NEW YORK STATE BANKING DEPARTMENT

CONSUMER SERVICES DIVISION
One State Street
New York, NY 10004

PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

OFF-SITE EVALUATION

Date of Evaluation: December 31, 2003

Institution: Community Capital Bank
111 Livingston Street
Brooklyn, NY 11201

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 off-site evaluation of the Community Reinvestment Act ("CRA") performance of Community Capital Bank ("CCB") 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 ("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 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 of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12 of the regulation. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

CCB is rated "1", indicating an "Outstanding" record of helping to meet community credit needs. This rating is based on the following factors:

- ***Loan-to-Deposit ("LTD") Ratio: "Outstanding"***

  The bank's LTD ratio is more than reasonable given the bank's size, financial condition and the credit needs of its assessment area. The bank's average loan to deposit ratio during the evaluation period was 82.79%, which exceeds the peer group's ratio of 77.42%.

- ***Assessment Area Concentration: "Outstanding"***

  CCB extended a substantial majority of its loans in the assessment area. During the evaluation period, CCB extended 84.2% by number and 88.5% by dollar volume of its small business loans inside the assessment area. The bank also made 100% of its multifamily residential real estate loans with the assessment area. These percentages are consistent with the bank's performance at the prior evaluation.

- ***Geographic Distribution of Loans: "Outstanding"***

  The bank's geographic distribution of loans reflects excellent dispersion among census tracts of different income levels. CCB extended 33.6% of its small business loans and 52.6% of its multifamily loans in LMI areas during the evaluation period. This LMI penetration rate is consistent with the bank's previous performance and with the demographics of the assessment area.

- ***Distribution by Borrowers Characteristics: "Outstanding"***

  The bank's lending distribution in the assessment area reflects excellent penetration among borrowers of different income levels and businesses of different revenue sizes. A substantial majority (78.9%) of the bank's small business loans was originated for amounts of $250 thousand or less, indicating the bank's willingness to support small businesses.

- Neither the bank nor the New York State Banking Department received any complaints with respect to CCB's CRA performance during the evaluation period.

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

PERFORMANCE CONTEXT

Institution's Profile:

Chartered in August 1990, Community Capital Bank ("CCB") is a privately-held commercial bank headquartered in Brooklyn, New York. In October 1996, CCB was designated a qualified Community Development Financial Institution ("CDFI") by the United States Department of the Treasury. CCB was recertified as a CDFI in April 2001 and will be due for its next recertification in April 2004.

CCB provides a full range of banking services through its two branches in Brooklyn, New York. The bank provides automated teller machines ("ATMs") at both branches and at one offsite location. The bank's product line includes mortgage loans for commercial, mixed-use and multifamily buildings.

CCB is a recognized SBA lender. As of December 31, 2003, the bank had 112 loans outstanding under the SBA program. These loans had a combined balance of $19.2 million, of which $13.2 million is guaranteed by the SBA.

Included in the bank's SBA portfolio are loans made under the New York State Energy Resource Development Authority (NYSERDA) and New York State CDFI programs. The bank also has an arrangement with the New York City Housing Authority ("NYCHA") through which it makes loans to small businesses that have contracts with NYCHA.

CCB also participates in several flexible lending programs, including: New York State's Empire Development Minority and Women Technical Assistance program; the World Trade Center Revolving Loan Fund and Bridge Loan Fund programs; the NYCHA Loan Fund; and the New York City School Construction Authority program.

On its year-end Call Report for 2003, CCB reported total assets of $137.1 million, which includes $82.9 million in net loans and lease finance receivables. CCB also reported total deposits of $113.2 million, resulting in a loan-to-deposit ratio of 73.2%.

According to the most recent comparative deposit market data available from the FDIC, dated June 30, 2003, CCB achieved a market share of 0.03% inside its market, ranking it 88th among 114 deposit-taking institutions in New York City.

The table below provides a summary of the bank's loan portfolio based on Schedule RC-C of the bank's Call Report. For reference purposes, the table includes data from September 30, 2001, which was the last day of the prior evaluation period.

Gross Loans Outstanding						
LOAN TYPE	9/30/2001		12/31/2002		12/31/2003	
	$*	%	$*	%	$*	%
1-4 Residential Mortgage Loans	3,853	6.8	3,501	4.8	3,058	3.6
Commercial & Industrial Loans	18,837	33.2	31,152	42.7	44,127	52.3
Commercial Mortgage Loans	13,319	23.5	13,712	18.8	17,689	21.0
Mutifamily Mortgages	14,877	26.2	18,368	25.2	16,554	19.6
Consumer Loans	0	0.0	0	0.0	0	0.0
Agricultural Loans	0	0.0	0	0.0	198	0.2
Construction Loans	3,951	7.0	5,072	7.0	2,106	2.5
Obligations of states & municipalities	0	0.0	0	0.0	0	0.0
Other Loans	1,889	3.3	1,079	1.5	613	0.7
Lease financing	0	0.0	0	0.0	0	0.0
Gross Loans	**56,726**	**100.0**	**72,884**	**100.0**	**84,345**	**100.0**

* Dollar amounts shown in thousands.

As shown in the above table, commercial lending accounted for 73.3% of the bank's year-end 2003 loan portfolio. Since the prior evaluation period, CCB's overall loan portfolio has grown by 48.7% ($27.6 million dollars) due to sharp increases in the bank's commercial and industrial lending. To be specific, commercial and industrial lending grew by $25.3 million, accounting for 91.6% of the portfolio's growth. In contrast, the bank's one- to four-family residential mortgage lending fell by 20.6% in dollar volume and decreased from 6.8% to 3.6% of the portfolio.

CCB operates two banking offices, both of which are in Brooklyn. One of the offices is located within a designated Banking Development District. There were no branch openings or closings during the evaluation period.

Automated teller machines (ATMs) are available at both branches. An additional non-deposit taking ATM is available elsewhere within the bank's assessment area.

The bank participates in the following governmentally guaranteed or sponsored loan programs:

- Small Business Administration (SBA)
- State of New York Mortgage Association (SONYMA)
- New York City Housing Authority (NYCHA)
- Loan Initiatives for Tenants (LIFT) Revolving Loan Fund
- Empire State Development Corporation
- New York City Department of Housing Preservation and Development
- New York State Energy Research and Development Authority (NYSERDA)
- Community Development Financial Institutions (CDFI) Award Programs
- US Department of Commerce Minority Business Development Agency

At its prior evaluation, conducted by the New York State Banking Department as of September 30, 2001, CCB received a rating of "1," indicating an outstanding record of helping to meet community credit needs.

There are no known financial or legal impediments affecting the bank's ability to meet the credit needs of its community.

Assessment Area:
The bank's assessment area comprises the five counties that make up New York City: Kings, New York, Queens, Bronx and Richmond Counties.

During the evaluation period, the Census data used in our analyses changed from the 1990 Census to the 2000 Census. As a result, the demographic information provided for calendar year 2002 is based on the 1990 Census and data for calendar year 2003 is based on the 2000 Census.

According to data from the 2000 Census, the bank's assessment area contains 2,217 census tracts, including 279 low-income, 552 moderate-income, 671 middle-income, 657 upper-income and 58 zero-income tracts.

As shown in the two tables below, the income demographics of CCB's assessment area changed significantly between the 1990 and 2000 Censuses. Specifically, the number of moderate-income tracts increased by 31.7%, while the number of low-, middle- and zero-income tracts declined by 11.2%, 13.9%, and 12.1%, respectively. The number of upper-income tracts remained relatively stable, increasing by only 3.0%.

Distribution of Assessment Area Census Tracts by Income Level – 1990 Census							
County	**Zero**	**Low**	**Moderate**	**Middle**	**Upper**	**Total**	**LMI %**
Kings	19	114	207	302	147	789	40.7
Bronx	15	126	65	88	61	355	53.8
New York	11	63	65	33	126	298	43.0
Queens	17	7	80	331	238	673	12.9
Richmond	4	4	2	25	66	101	5.9
Total	**66**	**314**	**419**	**779**	**638**	**2216**	**37.5**

Distribution of Assessment Area Census Tracts by Income Level – 2000 Census							
County	**Zero**	**Low**	**Moderate**	**Middle**	**Upper**	**Total**	**LMI %**
Kings	15	100	271	250	147	783	47.4
Bronx	14	117	99	72	53	355	60.8
New York	9	47	68	26	146	296	38.9
Queens	18	12	107	298	238	673	17.7
Richmond	2	3	7	25	73	110	9.1
Total	**58**	**279**	**552**	**671**	**657**	**2217**	**37.5**

Details of Assessment Area:

The charts on pages 3-4 through 3-6 provide demographic data in the following categories:

Chart #1: Population and Income

Chart #2: Housing

Chart #3: Businesses

Distribution of Businesses

According to information from a 2003 Dun and Bradstreet survey, there are more than 490 thousand businesses within the assessment area, including approximately 125 thousand (25.4%) businesses located in LMI areas. The majority of businesses (62.3%) in the assessment area reported revenues of $1.0 million or less.

The service industry accounts for roughly 188 thousand (38.2%) of the businesses within the area, followed by retail trade with 88 thousand (17.9%) firms and wholesale trade with 31 thousand (6.2%) companies. Non-classifiable establishments account for approximately 72 thousand (14.6%) of the businesses within the area.

Employment Levels

As of December 31, 2003, New York City's unemployment rate was 7.6%. By comparison, the unemployment rate at the end of the prior evaluation period (September 30, 2001) was 6.4%. As of year-end 2003, The Bronx had the highest rate of unemployment, at 10.2%, followed by Kings County (8.7%) and New York County (7.3%).

CHART # 1

ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY

COUNTY	Total Population**	Age 65 and over		Age 16 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	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
BRONX	1,332,650	133,948	10.05%	356,895	26.78%	$33,099	$51,900	463,242	134,404	29.01%	317,248	126,457	39.86%	57,091	18.00%	51,600	16.26%	82,100	25.88%	150,948	47.58%
KINGS	2,465,326	282,658	11.47%	587,575	23.83%	$39,349	$51,900	881,006	211,538	24.01%	588,870	199,851	33.94%	100,237	17.02%	98,099	16.66%	190,683	32.38%	206,724	35.11%
NEW YORK	1,537,195	186,776	12.15%	229,772	14.95%	$71,629	$51,900	739,167	123,037	16.65%	306,220	84,445	27.58%	39,739	12.98%	38,303	12.51%	143,734	46.94%	95,683	31.25%
QUEENS	2,229,379	283,042	12.70%	453,930	20.36%	$49,815	$51,900	782,646	110,462	14.11%	542,804	114,175	21.03%	88,789	16.36%	104,945	19.33%	234,895	43.27%	62,219	11.46%
RICHMOND	443,728	51,433	11.59%	100,675	22.69%	$64,545	$51,900	156,416	15,815	10.11%	114,667	15,965	13.92%	12,568	10.96%	19,274	16.81%	66,860	58.31%	4,983	4.35%
TOTAL A/A*	8,008,278	937,857	57.95%	1,728,847	21.59%	$48,158	$51,900	3,022,477	595,256	19.69%	1,869,809	540,893	28.93%	298,424	15.96%	312,221	16.70%	718,272	38.41%	520,557	27.84%

*** Assessment Area; ** 2000 Census data**

CHART # 2

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	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
BRONX	490,659	132,650	27.04%	357,495	72.86%	90,522	18.45%	8,805	9.72%	19,576	21.62%	33,578	37.09%	28,572	31.56%	391,918	79.88%	27,447	5.59%
KINGS	930,866	455,859	48.97%	474,122	50.93%	238,290	25.60%	10,024	8.01%	67,273	18.24%	94,570	32.50%	66,390	45.50%	670,996	72.08%	50,139	5.39%
NEW YORK	798,144	28,178	3.53%	769,392	96.40%	148,695	18.63%	2,591	3.16%	13,120	7.57%	7,719	11.65%	125,277	26.29%	616,053	77.19%	59,500	7.45%
QUEENS	817,250	494,122	60.46%	322,175	39.42%	334,894	40.98%	1,012	8.52%	27,768	18.29%	144,680	37.59%	161,408	60.10%	462,179	56.55%	34,586	4.23%
RICHMOND	163,993	141,014	85.99%	22,645	13.81%	99,732	60.81%	491	20.41%	3,164	28.29%	11,960	45.00%	67,748	67.93%	59,962	36.56%	7,652	4.67%
TOTAL A/A*	3,200,912	1,251,823	39.11%	1,945,829	60.79%	912,133	28.50%	22,923	5.91%	130,901	15.07%	292,495	33.60%	465,760	51.06%	2,201,108	68.77%	179,324	5.60%

*** Assessment Area**

CHART # 3

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	
		#	%	#	%	#	%	#	%	#	%
BRONX	37,871	24,644	65.07	1,855	4.9	11,372	30.03	27,926	73.74	34,750	91.76
KINGS	106,517	69,497	65.24	5,235	4.91	31,785	29.84	77,928	73.16	99,599	93.51
NEW YORK	221,146	131,056	59.26	23,366	10.57	66,724	30.17	163,025	73.72	190,918	86.33
QUEENS	101,919	65,521	64.29	5,435	5.33	30,963	30.38	73,999	72.61	94,685	92.9
RICHMOND	22,945	14,953	65.17	882	3.84	7,110	30.99	16,838	73.38	21,392	93.23
Total Asessment Area	490,398	305,671	62.33	36,773	7.5	147,954	30.17	359,716	73.35	441,344	90.00

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

CCB's performance was evaluated according to the small bank performance criteria, which include the following: (1) Loan-to-Deposit Ratio and Other Lending-Related Activities; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Distribution by Borrower Characteristics; and (5) Action Taken in Response to Written Complaints Regarding CRA.

The evaluation period included lending activity for calendar years 2002 and 2003. Examiners considered small business lending and HMDA-reportable multifamily lending in evaluating factors (2), (3) and (4), as noted above. Small business lending received greater emphasis when assigning ratings since this type of lending accounts for 87.1% of CCB's loan portfolio.

Due to its size, location and lending activity, CCB is not subject to the data reporting requirements of the Home Mortgage Disclosure Act ("HMDA") or the Community Reinvestment Act. As a result, this off-site evaluation was conducted using information provided by CCB in response to a request letter from the Banking Department. A peer analysis was not performed because CCB is a CDFI and no peer banks could be identified for comparison.

The demographic data referred to in this report was obtained from the 1990 and the 2000 Censuses, with updated median family income figures provided by HUD.

- **Loan-to-Deposit Ratio and Other Lending-Related Activities: "Outstanding"**

CCB's loan-to-deposit (LTD) ratio is more than reasonable considering the bank's size, financial condition and the credit needs of its assessment area.

As shown in the table below, the bank's average LTD ratio was 82.79% for the nine quarters ending December 31, 2003, which is above the peer group's average of 77.42%.[1]

Loan-to-Deposit Ratio										
	12/31/01	**3/31/02**	**6/30/02**	**9/30/02**	**12/31/02**	**3/31/03**	**6/30/03**	**9/30/03**	**12/31/03**	**Avg.***
CCB	84.75	85.32	81.26	85.31	91.41	86.32	76.13	81.45	73.20	82.79
Peer	76.13	75.07	76.47	75.92	76.04	78.55	78.09	79.27	81.22	77.42

* Average

Despite its size and increasing competition, CCB has successfully delivered financial services to customers within the assessment area. The bank's deposits have enabled it to make loans to a wide customer base including small businesses, real estate entrepreneurs, affordable housing developers, non-profits and faith-based organizations.

[1] These ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") issued by the Federal Deposit Insurance Corporation ("FDIC").

Community Development Loans/Qualified Investments: The bank enhanced its performance record as a community development bank by providing community development loans within the assessment area. Over the evaluation period, CCB had 31 new commitments totaling $15.2 million.

As of December 31, 2003, CCB had a portfolio of 30 community development loans with a combined outstanding balance of $11.4 million, or 8.3% of total assets. These loans were made to non-profit organizations that support affordable housing, economic development and revitalization and stabilization activities within the bank's assessment area. The organizations include Renaissance Economic Development, New York Business Development Corporation, Brooklyn Center, Accion New York, and St. John's Family Center.

Included within CCB's portfolio were two loans totaling $40.8 thousand to individuals that were affected by the destruction of the World Trade Center in 2001.

- **<u>Assessment Area Concentration:</u> "Outstanding"**

A substantial majority of CCB's lending occurred within the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	**Number of Loans**					**Loans in Dollars (in thousands)**				
	Inside		**Outside**			**Inside**		**Outside**		
	#	%	#	%	**Total**	$	%	$	%	**Total**
Multifamily										
2002	12	100.0	0	0.0	12	6,132	100.0	0	0.0	6,132
2003	7	100.0	0	0.0	7	6,040	100.0	0	0.0	6,040
Subtotal	*19*	*100.0*	*0*	*0.0*	*19*	*12,172*	*100.0*	*0*	*0.0*	*12,172*
Small Bus.										
2002	60	90.9	6	9.1	66	14,798	90.2	1,608	9.8	16,406
2003	68	79.1	18	20.9	86	11,823	86.4	1,864	13.6	13,687
Subtotal	*128*	*84.2*	*24*	*15.8*	*152*	*26,621*	*88.5*	*3,472*	*11.5*	*30,093*
Total	**147**	**86.0**	**24**	**14.0**	**171**	**38,793**	**91.8**	**3,472**	**8.2**	**42,265**

During the evaluation period, CCB originated 171 multifamily and small business loans totaling $42.3 million, including 147 loans (86.0%) amounting to $38.8 million (91.8%) within the assessment area. As shown in the table above, CCB made 100% of its multifamily originations within the assessment area

The bank's loan portfolio consists primarily of multifamily and small business loans. Many of CCB's small business loans are guaranteed by the Small Business Administration ("SBA").

During the prior evaluation period, CCB made 90.9% of its originations within the

assessment area, based on number of loans. While the bank's performance declined to 86.0% during the current evaluation period, CCB's performance remains strong for an institution of its size in a highly competitive local market.

Geographic Distribution of Loans: "Outstanding"

The geographic distribution of CCB's loans reflects an excellent dispersion among census tracts of different income levels. During the evaluation period, the bank had an LMI penetration ratio of more than 36%, while the distribution of businesses within LMI geographies was approximately 26% in both 2002 and 2003.

Multi-family Loans

The geographic distribution of CCB's multifamily loans reflects a reasonable dispersion among census tracts of different income levels. The number of loans originated in LMI areas between 2002 and 2003 declined by 75.0%, while the number of individuals living in LMI census tracts increased by 13.4%.

In 2002, CCB originated 66.7% of its multi-family loans in LMI census tracts; however, this percentage declined to 28.6% in 2003.

The following chart provides a summary of the lending distribution for 2002 and 2003.

Distribution of Multifamily Loans by Geography Income Level*

Geography Income Level	2002				2003			
	#	%	$000s	%	#	%	$000s	%
Low	5	41.7	2,961	48.3	0	0.0	0	0.0
Moderate	3	25.0	1,235	20.1	2	28.6	1,556	22.1
Middle	2	16.7	1,200	19.6	4	57.1	4,484	63.7
Upper	2	16.7	736	12.0	1	14.3	1,000	14.2
Total	**12**	**100.0**	**6,132**	**100.0**	**7**	**100.0**	**7,040**	**100.0**

*Geography income level is based upon 1990 Census data on median family income figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA median, moderate-income is 50% to <80% of the MSA median income, middle-income is 80% to <120%, and upper-income is at least 120%.

Small Business Loans

The geographic distribution of CCB's small business loans reflects an excellent dispersion among census tracts of different income levels. During the evaluation period, the bank achieved an LMI penetration ratio of 33.6%.

In 2002, the bank originated 60 small business loans, including 8 loans (13.3%) in low-income tracts; 12 (20.0%) in moderate-income tracts; 20 (33.3%) in middle-income tracts, 18 (30.0%) in upper income tracts and 2 (3.3%) in zero-income tracts. The bank's LMI penetration ratio of 33.3% for 2002 compared favorably to the distribution of businesses within LMI census tracts during that year. To be specific, 7.8% of all businesses were

located in low-income tracts and 18.5% were located in moderate-income census tracts.

In 2003, the bank's LMI penetration rate improved by 15%, while the number of businesses within LMI tracts remained relatively stable, declining from 26.3% in 2002 to 25.5% in 2003.

Included among CCB's 68 small business loan originations during 2003 were three loans (4.4%) in low-income tracts; 20 loans (29.4%) in moderate-income tracts; 14 (20.6%) loans in middle-income tracts and 31 loans (45.6%) were in upper-income tracts. CCB's LMI penetration ratio for 2003 was 33.8% based on number of loans and 28.7% based on dollar volume.

Distribution of Small Business Loans by Geography Income Level								
Geography Income Level	**2002**				**2003**			
	#	%	$000s	%	#	%	$000s	%
Low	8	13.3	2,290	15.5	3	4.4	380	3.2
Moderate	12	20.0	4,577	30.9	20	29.4	3,019	25.5
Middle	20	33.3	2,256	15.3	14	20.6	2,246	19.0
Upper	18	30.0	5,316	35.9	31	45.6	6,178	52.3
Zero	2	3.3	350	2.4	0	0.0	0	0.0
Total	**60**	**100.0**	**14,789**	**100.0**	**68**	**100.0**	**11,823**	**100.0**

<u>Distribution by Borrower Characteristics:</u> "Outstanding"

The distribution of loans based on borrower characteristics reflects an excellent penetration among individuals of different income levels and businesses of different revenue sizes.

<u>Multifamily Loans</u>

An analysis of CCB's lending based on borrower income could not be conducted because CCB is not required to maintain revenue data for these borrowers and the data was unavailable. For small business loans, loan size was used as a proxy for identifying and evaluating loans to smaller businesses (i.e., those with gross annual revenues of $1 million or less).

Distribution of Small Business Loans by Loan Size				
Loan Size (In Thousands)	**2002**			
	#	% by #	$	% by $
<=$100	28	46.7	1,355	9.2
>$100 to $250	15	25.0	2,835	19.2
>$250 to $1,000	17	28.3	10,599	71.7
Total	**60**	100.0	**14,789**	100.0
Loan Size (In Thousands)	**2003**			
	#	% by #	$	% by $
<=$100	35	51.5	1,976	16.7
>$100 to $250	23	33.8	4,072	34.4
>$250 to $1,000	10	14.7	5,775	48.8
Total	**68**	100.0	**11,823**	100.0

Small Business Loans

As illustrated in the table above, CCB originated 128 loans during the evaluation period. A substantial portion of these loans (49.2%) was made for amounts of $100 thousand or less. An additional 30% of the originations were for amounts ranging from $101 thousand to $250 thousand. Compared to the prior evaluation, the bank has increased its number of small business loan originations.

Action Taken In Response to Written Complaints With Respect to CRA

Since the previous CRA evaluation, conducted by the New York State Banking Department as of September 30, 2001, neither the bank nor the New York State Banking Department has received any written complaints regarding the bank's CRA performance.

- **Discrimination and other Illegal Practices**

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

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

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance and fair lending examinations of CCB were conducted concurrently with this evaluation. These examinations indicate satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

- **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.

CCB maintains contact with various local businesses and community development organizations to ascertain the credit needs of the assessment area. Officers and directors of the bank serve on boards of and participate in community organizations including: New York State Small Business Development Corporation, The New York Women's Agenda, Brooklyn Economic Development Corporation and the Brooklyn Chamber of Commerce.

As part of its involvement in the community, CCB sponsors and participates in a variety of seminars, workshops, and cultural, educational and public service events.

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 institution.

In addition to advertisements in local newspapers, CCB publishes a quarterly newsletter that is widely distributed to customers, community organizations, media services, elected officials and shareholders. The bank also distributes its annual report, brochures and information kits by mail and at community events. Information about the bank and its products and services are available on the bank's website.

The bank collaborates with key government agencies on loan programs including the SBA, the New York State Energy Research and Development Authority (NYSERDA), World Trade Center Bridge and Revolving Loan Funds, New York City ("NYC") Housing Authority, NYC School Construction Authority and the National Minority Development Council.

The bank works with elected officials including borough presidents, state senators and assembly members, key congressional representatives, council members and local community boards. The bank also participates in the state and city Banking Development District programs and works closely with the NYC Commission, and the NYC and New York State Comptrollers' offices.

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

CCB was founded in 1991 to provide loans to small businesses and to fund affordable housing projects in underserved communities throughout New York City. To this end, the Board of Directors monitors the bank's CRA activities via monthly reports from the CRA Officer. CRA initiatives and lending policies are also reviewed periodically by the Board of Directors.

- **<u>Other Factors</u>**

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.

The bank offers a NYS Empire Development program to provide technical assistance and education services to minority and women customers. CCB has sponsored and/or participated in seminars and workshops for its customers and the local community on financial planning, small business development and marketing and a variety of financial education programs for consumers and business owners.

GLOSSARY

Aggregate

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

Community Development

The term "community development" is defined to mean:

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

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

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

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

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

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

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

- Developing secondary market vehicles or programs;
- Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
- Furnishing financial services training for staff and management;
- Contributing accounting/bookkeeping services; and
- Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act ("HMDA")

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

Loans to Small Businesses

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

Low or Moderate Income ("LMI") Geographies

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

LMI Penetration Rate

A number that depicts the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans to LMI geographies or borrowers.

Small Business Loans

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