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, 2002

Institution: Long Island Commercial Bank
One Suffolk Square
1601 Veterans Memorial Highway
Islandia, NY 11749

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Long Island Commercial Bank ("LICB") 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, 2002.

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.

Part 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 Part 76.7 and detailed in Parts 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

Long Island Commercial Bank is rated "2," indicating a satisfactory record of helping to meet community credit needs. This rating is based on the following factors:

Lending Test - "High Satisfactory"

- *Lending Activity:* The bank's lending volume level of small business loans reflects adequate responsiveness to its assessment area credit needs.

- *Assessment Area Concentration:* The bank made a substantial majority of its small business loans in its assessment area.

- *Geographic Distribution of Loans:* The geographic distribution of LICB's small business loans reflects good penetration throughout the assessment area. The bank's LMI penetration rates for the number and dollar volume of small business loans in the assessment area were comparable to the aggregate.

  In 2001, the bank's LMI penetration ratio by number (24.7%) was well above the aggregate's 11.2%, and by dollar amount (11.6%) and was comparable with the aggregate ratio of 11%. In 2002, the bank's LMI penetration ratio by number (20.3%) was higher than the aggregate's 18.8%. However, by dollar volume (10.5%), it was below the aggregate ratio of 18.3%.

- *Borrowers' Characteristics:* The bank had a good penetration of small business loans among small businesses of different revenue levels in its assessment area. In 2001, the bank originated 95 (65.1%) small business loans totaling $7.9 million (46.7%) to small businesses. These ratios were above the aggregate ratios of 41.2% and 36.3%, respectively.

  In 2002, the bank's originated 61 (47.7%) small business loans totaling $6.5 million (31.6%) to small businesses, which exceeded the aggregate's ratio of 32% based on the number of loans, but was below the aggregate's ratio of 36% based on dollar volume.

- *Community Development Lending:* The bank made a relatively high level of community development loans, reflecting a good responsiveness to the credit and community development needs of its assessment area. At the evaluation date, the bank's community development lending totaled $1.7 million, of which $1.4 million (82.4%) is deemed new money.

- *Innovative and/or Flexible Lending Practices:* The bank used innovative or flexible lending practices to serve the credit needs of its assessment area.

<u>Investment Test</u> - "High Satisfactory"

- LICB had an excellent level of qualified community development investments and grants. The bank had qualified community development investments and grants totaling $5.1 million of which $4.6 million (90.2%) is deemed new money.

<u>Service Test</u> - "High Satisfactory"

- The bank's delivery system is accessible to essentially all portions of the assessment area, particularly to LMI geographies. LICB has 11 branches, of which two (18.2%) are located in moderate-income tracts, seven (63.6%) in middle-, and two (18.2%) in upper-income tracts.

- LICB opened five branches during the evaluation period, including one located in a moderate-income census tract. The bank has not closed a branch since the prior evaluation.

- The branches' business hours are reasonable and do not vary in a way that inconvenience certain portions of the communities in which the bank operates.

- LICB provides an adequate level of community development services. Bank management and other staff worked with local not-for-profit organizations that provided community-based services or promoted economic development opportunities for small businesses within the assessment area.

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

PERFORMANCE CONTEXT

Institution's Profile:

Chartered in 1989, LICB is a New York State chartered, non-member commercial bank located in Islandia, Suffolk County. Including its main office, LICB operates 11 full-service banking offices as of year-end 2002. The offices are located in Nassau, western Suffolk and Kings Counties. In 1999, the bank was reorganized under a Bank Holding Company format and became a wholly owned subsidiary of Long Island Financial Corporation.

LICB is an independent local bank which offers a broad range of commercial and consumer banking services, including loans to and deposit accounts for small and medium sized businesses, professionals, high net worth individuals and consumers. The services and products include residential and commercial lending, savings products, extended banking hours, 24-hour Automated Teller Machines ("ATMs"), night drop depository boxes, PC banking and 24-hour telephone banking. In 1998, the bank established a residential mortgage division, which acts as a mortgage banker with originated loans and the related servicing rights sold to institutional investors.

Financial Profile

As of December 31, 2002, LICB reported total assets of $491.7 million of which $232.1 million (47.2%) were investments and $214.2 million (43.6%) were loans. Total deposits reported as of the same date were $405.9 million and equity capital was $27.5 million. LICB's operations were profitable.

The following table summarizes the composition of the bank's loan portfolio at December 31, 2000, 2001 and 2002. The bank's loan portfolio grew 59.1% from year-end 2000 to year-end 2002. The table shows an emphasis on commercial real estate mortgages followed by commercial and industrial loans.

Loan Portfolio Composition*						
	12/31/2000		12/31/2001		12/31/2002	
Loan Type	$ ('000)	%	$ ('000)	%	$ ('000)	%
Residential Mortgages	1,043	0.8	1,721	1.0	2,712	1.2
Commercial Real Estate	90,591	66.0	111,299	62.0	125,283	57.3
Construction Loans	2,357	1.7	3,197	1.8	5,713	2.6
Loans to Individuals	1,571	1.1	1,685	0.9	1,464	0.7
Obligations of states and political subdivisions	2,512	1.8	5,821	3.2	5,655	2.6
Commercial & Industrial	31,075	22.6	34,823	19.4	42,287	19.4
Lease Financing Receivables	2,302	1.7	16,044	8.9	30,792	14.1
Other Loans	5,890	4.3	4,854	2.8	4,589	2.1
Total Gross Loans	**137,341**	**100.0**	**179,444**	**100.0**	**218,495**	**100.0**

Source: * FDIC Call Report.

Detailed in the table below is the bank's market share of deposits as of June 30, 2002. LICB had a market share of 0.37% of deposits held by institutions its assessment area.

Assessment Area Deposits and Market Share of Deposits by County As of June 30, 2002				
County	Deposits $('000's)	Percent in Assessment Area	Deposits as Percent of County Total	Deposit Ranking in County
Nassau	34,778	10.5%	0.09%	23rd of 30
Suffolk	297,638	89.5%	1.20%	17th of 26
Kings*	0	0	0	NA
Assessment Area	**332,416**	**100.0**	**0.37%**	**24th of 52**

* The Kings County branch was established in August 2002.

Bank's Subsidiary

Long Island Commercial Capital Corporation, a wholly owned subsidiary, was established in April 1999 as a Real Estate Investment Trust ("REIT") for investing in mortgage related assets.

Prior Performance Evaluation

The bank received a rating of "2" at its previous Performance Evaluation as of September 30, 2000 by the New York State Banking Department, reflecting satisfactory performance in helping to meet the credit needs of its community.

There were neither legal nor financial impediments noted that would adversely impact the bank's ability to meet the credit needs of its community.

Assessment Area:

LICB's assessment area for 2001 comprised the five western townships of Suffolk County, namely Babylon, Brookhaven, Huntington, Islip and Smithtown, and the entire county of Nassau, which was the same as at the prior evaluation. However, for 2002, the assessment area was expanded to include all of Kings County. Nassau and western Suffolk counties are part of Metropolitan Statistical Area ("MSA") 5380 (Nassau/Suffolk), and Kings County is part of MSA 5600 (New York).

Census Tracts: The assessment area has 1,343 census tracts including 117 low-income tracts (8.7%), 271 moderate- (20.2%), 675 middle- (50.3%) and 252 upper-income tracts (18.8%). There are also 28 zero-income tracts (2.1%). The following chart provides a summary of the census tracts within the assessment area:

Distribution of Census Tracts in the Assessment Area						
County	Zero-Income Tracts	Low-Income Tracts	Moderate-Income Tracts	Middle-Income Tracts	Upper-Income Tracts	Total Census Tracts
Kings	19	114	207	302	147	789
Nassau	3	1	20	180	66	270
Suffolk	6	2	44	193	39	284
Total	**28**	**117**	**271**	**675**	**252**	**1,343**

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

Demographic and Economic Data of the Assessment Area as a Whole[1]

This information includes population, the dispersion of households or families throughout the area, the reported income level of these households, unemployment data and other demographic information. Statistics utilized in this evaluation were derived from various sources. Demographic data is from the 1990 U.S. Census, along with the United States Department of Housing and Urban Development's ("HUD's") 2002 estimated median family income data.

Population: In 1990, according to the U.S. Census Bureau, the assessment area had a population of approximately 4.8 million, of which about 0.6 million (12.3%) were over the age of 65 and about 1.1 million (22%) were under the age of 16.

Families/Households: In 1990, there were approximately 1.2 million families in the assessment area, of which 287.2 thousand (23.5%) were low-income families, 225 thousand (18.4%) were moderate-income, 281.3 thousand (23%) were middle-income and 430.9 thousand (35.2%) were upper-income families. Of the 512.3 thousand LMI families, 219.2 thousand (42.8%) lived in LMI tracts and these families accounted for 63.8% of all the families (343.4 thousand) that lived in the LMI areas. There were about 1.6 million households in the assessment area, of which 213.9 thousand (13%) had incomes below the poverty level.

Housing Units: There were 1.7 million housing units in the assessment area, of which 1.2 million (68%) were 1-4 family units and 530.5 thousand (31%) were multifamily units. Approximately 870 thousand (50%) of the housing units were owner-occupied, of which 118 thousand (13.6%) were in LMI tracts. About 771.5 thousand (45%) were rental occupied units and 87.4 thousand of the units (5.1%) were vacant and/or boarded up. In 1990, the weighted average median housing value was $194 thousand and the weighted average median age of the housing was 39 years.

The following chart illustrates selected housing characteristics by income level of census tracts within the bank's assessment area:

[1] Please note that while percentage figures are based on exact numbers, absolute numbers pertaining to population and housing characteristics that are listed in the report have been rounded to the nearest decimal point.

Selected Housing Characteristics by Income Level of Census Tracts in the Assessment Area*									
	Percentage						Median		
Tract Income Level	Census Tracts	House-holds	Housing Units	Owner-Occupied	Renter-Occupied	Vacant Units	Age	Home Value	Gross Rent
Low	8.7	7.4	7.4	1.3	14.1	8.4	38	$80,475	$328
Moderate	20.2	21.5	21.8	12.4	31.8	29.3	40	$153,541	$506
Middle	50.3	54.5	54.3	64.3	43.8	46.1	38	$189,836	$597
Upper	18.7	16.6	16.5	22.1	10.3	16.2	39	$311,795	$649
NA	2.1	0.0	0.0	0.0	0.0	0.0	46	$0	$502
Total	100.0	100.0	100.0	100.0	100.0	100.0	39	$194,018	$536

* Source: 1990 U.S. Census Data

Median Family Income: In 1990, the weighted average median family income for the assessment area was $46.8 thousand and the weighted average of MSA median family income was $45.4 thousand. In 2002, the weighted average of MSA updated median family income reported by HUD was $71.1 thousand.

Business Demographic Data: According to a Dun and Bradstreet survey, in 2002 there were 320.2 thousand businesses, including 3.7 thousand (1.2%) farm business in the bank's assessment area. Of all the businesses, 204.2 thousand (63.8%) had revenues of $1 million or less, 19.2 thousand (6%) had revenues of more than $1 million and 96.8 thousand (30.2%) were businesses for which no revenues were reported. Of all the businesses in the area, 167.5 thousand (52.3%) had fewer than five employees and 295.3 thousand (92.2%) operated from a single location. Of all the firms, 100.7 thousand (31.5%) were service providers, 51.5 thousand (16.1%) were in the retail trade, 21.4 thousand (6.7%) were in construction, 23.3 thousand (7.3%) were in finance, insurance and real estate and 15.7 thousand (4.9%) were in the wholesale trade.

Demographic and Economic Data of the Assessment Area by County

The following is a listing of the attached demographic charts, which provide additional demographic and economic information related to the bank's assessment area:

Chart 1: LICB Assessment Area Population and Income Characteristics by County
Chart 2: LICB Assessment Area Housing Characteristics by County
Chart 3: LICB Assessment Area Business Demographics by County

CHART # 1

LONG ISLAND COMMERCIAL BANK - CRA EVALUATION AS OF 12/31/02
ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY

COUNTY	Total Population	Age 65 and over		Age 15 and less		Median Family Income(MFI)	HUD MSA MFI	# of Households	# of HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
NASSAU	1,287,348	182,605	14.2	247,574	19.2	63,584	83,000	431,148	17,992	4.2	346,790	51,125	14.7	60,846	17.5	86,885	25.1	147,934	42.7	14,508	12.9
SUFFOLK *	1,215,349	119,271	9.8	268,884	22.1	55,720	83,000	381,713	17,837	4.7	314,388	53,636	17.1	65,078	20.7	87,799	27.9	107,875	34.3	29,322	24.7
KINGS	2,300,664	286,911	12.5	539,743	23.5	31,470	62,800	827,679	178,077	21.5	563,283	182,474	32.4	99,106	17.6	106,575	18.9	175,128	31.1	175,382	62.3
TOTAL A/A**	4,803,361	588,787	12.3	1,056,201	21.99	46,792	71,133	1,640,540	213,906	13.0	1,224,461	287,235	23.5	225,030	18.4	281,259	23.0	430,937	35.2	219,212	42.8

*** Partial county**

**** Assessment area**

CHART # 2

LONG ISLAND COMMERCIAL BANK - CRA EVALUATION AS OF 12/31/02
ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY

COUNTY	Total Housing Units	1-4 family Units		Multifamily Units		Owner-Occupied Units (O-O)		O-O Units in Low-income Tracts		O-O Units in Mod-income Tracts		O-O Units in Midd-income Tracts		O-O Units in Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
NASSAU	446,292	394,176	88.3	46,887	10.5	347,159	77.8	0	0.0	17,994	5.2	243,267	70.1	85,898	24.7	87,982	19.7	15,099	3.4
SUFFOLK *	404,505	369,979	91.5	27,835	6.9	306,993	75.9	307	0.1	44,821	14.6	214,250	69.8	47,615	15.5	79,788	19.7	23,482	5.8
KINGS	873,671	404,725	46.3	455,748	52.2	215,843	24.7	10,833	5.0	44,691	20.7	101,825	47.2	58,494	27.1	637,074	72.9	48,856	5.6
TOTAL A/A**	1,724,468	1,168,880	67.8	530,470	30.8	869,995	50.5	11,140	1.3	107,506	12.4	559,342	64.3	192,007	22.1	804,844	46.7	87,437	5.1

*** Partial county**

**** Assessment area**

CHART # 3

LONG ISLAND COMMERCIAL BANK - CRA EVALUATION AS OF 12/31/02 BUSINESS DEMOGRAPHICS BY COUNTY											
COUNTY	Number of Businesses	Businesses with Rev. of $1 million or less		Businesses with Rev. of more than $1 million		Bussinesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
NASSAU	118,048	73,183	62.0	7,202	6.1	37,663	31.9	77,567	65.7	108,665	92.1
SUFFOLK *	102,482	66,691	65.1	6,743	6.6	29,048	28.3	70,805	69.1	93,751	91.5
KINGS	99,639	64,334	64.6	5,257	5.3	30,048	30.2	68,835	69.1	92,867	93.2
TOTAL A/A **	320,169	204,208	63.8	19,202	6.0	96,759	30.2	217,207	67.8	295,283	92.2

*** Partial county**

**** Assessment area**

PERFORMANCE TESTS AND ASSESSMENT FACTORS

This is the first CRA evaluation of LICB conducted using large bank evaluation criteria, which entails a review of LICB's lending, investment and service activities within its assessment area, as provided for in parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board.

The evaluation is for the years 2001 and 2002. Statistics utilized in this evaluation were derived from various sources. In addition to loan information submitted by the bank, aggregate data for small business loans was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCI Services, Inc. CRA Wiz©, an external vendor.

The bank sells all its HMDA-reportable loans in the secondary market. Therefore, only its small business loans were considered in this evaluation, with one exception. Innovative or flexible features of HMDA-reportable loans were considered. The bank's small business lending performance was compared to that of the aggregate, encompassing all lenders that reported such loans within the bank's assessment area.

I. Lending Test: "High Satisfactory"

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

Lending Activity: "Low Satisfactory"

The bank's volume of small business loans reflects adequate responsiveness to assessment area credit needs.

Based on the number of loans, LICB's small business lending activity reflected a decreasing trend. The bank's 2002 loan level declined notably by 22% (40 loans) from the 2000 level. Refer to the table below for details (the figures for 2000 are shown only for comparison purposes):

LICB Assessment Area	2000		2001		2002	
	#	$ (000's)	#	$ (000's)	#	$ (000's)
Small Business Loans	168	21,919	146	16,824	128	20,613

According to the "Lender Market Share Report," based upon the number and volume of small business loans in 2000, LICB ranked 26th by number (0.24% market share), and 18th by dollar volume (1.03% market share). In 2002, the corresponding percentages declined to 0.10% and 0.66% and the bank's respective rankings were 29th and 25th. Refer to the table below for details.

LICB Assessment Area Lender Market Share*								
			# Count			$ (000's)		
Year	Type of Loan	All Lenders	Rank	Count	%Market Share	Rank	$	% Market Share
2000	Small Business	139	26	168	0.24	18	21,919	1.03
2001	Small Business	145	25	154	0.20	23	17,451	0.80
2002	Small Business	165	29	131	0.10	25	21,900	0.66

* 2000 & 2001 includes whole counties of Nassau and Suffolk.
2002 includes whole counties of Nassau, Suffolk and Kings.

In August 2002, the bank opened a branch in Kings County and expanded its assessment area to include Kings County in its entirety. However, the bank did not make any loans within this county during the evaluation period. This can be attributed to the bank's newly established presence in this county and competition from major money center, regional and local community banks.

LICB made a substantial majority of its small business loans in Suffolk County, with the balance in Nassau County. The table below shows the bank's distribution of small business loans by county in years 2001 and 2002. Refer to Exhibits 5-1 and 5-2 titled "Small Business Lending" for details.

Percentage of Small Business Lending by County					
County	% Deposits in A/A as of 06/30/02	12/31/2001		12/31/2002	
		% Number	% Dollar	% Number	% Dollar
Kings	0	0	0	0	0
Nassau	10.5	6.2	17.3	10.2	13.5
Suffolk	89.5	93.8	82.7	89.8	86.5

Assessment Area Lending: "Outstanding"

As illustrated in the table below, the bank made a substantial majority, both in number and dollar volume, of its small business loans in its assessment area for each year of the evaluation period.

Distribution of Small Business Loans Inside and Outside of A/A*										
Year	**Number of Loans**					**Dollars (000's)**				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	$	%	$	%	$
2001	146	93.0	11	7.0	157	16,824	93.3	1,207	6.7	18,031
2002	128	94.1	8	5.9	136	20,613	89.7	2,362	10.3	22,975
Total	**274**	**93.5**	**19**	**6.5**	**293**	**37,437**	**91.3**	**3,569**	**8.7**	**41,006**

* Assessment Area

Geographic Distribution: "High Satisfactory"

The geographic distribution of LICB's small business loans reflects good penetration throughout the assessment area. This analysis is based on comparisons of the bank's performance to the aggregate and to the business demographic profile of the assessment area.

The bank's LMI penetration rates for both the number and dollar volume of small business loans compared favorably to those achieved by the aggregate. For the year 2002, LICB included all of Kings County in its assessment area but made no loans in the county. This had a negative impact on the bank's LMI penetration ratios since Kings County had 321 LMI census tracts whereas Nassau County and the portion of Suffolk County included in the assessment area had 67 LMI census tracts.

Refer to Exhibits 5-1 and 5-2 titled "Small Business Lending" for the loan data used to evaluate the geographic distribution of LICB's small business loan originations.

In 2001, LICB originated 146 small business loans totaling $16.8 million, of which 36 loans (24.7%) totaling $2 million (11.6%) were extended in moderate-income geographies. The bank's LMI penetration ratio by number was well above the aggregate's 11.2% ratio, and by dollar volume, it was comparable with the aggregates ratio of 11%.

In 2002, LICB originated 128 small business loans totaling $20.6 million, of which 26 loans (20.3%) totaling $2.2 million (10.5%) were extended in moderate-income geographies. The LMI ratio by number was higher than the aggregate's 18.8%; however, by dollar volume, it was below the aggregate's ratio of 18.3%.

A/A* Distribution of Small Business Loans by Income Level of Census Tracts								
Census Tract Income Level	**Bank's 2001 %**		**Aggregate's 2001 %**		**Bank's 2002 %**		**Aggregate's 2002 %**	
	#	$	#	$	#	$	#	$
Low	0.0	0.0	0.1	0.2	0.0	0.0	3.2	3.7
Moderate	24.7	11.6	11.1	10.8	20.3	10.5	15.6	14.6
LMI Total	**24.7**	**11.6**	**11.2**	**11.0**	**20.3**	**10.5**	**18.8**	**18.3**
Middle	62.3	72.0	65.9	63.9	71.9	75.7	59.4	57.7
Upper	13.0	16.4	22.9	25.1	7.8	13.8	20.9	22.4
N/A	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.7

* Assessment Area

Borrower Characteristics: "High Satisfactory"

LICB had a good penetration of small business loans among businesses of different revenue levels in its assessment area.

Refer to Exhibits 5-1 and 5-2 titled "Small Business Lending" for the loan data and Chart 3 "Business Demographics by County" in the performance context for the information used to

evaluate the borrower characteristics of the bank's small business loan originations.

In 2001, LICB originated 95 (65.1%) small business loans totaling $7.9 million (46.7%) to businesses with gross annual revenues of $1 million or less. These ratios were well above the corresponding aggregate ratios of 41.2% and 36.3%.

In 2002, LICB originated 61 (47.7%) small business loans totaling $6.5 million (31.6%) to small businesses in its assessment area. The bank's penetration ratio exceeded the aggregate ratio of 32% by number, but was below the aggregate's 36% by dollar volume.

Proportion of Small Business Loans Made to Small Businesses				
Year	Bank		Aggregate	
	Number	Dollar	Number	Dollar
	%	%	%	%
2001	65.1	46.7	41.2	36.3
2002	47.7	31.6	32.0	36.0

LICB's percentage of loans made to small businesses with annual revenues of $1 million or less was comparable with the percentage of business demographics in this category. In its assessment area, the percentage of businesses with annual revenues of $1 million or less was 63.8%. The bank's performance in 2001, 65.1% based on the number of loans, was in line with the demographic percentage. In 2002, the bank's percentage of 47.7% was below the demographic percentage.

In 2001, LICB was below the aggregate in making loans in amounts of $100 thousand or less ("LS1"). The bank made 71.2% of its small business loans in the LS1 category, almost 26% below the aggregate's 95.6%. In 2002, LICB's LS1 ratio declined to 60.9% and was well below the aggregate's ratio of 96.1%. It should be noted that the average size of the small business loans made by the three largest lenders in the bank's assessment area with a combined market share of 48.2% in 2001 and 48.3% in 2002 was less than $100 thousand. This substantially increased the aggregate's LS1 category percentage. LICB had an average loan size of $113 thousand in 2001 and $167 thousand in 2002.

Distribution of Small Business Loans by Loan Size				
Loan Size ($000's)	2001		2002	
	Bank	Aggregate	Bank	Aggregate
	%	%	%	%
<=$100	71.2	95.6	60.9	96.1
> $100 <=$250	17.8	2.3	23.4	2.2
> $250<=$1,000	10.9	2.1	15.6	1.7

Community Development Loans: "High Satisfactory"

LICB made a relatively high level of community development loans, reflecting a good responsiveness to the credit and community development needs of its assessment area. At the evaluation date, the bank's community development lending totaled $1.7 million, of

which $1.4 million (82.4%) is deemed new money.

Approximately $849 thousand, or about 50%, of the community development lending was to organizations providing community services, and another $850 thousand (50%) was to an organization supporting economic development. For further details, refer to the chart below.

Community Development Lending Summary ($ in thousands)									
	Community Services			**Economic Development**			**Total**		
	Commitments		New Money	Commitments		New Money	Commitments		New Money
Loan Type	#	$		#	$		#	$	
Term Loan	2	749	439				2	749	439
Line of Credit	1	100	100	2	850	850	3	950	950
Total	**3**	**849**	**539**	**2**	**850**	**850**	**5**	**1,699**	**1,389**

Following are brief descriptions of the bank's community development lending initiatives originated since the prior evaluation:

- LICB provided an unsecured line of credit totaling $425 thousand, renewed annually, to the New York Business Development Corporation ("NYBDC"), a privately owned and managed corporation created by New York State statute. The NYBDC is funded by 156 commercial and savings banks under lines of credit that are utilized to provide a broad range of financing to small and mid-sized businesses in New York State. This corporation works in conjunction with other state agencies such as the Urban Development Corporation, Job Development Authority and the Department of Economic Development. This commitment supports multi-county economic development.

- In August 2002, the bank approved a $100 thousand revolving line of credit to a not-for-profit organization in Suffolk County. This organization provides services for victims of domestic violence.

- In June 2001, LICB originated a $439 thousand commercial mortgage loan to a not-for-profit organization. Established in 1977, this organization was the first community residence program serving emotionally disabled adults on Long Island. The loan proceeds were used to refinance an outstanding mortgage on the organization's headquarters.

Innovative or Flexible Lending Practices: "High Satisfactory"

The bank uses innovative or flexible lending practices to serve the credit needs of its assessment area. The bank's flexible lending programs are designed to help LMI individuals with affordable financing for home ownership and to help meet the credit needs of small businesses.

The bank's participation in governmentally insured, guaranteed or subsidized loan

programs includes New York State Linked Deposit Program ("LDP"), Small Business Administration ("SBA") Loan Programs and the State of New York Mortgage Agency ("SONYMA") Homebuyer Program. A summary and brief description of these programs follows:

Innovative/Flexible Mortgage and Small Business Loans Originated 01/01/01 –12/31/02		
Loan Type	**Number of Loans**	**$ (000's)**
LDP	1	550
SBA 7(a)	2	1,580
SBA 504	7	3,762
SONYMA	41	6,123
Total	51	12,015

LDP – This program provides small businesses with access to lower-interest loans for eligible projects that stimulate retention of existing jobs and/or create new jobs. With interest rates subsidized by reduced-interest rates on New York State deposits in participating banks, eligible businesses can receive loans that are two or three percentage points lower than the prevailing interest rates.

SBA 7(a) Guarantee Loan Program – Under its 7(a) program, the SBA provides lenders with up to an 80% guarantee for small business loans of less than $100 thousand and up to 75% for loans of $100 thousand or more, up to a maximum guaranty of $750 thousand. Proceeds may be used for business expansion or renovation; new facility construction; purchase of buildings, equipment and fixtures; leasehold improvements; working capital; seasonal lines of credit and inventory.

SBA 504 Certified Development Company Loan Program – Under its 504 program, the SBA provides a guarantee of up to 40% (for a maximum guaranty of $1 million) on long-term fixed asset loans to small businesses that are made through SBA-licensed nonprofit development companies ("CDC"). Typically, a 504 project includes a loan secured with a senior lien from a private sector lender covering up to 50% of the project cost, a second loan with a junior lien from a CDC covering up to 40% of the cost and a contribution of at least 10% equity by the borrower.

SONYMA **–** The bank is an approved lender under the SONYMA low-interest rate program, providing qualified LMI households with mortgages on 1-4 family dwellings, cooperatives and condominiums at fixed interest rates that are below prevailing conventional rates.

II. <u>Investment Test</u>: "High Satisfactory"

This test evaluates the bank's record of helping to meet the needs of its assessment area through qualified investments. Qualified investments are evaluated based on their dollar volume, their innovation or complexity, their responsiveness to community development needs, and the degree to which these investments are not routinely provided by private investors.

For the evaluation period, LICB had an excellent level of qualified community development investments and grants, but was rarely in a leadership position, particularly for those investments not routinely provided by private investors. The bank provided qualified community development investments and grants totaling $5.1 million of which $4.6 million (90.2%) is deemed new money. Following is a brief description of the new investments for this evaluation period:

- *Targeted Mortgage-Backed Securities ("MBS")* – In May 2002, LICB invested $4.5 million in Federal National Mortgage Agency ("FNMA") and Federal Home Loan Mortgage Corporation ("FHLMC"), mortgage-backed securities containing mortgages on 27 residential units whose owners are LMI individuals.

- *Federal Home Loan Bank of New York's ("FHLBNY") Affordable Housing Program* – The FHLBNY funds this program through a 10% set aside of its annual income. LICB's pro-rata share of this set aside, which is based upon its percentage of ownership, was $34.5 thousand for 2001 and $21.9 thousand for 2002.

- *Grants* – During the evaluation period, the bank provided qualified grants totaling $55.8 thousand that went to a variety of organizations involved in developing affordable housing, enhancing economic development and delivering community services.

The following chart summarizes the types and amounts of qualified investment activity.

Qualified Investments $ (000's)		
Type	Amount	New Money
Targeted Mortgage-Backed Securities	5,021	4,453
Qualified Grants	112	112
Total Qualified Investments	5,133	4,565

III. Service Test: "High Satisfactory"

The service test evaluates the bank's record of helping to meet the credit needs of its assessment area 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 Banking Services: "High Satisfactory"

Accessibility of Delivery Systems

The bank's delivery system is accessible to essentially all portions of the assessment area, particularly to LMI geographies. LICB has 11 branches, of which two (18.2%) are located in moderate-income census tracts, seven (63.6%) in middle- and two (18.2%) in upper-income tracts. There are no branches located in low-income census tracts. Of the nine

branches located in non-LMI tracts, one is located in an area that is adjacent to an LMI tract. As a result, three (27.3%) of the bank's branches are located in or adjacent to LMI census tracts. LICB has nine on-site automated teller machines ("ATMs"), of which two (22.2%) are located in moderate-income geographies and one is located adjacent to an LMI area.

The following chart shows the distribution of branches in the assessment area by county, by moderate-income census tracts and by areas adjacent to LMI geographies.

LICB Branch Location by County and Census Tract as of December 31, 2002						
County	Moderate-Income	Middle-Income	Upper-Income	Total Branches	% Per County	Adj. to LMI Tracts
Kings		1		1	9.1%	
Nassau		1	1	2	18.2%	
Suffolk	2	5	1	8	72.7%	1
Total	**2**	**7**	**2**	**11**	100.0%	**1**
% Per Tract Income Level	18.2%	63.6%	18.2%	100.0%		9.1%

Changes in Branch locations

The bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery system, particularly in LMI geographies or to LMI individuals. LICB opened five branches during the evaluation period, of which one was located in a moderate-income census tract, three in middle-income census tracts and one in an upper-income census tract. The bank has not closed a branch since the prior evaluation.

Business Hours and Services

The branches' regular business hours do not vary in a way that inconveniences certain portions of the communities in which the bank operates. General weekday banking hours start at 9:00 AM and end at 5:00 PM. One branch has extended evening hours until 7:00 PM one night per week. Saturday hours are available at four branches from either 9:00 AM to 12:00 PM, or 9:00 AM to 1:00 PM. In addition, most branch locations offer night drop services. LICB offers the following alternative delivery systems:

Xpress Online Banking

The bank offers online banking titled "Xpress Online" that links customers from any PC with Internet access to current information on all eligible LICB accounts. Using this service, bank customers can review their accounts, transfer money and pay bills electronically. In addition to the standard Internet banking options, customers may be eligible to utilize cash management services, such as ACH payroll and wire transfers through Xpress Online Banking.

Xpress Telephone Banking

LICB has 24-hour, seven days a week, automated telephone banking that allows a customer to obtain current account information, transfer funds, order checks and stop payments.

Xpress E-Statements

An "E-Statement" is an electronic statement delivery method that sends customers their monthly statements directly to predetermined email addresses. LICB also offers customers the opportunity to receive their monthly account statement in the form of a CD-ROM.

Community Development Services: "Low Satisfactory"

LICB provides an adequate level of community development services. Bank management and other staff worked with local not-for-profit organizations that provided community-based services or promoted economic development opportunities for small businesses within the assessment area. The efforts are summarized below:

- The bank's senior managers and officers were involved with several entities, serving as board members and in various other capacities. These individuals provided technical assistance or financial advice to organizations with community development missions including: Suffolk County Coalition Against Domestic Violence, Transitional Services of New York for Long Island, Inc., Child Care Council of Suffolk, Inc., United Way, Long Island Development Corp., the Salvation Army and Habitat for Humanity.

- LICB sponsored or participated in seminars for small businesses, mental illness awareness, SBA lending and business financing and small business lending. These seminars were conducted throughout the evaluation period and were held at the bank's branches or various community locations.

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.

None noted.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance report indicates a satisfactory performance in terms of adherence to anti-discrimination or other applicable laws and regulations. No evidence of prohibited discrimination or other illegal credit practices were 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's management ascertains the credit needs of its community through contacts with civic, community and religious organizations. Representatives of LICB meet, from time to time, with these organizations to discuss ways that it can better respond to community needs.

The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.

LICB's advertising and marketing efforts focus on small business lending, commercial loans and related banking services. Media used includes newspapers, radio and direct mail. Newspapers used include local neighborhood newspapers and industrial and charitable publications. The bank has also developed a website, which includes descriptions of consumer loan and mortgage products.

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.

Participation by the board of directors in the formulation of the bank's CRA policy consists of an annual review and approval of the bank's CRA Statement. LICB does not have a CRA committee. The CRA officer prepares reviews of the bank 's CRA activities and reports them to the executive officer and CFO, who, in turn, reports such activities to the board of directors.

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.

LICB is actively involved in local community activities and is supportive of local community organizations engaged in education, health care, religious, civic and other non-profit purposes. The bank contributed $117 thousand to such organizations in 2002.

SMALL BUSINESS LENDING

YEAR 2001

County	Geography Income Level	Small Business Loans[1]								% of Loans by Loan Size[2]						Loans to Small Businesses[3]							
		Bank				Aggregate				Bank			Aggregate			Bank		Bank		Aggreg.		Aggreg.	
% of Bank Total #		#	%	$000's	%	#	%	$000's	%	LS1	LS2	LS3	LS1	LS2	LS3	#	% of SBLs	$	% of SBLs	#	% of SBLs	$	% of SBLs
Nassau	low	0	0.0	0.00	0.0	1	0.0	241	0.0														
	moderate	1	11.1	310.00	10.6	2,627	7.3	75,466	7.6														
	middle	5	55.6	1,330.00	45.6	22,813	63.4	571,961	57.6														
	upper	3	33.3	1,276.00	43.8	10,530	29.3	345,683	34.8														
	zero & NAs	0	0.0	0.00	0.0	0	0.0	0	0.0														
6.2	**total**	**9**	100.0	**2,916**	100.0	**35,971**	100.0	**993,351**	100.0	**22.2**	**33.3**	**44.4**	**95.7**	**2.3**	**2.0**	**6**	**66.7**	**2,336**	**80.1**	**15,209**	**42.3**	**367,108**	**37.0**
Suffolk*	low	0	0.0	0	0.0	76	0.2	2,858	0.3														
	moderate	35	25.5	1,647	11.8	5,272	15.0	138,946	14.0														
	middle	86	62.8	10,777	77.5	24,072	68.4	698,102	70.2														
	upper	16	11.7	1,484	10.7	5,766	16.4	154,045	15.5														
	zero & NAs	0	0.0	0	0.0	12	0.0	400	0.0														
93.8	**total**	**137**	100.0	**13,908**	100.0	**35,198**	100.0	**994,351**	100.0	**74.5**	**16.8**	**8.7**	**95.4**	**2.4**	**2.2**	**89**	**65.0**	**5,520**	**39.7**	**14,124**	**40.1**	**354,747**	**35.7**
A/A TOTAL	low	0	0.0	0	0.0	77	0.1	3,099	0.2														
	moderate	36	24.7	1,957	11.6	7,899	11.1	214,412	10.8														
	middle	91	62.3	12,107	72.0	46,885	65.9	1,270,063	63.9														
	upper	19	13.0	2,760	16.4	16,296	22.9	499,728	25.1														
	zero & NAs	0	0.0	0	0.0	12	0.0	400	0.0														
100.0	**total**	**146**	100.0	**16,824**	100.0	**71,169**	100.0	**1,987,702**	100.0	**71.2**	**17.8**	**10.9**	**95.6**	**2.3**	**2.1**	**95**	**65.1**	**7,856**	**46.7**	**29,333**	**41.2**	**721,855**	**36.3**

* Partial county.

[1] Loans included in "loans to small businesses" as defined in call report instructions, generally consisting of business loans with original amounts of $1 million or less.

[2] Loan size categories: LS1 means up to $100 thousand; LS2 means more than $100 thousand and up to $250 thousand; and LS3 means more than $250 thousand.

[3] Small business loans to entities with gross annual revenues of $1 million or less.

Sources of data: Bank (assessment area); FFIEC (aggregate lending); 1990 Census (geography income levels); and Dun & Bradstreet (small business entities).

SMALL BUSINESS LENDING

YEAR 2002

County	Geography	Small Business Loans[1]								% of Loans by Loan Size[2]						Loans to Small Businesses[3]							
	Income	Bank				Aggregate				Bank			Aggregate			Bank	% of	Bank	% of	Aggreg.	% of	Aggreg.	% of
% of Bank Total #	Level	#	%	$000's	%	#	%	$000's	%	LS1	LS2	LS3	LS1	LS2	LS3	#	SBLs	$	SBLs	#	SBLs	$	SBLs
Nassau	low	0	0.0	0	0.0	1	0.0	122	0.0														
	moderate	1	7.7	350	12.6	3,044	7.2	87,318	7.6														
	middle	12	92.3	2,433	87.4	27,273	64.5	686,931	59.4														
	upper	0	0.0	0	0.0	11,973	28.3	381,353	33.0														
	zero & NAs	0	0.0	0	0.0	3	0.0	17	0.0														
10.2	**total**	**13**	100.0	**2,783**	100.0	**42,294**	100.0	**1,155,741**	100.0	**46.2**	**30.8**	**23.1**	**95.8**	**2.3**	**1.9**	**2**	**15.4**	**207**	**7.4**	**14,007**	**33.1**	**404,952**	**35.0**
Suffolk*	low	0	0.0	0	0.0	63	0.2	3,247	0.3														
	moderate	25	21.7	1,823	10.2	6,121	14.8	162,112	14.2														
	middle	80	69.6	13,165	73.8	28,238	68.4	788,202	68.8														
	upper	10	8.7	2,842	15.9	6,831	16.6	191,177	16.7														
	zero & NAs	0	0.0	0	0.0	20	0.0	371	0.0														
89.8	**total**	**115**	100.0	**17,830**	100.0	**41,273**	100.0	**1,145,109**	100.0	**62.6**	**22.6**	**14.8**	**95.5**	**2.5**	**2.0**	**59**	**51.3**	**6,303**	**35.4**	**13,154**	**31.9**	**406,081**	**35.5**
Kings	low	0	0	0	0	3,883	10.2	109,044	14.0														
	moderate	0	0	0	0	9,766	25.8	199,420	25.6														
	middle	0	0	0	0	16,613	43.8	301,357	38.7														
	upper	0	0	0	0	6,551	17.3	118,131	15.2														
	zero & NAs	0	0	0	0	1,081	2.9	50,619	6.5														
0.0	**total**	**0**	**0**	**0**	**0**	**37,894**	100.0	**778,571**	100.0	**0.0**	**0.0**	**0.0**	**97.3**	**1.5**	**1.2**	**0**	**0.0**	**0**	**0.0**	**11,727**	**30.9**	**298,417**	**38.3**
A/A TOTAL	low	0	0.0	0	0.0	3,947	3.2	112,413	3.7														
	moderate	26	20.3	2,173	10.5	18,931	15.6	448,850	14.6														
	middle	92	71.9	15,598	75.7	72,124	59.4	1,776,490	57.7														
	upper	10	7.8	2,842	13.8	25,355	20.9	690,661	22.4														
	zero & NAs	0	0.0	0	0.0	1,104	0.9	51,007	1.7														
100.0	**total**	**128**	100.0	**20,613**	100.0	**121,461**	100.0	**3,079,421**	100.0	**60.9**	**23.4**	**15.6**	**96.1**	**2.2**	**1.7**	**61**	**47.7**	**6,510**	**31.6**	**38,888**	**32.0**	**1,109,450**	**36.0**

* Partial county.

[1] Loans included in "loans to small businesses" as defined in call report instructions, generally consisting of business loans with original amounts of $1 million or less.

[2] Loan size categories: LS1 means up to $100 thousand; LS2 means more than $100 thousand and up to $250 thousand; and LS3 means more than $250 thousand.

[3] Small business loans to entities with gross annual revenues of $1 million or less.

Sources of data: Bank (assessment area); FFIEC (aggregate lending); 1990 Census (geography income levels); and Dun & Bradstreet (small business entities).

GLOSSARY

Aggregate

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

Community Development

The term "community development" is defined to mean:

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

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

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

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

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions,

community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;

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

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

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

- Contributing accounting/bookkeeping services; and
- Assisting in fund raising, including soliciting or arranging investments.

Demand-Adjusted Penetration Rate

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area. Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

Demand-Adjusted Penetration Ratio

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

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

Home Mortgage Disclosure Act ("HMDA")

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

Loans to Small Businesses

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

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas ("BNAs"), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA"), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development ("HUD").

LMI Individuals/Persons

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

Small Business Loans

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