



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2001 (r)

Institution: Emigrant Savings Bank
5 East 42nd Street
New York, New York

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 on-site evaluation of the Community Reinvestment Act (“CRA”) performance of Emigrant Savings Bank (“ESB”) 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 (“LMI”) areas, consistent with safe and sound operations.

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

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

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations 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

Emigrant Savings Bank is rated "2," indicating a satisfactory record of helping to meet community credit needs. The rating is based on the following factors:

Lending Test – "High Satisfactory"

- For the evaluation period, ESB's lending level for Home Mortgage Disclosure Act ("HMDA")-reportable loans showed good responsiveness to the credit needs of its assessment area. ESB made 1,342 and 1500 HMDA-reportable loans in 2000 and 2001, respectively. Based on its number of *multifamily loans*, in both 2000 and 2001 Emigrant Funding Corporation ("EFC") ranked 7th, with lending market shares of 4.56% and 3.39%, respectively, while the bank ranked 24th and 21st, respectively.
- ESB made a substantial majority of its HMDA-reportable loans in the assessment area. For 2000 and 2001, the bank's assessment area concentrations were 96.8% and 97.2%, respectively, based on the number of loans, and 98.2% and 97%, respectively, based on their corresponding dollar volumes.
- ESB's geographic distribution of HMDA loans reflects good penetration throughout the assessment area.
 - In 2000, with 18% of its *number of loans* extended in LMI geographies, ESB moderately outperformed the aggregate, which achieved a 15.7% LMI penetration rate. The bank's LMI penetration rate declined in 2001 to 14.5%, while the aggregate's declined to 14.3%.
 - In contrast, with only 7.6% of its corresponding *dollar volume* of loans extended in LMI areas in 2000, the bank significantly trailed the aggregate's 14.4% LMI penetration rate. While ESB's LMI penetration based on dollar volume increased in 2001 to 10.5%, it was still somewhat lower than the aggregate's 13.3% rate.
- ESB's distribution of loans based on borrower characteristics, given the product lines offered, reflects adequate penetration among customers of different income levels.
 - Borrower income data was not available for more than one-half of ESB's HMDA-reportable loans, due to the bank's no-documentation ("no-doc") product. When no-doc loans are excluded from the calculation, ESB's LMI penetration rate is significantly lower than the aggregate's for both 2000 and 2001. In 2000, ESB extended 15.8% of its loans to LMI borrowers, while the aggregate achieved an LMI penetration rate of 20.5%. The bank's LMI

penetration dipped slightly in 2001, while the aggregate's rate decreased modestly to 19.4%.

- When “no-doc” loans are included in the total, the bank's LMI penetration rates drop sharply to 7.4% and 6.5% in 2000 and 2001, respectively, while the aggregate's rates decrease modestly, to 18.7% and 17.4%, respectively.
- ESB is considered a leader in making community development loans, which totaled \$171.3 million for the review period. All of the loans are deemed “new money.” Although not particularly innovative, the dollar amount is substantial for an institution of this size.
- ESB made significant use of innovative and/or flexible lending practices to address the credit needs of its assessment area.

Investment Test – “High Satisfactory”

- For the evaluation period, ESB had an excellent level of qualified community development investments totaling \$14.8 million. Approximately \$13.2 million, or 89.2%, is deemed “new money.” Grants totaled a significant \$983.0 thousand, including approximately \$93.0 thousand given to organizations involved in “9/11” recovery efforts.
- The high volume of investments notwithstanding, ESB is only occasionally in a leadership position. The bank makes occasional use of innovative and/or complex investments to support community development initiatives

Service Test – “Outstanding”

- With 55.6% of the banking offices located in or adjacent to LMI tracts, ESB's delivery systems are readily accessible to all portions of the bank's assessment area.
- For the review period, ESB's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, with no branches or ATMs closing. ATMs were made available at two of ESB's branches located in upper-income census tracts.
- ESB's services do not vary in a way that inconveniences certain portions of its assessment area. The hours of its branches are tailored to the needs of the particular community serviced.
- ESB is considered a leader in providing community development services. Through its *Community Lending Team*, ESB is an active participant in mortgage seminars, community events and branch open houses, among other activities, in an effort to assess credit needs and provide financial education regarding credit. In addition to

educational workshops, after “9/11” the bank established a “forbearance initiative,” which allowed real estate clients in southern New York County to defer payments, while the bank provided updates to credit reporting agencies with “9/11” commentary.

This on-site 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:

Emigrant Savings Bank was founded as a state chartered mutual institution in 1850 under the name Emigrant Industrial Savings Bank. The bank took its present name in 1967. In 1986 the bank converted to a stock-ownership form and in 1994 it became a wholly owned subsidiary of Emigrant Bancorp, Inc ("EBI"), its bank holding company, which is headquartered in New York, New York. ESB is a retail savings bank located in midtown Manhattan (New York County).

According to the December 31, 2001 Federal Deposit Insurance Corporation ("FDIC") Consolidated Report of Condition, the bank reported total assets of approximately \$8.9 billion, of which 70.8% was comprised of loans and 24.0% of securities. The bank's total assets increased nearly 29.0% from the \$6.9 billion at the prior evaluation, dated September 30, 1999. Total gross lending increased 33.3% to \$6.4 billion from \$4.8 billion. The bank's funding was derived primarily from domestic deposits (58.4%) and other borrowed money (24.7%).

ESB offers a wide variety of lending products including but not limited to the following:

- Conventional mortgage loans for purchase or refinance
- Multifamily mortgage loans for purchase or refinance
- Mortgage loans for commercial and industrial properties
- Cooperative apartment loans
- Home equity line-of-credit loans
- Overdraft checking
- Personal loans
- Loans to finance business assets
- New York State Higher Education Services Corporation Student loans
- Credit Cards*

Emigrant Savings Bank's participation in governmentally insured, guaranteed or subsidized loan programs for housing, small business or small farms, including the State of New York Mortgage Agency ("SONYMA") Low Interest Rate Mortgage Loans, Federal National Mortgage Association Community Home Buyers Program and Federal Housing Authority loans.

* Emigrant Savings Bank credit cards are available through an offering by First BankCard, which issues and administers the credit card program.

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2001		12/31/2000		9/30/1999	
	\$000's*	%	\$000's	%	\$000's	%
1-4 Family Residential Loans	4,552,306	71.2	3,961,725	69.0	3,303,392	68.9
Multifamily Mortgage Loans	1,071,474	16.8	1,053,540	18.4	906,542	19.0
Commercial Mortgage Loans	651,060	10.3	629,025	10.9	524,422	10.9
Lease Financing Loans	86,082	1.3	71,319	1.2	34,554	0.7
Commercial & Industrial Loans	21,764	0.3	15,440	0.3	16,293	0.3
Consumer Loans	8,431	0.1	9,678	0.2	9,567	0.2
Total Gross Loans	6,391,117	100.0	5,740,727	100.0	4,794,770	100.0

* In thousands

For the calendar year ending December 31, 2001, ESB reported gross loans and leases of about \$6.4 billion and total deposits of about \$5.2 billion. The bank is primarily a mortgage lender with 98.2% of its loan portfolio in real estate mortgage loans (1-4 family and multifamily). Refer to the above chart for further details.

According to the FDIC/OTS Summary of Deposits–Market Share Report as of June 30, 2000, ESB ranked 12th out of 139 reporting financial institutions, with a 1.53% market share (\$5.1 billion) in its assessment area. Although ESB increased its deposits by 1.4% to \$5.2 billion as of June 30, 2001, the bank fell one slot in the ranking to 13th out of 134 financial institutions, with a 1.42% market share.

ESB operates 36 full-service banking offices in seven counties, including four of New York City's five boroughs. In the city, ESB has 12 branches in New York County (including the main office on 42nd street), five branches each in Bronx and Queens counties, and three branches in Kings County. The bank has seven branches in Nassau County, one branch in Suffolk County and three branches in Westchester County.

Supplementing the banking offices are 41 on-site automatic teller machines ("ATMs") situated among 29 branches. In addition, ESB has four off-site, non deposit-taking ATMs in its assessment area.

Each county in which the bank operates is an extremely competitive marketplace. Based on the June 30, 2001 FDIC Summary of Deposits, the bank competes with 21 commercial and savings banks in Bronx County, 24 in Suffolk, 28 in Nassau, 29 in Westchester, 38 in Kings, 46 in Queens and 98 commercial and savings banks in New York County. These competitors have a combined total of about 2,190 branch facilities within ESB's assessment area.

To further underscore the extent of competition, it is noted that in 2000, ESB competed against 153 other lenders in its originations of multifamily loans, a significant product for the

bank. Of these lenders, 41 made 11 or more loans each, and 110 made at least two loans in the assessment area. ESB also competes with a number of credit unions and finance companies throughout the bank's lending area, as well as with "on-line" financial institutions.

Interest Rate Environment – The evaluation period was characterized by significant interest rate fluctuations. Three increases in the federal funds target rate in 2000 were followed by 11 decreases in the federal funds target rate in 2001. In 2000, the Federal Open Market Committee ("FOMC") raised short-term interest rates a total of 100 basis points (BPs) on three separate occasions over concern that inflation would retard the country's economic expansion. As a result, financial institutions raised their prime lending rate three times. In March 2001, the nation entered a recession as the ten-year expansion of the United States economy came to an end[†]. In an effort to counter weakness in the economy, the FOMC lowered the federal funds target rate seven times for a total of 300 BPs before the September 11 terrorist attacks. Thereafter, the FOMC acted on four more occasions totaling a 175 BPs decrease in the short-term interest rate target. The prime lending rate of financial institutions moved in tandem with the short-term interest rate reduction on all 11 occasions.

Subsidiaries:

Emigrant Savings Bank also processes loans through three wholly owned subsidiaries, whose lending activities are included in this review: Emigrant Mortgage Company, Inc., Emigrant Funding Corporation, and American Property Financing, Incorporated. The following is a brief description of each subsidiary's activities:

- *Emigrant Mortgage Company, Inc. ("EMC")* originates 1 -4 family residential mortgage and refinance loans. EMC originates loans throughout Connecticut, Delaware, New Jersey, Rhode Island, Florida, and selected counties in New York and ten other states.
- *Emigrant Funding Corporation ("EFC")* originates multi-family and housing related mixed-use loans in Connecticut, New Jersey, Rhode Island, and selected counties in New York and three other states. EFC makes loans of sizes generally smaller than those financed by the bank's Commercial Real Estate Department.
- *American Property Financing, Inc. ("APF")* is a full-service mortgage company that operates nationwide with offices in New York, Maryland, Georgia, Nebraska, and Washington. APF specializes in the financing of apartment buildings, including rentals and cooperatives; loan size is typically larger than those financed by EFC.

There were no legal or financial impediments that adversely impacted the institution's ability to meet credit needs of its assessment area.

At the Banking Department's prior performance evaluation as of September 30, 1999, ESB received a rating of "2," indicating a satisfactory record of helping to meet community credit needs.

[†] National Bureau of Economic Research web-site (www.nber.org/cycles/november 2001/)

Assessment Area:

ESB's assessment area includes each of the seven counties, in their entirety, where it has a branch presence. This area consists of 2,917 census tracts, 829 or 28.4% of which are considered to be LMI. The area encompasses all of MSA 5380 (Nassau-Suffolk) and MSA 5600 (New York) excluding Putnam, Richmond (Staten Island) and Rockland counties. The following chart illustrates the number and location of the low-, moderate-, middle- and upper-income census tracts within the counties of the assessment area.

Emigrant Savings Bank Assessment Area Census Tracts by Income Level							
County	Low	Moderate	Middle	Upper	N/A*	Total	LMI Pct.**
Bronx	126	65	88	61	15	355	53.8%
Westchester	2	18	35	163	2	220	9.1%
Queens	7	80	331	238	17	673	12.9%
Kings	114	207	302	147	19	789	40.7%
Nassau	1	20	180	66	3	270	7.8%
New York	63	65	33	126	11	298	43.0%
Suffolk	2	59	205	39	7	312	19.6%
Total	315	514	1,174	840	74	2,917	28.4%
Pct.	10.8%	17.6%	40.2%	28.8%	2.5%	100.0%	

* Zero-income; ** Percentage

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

Demographics:

Assessment Area Demographics

According to the U.S. Census Bureau, the assessment area had a population of approximately 10,428 thousand in 1990 and it increased by about 814 thousand (7.8%) to about 11,242 thousand in 2000. In 1990, there were 3,861 thousand households in the area of which 14.3% (551 thousand) were below the poverty level. There were 4,117 thousand housing units in the area, 48.8% (2,010 thousand) of which were 1-4 family units and 49.5% (2,038 thousand) were multifamily units. Of the total number of housing units, nearly 39% (1,604 thousand) were owner-occupied and 54.9% (2,261 thousand) were renter occupied. Also, 6.3% (261.2 thousand) of all the housing units were vacant or boarded up. The median housing value was \$197.4 thousand.

MA 5600 County Demographics

Bronx County

Population: According to the U.S. Census Bureau, the Bronx had a population of approximately 1,203 thousand in 1990, increasing by 130.0 thousand (10.8%) to 1,333 thousand in 2000.

Families/Households: In 1990, there were nearly 292.0 thousand families in the county, of which 56.7% (165.5 thousand) were LMI families, including 25.7% (75.0 thousand) whose incomes were below the poverty level. Of the total number of families, 17.8% (52.1 thousand) were middle-income and 25.4% (74.3 thousand) were upper-income. There were almost 423.2 thousand households in the county, of which 26.9% (114.0 thousand) had incomes below the poverty level.

Of the total number of LMI families, 77.2% (127.7 thousand) lived in LMI census tracts, accounting for 72.1% of all the families (177.0 thousand) that lived in LMI census tracts.

Housing Units: There were nearly 441.0 thousand housing units in the Bronx, of which 23.4% (103.1 thousand) were 1-4 family units and 74.7% (329.2 thousand) were multifamily units. Of all the housing units, 17.2% (75.8 thousand) were owner-occupied and nearly 79.0% (348.3 thousand) were renter-occupied. Vacant or boarded up units were nearly 4.0% (17.5 thousand) of the total housing units. The median housing value was \$130.8 thousand and the median age of the housing was 38 years.

Median Family Income: The 1990 median family income for the county was \$25.5 thousand and the median income for the MSA was \$37.5 thousand. The median family income estimated for the MSA by the U.S. Department of Housing and Urban Development (HUD) was \$56.2 thousand in 2000 and \$59.1 thousand in 2001.

Earnings by Industry: The U.S. Department of Commerce's Bureau of Economic Analysis reported that the largest sources of earnings in 2000 in the county were services (47.0%), state and local government (7.9%), and retail trade (7.3%). In 1990, the major sources of earning were services (41.8%), construction (8.8%) and state and local government (8.6%).

Business Demographic Data: According to a Dun and Bradstreet survey, in 2001 there were almost 21.9 thousand businesses in the Bronx, of which 18.4 thousand (84.2%) had revenues of \$1.0 million or less, 1.8 thousand (8.2%) had revenues of more than \$1.0 million and 1.6 thousand (7.3%) were businesses that did not report any revenues. Of all the businesses in the county, almost 19.6 thousand had fewer than 50 employees and nearly 19.0 thousand (86.8%) operated from a single location.

Of all the firms, almost 9.2 thousand (42.0%) provided "services," about 6.2 thousand (28.3%) were in the retail trade, about 2.0 thousand (9.1%) in "finance, insurance and real estate," about 1.4 thousand (6.4%) in "construction" and about 1.3 thousand (5.9%) in the "wholesale trade."

Unemployment Rates: According to the New York State Department of Labor, the county's average unemployment rates were 7.1% in 2000 and 7.4% in 2001. The county's average unemployment rates were considerably above both the state's average rates 4.6% and 4.9% and the MSA's average unemployment rates of 5.3% and 5.6%, in 2000 and 2001, respectively.

Empire Zones: Portions of the Bronx have been designated an Empire Zone‡ (“EZ”) by the State of New York, based on community economic distress. The Hunts Point and Port Morris neighborhoods are designated EZs. Firms located in these areas may be eligible for assistance including various tax credits, such as wage tax credits, investment tax credits, zone capital credits, sales tax refunds, real property tax abatements, technical assistance and utility rate savings.

A portion of the South Bronx shares a designated Federal Empowerment Zone (“FEZ”) with Harlem (part of New York County). This area receives financial and technical support from a multiple of federal agencies, including HUD, USDA, HHS, Treasury, Labor and Justice as well as from the state and local governments. The program’s purposes is to increase the employment opportunities of the residences through job training and economic development, to create new jobs and retain current jobs as well as programs for affordable housing, education and childcare. Various federal tax benefits and other assistance are available to businesses that open or employ residents in a FEZ.

Kings County

Population: According to the U.S. Census Bureau, Kings County had a population of approximately 2,301 thousand in 1990, increasing by 164.0 thousand (7.1%) to 2,465 thousand in 2000.

Families/Households: In 1990, there were almost 563.3 thousand families in the county, of which 50.0% (281.6 thousand) were LMI families, including 19.5% (109.8 thousand) whose incomes were below the poverty level. Also, nearly 19.0% (106.8 thousand) were middle-income and 31.0% (174.9 thousand) were upper-income families. There were 827.7 thousand households in the county, of which 21.5% (178.1 thousand) had incomes below the poverty level.

Of all the LMI families, 62.3% (175.4 thousand) lived in LMI census tracts and accounted for 65.9% of 266.1 thousand families living in LMI census tracts.

Housing Units: There were 873.7 thousand housing units in Kings County, of which 46.3% (404.7 thousand) were 1-4 family units and 52.2% (455.7 thousand) were multifamily units. Only 24.7% (215.8 thousand) of the housing units were owner-occupied and 70.1% (612.4 thousand) were renter-occupied. Of all the housing units, 5.6% (48.9 thousand) were vacant or boarded up. The median housing value was \$181.4 thousand and the median age of the houses was 44 years.

Median Family Income: The 1990, median family income for the county was \$30.0 thousand and the median income for the MSA was \$37.5 thousand. The HUD estimated median family income for the MSA was \$56.2 thousand in 2000 and \$59.1 thousand in 2001.

‡ Formerly known as Economic Development Zones

Earnings by Industry: The U.S. Department of Commerce's Bureau of Economic Analysis reported that the largest sources of earnings in 2000 in the county were "services" (39.5%), "finance, insurance and real estate" (12.0%), and "transportation and public utilities" (8.1%). In 1990, the major sources of earning were "services" (37.4%), the "retail trade" (9.4%) and "non-durable goods manufacturing" (8.1%).

Business Demographic Data: According to a Dun and Bradstreet survey, in 2001, there were 59.4 thousand businesses in Kings County, of which 49.9 thousand (84.0%) had revenues of \$1.0 million or less, 5.1 thousand (8.6%) had revenues of more than \$1.0 million and 4.4 thousand (7.4%) were businesses that did not report any revenues. Of all the businesses in the county, 91.6% (54.4 thousand) had fewer than 50 employees and 89.1% (52.9 thousand) operated from a single location.

Of all the firms, 41.1% (24.4 thousand) were "service" providers, 25.9% (15.4 thousand) were in the "retail trade," 8.0% (4.7 thousand) were in the "wholesale trade," 7.7% (4.6 thousand) were in "finance, insurance and real estate," 6.4% (3.8 thousand) were in "construction" and 5.7% (3.4 thousand) were in "manufacturing."

Unemployment Rates: According to the New York State Department of Labor, the county's average unemployment rates were 6.6% in 2000 and 6.7% in 2001. The county's average unemployment rates were considerably above both the state's average rates of 4.6% in 2000 and 4.9% in 2001 and the MSA's average unemployment rates of 5.3% in 2000 and 5.6% in 2001.

Empire Zones: Portions of Kings County have been designated as EZs by the State of New York, based on community economic distress. The Brooklyn Navy Yard, Sunset Park and Red Hook neighborhoods are designated EZs. Firms located in these areas may be eligible for assistance including various tax credits, such as wage tax credits, investment tax credits, zone capital credits, sales tax refunds, real property tax abatements, technical assistance and utility rate savings.

Queens County

Population: According to the U.S. Census Bureau, Queens County had a population of approximately 1,952 thousand in 1990, increasing by 277 thousand (14.2%) to 2,229 thousand in 2000.

Families/Households: In 1990, there were approximately 495.6 thousand families in the county of which 34.6% (171.7 thousand) were LMI families, including 8.3% (41.1 thousand) whose incomes were below the poverty level. Also, 21.7% (107.5 thousand) were middle-income and 43.7% (216.4 thousand) were upper-income families. There were about 718.4 thousand households in the county, of which 10.8% (77.9 thousand) had incomes below the poverty level.

Of the total number of LMI families, 24.4% (41.8 thousand) lived in LMI census tracts,

accounting for nearly 58.0% of all the families (72.3 thousand) that lived in LMI census tracts.

Housing Units: There were nearly 752.7 thousand housing units in Queens County, of which 56.6% (426.3 thousand) were 1-4 family units and 41.4% (311.8 thousand) were multifamily units. Of all the housing units, 40.7% (306.1 thousand) were owner-occupied and 55.0% (414.0 thousand) were renter-occupied. Also, 4.5% (34.0 thousand) of all the housing units were vacant or boarded up. The median housing value was \$198.1 thousand and the median age of the housing was 41 years.

Median Family Income: The 1990, median family income for the county was \$40.4 thousand and the median income for the MSA was \$37.5 thousand. The HUD estimated median family income for the MSA was \$56.2 thousand in 2000 and \$59.1 thousand in 2001.

Earnings by Industry: The U.S. Department of Commerce's Bureau of Economic Analysis reported that the largest sources of earnings in 2000 in the county were "services" (29.8%), "transportation and public utilities" (18.2%), and "construction" (12.3%). In 1990, the major sources of earnings were "services" (27.4%), "transportation and public utilities" (18.8%) and "construction" (10.8%).

Business Demographic Data: According to a Dun and Bradstreet survey, in 2001 there were about 55.1 thousand businesses in Queens County, of which about 45.5 thousand (82.6%) had revenues of \$1 million or less, 5.3 thousand (9.6%) had revenues of more than \$1 million and almost 4.3 thousand (7.8%) were businesses that did not report revenues. Of all the businesses in the county, almost 50.1 thousand had fewer than 50 employees and about 48.4 thousand (87.7%) operated from a single location.

Of all the firms, about 21.6 thousand (39.1%) provided "services," 13.1 thousand (23.8%) were in the "retail trade," about 5.0 thousand (9.1%) in "finance, insurance and real estate," about 4.6 thousand (8.3%) in "construction," almost 4.0 thousand (7.3%) in the "wholesale trade" and almost 3.8 thousand (6.9%) in "transportation and communications."

Unemployment Rates: According to the New York State Department of Labor, the county's average unemployment rates were 5.0% in 2000 and 5.1% in 2001. The county's average unemployment rates were modestly above the state's average rates of 4.6% in 2000 and 4.9% in 2001, but were below the MSA's average unemployment rates of 5.3% in 2000 and 5.6% in 2001.

Economic Zones: Portions of Queens County, namely Far Rockaway and South Jamaica neighborhoods, have been designated as EZs by the State of New York, based on community economic distress. Firms located in these areas may be eligible for assistance including various tax credits, such as wage tax credits, investment tax credits, zone capital credits, sales tax refunds, real property tax abatements, technical assistance and utility rate savings.

New York County

Population: According to the U.S. Census Bureau, New York County had a population of approximately 1,488 thousand in 1990, increasing by 49.0 thousand (3.3%) to 1,537 thousand in 2000.

Families/Households: In 1990, there were 305.4 thousand families in the county of which 42.6% (130.2 thousand) were LMI families, including 17.4% (53.1 thousand) whose incomes were below the poverty level. Also, 14.3% (43.8 thousand) were middle-income and nearly 43.0% (131.3 thousand) were upper-income families. Of the total LMI families, 76.5% (99.7 thousand) lived in LMI census tracts, accounting for 68.3% of all the families (145.7 thousand) that lived in LMI census tracts. There were 716.8 thousand households in the county, of which 16.8% (120.1 thousand) had incomes below the poverty level.

Housing Units: There were 785.1 thousand housing units in New York County, of which 2.9% (22.6 thousand) were 1-4 family units and 95.7% (751.4 thousand) were multifamily units. Also, 16.3% (128.0 thousand) of all housing units were owner-occupied and nearly 75.0% (588.4 thousand) were renter-occupied. Of all the units, 9.1% (71.2 thousand) were vacant or boarded up. The median housing value was \$212.4 thousand and the median age of the housing was 41 years

Median Family Income: The 1990 median family income for the county was \$36.8 thousand and the median income for the MSA was \$37.5 thousand. The HUD estimated median family income for the MSA was \$56.2 thousand in 2000 and \$59.1 thousand in 2001.

Earnings by Industry: The U.S. Department of Commerce's Bureau of Economic Analysis reported that the largest sources of earnings in 2000 in the county were "finance, insurance and real estate" (40.1%), "services" (30.9%) and "state and local government" (9.0%). In 1990, the major sources of earning were "services" (33.8%), "finance, insurance, and real estate" (25.7%) and "state and local government" (13.6%).

Business Demographic Data: According to a Dun and Bradstreet survey, in 2001, there were about 138.8 thousand businesses in New York County, of which about 108.7 thousand (78.3%) had revenues of \$1.0 million or less, about 23.4 thousand (16.9%) had revenues of more than \$1.0 million and about 6.7 thousand (4.8%) were businesses that did not report revenues. About 123.8 thousand (89.2%) of all businesses in the county had fewer than 50 employees and nearly 109.0 thousand (78.5%) operated from a single location.

Just over 64 thousand (46.1%) of all firms provided "services," almost 22.8 thousand (16.4%) were in the "retail trade," 19.5 thousand (14.1%) in "finance, insurance and real estate," 13.9 thousand (10.0%) in the "wholesale trade" and almost 9.9 thousand (7.1%) in "manufacturing."

Unemployment Rates: According to the New York State Department of Labor, the county's average unemployment rates were 5.0% in 2000 and 6.0% in 2001. The county's average

unemployment rates were above the state's average rates of 4.6% in 2000 and 4.9% in 2001. The rate was slightly below the MSA's average unemployment rate of 5.3% in 2000 but higher than the MSA's 5.6% in 2001.

Empire Zones: Based on community economic distress, portions of New York County, namely East York and East Harlem neighborhoods, have been designated as EZs by the State of New York. Firms located in these areas may be eligible for assistance including various tax credits, such as wage tax credits, investment tax credits, zone capital credits, sales tax refunds, real property tax abatements, technical assistance and utility rate savings.

A portion of New York County (Harlem) shares a designated FEZ with the South Bronx. This area receives financial and technical support from a multiple of federal agencies, including HUD, USDA, HHS, Treasury, Labor and Justice as well as from the state and local governments. The program's purposes is to increase the employment opportunities of the residences through job training and economic development, to create new jobs and retain current jobs as well as programs for affordable housing, education and childcare. Various federal tax benefits and other assistance are available to businesses that open or employ residents in a FEZ.

Westchester County

Population: According to the U.S. Census Bureau, Westchester County had a population of almost 874.9 thousand in 1990 and it increased by 48.6 thousand (5.5%) to 923.5 thousand in 2000.

Families/Households: In 1990, there were 229.5 thousand families in the county, of which 20.4% (46.8 thousand) were LMI families, including 4.7% (10.8 thousand) whose income was below the poverty level. Also, 15.6% (35.8 thousand) were middle-income, and 64.1% (nearly 147.0 thousand) were upper-income families. Of all the LMI families, 23.7% (11.1 thousand) live in LMI census tracts and accounted for 59.4% of all families (18.7 thousand) living in LMI census tracts. There were 319.7 thousand households in the county, of which 6.9% (21.9 thousand) had incomes below the poverty level.

Housing Units: There were 336.7 thousand housing units in Westchester County, of which 65.5% (220.7 thousand) were 1-4 family units, and 32.9% (110.8 thousand) multifamily units. Also, 56.7% (191.0 thousand) of all the housing units were owner-occupied and 38.3% (129.1 thousand) renter-occupied. Five percent (17.0 thousand) of the units were vacant or boarded up. The median housing value was \$264.2 thousand, and the median age of housing was 39 years.

Median Family Income: In 1990, the median family income for the county was \$58.9 thousand and the median family income for the MSA was \$37.5 thousand. The HUD estimated median family income for the MSA was \$56.2 thousand in 2000, and \$59.1 thousand in 2001.

Earnings by Industry: The U.S. Department of Commerce's Bureau of Economic Analysis reported that the largest source of earnings in 2000 in the county were "services" (32.4%),

“finance, insurance & real estate” (13.7%), and “state & local government” (11.9%). In 1990, the major sources of earnings were “services” (30.4%), “state & local government” with (11.2%), and “durable goods manufacturing” (9.7%).

Business Demographic Data: According to a Dun and Bradstreet survey, in 2001 there were almost 48.3 thousand businesses in Westchester County, of which about 41.3 thousand (85.5%) had revenues of \$1.0 million or less, almost 4.7 thousand (9.7%) had revenues of more than \$1.0 million and almost 2.4 thousand (nearly 5.0%) were businesses that did not report revenues. Approximately 44.7 thousand (92.5%) of all businesses in the county had fewer than 50 employees and almost 41.5 thousand (85.9%) operated from a single location.

Almost 22.3 thousand (46.2%) of all firms provided “services,” almost 8.7 thousand (17.9%) were in the “retail trade,” 4.8 thousand (nearly 10.0%) in “finance, insurance and real estate,” nearly 4.5 thousand (9.3%) in “construction” and almost 2.7 thousand (5.6%) in the “wholesale trade.”

Unemployment Rates: According to the New York Department of Labor, the county’s average unemployment rates were 3.0% in 2000 and 3.5% in 2001. The county’s average unemployment rates were below both the states average rates of 4.6% in 2000 and 4.9% in 2001 and the MSA’s average rates of 5.3% in 2000 and 5.6% in 2001.

Empire Zones: Based on economic distress, a portion of Westchester County, namely Yonkers, has been designated an EZ by the State of New York. Firms located in these areas may be eligible for assistance including various tax credits, such as wage tax credits, investment tax credits, zone capital credits, sales tax refunds, real property tax abatements, technical assistance, and utility rate savings.

MA 5380 Demographics

Nassau County

Population: According to the U.S. Census Bureau, Nassau County had a population of 1,287 thousand in 1990 and increasing by 48.0 thousand (3.7%) to 1,335 thousand in 2000.

Families/Households: In 1990, there were nearly 346.8 thousand families in the county, of which 32.3% (nearly 112.0 thousand) were LMI families, including 2.5% (8.7 thousand) whose incomes were below the poverty level. Also, 25.1% (86.9 thousand) were middle- income and 42.6% (147.9 thousand) were upper-income families. Of all the LMI families, 25.9% (14.5 thousand) lived in LMI census tracts, accounting for 55.1% of all the families (26.3 thousand) living in LMI census tracts. There were about 431.1 thousand households in the county, of which 4.2% (nearly 18.0 thousand) had incomes below the poverty level.

Housing Units: There were almost 446.3 thousand housing units in Nassau County, of which 88.3% (394.2 thousand) were 1-4 family units and 10.5% (46.9 thousand) were multifamily units. Also, 77.8% (347.2 thousand) of the housing units were owner-occupied and 18.9% (84.4 thousand) were renter-occupied. Approximately 3.4% (15.1 thousand) of all the housing

units were either vacant or boarded up. The median housing value was \$237.0 thousand and the median age of houses was 38 years.

Median Family Income: The 1990 median family income for the county was \$60.6 thousand and the median income for the MSA was \$56.7 thousand. In 2000, the HUD estimated median family income for the MSA was \$76.5 thousand, and \$83.0 thousand in 2001.

Earnings by Industry: The U.S. Department of Commerce's Bureau of Economic Analysis reported that the largest sources of earnings, in 2000, in the county were "services" (36.5%), "finance, insurance & real estate" (14.0%), and "state & local government" (11.6%). In 1990, the major sources of earnings were "services" (34.0%), "state & local government" (12.3%), and "finance, insurance and real estate" (10.0%).

Business Demographic Data: According to a Dun and Bradstreet survey, in 2001 there were about 68.7 thousand businesses in Nassau County, of which 58.3 thousand (84.9%) had revenues of \$1 million or less, seven thousand (10.2%) had revenues of more than \$1 million and almost 3.4 thousand (4.9%) did not report revenues. Nearly 63.5 thousand (92.4%) businesses had fewer than 50 employees and almost 59.7 thousand operated from a single location.

Of all the firms, 44.5% (30.6 thousand) were "service" providers, 18.8% (12.9 thousand) were in the "retail trade," 10.2% (7 thousand) were in the "finance, insurance and real estate" business and 8.3% (5.7 thousand) were in "construction."

Unemployment Rates: According to the New York State Department of Labor, the county's average unemployment rates were 2.7% in 2000 and 3.1% in 2001. The county's average unemployment rates were below the state's average rates of 4.6% in 2000 and 4.9% in 2001. The county's rates were also slightly below the average unemployment rates of the MSA of 2.9% in 2000 and 3.3% in 2001.

Suffolk County

Population: According to the U.S. Census Bureau, Suffolk County had a population of 1,322 thousand in 1990, increasing by 97.0 thousand (7.3%) to 1,419 thousand in 2000.

Families/Households: In 1990, there were 343.6 thousand families in the county, of which 39.0% (nearly 134.0 thousand) were LMI families, 27.6% (94.7 thousand) were middle-income and 33.4% (114.9 thousand) were upper-income families. Of all the LMI families, 29.0% (38.9 thousand) lived in LMI census tracts, accounting for 57.5% of all the families (67.7 thousand) living in LMI census tracts. There were 424.6 thousand households in the county, of which 4.9% (nearly 21.0 thousand) had incomes below the poverty level.

Housing Units: There were 481.3 thousand housing units in Suffolk County, of which 91.2% (438.9 thousand) were 1-4 family units, and 6.6% (31.7 thousand) were multifamily units. Additionally, 70.7% (340.3 thousand) of all the housing units were owner-occupied and 17.5%

(84.4 thousand) were renter-occupied. Nearly 12.0% (57.6 thousand) of all the units were either vacant or boarded up. The median housing value was \$178.4 thousand and the median age of the housing was 27 years.

Median Family Income: The 1990, median family income for the county was \$53.2 thousand and the median income for the MSA was \$56.7 thousand. The HUD estimated 2000 median family income for the MSA was \$76.5 thousand, and \$83.0 thousand in 2001.

Earnings by Industry: The U.S. Department of Commerce's Bureau of Economic Analysis reported that the largest sources of earnings in 2000, in the county, were "services" (28.3%), "state & local government" (15.7%), and the "retail trade" (9.0%). In 1990, the major sources of earnings were "services" (23.9%), "state & local government" (19.1%), and "durable goods manufacturing" (12.1%).

Business Demographic Data: According to a Dun and Bradstreet survey, in 2001, there were about 74.3 thousand businesses in Suffolk County, of which 63.2 thousand had revenues of \$1 million or less, 7.1 thousand had revenues of more than \$1 million and almost 4.0 thousand businesses did not report revenues. In the county, almost 68.9 thousand (92.7%) businesses had fewer than 50 employees, and about 64.9 thousand businesses operated from a single location.

Of all the firms, 29.3 thousand (39.4%) provided "services" 14.3 thousand (19.2%) were in the "retail trade," 9.6 thousand (12.9%) were in "construction," 5.5 thousand (7.4%) were in "finance, insurance & real estate," 5.2 thousand (6.9%) were in the "whole trade," and 4.5 thousand (6.1%) were in "manufacturing."

Unemployment Rates: According to the New York State Department of Labor, the county's average unemployment rates were 3.2% in 2000 and 3.5% in 2001. The county's average unemployment rates were below the state average rates of 4.6% in 2000 and 4.9% in 2001. The county's rates were slightly above the average unemployment rates of the MSA of 2.9% in 2000 and 3.3% in 2001.

Empire Zones: Based on community economic distress, portions of Suffolk County, namely Brookhaven, Riverhead and Islip, have been designated as EZs by the State of New York. Firms located in these areas may be eligible for assistance including various tax credits, such as wage tax credits, investment tax credits, zone capital credits, sales tax refunds, real property tax abatements, technical assistance and utility rate savings.

PERFORMANCE TESTS AND ASSESSMENT FACTORS

This performance evaluation is based primarily on a review of ESB's lending, investment, and service activities within the assessment area, during 2000 and 2001. Community development loans made by the bank in the last quarter of 1999 were also considered, as these were not included in the prior evaluation.

Statistics utilized in this evaluation were derived from various sources. In addition to loan information submitted by the bank, aggregate HMDA-reportable data was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCI Services, Inc. CRA Wiz©, an external vendor. Demographic data are from the 1990 U.S. Census, with estimated median income for 2001 furnished by HUD.

This evaluation focused on the bank's residential loans as well as its community development activities. The bank's HMDA-reportable loans include only home purchase, refinancing and multifamily loans as the bank does not offer home improvement loans. Comparisons were made to the aggregate of lenders in the bank's assessment area for both 2000 and 2001. Small business loans were not considered, as they constituted only a nominal percentage of the bank's total loan portfolio.

I. Lending Test: "High Satisfactory"

The bank's lending performance was evaluated pursuant to the following criteria: (1) Lending Activity; (2) Geographic Distribution; (3) Borrower Characteristics; (4) Community Development Lending; and (5) Innovative or Flexible Lending Practices.

Lending Activity: "High Satisfactory"

For the evaluation period, ESB's lending levels reflect good responsiveness to the credit needs of its assessment area.

In 2000, the bank originated 1,342 HMDA-reportable loans, increasing by 11.8% to 1,500 HMDA loans in 2001. The corresponding dollar amounts were \$602.6 million and \$548.2 million, respectively, reflecting a 9.0% decrease between years. This decrease in dollar volume is attributed to fewer apartment building loan originations by the bank's subsidiary, APF.

As the following charts illustrate, ESB's residential lending was primarily in MSA 5600. The bank made 952 (70.9%) and 1,028 (68.5%) HMDA loans in this MSA, in 2000 and 2001, respectively. For the corresponding dollar volume, the bank provided \$453.9 million (75.3%) and \$391.8 million (71.5%), respectively.

HMDA Loans by Census Tract Income Level and by MSA-Year 2000								
Inc. Level	MSA 5600				MSA 5380			
	#	%	\$'000**	%	#	%	\$'000	%
Low	37	3.9%	6,908	1.5%	0	0.0%	0	0.0%
Moderate	119	12.5%	21,911	4.8%	85	21.8%	16,954	11.4%
Middle	203	21.3%	46,245	10.2%	206	52.8%	79,453	53.5%
Upper	593	62.3%	378,930	83.5%	99	25.4%	52,206	35.1%
Total	952	100.0%	453,994	100.0%	390	100.0%	148,613	100.0%

HMDA Loans by Census Tract Income Level and by MSA-Year 2001								
Inc. Level	MSA 5600				MSA 5380			
	#	%	\$'000	%	#	%	\$'000	%
Low	26	2.5%	5,336	1.4%	0	0.0%	0	0.0%
Moderate	99	9.6%	28,349	7.2%	92	19.5%	23,933	15.3%
Middle	252	24.5%	61,119	15.6%	250	53.0%	71,367	45.6%
Upper	650	63.2%	296,760	75.7%	129	27.3%	61,026	39.0%
NA	1	0.1%	235	0.1%	1	0.2%	110	0.1%
Total	1,028	100.0%	391,799	100.0%	472	100.0%	156,436	100.0%

* It includes only the Bronx, Queens, New York, Kings, and Westchester counties

** Dollars in thousands

Refer to the following charts for details on ESB's residential lending distribution by MSA, according to product type. As shown, both in 2000 and 2001, the bank made substantially more multifamily loans in MSA 5600 than in MSA 5380, reflecting differences in the housing stock of these two areas.

HMDA Loans by Type and by MSA-Year 2000								
Type	MSA 5600				MSA 5380			
	#	%	\$'000**	%	#	%	\$'000	%
Home Purchase	577	60.6%	144,776	31.9%	280	71.8%	85,735	57.7%
Refinancing	244	25.6%	62,953	13.9%	107	27.4%	32,702	22.0%
Multifamily	131	13.8%	246,265	54.2%	3	0.8%	30,176	20.3%
Total	952	100.0%	453,994	100.0%	390	100.0%	148,613	100.0%

HMDA Loans by Type and by MSA-Year 2001								
Type	MSA 5600				MSA 5380			
	#	%	\$'000	%	#	%	\$'000	%
Home Purchase	515	50.1%	187,019	47.7%	231	49.0%	74,614	47.7%
Refinancing	396	38.5%	122,796	31.3%	240	50.8%	81,522	52.1%
Multifamily	117	11.4%	81,984	21.0%	1	0.2%	300	0.2%
Total	1,028	100.0%	391,799	100.0%	472	100.0%	156,436	100.0%

** Dollars in thousands

Multifamily Loans - ESB and its subsidiaries are leading lenders of multifamily loans in its assessment area, in both the number of originations and their corresponding dollar volume.

Based on the number of loans, in 2000, EFC was ranked 7th (among 97 other multifamily

lenders) with a lending market share of 4.56%. ESB was ranked 24th with a lending market share of 0.71%. In 2001, EFC retained its 7th place ranking (among 98 lenders), with a lending market share of 3.39%, and ESB ranked 21st with a 0.70% lending market share.

Based on the corresponding dollar volume, in 2000, APF, ranked 3rd (among 97 lenders), with an 8.81% lending market share. ESB ranked 12th, with a 2.35% lending market share, and EFC ranked 16th, with a 1.32% lending market share. In 2001, APF's ranking declined to 25th, with a 0.67% lending market share. ESB also declined to 26th, with a 0.60% lending market share, and EFC declined to 19th, with a 1.05% lending market share.

Assessment Area Concentration: “Outstanding”

ESB made a substantial majority of its HMDA loans in its assessment area.

As shown in the chart below, the bank had an excellent propensity to lend inside its assessment area, with assessment area concentrations during the evaluation period of over 96% and 97% for the number and dollar volume of loans, respectively.

Assessment Area (A/A) Lending								
A/A	2000				2001			
	#	%	\$'000*	%	#	%	\$'000	%
Inside A/A	1,342	96.8%	602,607	98.2%	1,500	97.2%	548,235	97.0%
Outside A/A	45	3.2%	10,857	1.8%	44	2.8%	16,778	3.0%
Total	1,387	100.0%	613,464	100.0%	1,544	100.0%	565,013	100.0%

* Dollars in thousands

ESB's assessment area concentration was relatively unchanged over the two-year period.

Geographic Distribution of Loans: “High Satisfactory”

The geographic distribution of HMDA-reportable loans based on census tract income reflects good dispersion throughout the assessment area.

In 2000, the bank extended 18.0% (or 241) of its total 1,342 HMDA-reportable originations in LMI areas, compared to 15.7% for the aggregate. While moderately outperforming the aggregate based on its number of loans, ESB significantly trailed the aggregate's LMI penetration based on dollar volume. In 2000, the bank extended 7.6% (or \$45.8 million) of its total \$602.6 million in LMI tracts, compared to 14.4% for the aggregate.

In 2001, the bank's LMI penetration rate declined to 14.5%, with 217 of its total 1,500 HMDA loans extended in LMI areas, almost identical to the aggregate's rate of 14.3%. By dollar volume, the bank's LMI penetration rate increased to 10.5%, thereby trailing the aggregate's 13.3% LMI penetration by approximately 21.2%.

Analysis by products, by counties and by census tract income level – Because the Bronx,

Kings and New York counties encompass 77.2% (640) of the LMI tracts (829) in ESB's assessment area, examiners performed a detailed analysis of LMI penetration in these areas for each product category. The following charts compare the bank to the aggregate for "home purchase," "refinancing" and "multifamily" loan products, respectively.

Geographic Distribution of Home Purchase Loans-Bronx County								
	2000				2001			
Income Level	Bank		Aggregate		ESB		Aggregate	
	#	%	#	%	#	%	#	%
LMI	15	33.3%	967	25.4%	4	15.4%	1,088	27.3%
Middle	11	24.5%	1,349	35.4%	8	30.8%	1,394	34.9%
Upper	19	42.2%	1,493	39.1%	14	53.8%	1,504	37.7%
N/A	0	0.0%	4	0.1%	0	0.0%	3	0.1%
Total	45	100.0%	3,813	100.0%	26	100.0%	3,989	100.0%

Geographic Distribution of Refinancing Loans-Bronx County								
	2000				2001			
Income Level	Bank		Aggregate		Bank		Aggregate	
	#	%	#	%	#	%	#	%
LMI	2	18.2%	513	29.2%	4	23.5%	970	24.3%
Middle	2	18.2%	645	36.8%	6	35.3%	1,484	37.1%
Upper	7	63.6%	593	33.8%	7	41.2%	1,541	38.5%
N/A	0	0.0%	3	0.2%	0	0.0%	2	0.1%
Total	11	100.0%	1,754	100.0%	17	100.0%	3,997	100.0%

1-4 family lending:

In the *Bronx*, the county with the highest percentages of both LMI census tracts and rental units, the bank had mixed results:

As shown above, in 2000 the bank outperformed the aggregate with respect to home purchase loans, with ESB and its peers achieving LMI penetration rates of 33.3% and 25.4%, respectively. However, in 2001 ESB's LMI penetration rate for this product category decreased by more than 50% to 15.4%, while the aggregate's penetration rate increased to 27.3%. While the bank's 18.2% LMI penetration rate for refinancing loans was well below the aggregate's 29.2% rate in 2000, ESB's performance in this product category improved in 2001 to 23.5%, and was close to the aggregate's LMI penetration rate of 24.3%.

In *Kings County*, where 24.7% of the housing units were owner-occupied, the bank outperformed the aggregate in 2000 with respect to home purchase loans, achieving a 34.5% LMI penetration rate compared to the aggregate's 29.9%. ESB's LMI penetration rate for this category dropped in 2001 to 23%, while the aggregate's LMI penetration increased to 31.3%. Refer to the chart below for other performance details.

Geographic Distribution of Home Purchase Loans-Kings County								
	2000				2001			
Income Level	Bank		Aggregate		Bank		Aggregate	
	#	%	#	%	#	%	#	%
LMI	31	34.5%	3,574	29.9%	17	23.0%	3,913	31.3%
Middle	39	43.3%	5,115	42.7%	34	45.9%	5,371	43.0%
Upper	20	22.2%	3,228	27.0%	22	29.7%	3,166	25.4%
N/A	0	0.0%	49	0.4%	1	1.4%	41	0.3%
Total	90	100.0%	11,966	100.0%	74	100.0%	12,491	100.0%

ESB performed slightly better than the aggregate in 2000 and 2001, in penetrating LMI areas with its refinancing loans. In 2000, the bank extended 41.7% of its loans in LMI areas, compared to the aggregate's LMI penetration rate of 38.2%. In 2001, their respective LMI penetration rates both dropped, to 31.0% and 29.6%, respectively. Refer to the chart below for other performance details.

Geographic Distribution of Refinancing Loans-Kings County								
	2000				2001			
Income Level	Bank		Aggregate		Bank		Aggregate	
	#	%	#	%	#	%	#	%
LMI	10	41.7%	2,265	38.2%	18	31.0%	3,927	29.6%
Middle	9	37.5%	2,316	39.1%	21	36.2%	5,680	42.8%
Upper	5	20.8%	1,329	22.4%	19	32.8%	3,631	27.4%
N/A	0	0.0%	15	0.3%	0	0.0%	29	0.2%
Total	24	100.0%	5,925	100.0%	58	100.0%	13,267	100.0%

In *New York County*, where only 16.3% of the housing units were owner-occupied, the bank trailed the aggregate's LMI area penetration for home purchase loans in both 2000 and 2001.

In 2000, ESB extended 7.3% of its loans in LMI areas, compared to the aggregate's 9.6% LMI penetration rate. In 2001, the bank's performance improved to 9.0%, while the aggregate's LMI penetration edged up slightly to 10.1%.

With respect to its refinancing loans, the bank performed significantly worse than the aggregate. In 2000, ESB extended only 6.8% of its loans to LMI areas, compared to 13.0% for the aggregate. The bank's LMI penetration remained relatively unchanged in 2001, while the aggregate's percentage of LMI loans decreased to 8.2%.

Geographic Distribution of Home Purchase Loans-New York County								
	2000				2001			
Income Level	Bank		Aggregate		Bank		Aggregate	
	#	%	#	%	#	%	#	%
LMI	17	7.3%	1,064	9.6%	14	9.0%	933	10.1%
Middle	20	8.6%	823	7.4%	12	7.7%	609	6.6%
Upper	195	84.1%	9,177	82.8%	130	83.3%	7,680	83.2%
N/A	0	0.0%	23	0.2%	0	0.0%	14	0.1%
Total	232	100.0%	11,087	100.0%	156	100.0%	9,236	100.0%

Geographic Distribution of Refinancing Loans-New York County								
	2000				2001			
Income Level	Bank		Aggregate		Bank		Aggregate	
	#	%	#	%	#	%	#	%
LMI	10	6.8%	306	13.0%	13	6.8%	644	8.2%
Middle	14	9.4%	191	8.1%	17	8.9%	538	6.9%
Upper	124	83.8%	1,857	78.9%	161	84.3%	6,619	84.8%
N/A	0	0.0%	1	0.0%	0	0.0%	7	0.1%
Total	148	100.0%	2,355	100.0%	191	100.0%	7,808	100.0%

Multifamily Lending

Given the high concentration of multi-family units in the assessment area, the bank's multi-family lending is a key component of its performance record. In the Bronx, Kings, and New York counties, multifamily units comprised 74.7%, 52.2%, and 95.7% of housing units, respectively.

During the assessment period, ESB originated the overwhelming majority of its multifamily loans (over 75% by number and dollar volume) in the Bronx, Kings and New York counties, respectively. In these three counties, which have the highest percentages of LMI census tracts in the assessment area, the bank originated 108 multifamily loans for \$212.1 million in 2000 and 88 multifamily loans for \$65.7 million in 2001.

With the exception of Kings County, ESB performed significantly worse than the aggregate in its lending penetration of LMI areas. Refer to the following charts for details:

Geographic Distribution of Multifamily Loans-Year 2000					
		Pct. by # of Loans		Pct. by \$ Volume	
	Income Level	Bank	Agg.	Bank	Agg.
Bronx	LMI	50.0%	71.5%	46.5%	71.2%
	Middle	50.0%	21.8%	53.5%	23.9%
	Upper	0.0%	6.7%	0.0%	4.9%
	Zero & N/A	0.0%	0.0%	0.0%	0.0%
	Total	100.0%	100.0%	100.0%	100.0%
Kings	LMI	60.4%	51.8%	50.6%	44.6%
	Middle	22.6%	38.3%	30.3%	41.1%
	Upper	17.0%	9.7%	19.1%	14.0%
	Zero & N/A	0.0%	0.3%	0.0%	0.4%
	Total	100.0%	100.0%	100.0%	100.0%
New York	LMI	6.7%	42.2%	0.4%	28.8%
	Middle	8.9%	8.4%	1.1%	7.9%
	Upper	84.4%	49.3%	98.6%	63.3%
	Zero & N/A	0.0%	0.1%	0.0%	0.1%
	Total	100.0%	100.0%	100.0%	100.0%

Geographic Distribution of Multifamily Loans-Year 2001					
		Pct. by # of Loans		Pct. by \$ Volume	
	Income Level	Bank	Agg.	Bank	Agg.
Bronx	LMI	37.5%	73.8%	27.6%	72.4%
	Middle	50.0%	21.1%	65.8%	21.4%
	Upper	12.5%	5.1%	6.6%	6.2%
	Zero & N/A	0.0%	0.0%	0.0%	0.0%
	Total	100.0%	100.0%	100.0%	100.0%
Kings	LMI	38.4%	53.1%	33.0%	35.9%
	Middle	38.5%	36.7%	45.0%	51.4%
	Upper	23.1%	10.0%	22.0%	12.2%
	Zero & N/A	0.0%	0.2%	0.0%	0.5%
	Total	100.0%	100.0%	100.0%	100.0%
New York	LMI	14.6%	40.9%	7.1%	31.0%
	Middle	2.5%	10.3%	2.6%	11.2%
	Upper	82.9%	48.6%	90.3%	56.8%
	Zero & N/A	0.0%	0.2%	0.0%	1.0%
	Total	100.0%	100.0%	100.0%	100.0%

In New York County, ESB achieved only a 6.7% LMI penetration rate in 2000, based on the number of loans, which was approximately 84% below the aggregate's 42.2% LMI penetration rate. The bank's performance based on corresponding dollar volume was even worse, with an LMI penetration rate of 0.4% compared to the aggregate's 28.8% rate. In 2001, the bank's LMI penetration performance improved, but remained well below the aggregate.

The bank's LMI penetration was also well below that of the aggregate in the Bronx. In 2000 ESB's LMI penetration rates of 50% by number and 46.5% by dollar volume trailed the aggregate's rates of 71.5% and 71.2%, respectively. ESB's LMI penetration worsened in

2001.

In Kings County, ESB's LMI penetration was moderately better than the aggregate's in 2000, but fell way below the aggregate's performance in 2001.

Borrower Characteristics: "Low Satisfactory"

Given the product lines offered, the bank's lending distribution based on borrower characteristics is adequate.

Because the bank originated over half of its HMDA loans as "no-documentation" ("no-doc") loans (which do not consider the applicant's income for a credit decision), the borrower profile analysis provides only a limited profile of ESB's lending performance.

The first portion of this analysis excludes all no-doc loans from the calculation of the bank's lending percentage to LMI borrowers. For loans on which applicant income was considered, the bank's LMI penetration rate was significantly lower than the aggregate's for both 2000 and 2001. In 2000, ESB extended 15.8% of its loans to LMI borrowers, almost 23% below the aggregate's 20.5% LMI penetration rate. The bank's and the aggregate's LMI penetration rates were both relatively unchanged in 2001.

Distribution of HMDA Loans by Borrower Income Level* - Year 2000				
	ESB		Aggregate	
	#	%	#	%
Low	11	1.9%	5,405	4.4%
Moderate	79	13.9%	19,887	16.1%
Middle	94	16.5%	34,404	27.9%
Upper	384	67.6%	63,834	51.7%
Total	568	100.0%	123,530	100.0%
Distribution of HMDA Loans by Borrower Income Level* - Year 2001				
	ESB		Aggregate	
	#	%	#	%
Low	26	4.4%	7,257	3.7%
Moderate	64	10.9%	30,781	15.7%
Middle	116	19.8%	55,691	28.5%
Upper	381	64.9%	101,846	52.1%
Total	587	100.0%	195,575	100.0%

* Distribution analysis excludes "no-doc" loans

The bank's LMI percentage is even further below the aggregate's penetration rate if "no-doc" loans are considered under "NA"(income not available). In 2000, ESB extended 7.4% of its loans to LMI borrowers, approximately 60.4% (proportionally) below the aggregate's 18.7% LMI penetration rate. The bank's LMI penetration declined to 6.5% in 2001, dropping even

further below the aggregate. Refer to the chart below for details.

Distribution of HMDA Loans by Borrower Income Level** - Year 2000				
	ESB		Aggregate	
	#	%	#	%
Low	11	0.9%	5,405	4.0%
Moderate	79	6.5%	19,887	14.7%
Middle	94	7.8%	34,404	25.4%
Upper	384	31.8%	63,834	47.2%
NA	640	53.0%	11,796	8.7%
Total	1,208	100.0%	135,326	100.0%

Distribution of HMDA Loans by Borrower Income Level** - Year 2001				
	ESB		Aggregate	
	#	%	#	%
Low	26	1.9%	7,257	3.3%
Moderate	64	4.6%	30,781	14.1%
Middle	116	8.4%	55,691	25.4%
Upper	381	27.6%	101,846	46.5%
NA	795	57.5%	23,277	10.6%
Total	1,382	100.0%	218,852	100.0%

** Distribution analysis includes “no-doc” loans

Further analysis shows that since 1997 the number and percentage of “no-doc” loans has steadily increased, from 29.3% (of total HMDA loans) in 1997 and 38.3% in 1998, to 44.3% in the first eight months of 1999, 53% in 2000 and 57.5% in 2001.

As no-doc lending has increased, ESB’s LMI penetration ratios for loans on which income was considered have decreased. Starting at 19.1% in 1999, LMI penetration declined to 15.8% in 2000 and 15.3% in 2001. Without income information on the no-doc loans, it is not possible to determine whether LMI borrowers previously served through the traditional product are now migrating to the no-doc product.

Community Development Lending: “Outstanding”

ESB is a leader in making community development loans, based on its excellent level of commitments since the latest evaluation in September 1999. Commitments for this evaluation period totaled \$171.3 million (109 community development loans), all of which are deemed “new money.” The bank’s community development lending is not particularly complex or innovative, but the dollar volume is quite substantial for an institution of this size. It is noted that the surge in total commitments between evaluations is attributed primarily to the \$131.8 million (nearly 77.0% of the total commitments) in multifamily building loans known as “80/20” loans. The bank had not provided these loans for consideration at the prior assessment, when community development commitments totaled only \$52.3 million.

For an “80/20” loan, a bank is given favorable consideration for 20% of the loan commitment, a percentage that represents the number of units (within an otherwise market rate multifamily

building) that is set aside for LMI tenants.

As the following chart illustrates, 94% of total commitments went to support “affordable housing” activities, with almost 6% going to “revitalization and stabilization” efforts and a nominal amount to the “community services” category. Refer to the chart for further details. Note the total includes community development loans made by the bank in the last quarter of 1999.

Community Development Lending Activities								
Year	Affordable Housing		Community Services		Revitalization and Stabilization		Total	
	#	\$ (000's)*	#	\$ (000's)*	#	\$ (000's)*	#	\$(000's)*
1999	23	\$34,212	-	-	4	\$2,765	27	\$36,977
2000	49	\$71,321	-	-	10	\$6,695	59	\$78,016
2001	22	\$55,536	1	\$800	-	-	23	\$56,336
Total	94	\$161,069	1	\$800	14	\$9,460	109	\$171,329

* In thousands

Although ESB does not offer home improvement loans as part of its product line, it has in place a \$1 million pool of below market rate funds earmarked for home improvement loans (*Home Improvement Funds*). Applicants meeting certain requirements may apply through the Peoples Alliance Community Organization, Inc. (“PACO”) and/or the Association of Community Organizations for Reform Now (“ACORN”).

In 2000, ESB originated a \$200 thousand commercial term loan to re-capitalize the *New York Landmarks Conservancy Historic Properties Fund*. This fund provides below market financing to preserve landmark properties, many of which are in LMI tracts, thereby revitalizing and stabilizing neighborhoods. ESB was part of a multi-bank \$1 million loan program.

Innovative or Flexible Lending Practices: “High Satisfactory”

The bank makes significant use of innovative and/or flexible lending practices to address the credit needs of its assessment area.

In connection with its “*Affordable Home Ownership Program*,” the bank, along with its subsidiaries, offers residential credit products (with special features) for its own portfolio as well as products that conform to flexible underwriting standards used by the Federal National Mortgage Association (“Fannie Mae”), the Federal Home Loan Mortgage Corporation (“Freddie Mac”) and the State of New York Mortgage Agency (“SONYMA”). These latter products are sold in the secondary market.

The following is a brief description of several of these special features/programs:

Special Features – The bank’s Affordable Home Ownership program includes select features

used to customize certain identified credit needs. These features include:

- *Cross Collateralization* - Allows the blanket of two or more properties to enable the borrower to qualify for a mortgage using a combined loan-to-value.
- *Stretch* - Allows for the extension of debt service ratios to 38%/45% or 40%/40% under the Full Documentation program.
- *HiQ+90* - Allows financing up to 90% on no income and no asset loans through lender paid mortgage insurance.
- *High LTV* – Allows financing over 80% LTV without requiring private mortgage insurance.
- *Star Program* - Designed so that credit could be considered for no income/no asset products when the applicant's credit scores are not acceptable under other portfolio programs.

Reduced Pricing Pool – This loan program utilized by EMC (one of the bank's subsidiaries) enables the bank to offer attractive pricing for loans that benefit LMI borrowers and/or LMI geographies. This program blends residential mortgage products sold into the secondary market with the bank's reduced rate and/or waiver of application, credit, and appraisal fees.

Fannie Mae Community Home Buyers Program - This Fannie Mae program provides flexible underwriting criteria for conforming fixed-rate mortgages. This product is available to applicants whose income is less than established percentages of median family income levels for the corresponding area. This program provides up to 95% loan-to-value financing while easing underwriting ratios. It also allows closing cost assistance and alternate credit references.

In connection with this program, The *Fannie Neighbors* program eliminates income restrictions for identified underserved areas. Additionally, while similar to the Community Home Buyers Program, the *Fannie 97* program targets LMI borrowers and allows a more flexible loan-to-value of up to 97%.

SONYMA's Low Interest Rate Program - This program offers reduced rate pricing for income eligible first-time homebuyers.

SONYMA's Achieving the Dream Mortgage Program - This program offers below-market rate mortgages geared to income-eligible first-time home borrowers with lower household incomes.

As illustrated in the chart below, the bank originated 86 loans totaling \$6.7 million in 2000 and 86 loans totaling \$8.5 million, utilizing these affordable housing products. The "Agency Co-op,"

or “Fannie Mae Fixed Rate Co-op” product was the leading product, comprising 72.1% and 98.8% by number and 57.1% and 97.8% by dollar volume in 2000 and 2001, respectively.

Affordable Housing Loan Products										
	SONYMA		CHB*		Agency Co-op**		Pool***		Total	
Year	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)
2000	16	\$1,787	6	\$794	62	\$3,831	2	\$292	86	\$6,704
2001	1	\$187	-	-	85	\$8,355	-	-	86	\$8,542
Total	17	\$1,974	6	\$794	147	\$12,186	2	\$292	172	\$15,246

* Fannie Mae's Community Home Buyers Program; ** Fannie Mae Fixed-Rate Co-op product; ***Reduced Pricing Pool.

II. Investment Test: “High Satisfactory”

The investment test evaluates the bank’s record of helping its assessment area through qualified investments, which are evaluated based on the dollar amount, their innovativeness or complexity, and their responsiveness to community development needs.

For the evaluation period, the bank had a good level of qualified investments, including a significant level of grants, given its size and capacity. However, ESB is only occasionally in a leadership position, and occasionally makes investments not routinely provided by private investors. Moreover, the bank occasionally uses innovative and/or complex investments to support community development initiatives.

Qualified investments totaled \$14.8 million, of which \$13.2 million, or 89.2%, is considered “new money.” A significant \$983 thousand were comprised of grants to community development programs. The following chart illustrates ESB’s summary of qualified investments, followed by a brief description.

Summary of Qualified Investments			
Description	Number	\$(in thousands)	% on \$
Financial Intermediaries	4	\$13,683	92.7
Facilities that promote community development in LMI areas for LMI people	1	\$100	0.7
Sub-Total Debt or Equity Investments	5	\$13,783	93.4
Qualified Grants	901	\$983	6.6
Grand Total	906	\$14,766	100

Loans to “*Financial Intermediaries*” include the following: (1) a \$6.8 million investment in a Freddie Mac issue of multifamily mortgage participation certificates (the underlying loan pool is comprised of mortgages on affordable multifamily housing projects previously financed by the Community Preservation Corporation (“CPC”)); (2) a \$2.3 million investment in a Freddie

Mac mortgage-backed security collateralized by properties owned by LMI borrowers in Nassau and Suffolk counties; (3) a \$3.0 million equity investment by Emigrant Capital Corporation (“ECC”), which is the bank’s Small Business Investment Corporation (“SBIC”), and (4) \$ 1.5 million outstanding (as of December 31, 2001) on collateral trust notes from CPC.

The 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. CPC’s bank sponsors provide secured financing, under revolving bank lines of credit, for housing construction and rehabilitation, as well as permanent financing through purchases of collateral trust notes backed by CPC mortgages. [The Community Lending Corporation (“CLC”) is the upstate division of CPC.]

ECC, established in 1998, was capitalized with \$10 million in 1999. Since its initial capitalization, ECC has funded assorted small business investments across the country, including the equity investment mentioned above, which was a purchase of convertible preferred stock of an on-line business information start-up company located in an LMI census tract.

“Facilities that promote community development in LMI areas for LMI people” includes an annually renewed \$100 thousand certificate of deposit with the *Community Capital Bank (“CCB”)*. CCB, acting as a conduit into local communities, is a New York State chartered, FDIC insured, commercial bank dedicated to financing affordable housing development and small businesses throughout New York City.

Grants – For the evaluation period, ESB donated approximately \$983.0 thousand to community organizations, disadvantaged students, and “September 11” relief funds. The bank gave approximately \$93.0 thousand to organizations, which were involved in the “September 11” recovery efforts.

Neighborhood Housing Services of New York City (“NHS”) was among the recipients of several grants during the evaluation period. NHS, which received 12 grants totaling about \$129.3 thousand, is a not-for-profit intermediary that creates and preserves affordable housing, and promotes increased investment in underserved and declining New York City neighborhoods through a broad range of lending, development/rehabilitation, and homebuyer education and counseling initiatives.

A few of the other organizations receiving grants during the evaluation period were Bowery Mission, Bridge Fund of Westchester, Business Leaders of Tomorrow, Cooper Square Committee, Fordham Bedford Housing Corporation, Habitat for Humanity, National Housing Conference and Sheltering Arms Children’s Services

Additionally, ESB, in collaboration with a consortium of community businesses and educational leaders, funds and administers a *Bank Scholarship Fund* to promote the advancement of LMI students through \$1,000 scholarships. During the review period 21 area

students received \$1 thousand in scholarship aid.

In addition, during the assessment period, ESB “adopted” and thus provided about \$173 thousand in financial and structural support to two inner city schools under a program administered by the *Futures in Education Foundation (“FEF”)*. FEF’s mission is to provide affordable alternative education to LMI individuals in Kings and Queens counties.

III. Service Test: “Outstanding”

The service test evaluates the bank’s record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank’s systems for delivering retail banking services and the extent and innovativeness of its community development services.

Retail Baking Services: “Outstanding”

Accessibility of Delivery Systems - ESB’s delivery systems are readily accessible to all portions of the bank’s assessment area. Of the 36 branches, 20, or 55.6%, are located in or adjacent to LMI census tracts. See the below chart for the geographic distribution of branches.

Number of Branches by Census Tract					
County	Low	Moderate	Middle	Upper	Total
Bronx	2	1	2	-	5
Westchester	1	-	-	2	3
Queens	-	1	-	4	5
Kings	-	-	3	-	3
Nassau	-	-	7	-	7
New York	-	1	2	9	12
Suffolk	-	-	1	-	1
Total	3	3	15	15	36
Pct. per Tract	8.3%	8.3%	41.7%	41.7%	100.0%

All branch offices have Spanish-speaking staff and the branch located at 105 Second Avenue in New York County has staff conversant in Russian and Polish.

For customer convenience ESB offers an array of alternative delivery systems including bank-by-phone (“PhoneAccess”) and bank-by-mail, which is available at all branches including the main office.

On-line computer banking, known as “EmigrantOnline”, is offered with electronic bill paying capability. The bank’s website (www.emigrant.com) allows inquiries to be made and addressed. ESB offers a debit card known as “Cash Navigator”, which can be used in place of cash or checks.

All six branches located in LMI tracts have ATMs, with three branches featuring 24-hour ATM access. In addition, all ATMs at ESB branches in Bronx County can be accessed in Spanish as well as English. Per the 1990 U.S. Census, 42.3% of the residents in Bronx County are Hispanic. Emigrant ATM cardholders may access any ATM using the NYCE, PLUS, PULSE, and HONOR systems. Non-Emigrant ATM cardholders may access those four networks as well as CIRRUS, VISA, AMEX, DISCOVER, and MASTERCARD.

Changes in Branch Locations – *For the review period, the bank’s record of opening and closing of branches has not adversely affected the accessibility of its delivery systems.*

There have been no branch or ATM closings over this period. ATMs were opened at branches located at 261 Broadway and 110 Church Street, two upper-income census tracts. The bank has a clear written policy in place concerning branch closing and/or reduction in service consistent with New York State Banking Department Supervisory Procedure G 112. The interests and concerns of LMI customers regarding bank service reduction are primary components of the established policy. The CRA Officer is responsible for compiling a report highlighting the potential impact on services to LMI individuals and LMI tracts in the event of a branch closing. Management will obtain and consider the CRA Officer’s report with respect to possible branch closings. ESB’s guidelines regarding branch closings are consistent with New York State law.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

– *The bank’s services do not vary in a way that inconveniences certain portions of the assessment area.*

Retail banking services are available to all segments of the assessment area, including LMI tracts. All branch offices open between 8:30am and 10:00am. Closing hours are 3:00pm with two branches closing at 4:00pm. As illustrated in the following chart, 35, or 97.2%, of 36 branches offer evening hours once a week and 26 branches, or 72.2%, offer Saturday hours. All branches offer the same products and services, with the exception of safe deposit boxes that are offered in more residential areas. The hours of the branches are tailored to the needs of the particular community serviced.

Retail Banking Service Availability								
Services	30 Branches in Non-LMI Tracts				6 Branches in LMI Tracts			
	Offered	Pct.	Not Offered	Pct.	Offered	Pct.	Not Offered	Pct.
ATMs	23	76.7%	7	23.3%	6	100.0%	-	-
Extended Weekday Hrs.	29	96.7%	1	3.3%	6	100.0%	-	-
Saturday Hours	22	73.3%	8	26.7%	4	66.7%	2	33.3%
Safe Deposit Boxes	15	50.0%	15	50.0%	4	66.7%	2	33.3%

ESB offers a wide variety of retail products and services, some of which are particularly beneficial to LMI individuals and small businesses. For example, the bank offers a basic banking account, savings accounts, Holiday Club accounts, ATM services, direct deposit of Social Security and payroll checks, tellers' checks and money orders, safe deposit boxes, overdraft checking, NYS Student Loans, Savings Bank Life Insurance, and commercial checking.

Community Development Services: "Outstanding"

The bank is considered a leader in providing community development services in its assessment area.

In 2001, EMC's *Community Lending Team* was restructured in order to generate more residential lending in LMI areas and to LMI individuals. This team was an active participant in mortgage seminars, trade shows, community events, street fairs and branch open houses in an effort to disseminate bank financial product information, assess credit needs, and provide financial education regarding credit. Through EMC, the bank participated in over 50 events meeting with various community, religious, political, and small business organizations including, but not limited to Asian Americans for Equality, Dominican Women's Caucus, Inc., Haitian-American Tri-State Chamber of Commerce, Inc., Harlem Congregation for Community Improvement, Jamalali Uagucha, Inc., Los Sures Local Development Corporation, Neighbors Helping Neighbors, Inc. and South Bronx Overall Economic Development Corp.

Two members of the bank's board of directors sit on the board of *CPC* and offer their financial knowledge to this community organization. Another board member is on the Advisory Board of *NHS*.

In addition, the bank's lending officers provide technical assistance for *NHS's* Multi-Family/Mixed Use Loan Committee. Also, an ESB loan officer provided technical financial assistance to the *South Bronx Overall Economic Development Corporation* for its small business revolving loan fund.

The CRA Officer serves as the Chairperson of the *Scholarship Committee* of the *Bank Scholarship Fund*. Additionally, staff of the bank's retail banking management volunteers on such committee. The bank fully administers the program as well as offering the use of a branch for meetings.

The bank continues to participate in the *Assisted Account Opening* program. In conjunction with the Human Resources Administration of New York City, the bank assists with opening savings accounts and financial management for individuals in substance abuse programs. The individuals must be in good standing with their organization such as *the Adult Service Agency, the Greenpoint Shelter Complex, the Lexington House Employment, and the Manhattan Bowery Corporation*.

Moreover, the bank continues to provide technical support to its corporate partnership with *Big Brothers/Big Sisters*. This program provides a structured opportunity for bank employees to serve as role models and mentors to participating children from a low-income community in New York County.

The bank is a member of the *Community Home Purchase Process Initiative* (“CHIPPI”), which is a consortium of thrift institutions formed to promote educational assistance for mortgage applicants. The consortium was originally called *Long Island Home Purchase Process Initiative* (“LIHPPI”) and targeted declined LMI residential applicants in Nassau and Suffolk counties. Because of inactivity based on a lack of LMI declinations, the organization instead focused on home purchase education and expanded coverage to include Queens and Kings counties. The bank participates in CHIPPI’s activities by offering free educational home buying expositions, which are organized regularly to instruct prospective homebuyers in the mortgage process.

Additionally, as part of its *Affordable Home Ownership* program (under “Innovative and Flexible Lending Practices”), the bank conducts *educational workshops*, which cover all aspects of home finances and home mortgages.

Under the *Fannie Mae Community Home Buyers Program*, the bank provides instructions in, among other things, budget techniques, home ownership planning, the home purchase and closing process, home maintenance, and tax and financial planning. Under the *NY2 - to 4-Unit Mortgage Experiment* product (a product within the Community Home Buyers Program), the bank includes an educational component that deals with landlord financial responsibilities.

ESB established a “*forbearance initiative*” following the “September 11” terrorist attacks. Because many of the bank’s real estate customers in southern New York County had concerns and questions regarding their existing loans, the bank implemented specialized tracking procedures and created loan modification agreements available to affected borrowers. The bank permitted the deferral of certain monthly installments of principal, interest, tax and insurance premium escrow accounts. Additionally, it provided updates to credit reporting agencies with “September 11” commentary, established grace periods for making payments, waived late charges, waived default interest rates and/or stopped associated time periods from commencing. Since the initiative’s inception, 33 borrowers owing over \$9 million in “principal” accessed the bank’s forbearance initiative.

ESB offers a *Basic Banking* account, which is more advantageous to the consumer than is mandated by NYS regulation. The bank actively markets this account with individual fliers and prominent advertising in all branch lobbies. The bank’s basic banking checking account allows up to 12 withdrawals before a fee is incurred, while New York State regulations mandate only eight withdrawals. Emigrant has successfully promoted this account, which is specifically geared to LMI individuals, as over 8,500 accounts are currently open with over \$8.7 million on deposit. At the prior performance evaluation there were 6,150 accounts open

totaling \$5.3 million.

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.

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

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance report prepared concurrent with this assessment indicates satisfactory adherence to antidiscrimination or other applicable laws and regulations. No evidence of prohibited discrimination or other illegal credit practices was noted.

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 the community through ongoing and extensive contacts with a broad range of individuals, community organizations, small businesses, and local, county, and state government leaders.

Branch managers and staff are charged with continual ascertainment of local credit needs. Employees represent the bank in community activities and participate in local events. ESB considers its *Mortgage Referral Program* a major component of the in-house branch effort, as the program was designed to facilitate the bank's 1-4 residential mortgage financing. In addition, ESB has designated "mortgage consultants" who along with branch managers initiate mortgage seminars, information promotions and local advertising campaigns.

The bank's CRA Officer, CRA Assistant, and Community Development Officer maintain active outreach schedules to keep apprised of community-related needs. The ESB Basic Banking Account mentioned previously in this report was amended to be more favorable to the consumer than mandated after bank personnel met with community leaders.

ESB's varied range of current residential mortgage products reflects the bank's ascertainment and response to local credit needs of the community.

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.

ESB has a varied and effective marketing program designed to meet all segments of its community. The bank regularly advertises in mainstream print media such as *The New York Times*, the *Daily News*, *Newsday*, and *Gannett Westchester*. ESB places advertisements on various radio stations including, but not limited to, the following: *WCBS-AM/FM*, *WINS-AM*, *WFAS-FM*, *WALK-AM/FM*, *WFAN-AM*, *WQCD-FM*, *WLTW-FM*, *WHKI/WKJY-AM/FM* and *WOR-AM*. The preceding media outlets are available throughout the bank's assessment area.

The bank targets home ownership credit products to LMI individuals by advertising in the following local community newspapers: *Caribbean-American Trade Connection*, *USA of ACORN*, the *New York Beacon*, the *Amsterdam News*, *Hoy*, *El Diario*, *Noticias Del Mundo*, the *World News*, and the *Brooklyn Skyline*.

Emigrant hosted or participated in mortgage seminars sponsored by various community organizations during the review period. Examples include events organized by Community Development Corporation of Long Island, Inc., Long Island Housing Partnership, Neighborhood Housing Services of New York City, United Neighborhood Housing Program, and Westchester Interfaith Housing Corporation.

The extent of participation by the banking institution's board of directors 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 maintains oversight over all aspects of the bank's CRA program. Members of Executive Management, who sit on the Board, are involved with the daily operations of the bank. In this capacity they review CRA matters regarding new and existing loan products as well as CRA investments.

The bank maintains a formal CRA Department and a standing CRA Committee comprised of officers with Senior Management status, including the President and Chief Executive Officer. The CRA Committee is further composed of managers representing various departments of the bank and mortgage subsidiaries, and meets on a regular basis to oversee compliance and performance under the CRA. At every meeting, one of the two CRA Officers presents a report analyzing ESB's *Affordable Home Ownership Program*, the bank's LMI penetration levels and the community organizations contacted through the bank's outreach program.

In addition to the standing CRA Committee, ESB has initiated and staffed a 1-4 family residential mortgage unit to facilitate affordable housing strategies. The bank maintains a comprehensive CRA Operating Statement, which is approved annually by the Board of Directors. The bank operates its own self-developed CRA Self-Assessment to monitor,

oversee and document the bank's performance in an aggressive effort to improve its CRA effort.

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.

In addition to the community development grants noted above, during the review period, the bank donated \$472.1 thousand in other grants to various charities and associations.

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.

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 nonmetropolitan 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 nonmetropolitan 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 nonmetropolitan 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 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 to LMI geographies or borrowers.

Small Business Loans

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