMI tracts. These ATMs are free of charge to existing customers.

Other alternative delivery systems include on-line banking (Popular Net Banking for individuals and Web Cash Manager for businesses), telephone banking, automatic transfer between accounts and Internet Banking services.

Range of services provided:

BPNA's services continue to meet the convenience and needs of its assessment area, particularly LMI geographies and individuals.

BPNA offered a wide variety of retail products and services to meet the needs of the community. New products and low cost options were offered for LMI residents and small businesses. A few examples are as follows:

Totally Free Checking: No minimum balance requirement and no monthly fee with unlimited free check writing and unlimited free ATM withdrawals and in-branch withdrawals. Totally free checking is also offered for small businesses. With an opening balance of \$50, this account requires no minimum balance and no monthly fee, unlimited free BPNA ATM access and free online banking.

MasterCard Set: Allows credit card customers to choose a fixed monthly payment based on the credit card limit. The product fits well with budget conscious consumers.

Web Cash Management Auto Enrollment and Business Bill Pay: Allows small business customers to sign up and enroll in the Web Cash Management Service including bill pay.

Other loan products for small businesses are Visa Commercial Card, Small Business Line of Credit, Small Business Term Loans and Small Business Administration (SBA) Line of Credit and Term Loans.

Community Development Services: "Outstanding"

BPNA provided an excellent level of community development services to the low income individuals and small businesses in the assessment area.

Highlights of community development service activities are as follows:

- Seventeen of BPNA's New York Regional Managers are board members/officers of several not-for profits and community groups serving low to moderate residents and communities and small businesses.

For example, three branch managers serve as Chairperson, Treasurer and

Officer respectively in business improvement district groups (BID)¹ established in Kings and Bronx counties. A business banking specialist serves as a board member in both a family health center providing affordable health care, and in a loan fund committee for a micro-lender that grants loans to small businesses that do not qualify for conventional lending in the Bedford Stuyvesant area of Brooklyn, NY. BPNA's Senior Credit Manager serves on ACCION USA's² board.

- BPNA has expanded its financial education efforts to provide financial literacy to low- to moderate- income residents and small businesses.

Approximately 112 discussion groups were organized during the evaluation period benefiting over 3,000 LMI individuals and communities. Topics covered in the financial literacy classes were banking basics, financial services offered by BPNA, "how to establish, build and repair credit" and mortgage related subjects. Financial literacy topics taught benefited residents in the "under-banked" or Banking Development District area in the Lower East Side neighborhood of Manhattan where BPNA has a branch.

- BPNA, in partnership with several non-profit organizations, conducted several seminars that were attended by small business owners, organizations and individuals involved in promoting community and economic development. Among the notable participants are local "Business Improvement District" (BID) groups such as the Fordham Road BID, Myrtle Avenue BID and the HUB Third Ave BID. Other small business development organizations included the Business Outreach Center network and the Upper Manhattan Empowerment Zone Development Corporation.
- In addition to financial literacy, BPNA was also involved in organizing seminars concerning health and social services.
- BPNA is a financial partner in the "Bank On" program to meet the growing credit needs of the unbanked community in Manhattan. "Bank On Manhattan" reported that there were 95,000 households that have no bank account. The project aimed at helping low- to moderate- income families to open basic checking or savings accounts, build banking history, and save on check cashing fees, bill payments and money orders.

¹ BIDs are local non-profit groups created to improve a commercial district, in which property owners and businesses agree to assess themselves a marginal amount to provide extra services to improve the local business climate.

² ACCION USA is a private not for profit micro-lender providing alternative credit and other small business services to small business owners who do not have access to traditional sources of financing.

Additional Factors

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

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

The board of directors of the parent bank holding company (Popular, Inc.) reviews CRA activities annually. The Senior Vice President & Head of the Corporate Compliance Division informs the board of the level of community development activities and small business loans, issues concerning CRA compliance, as well as future plans.

As part of its self assessment process, BPNA monitors its CRA performance and produces and distributes detailed reports to different levels of senior management and risk management committees.

In 2010, BPNA established regional CRA committees to ensure compliance with the objectives of the Community Reinvestment Act. Meetings and video conferences are held quarterly to discuss and report progress regarding CRA activities. Regional management group and regulatory compliance group are represented at these meetings.

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.*

New York State Department of Financial Services noted no practices that were intended to discourage applications for the types of credit offered by the institution.

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

New York State Department of Financial Services noted no evidence of prohibited discriminatory or other illegal practices.

Process Factors

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

BPNA's branch managers are members of local Business Improvement Districts

(BIDs) and other local community groups enabling BPNA to ascertain the credit and other banking needs of its community. For example, branch managers were board members in the HUB Third Avenue BID, Bronx Council for Economic Development and the Northern Manhattan Coalition for Economic Development.

BPNA staff also conducts several seminars and group discussions with LMI communities and small business establishments, promoting financial literacy and bank's lending and deposit products and services that are suitable to their specific 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*

BPNA's branches in the New York assessment area conduct seminars with community partners to inform and educate community members of its products and services. BPNA advertised its credit products and services in local community newspapers, radio spots and branch merchandising (posters, flyers and direct mailing). As a participant in the "Bank On" program, BPNA helps Manhattan's unbanked families open basic checking accounts and also provided financial education and information on the banking services that are available to them through BPNA.

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

BPNA extended \$1.429 million loan to a limited liability company to finance a multi-family affordable housing project in a moderate census tract outside but adjacent to the New York City assessment area. The project is in Nassau County.

BPNA, during the evaluation period, originated a total of \$56 million HMDA-reportable, small business and community development loans in New York City's two empowerment zones.

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.