



**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, 2003

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

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

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## GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Atlantic Bank of New York (“Atlantic”) 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, 2003.

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

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate an institution’s 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 (“Evaluation”) be made available to the public. Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. These 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 end of this document.

## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

### **Overall Rating**

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

### **Lending Test: "High Satisfactory"**

- Lending activity reflects excellent responsiveness to assessment area credit needs. During the evaluation period, the bank originated 6,280 transactions with a combined value of \$456.6 million. Included in this total are HMDA-reportable loans, small business loans and non-reportable<sup>1</sup> modification, extension and consolidation agreements ("MECAs").
- A high percentage of the bank's loans were made within its assessment area. During 2002, Atlantic made 81.0% of its loans and MECAs within the assessment area, compared to 81.6% in 2003.
- The geographic distribution of loans reflects good penetration throughout the assessment area.
- The distribution of loans by borrower characteristics reflects good penetration among customers of different income levels and businesses of different sizes.
- The institution makes limited use of innovative and/or flexible lending practices in serving the credit needs of its assessment area.
- The bank had an excellent level of community development lending. For the period under evaluation, Atlantic's community development lending totaled \$92.1 million, including \$88.9 million (96.6%) in new money.

### **Investment Test: "High Satisfactory"**

- Atlantic has a significant level of qualified community development investments. During the evaluation period, the bank's community development investments totaled \$8 million, including \$6.9 million (86.9%) in new money.
- Atlantic's qualified investments fell by 29.9% compared to prior evaluation period,

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<sup>1</sup> MECAs are an arrangement through which a lender and a borrower agree to modify the terms of an existing loan. MECAs do not involve lending additional money and are not reportable under HMDA; however, since they achieve the same result as a loan refinancing, they are eligible for CRA consideration.

even though the bank's total assets grew by 56.1% during the same timeframe. Fortunately, Atlantic posted an outstanding level of investments at its prior evaluation, so even the reduced level of investment during the current evaluation period remains adequate.

**Service Test: "Low Satisfactory"**

- Atlantic's branch network is in a state of flux following the bank's acquisition of Yonkers Savings and Loan Association ("YSL"). During the evaluation period, the number of branches in Atlantic's network more than doubled. Atlantic now has a total of 21 branches spread across six of the eight counties in the assessment area.<sup>2</sup>
- The bank's retail delivery systems are reasonably accessible to select portions of the bank's assessment area; however, the current branch network does not include any offices in Suffolk and Bronx Counties and provides sparse coverage in other portions of the assessment area.
- Existing offices reflect an adequate mix of branches in LMI and non-LMI areas. As of December 31, 2003, banking offices within and adjacent to LMI census tracts accounted for 33.3% of Atlantic's branch network.
- The bank provides a relatively high level of community development services.

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.

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<sup>2</sup> As described in greater detail later in this report, only three of the eight counties are included in the assessment area in their entirety.

## PERFORMANCE CONTEXT

### **Institution's Profile:**

Chartered in 1926, Atlantic Bank of New York is a commercial bank headquartered in Manhattan. The institution is a wholly-owned subsidiary of the National Bank of Greece, S.A. ("NBG"). NBG operates in 17 countries and has more than \$57 billion in assets.

Atlantic is the sole owner of two subsidiaries: a lease financing company, Gramercy Leasing Services, Incorporated, and a funding company, Standard Funding Corporation, which deals with corporate insurance premiums.

The activities of Atlantic Bank of New York and its two wholly-owned subsidiaries were considered during this performance evaluation. Thus, all references to "Atlantic" can be understood to refer to the bank and its subsidiaries, unless otherwise indicated.

In May 2002, Atlantic acquired Yonkers Financial Corporation, the parent of the Yonkers Savings and Loan Association. Through this acquisition, Atlantic expanded its operations into Westchester and Dutchess counties.

Since the prior evaluation, the bank's branch network has more than doubled as the result of the YSL acquisition and the separate purchase of branches from Allied Irish Bank. As of year-end 2003, Atlantic operated five branches in Manhattan (including its main office), five branches in Queens, two in Brooklyn, one in Nassau County, six in Westchester County and two in Dutchess County. The bank also operates two branches outside of its New York State Assessment Area, in Middlesex and Suffolk Counties in Massachusetts.

The following table shows the composition of the bank's loan portfolio as of the end of calendar years 2001 through 2003:

<b>Gross Loans Outstanding</b>						
<b>LOAN TYPE</b>	<b>12/31/2003</b>		<b>12/31/2002</b>		<b>12/31/2001</b>	
	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%
Commercial and Industrial Loans	468,111	37.9	437,181	35.8	418,555	41.3
Commercial Real Estate Loans	365,022	29.6	335,500	27.5	296,394	29.3
Multi-Family Mtge. Loans	265,146	21.5	222,479	18.2	131,524	13.0
1-4 Family Mtge. Loans	82,018	6.6	138,274	11.3	54,554	5.4
Other Loans	22,385	1.8	18,158	1.5	23,403	2.3
Construction and Land Dev. Loans	19,050	1.5	38,524	3.2	19,298	1.9
Lease Financing Receivables	8,385	0.7	24,878	2.1	59,004	5.8
Consumer Loans	4,521	0.4	4,826	0.4	9,661	1.0
<b>Gross Loans</b>	<b>1,234,638</b>	<b>100.0</b>	<b>1,219,820</b>	<b>100.0</b>	<b>1,012,393</b>	<b>100.0</b>

As of December 31, 2003, the bank reported total assets of \$3.1 billion. Securities accounted for approximately one-half (50.1%) of total assets, whereas net loans and leases accounted for only 39.0%.

According to data compiled by the Federal Deposit Insurance Corporation (“FDIC”), Atlantic’s branch network in New York State held \$1.6 billion in deposits as of June 30, 2003. This level of deposits represents a market share of 0.4%, making Atlantic the 27<sup>th</sup> largest deposit-taking institution in its assessment area. The following table provides a county-by-county summary of Atlantic’s retail deposits:

<b>Atlantic's Deposit Market Share as of 6/30/2003</b>						
<b>County</b>	<b>Number of Atlantic Branches*</b>	<b>Deposits (\$000s)</b>	<b>% of Atlantic's Total NYS-based Deposits</b>	<b>County Market Share</b>	<b>County Ranking</b>	<b>Competing FDIC- Insured Institutions</b>
<b>New York</b>	<b>2</b>	<b>697,314</b>	<b>43.2</b>	<b>0.2%</b>	<b>27</b>	<b>93</b>
<b>Queens</b>	<b>5</b>	<b>373,042</b>	<b>23.1</b>	<b>1.1%</b>	<b>18</b>	<b>47</b>
<b>Westchester</b>	<b>7</b>	<b>309,500</b>	<b>19.2</b>	<b>1.3%</b>	<b>16</b>	<b>33</b>
<b>Kings</b>	<b>2</b>	<b>167,191</b>	<b>10.4</b>	<b>0.6%</b>	<b>18</b>	<b>41</b>
<b>Nassau</b>	<b>1</b>	<b>35,339</b>	<b>2.2</b>	<b>0.1%</b>	<b>28</b>	<b>30</b>
<b>Dutchess</b>	<b>2</b>	<b>30,087</b>	<b>1.9</b>	<b>0.9%</b>	<b>16</b>	<b>18</b>
<b>Assessment Area**</b>	<b>19</b>	<b>1,612,473</b>	<b>100.0</b>	<b>0.4%</b>	<b>27</b>	<b>128</b>

\* Banks are required to report deposit market data once each year, as part of their June 30<sup>th</sup> Call Reports. Due to changes made by Atlantic during the final six months of calendar year 2003, the branch count and distribution presented above will not match the year-end information contained in the Service Test portion of this Evaluation.

\*\* Bronx and Suffolk Counties are not listed because the bank does not maintain an office in either county. Nonetheless, for purposes of calculating Atlantic’s market share and market rank within its assessment area, other institutions’ deposits from their offices in these two counties were included.

### **Assessment Area:**

Atlantic’s New York State assessment area includes New York, Bronx and Westchester Counties in their entirety and portions of Kings, Queens, Nassau, Suffolk and Dutchess Counties. New York, Bronx, Westchester, Kings and Queens Counties are part of Metropolitan Statistical Area (“MSA”) 5600, while Nassau and Suffolk Counties comprise MSA 5380 and Dutchess County represents MSA 2281 in its entirety.

Based on the 2000 Census, Atlantic’s assessment area contains 1,460 census tracts, including 494 tracts (33.8%) that are designated as LMI geographies. The following chart breaks down the distribution of census tracts within the bank’s New York State assessment area:

<b>Census Tract Income Levels Within the Assessment Area</b>														
<b>(Source: 2000 Census and 1990 Census)</b>														
County	Zero		Low		Moderate		Middle		Upper		2000 Census		1990 Census	
	'00	'90	'00	'90	'00	'90	'00	'90	'00	'90	Total	LMI %	Total	LMI %
<b>Bronx</b>	14	15	117	126	99	65	72	88	53	61	355	<b>60.8</b>	355	<b>53.8</b>
<b>Kings</b>	3	4	2	4	57	38	36	56	28	24	126	<b>46.8</b>	126	<b>33.3</b>
<b>New York</b>	9	11	47	63	68	65	26	33	146	126	296	<b>38.9</b>	298	<b>43.0</b>
<b>Queens</b>	10	9	6	2	60	50	123	138	91	89	290	<b>22.8</b>	288	<b>18.1</b>
<b>Westchester</b>	4	2	2	2	17	18	37	35	161	163	221	<b>8.6</b>	220	<b>9.1</b>
<b>Nassau</b>	3	2	1	1	6	9	68	67	46	45	124	<b>5.6</b>	124	<b>8.1</b>
<b>Suffolk</b>	0	0	0	0	0	1	4	3	5	5	9	<b>0.0</b>	9	<b>11.1</b>
<b>Dutchess</b>	0	1	5	4	7	5	19	22	8	7	39	<b>30.8</b>	39	<b>23.1</b>
<b>Total</b>	<b>43</b>	<b>44</b>	<b>180</b>	<b>202</b>	<b>314</b>	<b>251</b>	<b>385</b>	<b>442</b>	<b>538</b>	<b>520</b>	<b>1,460</b>	<b>33.8</b>	<b>1,459</b>	<b>31.0</b>
% of Total	2.9	3.0	12.3	13.8	21.5	17.2	26.4	30.3	36.8	35.6	100		100	

The following chart shows the 2002 and 2003 annual unemployment rates for the counties and MSAs within Atlantic's assessment areas, as well as for the State of New York:

<b>Annual Unemployment Rates</b>								
Year	Bronx	Kings	New York	Queens	Westchester	Nassau	Suffolk	Dutchess
2003	10.4	9.2	8.2	6.9	4.0	3.9	4.4	3.8
2002	9.2	8.6	8.3	6.5	4.2	4.1	4.4	4.1
	<b>MSA 5600</b>					<b>MSA 5380</b>		<b>MSA 2281</b>
2003	7.7					4.2		3.8
2002	7.3					4.3		4.1
	<b>New York State</b>							
2003	6.3							
2002	6.1							

For demographic, housing and small business data pertaining to Atlantic's assessment area, please refer to the three charts identified below:

- Chart 1 - Population and Income Characteristics by County (See page 3-4)
- Chart 2 - Housing Characteristics by County (See page 3-5)
- Chart 3 - Business Demographics by County (See page 3-6)

Atlantic's assessment area appears reasonable based on the bank's lending patterns and the location of its branches. There is no evidence to indicate that LMI areas have been arbitrarily excluded from the assessment area.

**CHART # 1**

**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	
		#	%	#	%				\$	\$		#	%	#	%	#	%	#	%	#	%
<b>Bronx</b>	1,332,650	133,948	10.1	356,895	26.8	33,099	51,900	463,242	134,404	29.0	317,248	126,457	39.9	57,091	18.0	51,600	16.3	82,100	25.9	150,948	47.6
<b>Kings</b>	391,530	50,583	12.9	91,160	23.3	40,076	51,900	135,014	28,796	21.3	92,055	29,754	32.3	15,149	16.5	15,423	16.8	31,729	34.5	30,587	33.2
<b>New York</b>	1,537,195	186,776	12.2	229,772	14.9	71,629	51,900	739,167	123,037	16.6	306,220	84,445	27.6	39,739	13.0	38,302	12.5	143,734	46.9	95,683	31.2
<b>Queens</b>	1,093,891	139,293	12.7	207,155	18.9	48,229	51,900	388,609	56,270	14.5	264,142	58,316	22.1	44,749	16.9	51,032	19.3	110,045	41.7	37,382	14.2
<b>Westchester</b>	923,459	128,964	14.0	207,207	22.4	89,228	51,900	337,486	28,554	8.5	237,010	27,809	11.7	23,056	9.7	31,267	13.2	154,878	65.3	11,113	4.7
<b>Nassau</b>	568,941	90,271	15.9	122,254	21.5	94,576	83,700	193,068	10,041	5.2	150,416	23,017	15.3	23,769	15.8	31,582	21.0	72,048	47.9	6,413	4.3
<b>Suffolk</b>	44,487	5,891	13.2	9,854	22.2	96,024	83,700	15,598	854	5.5	11,747	1,789	15.2	1,723	14.7	2,571	21.9	5,664	48.2	0	0.0
<b>Dutchess</b>	172,994	20,372	11.8	38,506	22.3	64,593	67,800	61,605	5,145	8.4	42,645	7,827	18.4	7,493	17.6	10,137	23.8	17,188	40.3	6,070	14.2
<b>TOTAL A/A*</b>	6,065,147	756,098	12.5	1,262,803	20.8	61,991	55,222	2,333,789	387,101	16.6	1,421,483	359,414	25.3	212,769	15.0	231,914	16.3	617,386	43.4	338,196	59.1

\* Assessment Area

**CHART # 2**

<b>ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY</b>																			
<b>COUNTY</b>	<b>Total Housing Units</b>	<b>1-4 family Units</b>		<b>Multifamily Units</b>		<b>Owner-Occupied ("O-O") Units</b>		<b>O-O Units in Low-income Tracts</b>		<b>O-O Units in Moderate-income Tracts</b>		<b>O-O Units in Middle-income Tracts</b>		<b>O-O Units in Upper-income Tracts</b>		<b>Rental Units</b>		<b>Vacant/Boarded-Up Units</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Bronx</b>	490,659	132,650	27.0	357,495	72.9	90,522	18.4	8,781	9.7	19,571	21.6	33,575	37.1	28,569	31.6	391,918	79.9	27,447	5.6
<b>Kings</b>	139,740	82,079	58.7	57,562	41.2	39,677	28.4	536	1.4	16,537	41.7	12,804	32.3	9,800	24.7	97,523	69.8	5,232	3.7
<b>New York</b>	798,144	28,178	3.5	769,392	96.4	148,695	18.6	2,587	1.7	13,115	8.8	7,717	5.2	125,261	84.2	616,053	77.2	59,500	7.5
<b>Queens</b>	401,061	218,857	54.6	181,742	45.3	148,202	37.0	74	0.1	16,421	11.1	55,961	37.8	75,746	51.1	245,765	61.3	12,310	3.1
<b>Westchester</b>	349,445	237,122	67.9	112,117	32.1	202,765	58.0	203	0.1	3,366	1.7	18,087	8.9	181,110	89.3	140,169	40.1	12,303	3.5
<b>Nassau</b>	197,301	174,506	88.4	22,606	11.5	153,576	77.8	353	0.2	5,191	3.4	87,093	56.7	60,939	39.7	40,790	20.7	4,337	2.2
<b>Suffolk</b>	16,201	15,314	94.5	839	5.2	12,331	76.1	0	0.0	0	0.0	4,252	34.5	8,079	65.5	3,501	21.6	581	3.6
<b>Dutchess</b>	64,425	51,672	80.2	11,408	17.7	40,303	62.6	1,088	2.7	4,478	11.1	20,861	51.8	13,876	34.4	22,536	35.0	2,918	4.5
<b>TOTAL A/A*</b>	2,456,976	940,378	38.3	1,513,161	61.6	836,071	34.0	13,622	1.6	78,678	9.4	240,349	28.7	503,380	60.2	1,558,255	63.4	124,628	5.1

\* Assessment Area

### CHART # 3

<b>BUSINESS DEMOGRAPHICS BY COUNTY</b>											
<b>COUNTY</b>	<b>Number of Businesses</b>	<b>Businesses with Rev. of \$1 million or less</b>		<b>Businesses with Rev. of more than \$1 million</b>		<b>Businesses with no revenues reported</b>		<b>Businesses with less than 50 employees</b>		<b>Operating from a single location</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Bronx	37,871	24,644	65.1	1,855	4.9	11,372	30.0	27,926	73.7	34,750	91.8
Kings	21,011	13,778	65.6	1,216	5.8	6,017	28.6	15,518	73.9	19,716	93.8
New York	221,146	131,056	59.3	23,366	10.6	66,724	30.2	163,025	73.7	190,918	86.3
Queens	56,317	35,612	63.2	3,120	5.5	17,585	31.2	40,237	71.4	52,502	93.2
Westchester	77,247	51,184	66.3	4,737	6.1	21,326	27.6	59,091	76.5	70,034	90.7
Nassau	68,191	42,765	62.7	4,654	6.8	20,772	30.5	49,600	72.7	62,236	91.3
Suffolk	7,578	4,594	60.6	586	7.7	2,398	31.6	5,536	73.1	6,631	87.5
Dutchess	11,026	7,240	65.7	582	5.3	3,204	29.1	8,761	79.5	9,451	85.7
<b>TOTAL ASSESSMENT AREA</b>	500,387	310,873	62.1	40,116	8.0	149,398	29.9	369,694	73.9	446,238	89.2

## **PERFORMANCE TESTS AND ASSESSMENT FACTORS**

*The bank's CRA performance is assessed by evaluating its lending, investment and service activities within its assessment area, and applies the lending, investment and service tests provided for in Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board.*

The Lending Test portion of this evaluation included a review of Atlantic's HMDA-reportable 1- to 4-family and multifamily loan originations, purchases and refinancings, as well as its small business loans and non-reportable MECAs from calendar years 2002 and 2003. Given that Small Business loans account for 88.5% of Atlantic's total lending activity, the ratings assigned to Atlantic's performance give additional weight to that particular lending category.

Statistics referenced in this report were derived from various sources. HMDA and MECA information was submitted by the bank; aggregate data for HMDA-reportable loans were obtained from the Federal Financial Institution Examination Council and PCi Corporation's CRA Wiz<sup>®</sup> software. Geography income levels for 2002 and 2003 were obtained from the 1990 and 2000 U.S. Censuses, respectively. Estimated median family incomes for 2002 and 2003 were obtained from the U.S. Department of Housing and Urban Development ("HUD").

### **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, (4) Borrower Characteristics, (5) Community Development Lending and (6) Flexible Lending Practices.*

#### **Lending Activity: "Outstanding"**

Atlantic's volume of lending reflects excellent responsiveness to the credit needs of its assessment.

Small Business Loans - Atlantic originated 5,560 small business loans totaling \$165.6 million during the review period. Between 2002 and 2003, the bank increased its small business lending 57.5% by number of loans and 17.7% by dollar volume.

HMDA-Reportable Loans - The bank originated 242 loans totaling \$70.2 million during the review period. In 2002, Atlantic ranked 135<sup>th</sup> in loan volume and 132<sup>nd</sup> in dollar volume out of 552 HMDA-reporting lenders in the eight counties served by the bank.<sup>3</sup> The following year Atlantic improved its ranking to 119<sup>th</sup> in loan volume and 115<sup>th</sup> in dollar volume among 574 HMDA-reporting lenders.

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<sup>3</sup> As noted in the Performance Context section of this report, Atlantic's assessment area includes only three of

**MECAs** - The bank extended 478 MECAs, totaling \$220.9 million, during the evaluation period. This activity augmented the bank's HMDA-reportable lending activity. Between 2002 and 2003, the bank's volume of MECAs increased more than 50% based on number of transactions.

**Assessment Area Lending: "High Satisfactory"**

A high percentage of Atlantic's loans were made within the bank's assessment area. In accordance with Section 76.8(c)(3) of Part 76 of the General Regulations of Banking Board, affiliate lending is not considered when assessing a bank's record of lending in its assessment area. Therefore, the table below only reflects those loans originated or purchased by Atlantic Bank of New York itself. The figures included below will not reconcile to the small business lending tables found elsewhere in this report because the other tables include the lending activity of both the bank and its affiliates.

As shown in the following chart, Atlantic extended over 80% of its combined HMDA-reportable loans, MECAs and small business loans inside the assessment area during 2002 and 2003.

Assessment Area Lending Comparison								
Loan Type	2002				2003			
	#	% by #	\$	% by \$	#	% by #	\$	% by \$
<b>HMDA</b>								
IN	88	74.6	24,368	64.0	154	79.0	45,783	82.4
OUT	30	25.4	13,732	36.0	41	21.0	9,791	17.6
<i>Subtotal</i>	118	100.0	38,100	100.0	195	100.0	55,574	100.0
<b>MECA</b>								
IN	191	78.9	93,923	74.7	287	78.0	127,006	77.8
OUT	51	21.1	31,863	25.3	81	22.0	36,143	22.2
<i>Subtotal</i>	242	100.0	125,786	100.0	368	100.0	163,149	100.0
<b>Sm. Bus.</b>								
IN	223	85.8	53,846	82.7	227	88.7	49,170	87.7
OUT	37	14.2	11,297	17.3	29	11.3	6,909	12.3
<i>Subtotal</i>	260	100.0	65,143	100.0	256	100.0	56,079	100.0
<b>Combined Total</b>								
IN	502	81.0	172,137	75.2	668	81.6	221,959	80.8
OUT	118	19.0	56,892	24.8	151	18.4	52,843	19.2
<b>TOTAL</b>	<b>620</b>	<b>100.0</b>	<b>229,029</b>	<b>100.0</b>	<b>819</b>	<b>100.0</b>	<b>274,802</b>	<b>100.0</b>

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the eight counties in their entirety. Atlantic has only a partial presence in remaining five counties.

## Geographic Distribution of Lending: “High Satisfactory”

The geographic distribution of Atlantic’s loans reflects a good penetration throughout the assessment area.

Small Business Loans - The geographic distribution of small business loans reflects excellent penetration throughout the assessment area.

As shown in the table below, Atlantic’s percentage penetration of LMI census tracts outperformed the market aggregate by 56.0% in 2002 and by 91.1% in 2003. The bank’s LMI penetration rate of 29.8% during 2002 reflects substantial improvement over its rate of 19.8% during 2001. Atlantic’s LMI penetration rates also outperformed the aggregate based on dollar volume rather than number of loans.

Distribution of Small Business Loans by Census Tract Income Level						
Census Tract Income Level	Atlantic Bank of New York: 2002				Mkt. Aggregate: 2002	
	#	% by #	\$	% by \$	% by #	% by \$
Low	259	12.0	5,734	7.5	4.9	4.1
Moderate	384	17.8	12,349	16.2	14.2	13.9
<b>LMI Total</b>	<b>643</b>	<b>29.8</b>	<b>18,083</b>	<b>23.7</b>	<b>19.1</b>	<b>18.0</b>
Middle	635	29.4	22,769	29.9	25.5	23.0
Upper	841	38.9	32,886	43.3	53.4	56.0
N/A	40	1.9	2,308	3.1	2.0	3.0
<b>Total</b>	<b>2,159</b>	<b>100</b>	<b>76,046</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Census Tract Income Level	Atlantic Bank of New York: 2003				Mkt. Aggregate: 2003	
	#	% by #	\$	% by \$	% by #	% by \$
Low	330	9.7	4,089	4.6	3.8	3.3
Moderate	698	20.5	17,717	19.8	12.0	10.0
<b>LMI Total</b>	<b>1,028</b>	<b>30.2</b>	<b>21,806</b>	<b>24.4</b>	<b>15.8</b>	<b>13.3</b>
Middle	872	25.6	21,839	24.4	23.3	21.9
Upper	1,462	43.0	43,676	48.8	59.8	62.7
N/A	39	1.2	2,184	2.4	1.1	2.1
<b>Total</b>	<b>3,401</b>	<b>100.0</b>	<b>89,505</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>

The bank modestly outperformed the aggregate in middle-income tract penetration during both years based on loan and dollar volume percentages.

HMDA-Reportable Loans - The geographic distribution of loans reflects adequate penetration throughout the assessment area.

As shown in the following chart, Atlantic’s penetration rates for LMI and middle-income tracts modestly outperformed the aggregate in 2002. During 2003, Atlantic’s LMI penetration rate based on dollar volume exceeded that of the aggregate; however, the bank’s performance based on number of loans was significantly below the aggregate. Given that Atlantic’s penetration rates are generally consistent with those of the aggregate, the bank’s performance in this area remains acceptable.

Distribution of HMDA-Reportable Loans by Census Tract Income Level						
Census Tract Income Level	Atlantic Bank of New York: 2002				Mkt. Aggregate: 2002	
	#	% by #	\$	% by \$	% by #	% by \$
Low	0	0.0	0	0.0	2.1	2.5
Moderate	10	11.4	3,522	14.5	7.3	7.0
<b>LMI Total</b>	<b>10</b>	<b>11.4</b>	<b>3,522</b>	<b>14.5</b>	<b>9.4</b>	<b>9.5</b>
Middle	30	34.1	6,510	26.7	29.0	21.0
Upper	48	54.5	14,336	58.8	61.5	69.4
N/A	0	0.0	-	0.0	0.1	0.1
<b>Total</b>	<b>88</b>	<b>100.0</b>	<b>24,368</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Census Tract Income Level	Atlantic Bank of New York: 2003				Mkt. Aggregate: 2003	
	#	% by #	\$	% by \$	% by #	% by \$
Low	0	0.0	0	0.0	1.8	2.0
Moderate	8	5.2	5,166	11.3	8.9	8.5
<b>LMI Total</b>	<b>8</b>	<b>5.2</b>	<b>5,166</b>	<b>11.3</b>	<b>10.7</b>	<b>10.5</b>
Middle	37	24.0	6,461	14.1	26.4	19.9
Upper	109	70.8	34,156	74.6	62.5	68.9
N/A	0	0.0	-	0.0	0.4	0.7
<b>Total</b>	<b>154</b>	<b>100.0</b>	<b>45,783</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

At the same time, the bank's LMI penetration rates show a continuing decline from the prior evaluation period. At the prior evaluation, Atlantic's LMI penetration rates were 41.4% in 2000 and 14.7% in 2001. During the current evaluation period, Atlantic's penetration rates declined to 11.4% in 2002 and 5.2% in 2003.

**MECAs** – The geographic distribution of Atlantic's loans reflects adequate penetration throughout the assessment area.

The following chart summarizes Atlantic's MECAs for 2002 and 2003, as reported by the bank:

Distribution of MECAs by Census Tract Income Level (\$ Shown in Thousands)								
Census Tract Income Level	2002				2003			
	#	% by #	\$	% by \$	#	% by #	\$	% by \$
Low	6	3.1	6,890	7.3	9	3.1	9,920	7.8
Moderate	9	4.7	10,483	11.2	23	8.0	29,585	23.3
<b>LMI Total</b>	<b>15</b>	<b>7.8</b>	<b>17,373</b>	<b>18.5</b>	<b>32</b>	<b>11.1</b>	<b>39,505</b>	<b>31.1</b>
Middle	15	7.9	10,114	10.8	49	17.1	16,612	13.1
Upper	135	70.7	49,425	52.6	201	70.0	60,389	47.5
N/A	26	13.6	17,011	18.1	5	1.8	10,500	8.3
<b>Total</b>	<b>191</b>	<b>100.0</b>	<b>93,923</b>	<b>100</b>	<b>287</b>	<b>100.0</b>	<b>127,006</b>	<b>100.0</b>

The distribution of the bank's loans in LMI areas was satisfactory compared to the percentage of owner-occupied housing units located in LMI census tracts. The bank extended 7.8% and 11.1% of its MECA loans in LMI areas during 2002 and 2003, respectively. In contrast, Census data indicate that 8.5% and 11.0% of owner-occupied housing units were located in LMI geographies during 2002 and 2003, respectively.

## Distribution of Lending Based on Borrower Characteristics: “High Satisfactory”

Given the range of products offered, Atlantic’s loan distribution reflects good penetration among customers of different income levels and businesses of different revenue sizes.

Small Business Loans - The distribution of loans reflects good penetration among businesses of different sizes.

During the evaluation period, 91.9% of the bank’s reported small business loans were extended to businesses with unknown revenues. As a surrogate analysis for the percentage of loans granted to businesses with gross annual revenues of \$1 million or less, loan size was substituted. Loan size was broken down into three categories: amounts of \$100 thousand or less, amounts over \$100 thousand but less than \$250 thousand, and loan amounts over \$250 thousand.

As shown in the following table, Atlantic and the aggregate had similar percentages for the three categories of loan amounts in both 2002 and 2003. The bank’s performance was generally consistent with the prior evaluation as well. Atlantic trailed in dollar volume percentages for loans of \$100 thousand or less during both years; however, its year-over-year performance improved 37.4%.

Distribution of Small Business Loans by Loan Size						
Loan Size	Atlantic Bank of New York: 2002				Mkt. Aggregate: 2002	
	#	% by #	\$	% by \$	% by #	% by \$
<=\$100M	2,014	93.3	20,771	27.3	95.4	45.5
>\$100M and <=\$250M	63	2.9	10,589	13.9	2.5	15.1
>\$250M and <=\$1MM	82	3.8	44,686	58.8	2.1	39.4
<b>Total</b>	<b>2,159</b>	<b>100.0</b>	<b>76,046</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Loan Size	Atlantic Bank of New York: 2003				Mkt. Aggregate: 2003	
	#	% by #	\$	% by \$	% by #	% by \$
<=\$100M	3,243	95.4	33,603	37.5	95.3	45.5
>\$100M and <=\$250M	86	2.5	14,786	16.5	2.6	15.2
>\$250M and <=\$1MM	72	2.1	41,116	45.9	2.1	39.3
<b>Total</b>	<b>3,401</b>	<b>100.0</b>	<b>89,505</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

HMDA-Reportable Loans - The distribution of HMDA-reportable loans reflects excellent penetration among customers of different income levels.

As shown in the following chart, which excludes multifamily loans, Atlantic outperformed the aggregate’s LMI penetration rates by 33.3% in 2002 and by 25.3% in 2003 based on number of loans. Furthermore, Atlantic’s LMI penetration rates based on dollar volume also compared favorably to the aggregate. In 2002, Atlantic’s LMI penetration rate based on dollar volume was double that of the aggregate, while in 2003 its penetration rate matched the aggregate at 3.9%.

Distribution of HMDA Reportable Loans by Borrower Income Level						
Borrower Income	Atlantic Bank of New York: 2002				Mkt. Aggregate: 2002	
	#	% by #	\$	% by \$	% by #	% by \$
Low	3	4.1	196	1.6	2.3	0.8
Moderate	9	12.3	1,140	9.4	10.0	4.7
<b>LMI Total</b>	<b>12</b>	<b>16.4</b>	<b>1,336</b>	<b>11.0</b>	<b>12.3</b>	<b>5.5</b>
Middle	20	27.4	2,431	20.1	19.3	12.0
Upper	39	53.5	7,762	64.1	59.9	74.2
N/A	2	2.7	576	4.8	8.5	8.3
<b>Total</b>	<b>73</b>	<b>100.0</b>	<b>12,105</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Borrower Income	Atlantic Bank of New York: 2003				Mkt. Aggregate: 2003	
	#	% by #	\$	% by \$	% by #	% by \$
Low	2	1.4	86	0.3	1.3	0.6
Moderate	12	8.5	1,129	3.6	6.6	3.3
<b>LMI Total</b>	<b>14</b>	<b>9.9</b>	<b>1,215</b>	<b>3.9</b>	<b>7.9</b>	<b>3.9</b>
Middle	20	14.1	2,400	7.7	16.1	10.2
Upper	98	69.0	22,284	71.1	67.0	77.6
N/A	10	7.0	5,428	17.3	9.0	8.3
<b>Total</b>	<b>142</b>	<b>100.0</b>	<b>31,327</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

MECAs – The distribution of MECAs reflects adequate penetration among customers of different income levels.

The following chart summarizes the bank's MECA activity during the evaluation period, excluding multifamily agreements:

Distribution of MECAs by Borrower Income Level (Excluding Multifamily MECAs)								
Borrower Income Level	2002				2003			
	#	% by #	\$	% by \$	#	% by #	\$	% by \$
Low	3	1.9	223	0.5	3	1.3	210	0.4
Moderate	4	2.6	475	1.0	6	2.6	798	1.4
<b>LMI Total</b>	<b>7</b>	<b>4.5</b>	<b>698</b>	<b>1.5</b>	<b>9</b>	<b>3.9</b>	<b>1,008</b>	<b>1.8</b>
Middle	13	8.3	1,989	4.4	28	12.0	4,122	7.4
Upper	136	87.2	43,132	94.1	196	84.1	50,604	90.8
<b>Total</b>	<b>156</b>	<b>100.0</b>	<b>45,819</b>	<b>100.0</b>	<b>233</b>	<b>100.0</b>	<b>55,734</b>	<b>100.0</b>

In 2002 and 2003, approximately 40% of all families in the assessment area were categorized as LMI, whereas the bank's distribution of MECAs to LMI borrowers equaled 4.5% in 2002 and 3.9% in 2003.

In 2002, the bank granted 8.3% of its MECAs to middle-income borrowers. During 2003, this percentage increased to 12.0%. According to demographic data for the two years, 18.4% and 16.3%, respectively, of families living in the assessment area are classified as middle-income families. Aggregate data for MECAs are not available because these transactions are not captured as part of the formal regulatory reporting process.

## Community Development Loans: "Outstanding"

Atlantic's volume of community development lending is excellent. Between evaluations, the bank's community development loans totaled \$92.1 million, of which \$88.9 million or 96.6% is considered new money. While the bank's initiatives are neither innovative nor complex, the sheer level of activity demonstrates exceptional responsiveness to community development needs. The following chart details the purpose of the bank's community development lending:

Summary of Community Development Lending					
Category	# of Loans	Dollars Committed (000's)	Dollars Committed as % of Total CD Loans	New Money (000's)	New Money as % of Dollars Committed
Affordable Housing	3	8,515	9.2	7,000	82.2
Community Services	11	11,269	12.2	9,660	85.7
Economic Development	1	100	0.1	100	100.0
Revitalize and Stabilize LMI Areas	7	6,814	7.4	6,814	100.0
<b>Subtotal</b>	<b>22</b>	<b>26,698</b>	<b>28.9</b>	<b>23,574</b>	<b>88.3</b>
HMDA-Reportable Multifamily Loans	15	15,576	16.9	15,576	100.0
MECAs	35	49,796	54.2	49,796	100.0
<b>Subtotal</b>	<b>50</b>	<b>65,372</b>	<b>71.0</b>	<b>65,372</b>	<b>100.0</b>
<b>Total CD Loans</b>	<b>72</b>	<b>92,070</b>	<b>100.0</b>	<b>88,946</b>	<b>96.6</b>

Following are examples of the bank's community development loans:

- Atlantic has a \$7 million participation in a \$15 million mortgage loan originated by another institution to a holding company. The company performed extensive renovations to a 337-unit building, formerly the JFK Airport Best Western Hotel. The building is now managed by the Salvation Army and provides transitional housing and ancillary services for homeless families.
- In light of the terrorist attacks in Manhattan on September 11, 2001, the State of New York Banking Department broadly recognized as "community development" any loan, investment and service that helped retain or create employment opportunities or aided in the reconstruction and/or stabilization in the area south of Canal Street and west of Broadway. Atlantic originated a \$2.5 million term loan for property in this area.
- The bank extended a \$600 thousand line of credit to Neighborhood Defender Services of Harlem ("NDSH"). NDSH provides legal services to indigent and low-income individuals and conducts research regarding legal issues concerning the poor.

Multifamily transactions, including MECAs and HMDA-reportable loans, account for approximately 71% of the dollar volume of Atlantic's community development lending. These transactions include 50 multifamily HMDA-reportable loans and/or MECAs. Even though Atlantic received credit for these multifamily transactions in the Geographic Distribution section of this report, multifamily transactions are also eligible for simultaneous consideration as community development loans. The 50 transactions for which dual CRA consideration is being given were granted in LMI census tracts and offer affordable housing to LMI individuals.

### **Innovative and Flexible Lending Practices – “Low Satisfactory”**

The bank made limited use of innovative and/or flexible lending practices in serving the credit needs of its assessment area during evaluation period.

Atlantic contributed \$18.2 thousand to affordable housing programs by forgiving partial interest on loans to Neighborhood Housing Services and New York Landmarks Conservancy.

The bank's subsidiary, Standard Funding, specializes in insurance premium financing and offers the following special features: non-traditional payment plans, financing for insured parties who are the subject of bankruptcy, and monthly, quarterly or annual payment plans.

Standard Funding developed a three-tier system of financing for non-profit entities with rates dependent on the financial strength of the organization, the historical relationship with the bank, and other criteria. The strongest non-profits currently would pay prime plus 50 basis points and the weakest would pay prime plus 300 basis points. In 2002 and 2003, no loans were originated through this program.

Atlantic is an approved Small Business Administration (“SBA”) and Federal Housing Authority (“FHA”) lender. The bank did not originate any SBA loans during the examination period but originated one FHA loan.

## **II. Investment Test: “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.*

Atlantic had a significant level of qualified community development investments relative to its asset size. During the evaluation period, qualified investments totaled \$8 million, of which \$6.9 million (86.9%) is new money. The investment total also includes 284 qualified grants totaling \$371.3 thousand that were distributed to various social, educational, housing

and community development organizations.

During evaluation period, Atlantic's assets grew by 56.1%, largely as the result of its acquisition of Yonkers Savings and Loan Association. In contrast, the bank's volume of qualified investments dropped by 29.9% (\$3.4 million) compared to the prior examination period. Fortunately, the quality and volume of investments observed at the prior examination were outstanding, making it possible for Atlantic's current investment level to remain acceptable despite the decrease. The following table itemizes the bank's qualified investments:

Community Development Investments (\$ Shown in Thousands)				
Investment Type	\$ Committed	New Money	% New Money	Category
Mortgage Backed Security	1,842	1,842	100.0	Affordable Housing
Mortgage Backed Security	812	812	100.0	Affordable Housing
Mortgage Backed Security	725	725	100.0	Affordable Housing
SBIC	1,721	1,721	100.0	Small Business
Certificate of Deposit	100	100	100.0	Community Services
Certificate of Deposit	95	95	100.0	Community Services
Certificate of Deposit	95	95	100.0	Community Services
CRA Investment Fund	2,073	1,073	51.8	Affordable Housing
NY Capital Corporation	50	0	0.0	Small Business
FHLB AHP Credit	107	107	100.0	Affordable Housing
Grants	371	371	100.0	Various
<b>Total</b>	<b>7,991</b>	<b>6,941</b>	<b>86.9</b>	

The bank occasionally uses innovative or complex investments to support community development initiatives.

### III. Service Test: "Low Satisfactory"

*The Service Test evaluates a bank's record of helping to meet the credit needs of its assessment area by analyzing the availability and effectiveness of the institution's delivery systems for retail banking services and the extent and innovativeness of its community development services.*

- **Retail Banking Services:** "Low Satisfactory"

Atlantic's retail service network has undergone significant change during the evaluation period. Most notably, the bank's branch network in New York State doubled as the result of three separate events. First, Atlantic acquired Yonkers Savings and Loan Association in May 2002. This transaction added nine retail branches to Atlantic's network.<sup>4</sup> Second, Atlantic opened two new branches in Manhattan during the fourth quarter of 2003. Third, Atlantic

<sup>4</sup>One of these nine branches was subsequently closed during the evaluation period. To be specific, the former Yonkers Savings and Loan branch on East Sanford Boulevard in Mount Vernon was closed in August 2002.

acquired a branch in Manhattan from Allied Irish Bank in December 2003.

As of the evaluation date, Atlantic's network consists of 21 branches spread across 6 counties (i.e., Dutchess, Westchester, New York, Kings, Queens and Nassau Counties). Slightly more than half (12) of these branches are situated within one of three geographic clusters: Yonkers in Westchester County, Astoria in Queens County and midtown Manhattan in New York County, with each cluster containing 4 branches. Atlantic's remaining 9 branches are dispersed across the assessment area.

As mentioned earlier in this report, Atlantic's branch network does not include any offices in Bronx and Suffolk Counties. Given this fact, together with the fact that large portions of other counties within the assessment area do not contain any branches, it is clear that Atlantic's retail branch network is not accessible to all portions of its assessment area. This circumstance is particularly significant in the case of Bronx County, which has the highest percentage (44%) of LMI tracts within the bank's assessment area. At the same time, it is important to note that the network observed as of year-end 2003 represents only a snapshot of Atlantic's evolving branch system during a period of significant changes.

Based on the fact that Atlantic has an acceptable representation of branches within and adjacent to LMI areas in the three geographic clusters mentioned above, the bank has been awarded a Retail Banking Services component rating of "Low Satisfactory" rather than "Needs to Improve." To avoid a lower rating in the future, management should direct its attention to ensuring that reasonable accessibility is provided to all geographies within the bank's assessment area.

The following chart reflects the bank's 21 branch locations by county and census tract income level as of year-end 2003. It also reflects branches that, while physically located in middle- or upper-income areas, are adjacent to LMI areas. The inclusion of branches located adjacent to LMI areas increases accessibility for LMI areas from 14.3% to 33.3%.

<b>Branch Locations by County as of 12/31/2003 (2000 Census)</b>									
<i>County</i>	<i>Low</i>	<i>Mod.</i>	<i>Middle</i>	<i>Upper</i>	<i>N/A</i>	<i>Branches in County</i>	<i>County as % of Total</i>	<i>Branches in Tracts Adjacent to LMI Tracts</i>	<i>(LMI + LMI Adj.) as % of Total</i>
New York	0	0	1	3	1	5	23.8	0	0.0
Queens	0	2	2	1	0	5	23.8	1	60.0
Kings	0	0	1	1	0	2	9.5	1	50.0
Westchester	0	1	0	5	0	6	28.6	0	16.7
Nassau	0	0	1	0	0	1	4.8	0	0.0
Dutchess	0	0	2	0	0	2	9.5	2	100.0
Assessment Area*	0	3	7	10	1	21	100.0	4	33.3
Tract %	0.0	14.3	33.3	47.6	4.8	100.0			

\* The bank has no branches in Bronx and Suffolk Counties.

Services do not vary in a way that inconveniences any portion of the assessment area, including LMI geographies and LMI individuals. The bank offers extended evening hours in

90.5% of its branches on Thursdays or Fridays, and Saturday or Sunday hours are offered at 66.7% of the branches.

Branch employees are available to assist customers in eight foreign languages. The languages spoken reflect the community served and include: Greek, Hindi, Urdu, Armenian, Spanish, Russian, Croatian and Italian.

All branches offer ATM service: 14 branches feature 24-hour ATM availability and three branches, located in retail stores, offer ATMs during normal store hours. Atlantic operates 36 off-site non-deposit-taking ATMs with 80.6% located in Manhattan. Three off-site ATMs were opened and the bank closed one ATM in 2003.

At the prior examination, Atlantic maintained ten offices. Through the purchase of YSL, the bank acquired seven offices in Westchester County and two in Dutchess County. Atlantic also purchased a branch from Allied Irish Bank and opened two new offices in Manhattan.

In June 2003 the bank closed one Westchester non-deposit taking branch acquired from YSL that had served as a mortgage processing center and YSL's headquarters.

The bank offers online banking, which provides customers with financial information and convenient Internet access to their bank accounts. Other services offered by the bank, include bank by mail and telephone banking.

### **Community Development Services: "High Satisfactory"**

Atlantic provides a relatively high level of community development services.

The bank and its employees participate in a variety of programs that promote community development. Examples include the following:

- *Federal Home Loan Bank's Affordable Housing Program ("AHP")* - Through its acquisition of YSL, Atlantic became involved in monitoring five affordable housing projects that were financed through the AHP. These projects were initiated by the Greyston Foundation, a Yonkers-based community development corporation that serves low-income and HIV-positive communities. Atlantic monitors and reports on the status of these developments to satisfy the AHP's ongoing requirements.
- *Federal Reserve Bank of New York's "Banking on Youth" Program* - Through this program, employees from area financial institutions act as banker/teachers and present a series of financial education classes for enrollees in New York City's Summer Youth Employment Program. Fifteen Atlantic employees took part in this program at various locations on more than 35 occasions.
- *Operation HOPE's "Banking on Our Future" Program* – Operation HOPE is a national non-profit organization that promotes economic self-sufficiency for America's inner-city communities by fostering collaboration and long-term

partnerships among government, private sector, and community entities. Through its “Banking on Our Future” program, Operation HOPE recruits volunteers from the banking industry to provide financial literacy instruction to inner-city youth. During the evaluation period, five Atlantic employees took part in this program.

Bank employees also serve a variety of community organizations by providing financial expertise on loan, audit, fund-raising and/or lending committees. Some of the organizations that Atlantic’s employees have assisted are identified below.

- *Interfaith Nutrition Network* - This nonprofit, volunteer-based organization addresses the issues of hunger and homelessness on Long Island by providing food, shelter, long-term housing and supportive services.
- *Little Flower Children’s Services of New York (“LFCS”)* - LFCS is a nonprofit agency that delivers a multitude of programs and services to LMI children, families and individuals. These services include a foster boarding home, family day care, after-school services, and independent living preparation for teenagers in foster care.
- *Ronald McDonald House (“RMH”)* - RMH provides a “home-away-from-home” for families of seriously ill children who are receiving treatment at nearby hospitals. The organization’s facilities provide free or low-cost accommodations near the medical facility and give the patient’s family a place to sleep, eat, relax and find support from other families in similar situations.

In addition to employees’ volunteer efforts, Atlantic sponsored the organization’s annual walkathon in Manhattan and provided banking assistance to families staying at RMH.

- *Community Development Corporation of Long Island (“CDCLI”)* - This nonprofit organization operates a range of affordable housing and economic development programs, including a community development lending program for small businesses. CDCLI provides alternative financing for projects that benefit low- and moderate-income persons. In particular, CDCLI provides gap financing that covers the difference between a borrower’s needs and the funding that is available from traditional lenders.
- *Neighborhood Housing Services of New York City (“NHSNYC”)* - NHSNYC is a nonprofit 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.

#### **IV. Discrimination or Other Illegal Practices**

##### **Atlantic practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.**

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

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

The most recent regulatory compliance and fair lending examinations were conducted concurrently with this evaluation. These examinations found Atlantic's performance in terms of adherence to anti-discrimination or other applicable laws and regulations to be satisfactory. 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 its assessment area through direct contact with community and economic organizations including, but not limited to: Greater Jamaica Development, Bronx Overall Economic Development Corporation, South Bronx Overall Economic Development Corporation, Parodneck Foundation, and each organization at which Atlantic performs community development services.

##### **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.**

Atlantic uses direct mail, print advertising, statement inserts, radio spots, cable commercials, local event sponsorships, and branch merchandising to make the community aware of its credit services. The bank is a major sponsor of *Yonkers Business Week* and selectively employs ethnic print media such as *el Diario*. In addition, Atlantic uses local community publications to advertise its credit 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.**

Atlantic Bank has a CRA committee consisting of four board members and various senior managers of the bank. The committee meets periodically to discuss the institution's CRA activities, and occasionally makes presentations to the board.

## **VI. Other Factors**

**Other factors that, in the judgement 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.**

Atlantic made 127 grants totaling \$212.7 thousand to many organizations that do not have a primary purpose of community development. Nonetheless, many of these remarkably diverse organizations contribute to the quality of life in the communities they serve.

Bank employees volunteer with a number of organizations such as the Fresh Air Fund, the Hicksville Chamber of Commerce, the Kiwanis Club of Elmont, the March of Dimes and the Chian Federation.

## **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 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.

### **Small Business Loans**

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