



**NEW YORK STATE BANKING DEPARTMENT  
CONSUMER SERVICES DIVISION**

One State Street Plaza  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2001

**Institution:** Atlantic Bank of New York  
960-964 Avenue of the Americas  
New York, NY 10001

**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 Atlantic Bank of New York (“ABNY”) 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, 2001.

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

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

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

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

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

## OVERVIEW OF INSTITUTION'S PERFORMANCE

### Overall Rating: Satisfactory

Atlantic Bank of New York is rated "2", indicating a satisfactory record of helping to meet community credit needs.

### Lending Test- High Satisfactory

- Atlantic Bank's lending levels reflect good responsiveness to its assessment area's credit needs, based on the volumes of small business and HMDA-reportable loans originated.
- The bank made a substantial majority of its HMDA-reportable and small business loans in the assessment area during the evaluation period. In 2000, ABNY extended 87.9% and 91% of the number and dollar amount, respectively, of HMDA-reportable loans in its assessment area. These percentages declined to 60.7% and 51.3%, respectively, in 2001. Approximately 77.4% by number and 73.5% by dollar volume of small business originations were in the assessment area in 2000, declining slightly in 2001, to 75.3% and 70.7%, respectively.
- ABNY's lending distribution based on census tract income reflects a good dispersion throughout the assessment area.
  - In 2000, the bank extended 41.4% by number and 27.6% by dollar volume of its HMDA-reportable loans in LMI areas; LMI percentages for 2001 declined to 14.7% and 13.4%, respectively, but were still above the 2000 aggregate ratios of 10.7% and 9.6%, respectively.
  - The bank's LMI penetrations for small business loans also exceeded those of its peers. In 2000, ABNY extended 22.1% and 25.7% of the number and dollar volume, respectively, of small business loans in LMI areas, compared with 16.1% and 17.4%, respectively, for the aggregate. In 2001, the bank and its affiliates extended 19.8% by number and 25.3% by dollar volume of their total originations in LMI areas.
- The bank's lending performance reflects a good penetration among borrowers of different income and businesses of different sizes.
  - ABNY's HMDA-reportable originations to LMI borrowers comprised 29.4% and 15.4% of its total originations in 2000 and 2001, respectively, surpassing the 2000 aggregate's 12.0% penetration.
  - For small business loans, the bank achieved ratios of 51.6% and 46.35% in 2000

and 2001, respectively, for its lending to businesses with gross annual revenues of less than \$1 million, surpassing the 42.2% ratio attained by the aggregate in 2000. Additionally, while trailing the aggregate's penetration of loans in origination amounts of less than \$100 thousand in 2000, when the bank and affiliate numbers were combined for 2001, ABNY's ratio was close to that of the prior year's aggregate.

- ABNY had a relatively high level of community development loans, totaling \$26.8 million, for the evaluation period. This represents a significant increase from the level at the prior evaluation. Moreover, \$26.6 million, or 99%, of the total commitments are deemed new money.
- The bank made a limited use of innovative and/or flexible lending practices in serving assessment area credit needs during the period under review.

#### **Investment Test-** Outstanding

- Qualified community development investments include mortgage- backed securities, certificates of deposit, mutual fund and equity totaling \$11.4 million, of which \$9.5 million, or 83%, represents new money. The volume of commitments is deemed excellent based on the bank's size, capacity and assessment area credit needs.
- While not deemed to be innovative or complex, the bank's investments reflect a reasonable level of responsiveness to community development needs.
- The bank made an adequate level of donations and grants to various community development organizations and programs amounting to \$64.1 thousand.

#### **Services Test-** High Satisfactory

- ABNY's banking hours and facilities seemed tailored to the convenience of its customers and are deemed satisfactory. Of the ten banking offices, one is located in an LMI area, while six (60%) are located in census tracts adjacent to LMI areas. Each banking office is equipped with a trilingual (English, Spanish and Greek) ATM facility with nine facilities available, 24 hours per day, seven days per week. In addition, the bank has 31 bilingual (English and Spanish) off-site, non-deposit taking, ATM facilities
- ABNY provides alternative delivery services, including bank by mail, Internet banking and bank by phone.
- The bank provides an adequate level of community development services. These include participation by staff members and officers with nonprofit organizations and the provision of job training seminars. ABNY is encouraged to expand its community development service activities, going forward.

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:**

Chartered in 1926, Atlantic Bank of New York ("ABNY") is a commercial bank, headquartered in New York County (Manhattan), New York. It is a wholly owned subsidiary of National Bank of Greece, S.A., which has more than \$45 billion in assets and operates in 18 countries.

The bank operates 10 full-service offices in New York State and two in Massachusetts. Its New York locations include the main office and a branch in New York County, five in Queens County, two in Kings County (Brooklyn), and one in Nassau County. Each branch in New York is equipped with a deposit-taking automated teller machine ("ATM"). Supplementing its New York State banking offices are 31 offsite non-deposit taking ATMs.

ABNY's Massachusetts branches are located in Cambridge, Middlesex County and Boston, in Suffolk County. In October of 2001, the bank sold its Chicago office. ABNY also has one foreign office, a branch in Grand Cayman, as well as an International Banking Facility.

In November of 2001, the bank signed an agreement to acquire Yonkers Financial Corporation, a one-bank holding company that owns Yonkers Savings and Loan Association, FA ("YSL"). On September 30, 2001, YSL had total assets of \$571.1 million and operated nine branches in Westchester and Dutchess Counties. This acquisition was completed in May of 2002, after the end of the evaluation period.

ABNY operates in highly competitive markets and competes against numerous institutions, many of which have greater resources and larger branch systems. The bank provides a comprehensive line of savings, investment, credit and international banking services. Its objectives are to cater to the financial needs of consumers and small- to medium-sized companies.

The bank is primarily a real estate lender. On December 31, 2001, the bank's loan portfolio consisted of commercial mortgage loans of \$296.4 million (29.3%), multi-family mortgage loans of \$131.5 million (13.0%), 1 to 4 family residential home mortgage loans of \$54.6 million (5.4%) and construction and land development loans of \$19.3 million (1.9%). Commercial and industrial loans totaled \$418.6 million (41.3%), consumer loans \$9.7 million (1.0%), other loans \$23.4 million (2.3%) and lease financing receivables \$59.0 million (5.9%).

Ranked by total deposits, as of June 30, 2001, ABNY was the 30<sup>th</sup> largest out of 96 banks in New York County with a market share of 0.27%. In Kings County, it was 17<sup>th</sup> out of 39 banks with a market share of 0.77%. In Queens County, it was the 19<sup>th</sup> out of 47 banks with a market share of 1.29% and in Nassau County, 25<sup>th</sup> out of 29 banks with a market share of 0.11%.

In addition, ABNY's wholly owned subsidiaries are engaged in a variety of businesses, including the following:

- Gramercy Leasing Services, Inc., a lease financing business
- Atlantic Financial Services, Inc., a franchise lending business
- Beta Investments, Inc. formed to own and operate Omega Commercial Mortgage Corp., a real estate investment trust.
- Standard Funding Corp., an insurance premium financing company.

The bank did not claim credit for any small business loans generated by affiliates in 2000, but provided data for 2001.

According to the bank's Consolidated Report of Condition and Income, on December 31, 2001, assets totaled \$1.99 billion, which included loans of \$987.0 million (49.6%) and investments of \$809.4 million (40.7%). Liabilities totaled \$1.8 billion, including deposits of \$1.4 billion. Equity totaled \$171.5 million. The bank reported earnings of \$17.0 million for the 12-month period ending December 31, 2001.

The bank offers a wide variety of lending products including:

Residential Mortgage Loans  
 Commercial Mortgage Loans  
 Commercial and Industrial Loans  
 Home Equity Loans  
 Small Business Loans  
 Consumer Loans

The following chart shows a distribution of the bank's gross loans, according to the Reports of Condition and Income dated December 31, 2001 and December 31, 2000:

| <b>TOTAL GROSS LOANS OUTSTANDING</b> |                  |              |                |              |
|--------------------------------------|------------------|--------------|----------------|--------------|
| LOAN TYPE                            | 12/31/2001       |              | 12/31/2000     |              |
|                                      | \$000            | %            | \$000          | %            |
| Residential Mortgage Loans           | 54,554           | 5.4          | 65,790         | 6.9          |
| Construction Loans                   | 19,298           | 1.9          | 5,620          | 0.6          |
| Commercial Mortgage Loans            | 296,394          | 29.3         | 289,573        | 30.3         |
| Multifamily Mortgages                | 131,524          | 13.0         | 86,157         | 9.0          |
| Consumer Loans                       | 9,661            | 1.0          | 13,911         | 1.5          |
| Commercial & Industrial Loans        | 418,555          | 41.3         | 404,582        | 42.4         |
| Other Loans                          | 82,407           | 8.1          | 88,982         | 9.3          |
| <b>Total Gross Loans</b>             | <b>1,012,393</b> | <b>100.0</b> | <b>954,615</b> | <b>100.0</b> |

### **Governmentally Insured, Guaranteed or Subsidized Loan Programs**

The bank is an approved Small Business Administration (“SBA”) lender. However, it did not originate any SBA loans during this evaluation period.

The bank received a rating of “2” at its last Performance Evaluation by the Banking Department as of June 30, 1999, reflecting a “Satisfactory” record of helping to meet community credit needs.

There are no legal or financial impediments that restrict the bank’s ability to meet the credit needs of its assessment area.

### **Assessment Area:**

Although ABNY operates in two states, this Performance Evaluation includes a review of activities in the bank’s New York State assessment area, only.

ABNY’s New York State assessment area includes parts of New York, Queens, and Kings Counties in MSA 5600 and parts of Nassau and Suffolk Counties in MSA 5380. This area has 709 census tracts, of which 21 (3.0%) are low income tracts, 123 (17.3%) moderate, 287 (40.5%) middle, 258 (36.4%) upper and 20 (2.8%) zero income tracts.

According to the 1990 U.S. Census, the population of the assessment area was 2.6 million, of which 14.7% (384.8 thousand) were over 65 years of age and 16.1% (422.6 thousand) were under 16.

There were 631.1 thousand families in the area, of which 19.0% (119.9 thousand) were low-income families, 15.8% (99.9 thousand) moderate, 20.0% (126.0 thousand) middle and 45.2% (285.5 thousand) upper income families. Of the total of 219.7 thousand LMI families, 35.9% (78.9 thousand) lived in LMI census tracts and these families accounted for 60.7% of all the families (130.0 thousand) living in LMI tracts.

There were 1.1 million households in the area, of which 22.2% (241.6 thousand) were low income, 14.0% (152.4 thousand) moderate, 18.4% (201.0 thousand) middle and 45.4% (495.6 thousand) upper income households. Of the total of 394 thousand LMI households, 29.1% (114.5 thousand) lived in LMI census tracts and they accounted for 56.5% of all the households (202.7 thousand) living in LMI tracts.

Approximately 10.5% (114.7 thousand) of all households had income below the poverty level and 40.8% (46.8 thousand) of these households lived in LMI areas and accounted for 23.1% of all households (202.7 thousand) living in LMI areas. About 6.1% (66.8 thousand) of all households received public assistance and 45.1% (30.1 thousand) of these households lived in LMI areas and accounted for 14.9% of all households that lived in LMI areas.

There were 1.2 million housing units in the assessment area, of which 40.4 % (470.8 thousand) were 1-4 family units, of which 13.7% (64.5 thousand) were in LMI areas. Almost 58.1% (676.4 thousand) were multi family units, of which 21.7% (146.8 thousand)

were located in LMI areas. In 1990, the median home value was \$236.9 thousand and the median age of the housing was 41 years.

About 36.7% (427.3 thousand) of the units were owner-occupied, of which 8.1% (34.6 thousand) were in LMI areas. Almost 57% (663.8 thousand) of the units were rental occupied units, of which 25.2% (167.3 thousand) were in LMI areas. Approximately 6.5% (75.4 thousand) of the units were vacant and/or boarded up.

HUD estimated median family income for the MSAs in 2001 was \$62.9 thousand up from the 1990 census median family income of \$41.2 thousand. The 1990 census median family income for the census tracts in the area was \$51.9 thousand.

According to the New York Department of Labor, the average unemployment rate for MSA 5600 was 5.6% in 2001 and 5.3 % in 2000. The average rate for MSA 5380 was 3.3% in 2001 and 2.9% in 2000. The average unemployment rate for New York State was 4.9% in 2001 and 4.6% in 2000.

**New York County (Manhattan)** – The assessment area in Manhattan consists of 157 census tracts, of which 14 (8.9%) are low income tracts, 25 (15.9%) moderate, 20 (12.7%) middle, 93 (59.2%) upper and 5 (3.2%) no income tracts. The Manhattan section of the assessment area consists of Central Park and all of Manhattan south of the park. The assessment area also includes up to 84<sup>th</sup> Street on the east side and 82<sup>nd</sup> Street on the west side of the Park.

Based on the 1990 census, this area had a population of 740.5 thousand, of which 14.7% (108.8 thousand) were over 65 years in age and 9.8% (72.2 thousand) were under the age of 16.

There were 142.7 thousand families in the area, of which 19.1% (27.3 thousand) were low-income families, 11.6% (16.5 thousand) moderate, 13.4% (19.2 thousand) middle and 55.9% (79.8 thousand) upper income families. There were 405.1 thousand households in the area, of which 11.3% (45.6 thousand) had income below the poverty level.

Of the total LMI families (43.7 thousand), 58.6% (25.6 thousand) lived in LMI census tracts and these families accounted for 67.8% of all the families (37.8 thousand) living in LMI tracts.

There were 449.7 thousand housing units in the area, of which only 3.7% (16.8 thousand) were 1-4 family units and of which 12.4% (2.1 thousand) were located in LMI areas. There were 426.5 thousand multi family units, 94.9% of all housing units, and 17.3% (73.8 thousand) of the multi family units were located in LMI areas. In 1990, the median home value was \$244.2 thousand and the median age of the housing was 41 years.

Almost 20.2% (90.9 thousand) of the units were owner occupied, of which 5.0% (4.6 thousand) were located in LMI areas. Approximately 69.8% (313.9 thousand) of the

housing units were rental occupied, of which 21.3% (66.9 thousand) were located in LMI areas. Almost 10.3% (46.1 thousand) of all the units were vacant and/or boarded up.

HUD estimated median family income for this MSA 5600 area in 2001 was \$59.1 thousand, up from the 1990 census median family income of \$37.5 thousand. The 1990 census median family income for the census tracts in the area was \$63.3 thousand.

According to the New York State Department of Labor, the average unemployment rate for New York County was 6% in 2001 and 5.0% in 2000. The average unemployment rate for New York State was 4.9% in 2001 and 4.6% in 2000.

**Queens** – The assessment area in Queens consists of 288 census tracts, of which two (0.7%) are low income tracts, 50 (17.4%) moderate, 138 (47.9%) middle, 89 (30.9%) upper and 9 (3.1%) no income tracts. This area consists of all of northern Queens as far south as the Long Island Expressway, from Long Island City to the Nassau border and includes Astoria, Flushing and Bayside.

Based on the 1990 census, this area had a population of 946.0 thousand, of which 14.4% (136.5 thousand) were over 65 years in age and 17.3% (164.0 thousand) were under the ages of 16.

There were 241.8 thousand families in the area, of which 19.3% (46.6 thousand) were low-income families, 17.4% (42.0 thousand) moderate, 21.9% (52.9 thousand) middle and 41.4% (100.2 thousand) upper income families. There were 357.0 thousand households in the area, of which 11.1% (39.5 thousand) had income below the poverty level.

Of the total LMI families (88.6 thousand), 30.1% (26.7 thousand) lived in LMI census tracts and these families accounted for 56.9% of all the families (47.0 thousand) living in LMI tracts.

There were 372.4 thousand housing units in the area, of which 51.7% (192.5 thousand) were 1-4 family units and of which 12.0% (23.1 thousand) were located in LMI areas. There were 173.0 thousand multi family units or 46.5% of all housing units and 27.5% (47.6 thousand) of the multi family units were located in LMI areas. In 1990, the median home value was \$207.3 thousand and the median age of the housing was 41 years.

Almost 36.4% (135.6 thousand) of the units were owner occupied, of which 8.3% (11.2 thousand) were located in LMI areas. Approximately 59.6% (221.9 thousand) of the housing units were rental occupied, of which 26.1% (57.9 thousand) were located in LMI areas. About 4.1% (15.2 thousand) of all the units were vacant and/or boarded up.

HUD estimated median family income for this MSA 5600 in 2001 was \$59.1 thousand, up from the 1990 census median family income of \$37.5 thousand. The 1990 census median family income for the census tracts in the area was \$39.6 thousand.

According to the New York State Department of Labor, the average unemployment rate for Queens County was 5.1% in 2001 and 5.0% in 2000. The average unemployment rate for New York State was 4.9% in 2001 and 4.6% in 2000.

**Kings County (Brooklyn)** – The assessment area in Brooklyn consists of 127 census tracts, of which four (3.2%) are low income tracts, 38 (29.9%) moderate, 57 (44.8%) middle 24 (18.9%) upper and 4 (3.2%) no income tracts. This area consists of parts of Brooklyn west of Greenwood Cemetery, including the neighborhoods of Borough Park, Sunset Park, Dyker Heights and Bay Ridge.

According to the 1990 census, this area had a population of 336.4 thousand of which 15.8% (53.2 thousand) were over 65 years of age and 21.9% (73.5 thousand) were under the age of 16.

There were 83.7 thousand families in the area, of which 28.7% (24.0 thousand) were low-income families, 17.5% (14.7 thousand) moderate, 19.7% (16.4 thousand) middle and 34.1% (28.6 thousand) upper income families. There were 124.7 thousand households in the area, of which 17.5% (21.8 thousand) had income below the poverty level.

Of the total of 38.7 thousand LMI families, 50.1% (19.4 thousand) lived in LMI census tracts and these families accounted for 59.8% of all the families (32.4 thousand) living in LMI tracts.

There were 131.6 thousand housing units in the area, of which 57.1% (75.1 thousand) were 1-4 family units and of which 35.0% (26.3 thousand) were located in LMI areas. There were 54.9 thousand multi family units or 41.7% of all housing units and 35.5% (19.5 thousand) of the multi family units were located in LMI areas. In 1990, the median home value was \$234.2 thousand and the median age of the housing was 49 years.

Approximately 28.7% (37.8 thousand) of the units were owner occupied, of which 29.2% (11.0 thousand) were located in LMI areas. Almost 66% (86.9 thousand) of the housing units were rental occupied, of which 37.6% (32.7 thousand) were located in LMI areas. Almost 5.4% (7.1 thousand) of all the units were vacant and/or boarded up.

HUD estimated median family income for this MSA 5600 in 2001 was \$59.1 thousand, up from the 1990 census median family income of \$37.5 thousand. The 1990 census median family income for the census tracts in the area was \$33.5 thousand.

According to the New York State Department of Labor, the average unemployment rate for Kings County was 6.7% in 2001 and 6.6% in 2000. The average unemployment rate for New York State was 4.9% in 2001 and 4.6% in 2000.

**Nassau** – The assessment area in Nassau County consists of 126 census tracts, of which one (0.8%) is a low income tract, nine (7.1%) moderate, 68 (54.0%) middle, 46 (36.5%) upper and 2 (1.6%) no income tracts. This area consists of all of northern Nassau County,

from the Queens County border in the west to the Suffolk County border in the east and includes Glen Cove, Oyster Bay and North Hempstead.

According to the 1990 census, this area had a population of 556.9 thousand, of which 14.6% (81.1 thousand) were over 65 years in age and 18.7% (103.9 thousand) were under the ages of 16.

There were 150.7 thousand families in the area, of which 13.5% (20.4 thousand) were low-income families, 16.4% (24.6 thousand) moderate, 22.9% (34.6 thousand) middle and 47.2% (71.1 thousand) upper income families. There were 188.3 thousand households in the area, of which 3.8% (7.2 thousand) had income below the poverty level.

Of the total LMI families (45.0 thousand), 14.8% (6.7 thousand) lived in LMI census tracts and these families accounted for 56.0% of all the families (11.9 thousand) living in LMI tracts.

There were 194.8 thousand housing units in the area, of which 87.9% (171.2 thousand) were 1-4 family units, of which 6.9% (11.8 thousand) were located in LMI areas. There were 21.3 thousand multi family units or 11.0% of all housing units and 25.6% (5.5 thousand) of the multi family units were located in LMI areas. In 1990, the median home value was \$277.5 thousand and the median age of the housing was 38 years.

Approximately 77.3% (150.7 thousand) of the units were owner occupied, of which 4.9% (7.4 thousand) were located in LMI areas. Almost 19.5% (37.9 thousand) of the housing units were rental occupied, of which 25.1% (9.5 thousand) were located in LMI areas. About 3.3% (6.4 thousand) of all the units were vacant and/or boarded up.

HUD estimated median family income for this MSA 5380 in 2001 was \$78.7 thousand, up from the 1990 census median family income of \$56.7 thousand. The 1990 census median family income for the census tracts in the area was \$69.4 thousand.

According to the New York State Department of Labor, the average unemployment rate for Nassau County was 3.1% in 2001 and 2.7% in 2000. The average unemployment rate for New York State was 4.9% in 2001 and 4.6% in 2000.

**Suffolk** – The assessment area in Suffolk County consists of only 11 census tracts, of which one (9.1%) is a moderate income tract, four (36.4%) middle and six (54.5%) upper income tracts. There are no low income or no income tracts in the area. This area is located in the western part of the town of Huntington adjacent to the Nassau County assessment area.

According to the 1990 census, this area had a population of 45.3 thousand, of which 11.3% (5.1 thousand) were over 65 years of age and 19.7% (8.9 thousand) were under the age of 16.

There were 12.2 thousand families in the area, of which 12.6% (1.5 thousand) were low-income families, 17.2% (2.1 thousand) moderate, 23.3% (2.9 thousand) middle and 46.9% (5.7 thousand) upper income families. There were 15.6 thousand households in the area, of which 4.0% (0.6 thousand) had income below the poverty level.

Of the total LMI families (3.7 thousand), 14.1% (0.5 thousand) lived in LMI census tracts and these families accounted for 52.6% of all the families (1.0 thousand) that lived in LMI tracts.

There were 16.1 thousand housing units in the area, of which 95.1% (15.3 thousand) were 1-4 family units of which 7.2% (1.1 thousand) were located in LMI areas. There were 0.6 thousand multi family units or 3.7% of all housing units and 36.4% (0.2 thousand) of the multi family units were located in LMI areas. In 1990, the median home value was \$252.2 thousand and the median age of the housing was 35 years.

Almost 76.2% (12.3 thousand) of the units were owner occupied, of which 5.7% (0.7 thousand) were located in LMI areas. About 20% (3.2 thousand) of the housing units were rental occupied, of which 19.0% (0.6 thousand) were located in LMI areas. Almost 3.9% (0.6 thousand) of all the units were vacant and/or boarded up.

HUD estimated median family income for this MSA 5380 in 2001 was \$78.7 thousand, up from the 1990 census median family income of \$56.7 thousand. The 1990 census median family income for the census tracts in the area was \$69.8 thousand.

According to the New York State Department of Labor, the average unemployment rate for Suffolk County was 3.5% in 2001 and 3.2% in 2000. The average unemployment rate for New York State was 4.9% in 2001 and 4.6% in 2000.

The assessment area appears reasonable based upon the location of branches and lending patterns. There is no evidence that LMI areas are arbitrarily excluded.

## **PERFORMANCE TESTS AND ASSESSMENT FACTORS**

This Performance Evaluation incorporates a review of the bank's lending, investment, and service activities within the assessment area, during 2000 and 2001, utilizing the performance tests and standards for large banks.

Statistics utilized in this evaluation were derived from various sources. In addition to loan information submitted by the bank, aggregate data for HMDA-reportable loans, small business and small farm loans were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCI Services, Inc. CRA Wiz©, an external vendor. Peer lending comparisons were to the 2000 aggregate data, as the 2001 data were not available for purposes of this evaluation. Demographic data were obtained from the 1990 U.S. Census data, supplemented by the 2001 HUD-estimated median family income.

The bank did not claim credit for any small business loans generated by affiliates in 2000, but provided data for 2001.

### **I. Lending Test: High Satisfactory**

The bank's lending performance was evaluated pursuant to the following criteria: (1) Lending Activity; (2) Assessment Area Concentration; (3) Distribution of Lending based on Census Tract income; (4) Distribution of Lending based on Borrower Characteristics; (5) Community Development Lending; and (5) Innovative or Flexible Lending Practices.

Both HMDA-reportable and small business loans were considered, with greater emphasis accorded to business lending, which represented a more significant share of the bank's portfolio.

#### **Lending Activity - High Satisfactory**

Based on the volume of small business and HMDA reportable loans, ABNY's lending levels reflect good responsiveness to the credit needs of its assessment area.

HMDA: During the evaluation period, the bank originated 63 HMDA-reportable loans totaling \$43.3 million within its assessment area. The majority of these loans were multifamily loans (33 or 52.4%), followed by home purchase loans (14 or 22.2%), home improvement loans (11 or 17.5%) and refinancing loans (5 or 7.9%).

In 2000, the bank originated 29 HMDA reportable loans totaling \$13.0 million while in 2001, it originated 34 loans totaling \$30.3 million.

The 2001 increase in the number and amount of loans, when compared to 2000, was mainly due to an increase of nine multifamily loans totaling \$18.2 million. In addition,

during 2001, the bank originated 11 home improvement loans totaling \$715 thousand compared to none in the prior year.

Small Business Loans: During the evaluation period, ABNY originated 589 small business loans totaling \$114.4 million within its assessment area.

In 2001, the bank originated 281 small business loans totaling \$58.7 million compared to 308 loans totaling \$55.7 million in 2000. Although the number of loans decreased by 27 (8.8%) loans from the prior year, dollar volume increased by \$3 million or 5.4%.

In addition, during 2001, the bank's affiliates originated 2,687 small business loans totaling \$33.1 million within the bank's assessment area. Information on affiliate lending in the assessment area during 2000 was not available.

### **Proportion of Assessment Area Lending – High Satisfactory**

The bank provided a substantial majority of its loans in the assessment area.

HMDA - In 2000, ABNY originated 33 HMDA-reportable loans totaling \$14.3 million in New York State of which 29 loans (87.9%) totaling \$13.0 million (91.0%) were made in the assessment area.

In 2001, the bank originated 56 HMDA reportable loans totaling \$59.1 million in New York State of which 34 loans (60.7%) totaling \$30.3 million (51.3%) were originated within the assessment area. The decline in the percentages for HMDA loans made within the assessment area is mainly a result of an increase in the number and amount of multifamily loans made in New York State outside of the assessment area.

Small Business Loans - In 2000, the bank originated 398 small business loans totaling \$75.8 million in New York State, of which 308 loans (77.4%) totaling \$55.7 million (73.5%) were made in the assessment area.

In 2001, ABNY originated 373 small business loans totaling \$83.0 million, of which 281 loans (75.3%) totaling \$58.7 million (70.7%) were made in the assessment area.

The bank's performance during both years, based on the percentages for the number and dollar volume of loans made within the assessment area, was reasonably consistent with the results at the previous evaluation.

### **Geographic Distribution - Outstanding**

The geographic distribution of the bank's loans based on census tract income reflects excellent penetration throughout the assessment area.

HMDA - In 2000, ABNY originated 29 HMDA loans totaling \$13.0 million within its assessment area, of which 12 loans (41.4%) totaling \$3.6 million (27.6%) were made in LMI geographies. In 2001, the bank originated 34 HMDA loans totaling \$30.3 million, of which five loans (14.7%) totaling \$4.0 million (13.4%) were made in LMI geographies.

The bank's 2000 lending in LMI geographies was well above the 2000 HMDA aggregate's 10.7% concentration, based on the number of loans, and 9.6% based on their dollar volume. Despite a significant decline in 2001, the bank's performance remained above the 2000 HMDA aggregate. The 2001 HMDA aggregate data was not available.

The bank's performance based on the number and dollar volume percentages of HMDA loans made in LMI geographies during this evaluation period was also better than the results at the prior evaluation.

Small Business Loans – During 2000, the bank made 308 small business loans totaling \$55.7 million in its assessment area, of which 68 loans (22.1%) totaling \$14.3 million (25.7%) were made in LMI geographies. The bank's ratios were well above the 16.1% and 17.4% LMI concentrations, respectively, for the aggregate.

The bank's small business lending data for 2001 includes both bank and affiliate lending. In 2001, they made 2,968 small business loans totaling \$91.8 million in the assessment area, of which 586 loans (19.8%) totaling \$25.3 million (27.6%) were made in LMI geographies. Excluding affiliate loans, the bank made 281 loans totaling \$58.7 million in its assessment area of which 60 (21.4%) totaling \$12.8 million (21.7%) were made in LMI geographies.

The combined performance in 2001 of the bank and affiliates, as well as that of the bank-only, were both well above the 2000 small business lending aggregates. The 2001 aggregate data were not available.

The bank's performance based on the number and dollar volume of small business loans made in LMI geographies during this evaluation period was in line with the prior evaluation's LMI area lending.

### **Borrower Characteristics** – High Satisfactory

ABNY's lending distribution reflects a good penetration among individuals of different income levels and businesses of different sizes.

HMDA – In 2000, the bank reported borrower income on 17 HMDA loans extended within its assessment area. Five (29.4%) of these loans were made to LMI borrowers. In 2001, the bank reported borrower income on 13 loans, of which two (15.4%) were made to LMI borrowers. The bank's percentages for both years were above the 2000 HMDA aggregate of 12.0%. The 2001 HMDA aggregate data was not available.

The bank's performance based on the percentage of loans made to LMI borrowers during this evaluation period was slightly below the prior evaluation's loans to LMI borrowers.

Small Business Loans - In 2000, the bank originated 308 small business loans in its assessment area of which 198 (64.3%) were loans of \$100 thousand or less, 54 (17.5%) were loans over \$100 thousand but less than \$250 thousand and 56 (18.2%) were loans over \$250 thousand. In comparison to the corresponding 2000 small business aggregate percentages of 92.5%, 3.9% and 3.6% respectively, the bank had a much smaller proportion of originations in the smallest loan size category.

In 2001, the bank and its affiliates originated 2,968 small business loans in its assessment area of which 2,805 (94.5%) were loans of \$100 thousand or less, 71 (2.4%) were loans over \$100 thousand but less than \$250 thousand and 92 (3.1%) were loans over \$250 thousand. Excluding affiliate loans, the bank made 281 small business loans of which 161 (57.3%) were loans of \$100 thousand or less, 47 (16.7%) were loans over \$100 thousand but less than \$250 thousand and 73 (26.0%) were loans over \$250 thousand.

The percentages for the bank and affiliate on a combined basis in 2001 were in line with the 2000 small business aggregate percentages of 92.5%, 3.9% and 3.6%; when viewed separately, the bank's percentages were well below the 2000 aggregate. The 2001 small business loan aggregate percentages were not available

Of the 308 small business loans totaling \$55.7 million made in 2000, 159 loans (51.6%) totaling \$13.0 million (23.3%) were made to businesses with annual revenues less than \$1 million. The 2000 small business loan aggregate for loans made to small businesses were 42.2% and 27.8%, respectively.

For 2001, the data regarding small business loan originations by affiliates to businesses with annual revenues of less than \$1 million was not available; accordingly, the following analysis is based on bank data, only. Of the 281 small business loans totaling \$58.7 million made in 2001 by the bank within its assessment area, 130 (46.3%) totaling \$16.0 million (27.3%) were made to businesses with annual revenues less than \$1 million. These percentages are substantially similar to those of the 2000 aggregate.

The bank's performance based on the percentages for loan size and the number of loans made to small businesses was generally in line with the prior evaluation.

### **Community Development Loans – High Satisfactory**

ABNY has a high level of community development loans for the evaluation period, given its size and capacity. During this evaluation period, community development commitments increased to \$26.8 million, from \$10.8 million reported at the prior

examination. For the same period, total assets increased to \$1.99 billion, from \$1.6 billion at the prior evaluation.

Of the total commitments, \$26.6 million or 99.3% was new money. The community development commitments supported affordable housing \$15.3 million (57.0%), community services \$6.3 million (23.6%), revitalization and stabilization \$4.6 million (17.2%) and economic development \$600 thousand (2.2%).

While not considered innovative or complex, these loans exhibit a good responsiveness to community development needs.

The following are the community development loans that the bank extended during the evaluation period:

- ***Mermaid Plaza Associates, Inc. (MPA)*** – In March 2000, the bank extended a \$2.1 million mortgage loan to MPA secured by a neighborhood shopping center located in Coney Island, a low- to moderate-income community in Kings County. The proceeds of the loan refinanced a construction loan extended by the Community Preservation Corporation (CPC). CPC acted as private sector lender on this urban renewal project, which falls under the auspices of the New York City Economic Development Corporation (EDC).
- ***New York City Historic Properties Fund*** – In April 2000, the bank renewed a \$100 thousand term loan to this organization whose purpose is to preserve and revitalize architecturally significant structures in LMI neighborhoods. The loan allows the organization to extend collateralized loans to individuals and institutions for the restoration of historic properties.
- ***Community Preservation Corp.- (CPC)*** In August 1999, the bank approved a \$1.6 million participation in a revolving credit agreement to this organization. CPC is a lending consortium that makes construction and permanent loans for the creation, rehabilitation and preservation of affordable housing throughout New York State.
- ***Discipleship Outreach Ministries, Inc. (DOMI)*** – In May 2000, the bank extended \$500 thousand in a line of credit to DOMI for working capital. In November 2001, the bank extended a \$1.6 million line of credit to DOMI to refinance loans used to purchase and renovate DOMI's headquarters and educational center. DOMI is a not-for-profit social service organization that provides educational programs, HIV/AIDS services, substance abuse services and career development programs to LMI individuals in Brooklyn's Sunset Park and Red Hook communities.
- ***Evelyn Doughlin Center for Serving People in Need, Inc. (EDC)*** - In March 2000, the bank extended a \$144 thousand, three-month bridge loan to EDC, to bridge the receipt of payments from an advance start-up and operating contract with the New York State Office of Mental Retardation and Development Disabilities. EDC is a not-for-profit organization providing services to developmentally disabled individuals

throughout Brooklyn and Queens. The New York State Office of Mental Retardation and Developmental Disabilities funds its programs.

- **HANAC, INC.** – In April 2000, the bank extended a \$100 thousand line of credit to HANAC that was increased to \$250 thousand in March 2001. HANAC is a not-for-profit organization that provides a broad array of services to local community residents, including senior services, crime victims assistance, skills training, job testing, assessment and placement, housing development, tenant, homeowner and landlord assistance, weatherization services, substance abuse counseling, home care services, transportation and home delivered meals. The organization places special emphasis on assisting low-income families and households in accessing programs and services that promote independence.
- **Neighborhood Defender Service of Harlem (NDSH)** – In February 2000, the bank extended a \$400 thousand secured line of credit that was increased to \$600 thousand in April 2001 to bridge the receipt of payment of government receivables and for working capital in between contracts. NDSH provides legal services to indigent persons; promotes understanding concerning the legal system, the criminal justice system, and the role of the advocates for the indigent within those systems; and conducts research and develop innovation with respect to the administration of justice and the representation of indigent persons. NDSH programs include a community-based law office, social services, early case entry, civil representation, and community education about rights and the legal system.
- **Newtel Inc.** – In January 2001, the bank extended a \$50 thousand line of credit for working capital to this organization. This not-for-profit organization's services focus on helping individuals, many of whom are in recovery from substance abuse or are HIV positive or at risk, to reintegrate into society by providing them with vocational skills in the call center industry.
- **Rivendell School** – In January 2000, the bank extended a \$400 thousand line of credit for working capital to the subject. This school provides social services to developmentally disabled children. Many of the children are from low-income families.
- **Stepping Stone Day School, Inc.** – In December 2001, the bank increased its line of credit by \$500 thousand, to \$1.2 million for working capital. This not-for-profit organization operates infant care programs and a preschool for mentally and physically disabled children, the vast majority of whom are LMI.
- **These Our Treasures Inc.** – In December 2001, the bank renewed a \$200 thousand line of credit. In December 1999, the bank made a \$200 term loan, of which \$120 thousand remained outstanding on the evaluation date. This non-profit organization provides comprehensive early intervention and educational programs for children with developmental difficulties at two facilities.

- **Community Options, Inc.** –In April 2000, the bank extended a \$2.6 million line of credit to the subject. In May 2000, the bank made a \$1 million, five-year term loan of which \$688 thousand was outstanding on the evaluation date. These facilities were earmarked for the purchase, renovation, closing and start up costs for programs and to bridge the receipt of government loans and receivables. This organization conducts day care programs for developmentally disabled persons in New York and New Jersey. The vast majority of the population served comes from low-income households. Of the total facilities, only \$538 thousand, or 15%, is considered for this evaluation, since this was the amount spent within the New York assessment area.
- **Housing Works Thrift Shops, Inc. (HWTS)** – In October 2001, the bank extended to this organization a secured revolving credit/ term loan for \$1.4 million. HWTS, a not-for-profit subsidiary of Housing Works, Inc., was created to generate unrestricted revenues to support the parent company, which provides services for homeless people with AIDS. Currently, HWTS operates three thrift shops throughout Manhattan, and the funds were used for renovations on those shops.
- **Neighborhood Housing Services of New York City** –In December 2000, the bank renewed a \$100 thousand revolving credit. In June 1999, the bank approved a \$119 thousand term loan that was fully funded. This community organization brings about neighborhood revitalization by stimulating reinvestment in urban neighborhoods through a partnership of residents, government, and businesses. The funds are used to provide loans to low-income homebuyers.
- **42/43 Realty LLC** – In January 2001, the bank purchased a \$6.0 million participation in a \$12.0 million land acquisition loan to the subject with Sterling National Bank as agent. This facility has been fully repaid. In September 2001, the bank entered into a \$7.5 million participation in a \$114.1 million standby letter of credit to provide credit enhancement to support New York Housing Finance Agency tax exempt Variable Rate Demand Bonds with Fleet Bank as agent. The financing is for the land acquisition and construction of a 40-story, 268-unit building, located at 345 West 42 Street and a seven-story, 51-unit building, located at 350 West 43 Street. The project has an 80/20 designation from the NYS Housing Finance Agency, which qualifies it for tax exempt financing. Although the properties are located in a moderate census tract, only 20% of the units will be affordable housing leased to LMI tenants, with the remaining 80% to be leased at market rates. Because of the 80/20 designations, only \$2.7 million or 20% of both facilities is considered community development lending for affordable housing purposes.
- **Koudis International Inc.** – in September 2001, the bank extended a \$100 thousand line of credit for working capital purposes as a result of the financial hardship faced by the borrower as a result of the “9/11” incident. The borrower was located at 1 World Trade Center.

- **Global Resources For Affordable Neighborhood Development, Inc** - (Grand IV) In December 1999, the bank approved a \$500 thousand participation in a \$45.0 million syndication to finance a 49% share of private construction loans for projects developed under the New York City Housing Partnership New Homes Program.
- **Multi-Family Loans** - The following five multi-family loans were deemed to meet the definitional requirements for community development, insofar as the buildings are located in low-or-moderate-income geographies, and the majority of individual rents on the units of each property were within the affordable housing income guidelines.

| Borrower                  | Date     | Commitment   | Amt. Outstanding |
|---------------------------|----------|--------------|------------------|
| 3534 LLC                  | 11/16/01 | \$2,000,000  | \$1,992,402      |
| 72 Ridgewood Realty       | 08/23/01 | 750,000      | 746,107          |
| Marine Equities Maple LLC | 07/02/01 | 1,600,000    | 1,586,134        |
| Rochpark LLC              | 06/14/01 | 4,300,000    | 4,258,314        |
| Sheridan Properties       | 12/12/01 | 2,100,000    | 2,086,435        |
| Total                     |          | \$10,750,000 | \$10,669,392     |

- **Lower Manhattan Recovery Efforts** - Supplementing the community development activities noted above, in September 2001, the bank extended a \$2.4 million line of credit to a business in support of recovery efforts regarding Verizon telecommunication systems damaged in the World Trade Center incident. The company is Verizon's prime disaster recovery contractor for the "9/11" incident.

### **Innovative and Flexible Lending Practices - Low Satisfactory**

The bank made limited use of innovative and/or flexible lending practices in serving assessment area credit needs during the period under review. The bank forgave interest amounting to \$21.2 thousand on loans to Neighborhood Housing Services ("NHS") and NY Historic Properties (NY Landmarks Conservancy), organizations that promote the availability of affordable housing.

In addition, the bank also waived late fees totaling \$10.2 thousand to businesses due to hardships faced by the borrowers because of the September 11, 2001 attack. Deferred billing for three months was also granted to three businesses located near the WTC area.

### **II. Investment Test: Outstanding**

ABNY has an excellent level of qualified community development investments, given its size, capacity and assessment area credit needs. For this evaluation period, qualified investments totaled \$11.4 million, up from \$9.2 million reported at the prior evaluation.

Approximately \$9.5 million represented new money. In addition, ABNY made a reasonable level of grants totaling \$64.1 thousand during the evaluation period.

While not deemed to be innovative or complex, the bank's investments reflect a reasonable responsiveness to community development needs.

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

- **Federal National Mortgage Administration (FNMA)** – In October 1999, the bank purchased two FNMA mortgage backed securities totaling \$5.5 million, backed by loans to borrowers in LMI areas. FNMA provides financial products and services that make it possible for low-, moderate-, and middle-income families to purchase homes.
- **CRA Mortgage Pool (New York)** – In January 2000, the bank purchased a \$1.2 million pool of mortgages made to borrowers in low- and moderate-income areas in the New York MSA.
- **NYS Housing Finance Agency Bond (NYS-HAFT)** - In April 2000, the bank purchased a \$1.7 million participation in a NYS Housing Finance Agency Bond that is insured by SONYMA and collateralized by a commercial real estate mortgage. The bond financed the construction of Riverhead Landing Apartments, a 156-unit senior rental apartment project located in Riverhead, Suffolk County. All units are for households whose incomes do not exceed sixty percent (60%) of the area's median income, adjusted for family size.
- **Community Preservation Corp.- (CPC)** In August 1999, the bank renewed a \$1.6 million participation in a Collateral Trust Note revolving credit agreement to this organization. CPC is a lending consortium that makes construction and permanent loans for the creation, rehabilitation and preservation of affordable housing throughout the State of New York.
- **Community Capital Bank (CCB)** – In May of 2001, the bank renewed a \$100 thousand certificate of deposit issued by CCB. CCB is a community development financial institution (CDFI) whose mission is to promote economic development and provide affordable housing loans to low- and moderate-income areas in New York City.
- **Homesteaders Federal Credit Union (HFCU)** - In June 2001, the bank purchased a \$95 thousand, one-year certificate of deposit issued by HFCU. HFCU is a not-for-profit community development credit union that provides affordable financial services and literacy and promotes savings, credit development and homeownership.
- **Neighborhood Trust Credit Union (NTCU)** - In June 2000, the bank purchased a

\$95 thousand, six-month certificate of deposit issued by NTCU. NTCU is a community development credit union that provides banking services in the Bronx community. The credit union revitalizes and stabilizes the community by making loans to small businesses and LMI consumers.

- **CRA Qualified Investment Fund (“Fund”)** – ABNY has a \$1.0 million investment in this open-end CRA Mutual Fund. The Fund’s objective is to increase the volume of low-income housing and provide job opportunities and economic development to the needy.
- **Statewide Zone Capital Corporation (“SWZCC”)**- In June 2000, the bank made a \$50 thousand equity investment in SWZCC. The corporation is a privately owned loan and investment fund whose capital is used to promote the expansion and growth of new and existing business within New York’s participating economic development zones.

## Grants and Donations

The bank had a reasonable level of grants and contributions, totaling \$64.1 thousand during the evaluation period. These were made to various non-profit organizations that create and promote affordable housing, provide educational and vocational programs and were established to improve low-and-moderate-income neighborhoods and communities in the assessment areas. ABNY also made a grant to a foundation involved in the World Trade Center relief efforts (see Other Factors, below, for more information concerning this grant).

## In Kind Donations

- **Per Scholas** - ABNY donated 52 computers (worth \$6.9 thousand) to Per Scholas, a non-profit organization dedicated to bringing technology and its access to Internet communication to children and their families in low-income areas of the Bronx. This organization, located in the Federal Empowerment Zone in the South Bronx, has also established a major recycling center for the New York area.
- **Neighborhood Housing Services (NHS)** - ABNY donated office equipment and furniture to NHS, including cabinets, desks and chairs. NHS, a not-for-profit organization that creates and preserves affordable housing and promotes investment in underserved New York City neighborhoods through a broad range of lending, development/rehabilitation, and homebuyer education and counseling initiatives.

### III. Service Test: High Satisfactory

#### **Retail Banking Services:** High Satisfactory

Atlantic Bank's delivery systems are accessible to essentially all portions of the assessment area. The bank operates 10 full service-banking offices throughout the assessment area. Although only one branch is located in a moderate-income tract, five branches are located in non-LMI tracts adjacent to LMI tracts. Seven branches are in middle-income tracts and two branches are in upper-income tracts.

All branches have trilingual (English, Spanish and Greek) ATM facilities, nine of which are available 24 hours a day, seven days a week. The bank also has 31 bilingual (English and Spanish) offsite, non-deposit taking ATMs, most of which are located in supermarkets. Two of the offsite ATMs are located in LMI tracts and seven are located in non-LMI tracts adjacent to LMI tracts.

Services do not vary in a way that inconveniences any portions of the assessment area, including LMI geographies. Eight branches have extended evening hours on Thursdays or Fridays and seven are open on Saturday. No branches were opened or closed during the evaluation period. Management maintains a branch closing policy.

The bank offers Online banking, which provides customers with information and the convenience of Internet access to their bank accounts – 24 hours a day, seven days a week. Other services offered by the bank, include bank by mail and bank by phone, the latter of which is available 24 hours a day, seven days a week.

#### **Community Development Services:** Low Satisfactory

Atlantic Bank provides an adequate level of community development services to its community, including the following:

- ***New Tel Corporation (NOTCH)***- The bank conducted four classes on basic banking for NOTCH, a not-for-profit organization that conducts job training for low income individuals and individuals with HIV.
- ***Neighborhood Housing Services*** – The bank's president is involved with this community organization that provides various CRA-related services. NHS brings about neighborhood revitalization by stimulating reinvestment through a partnership of residents, government and businesses to create and preserve affordable housing.

In order to retain a satisfactory rating going forward, the bank is encouraged to expand its participation in community development services.

#### **IV. Discrimination or 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 bank.

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

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

#### **V. 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.**

The bank ascertains the credit needs of its assessment area in various ways, including the bank's direct contact with community leaders and organizations, small businesses and government agencies. In addition, the bank maintains contact with customers and prospective customers through personal visits and call programs.

**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 utilizes print media, radio, television, and its web site to make members of the community aware of the credit products and services the bank offers.

Print media used includes the New York Times, Wall Street Journal, Crain's N.Y., Home Reporter, Brooklyn Spectator, Queens Tribune, Western Queens Gazette, Bayside/Flushing Times, Porcini, National Herald, Greek American Review, and Elemis.

In addition, the bank uses brochures, statement inserts and in-branch signs to inform members of the community of the products and services offered by the bank.

**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.**

Atlantic Bank has a CRA committee consisting of three board members and various members of senior management. The committee meets periodically to discuss the CRA activities of the bank. The committee presents its reports to the bank's board.

**VI. Other Factors**

**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.**

As noted above, the bank made a grant of \$35 thousand to support a World Trade Center-disaster relief foundation.

## GLOSSARY

### Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

### 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.

### **Demand-Adjusted Penetration Rate**

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area.

Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

### **Demand-Adjusted Penetration Ratio**

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas. Mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

### **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.

### **Loans to Small Businesses**

Small business loans to businesses with gross annual revenues of \$1 million or less.

### **Low or Moderate Income (“LMI”) Geographies**

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 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**

Those individuals, 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.

### **Small Business Loans**

Loans to businesses with original amounts of \$1 million or less.