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: January 1, 2004

Institution: Banco Popular North America
9600 West Bryn Mawr
Rosemont, IL 60018

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.

TABLE OF CONTENTS

	Section
General Information	1
Overview of Institution's Performance	2
Performance Context	3
Institution's Profile	
Assessment Area	
Performance Tests and Assessment Factors	4
Lending Test	
Investment Test	
Service Test	
Discrimination or Other Illegal Practices	
Process Factors	
Other Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Banco Popular North America ("BPNA") 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 January 1, 2004.

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

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

(1) Outstanding record of meeting community credit needs;

(2) Satisfactory record of meeting community credit needs;

(3) Needs to improve record of meeting community credit needs; and

(4) Substantial noncompliance in meeting community credit needs.

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating

Banco Popular North America is rated "1," indicating an outstanding record of helping to meet community credit needs.

Lending Test - "High Satisfactory"

- The volume of HMDA-reportable and small business loans originated by the bank reflects good responsiveness to assessment area credit needs.

  In 2002, the bank originated 24.3% more HMDA-reportable and small business loans than it did in 2001 in the assessment area. In 2003, the volume of these loans increased by 38.1% from 2002. This compares favorably with the market aggregate performance.

- During the evaluation period, a high percentage of the bank's lending activities were inside the assessment area. The bank extended 84.3% by number and 69.8% by dollar volume of its HMDA-reportable and small business loans inside the assessment area.

- The bank's geographic distribution of HMDA-reportable and small business loans reflects an excellent penetration throughout the assessment area.

  In 2002, the bank extended 27.8% of its HMDA-reportable loans inside LMI areas. This was significantly higher than the market aggregate of 17.4%. In 2003, the ratio (26.4%) of HMDA-reportable loans the bank extended in LMI areas was slightly lower than in 2002. This ratio, however, was still well above the market aggregate of 19.8%.

  The bank extended 36.9% of its small business loans in LMI geographies in 2002, while the aggregate extended 24.4% of its small business loans inside LMI geographies. The bank's strong LMI lending continued into 2003, with 32.9% of its small business loans in LMI areas compared to 23.7% for the market aggregate.

- The distribution of HMDA-reportable and small business loans to borrowers reflects good penetration among customers of different income levels and businesses of different sizes.

  In 2002, the bank distributed 32.6% of its HMDA-reportable loans among LMI borrowers. This ratio decreased to 16.7% in 2003. However, the market aggregate was much lower than that of the bank's, extending 12.5% in 2002 and 5.8% in 2003.

  The bank extended 15.9% of its small business loans among small businesses (businesses with gross annual revenues of $1 million or less) in 2002. This was well below the market aggregate performance of 33.2%. In 2003, the bank's lending to small

businesses increased substantially, providing 75.7%, while the market aggregate ratio was only 40.0%

- The bank is a leader in making community development loans. As of the evaluation date, qualified community development loans totaled $64.3 million, of which $58.5 million (91.0%) was new money. Since the previous evaluation, the bank's qualified community development loans increased by approximately 63.2%.

- The bank makes limited use of flexible and/ or innovative lending practices. At the previous evaluation, this performance criterion was also assessed as limited.

Investment Test - "Outstanding"

- The bank's level of qualified community development investment is excellent. As of the evaluation date, qualified community development investments totaled $13.0 million, a 13.5% increase from the prior evaluation period. The volume of current qualified investments is $12.8 million, indicating 0.6% of the bank's total New York State assets ($2.3 billion). In light of the bank's performance context, this is a substantial fraction.

Service Test - "Outstanding"

- The bank's delivery systems are readily accessible to all portions of the assessment area, including low and moderate income geographies.

- The bank's record of opening and closing branches has not adversely impacted the accessibility of its delivery system.

- Branch business hours are tailored to the convenience of the communities in which they are located.

- The bank provides a relatively high level of community development services within the assessment area, particularly in LMI areas.

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

PERFORMANCE CONTEXT

Institution's Profile

BPNA, the largest Hispanic bank in the United States, obtained its authorization certificate from the New York State Banking Department on December 28, 1998. The institution is a wholly owned subsidiary of Popular, Inc. ("PI"), a $36.4 billion bank holding company headquartered in Puerto Rico. PI is a complete financial services provider with operations in Puerto Rico, the United States, the Caribbean and Latin America. The Corporation offers a full range of retail banking services through its main subsidiary, Banco Popular.

BPNA operates a network of 97 branch offices across six states: New York, Illinois, California, New Jersey, Florida and Texas. This CRA Performance Evaluation only covers New York State. Inside its New York State assessment area the bank operates 32 full-service banking offices in five counties as follows: New York (11), Kings (10), Bronx (5), Queens (5) and Westchester (1). Supplementing the banks branch offices is an automated teller machine network (ATM) consisting of 56 locations, with at least one at each office within the bank's assessment area.

As of December 31, 2003, the bank reported total assets of $6.3 billion, which included, net loans and leases of $4.9 billion and total deposits of $5.1billion. The bank is primarily a commercial and residential real estate lender with overall growth in the portfolio of 9.4% between 2003 and 2004. The following table illustrates the bank's loan portfolio, based on Schedule RC-C of the bank's year-end Call Reports for 2001, 2002 and 2003. As of December 31, 2003, the bank's loan portfolio consisted of 59.2% commercial loans (industrial and real estate), 21.3% residential, and 1.6% multifamily mortgages.

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	**12/31/2001**		**12/31/2002**		**12/31/2003**	
	($000)	%	($000)	%	($000)	%
Commercial & Industrial Loans	$1,723,334	39.0	$1,711,077	38.4	$1,914,391	39.3
Residential Mortgage Loans	1,159,465	26.2	1,022,405	23.0	1,035,183	21.3
Commercial Real estate Loans	820,121	18.5	983,306	22.1	969,017	19.9
Consumer Loans	284,696	6.4	342,884	7.7	447,371	9.2
Lease Financing Receivables	157,184	3.6	160,212	3.6	296,049	6.1
Multifamily Mortgages	177,575	4.0	125,506	2.8	80,179	1.6
Construction / Land Dev	70,222	1.6	78,467	1.8	76,473	1.6
Other Loans	29,135	0.7	26,753	0.6	49,099	1.0
Total Gross Loans	**4,421,732**	**100.0**	**4,450,610**	**100.0**	**4,867,762**	**100.0**

According to the latest available comparative deposit data, dated June 30, 2003, the bank had a deposit market share of 0.5% and ranked 20th among 120 deposit taking institutions

inside the assessment area. The bank reported approximately $2.8 billion in total deposits as of June 30, 2003 and 74.9% of those deposits were obtained inside its New York assessment area.

The following table illustrates the bank's deposit market share and ranking as of June 30, 2003:

BPNA's Distribution of Deposits as of June 30, 2003				
County	Deposit ($000)	% in AA	Deposit % of County Total	Deposit Ranking in County
Kings	798,987	37.9	2.8	9 of 41
New York	797,158	37.9	0.3	24 of 93
Bronx	275,477	13.1	1.2	9 of 23
Queens	192,020	9.1	0.6	23 of 47
Westchester	42,707	2.0	0.2	27 of 33
Total	2,106,349	100.0		

Affiliates

The following are a list of BPNA affiliates:

- Equity One is the Corporation's mortgage and consumer lending subsidiary, and originates personal and mortgage loans and provides financing to retail merchants and dealers.

- Popular Cash Express (PCE) is the Corporation's check cashing franchise in the U.S. and provides check cashing and money transmission services to individuals who cannot afford traditional banking services.

- Popular Leasing, USA has approximately $252 million in assets as of the evaluation date and provides small ticket equipment leasing through 11 offices in nine states.

- Popular Insurance, USA is licensed as an insurance broker in 19 states and offers insurance and investment products through BPNA's national branch network.

The bank's most recent CRA evaluation, dated January 1, 2002, resulted in an overall rating of "2," indicating a satisfactory record of helping to meet community credit needs.

There is no legal or financial impediment that adversely impacts the institution's ability to meet the credit needs of the assessment area.

Assessment Area

The bank's New York State assessment area consists of Bronx, Kings (Brooklyn), Queens and New York (Manhattan) counties in their entireties and the town of New Rochelle in Westchester County. According to the 2000 U.S. Census, this area consists of 2,123 census tracts, of which 821 (38.7%) are LMI.

The 2000 US census reflected an 11.0% decreased to 276 from 310 in low-income tracts while the number of moderate-income tracts increased by 30.7% to 545 from 417. The number of middle-income tracts decreased by 14.2% to 652 from 760 while upper-income tracts increased by 2.0% to 593 from 582. Overall, the number of LMI tracts within the assessment area has declined.

Distribution of Assessment Area Census Tracts by Income Level based on 1990 U.S. Census Data							
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
Westchester	0	0	0	6	10	16	0.0
Total	62	310	417	760	582	2,131	34.1

Distribution of Assessment Area Census Tracts by Income Level based on 2000 U.S. Census Data							
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
Westchester	1	0	0	6	9	16	0.0
Total	57	276	545	652	593	2,123	38.7

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

Demographic & Economic Data

Please refer to the following charts for demographic information pertaining to bank's assessment area: The demographic data is obtained from the 2000 U.S. Census.

Chart #1 – Population and Income Characteristics

Chart #2 – Housing Characteristics

Chart #3 – Business Demographics

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CHART # 1

BANO POPULAR NORTH AMERICA

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	10.1	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	82.2
KINGS	2,465,326	282,658	11.5	587,575	23.8	39,349	51,900	881,006	211,538	24.0	588,870	199,851	33.9	100,237	17.0	98,099	16.7	190,683	32.4	206,724	68.9
NEW YORK	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	77.0
QUEENS	2,229,379	283,042	12.7	453,930	20.4	49,815	51,900	782,646	110,462	14.1	542,804	114,175	21.0	88,789	16.4	104,945	19.3	234,895	43.3	62,219	30.7
Westchester	72,182	11,185	15.5	15,537	21.5	82,285	51,900	26,235	2,986	11.4	17,683	2,379	13.5	1,922	10.9	2,522	14.3	10,860	61.4	0	-
TOTAL A/A*	7,636,732	897,609	11.8	1,643,709	21.5	47,439	51,900	2,892,296	582,427	20.1	1,772,825	527,307	29.7	287,778	16.2	295,468	16.7	662,272	37.4	515,574	63.3

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

CHART # 2

BANCO POPULAR NORTH AMERICA

ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY

COUNTY	Total		1-4 family		Multifamily		Owner-Occupied		O-O Units in		O-O Units in		O-O Units in		O-O Units in		Rental		Vacant/	
	Housing Units		Units		Units		Units (O-O)		Low-income Tracts		Mod-income Tracts		Midd-income Tracts		Upp-income Tracts		Units		Boarded-up Units	
			#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
BRONX	490,659		132,650	27.0	357,495	72.9	90,522	18.4	8,799	9.7	19,571	21.6	33,575	37.1	28,569	31.6	391,918	79.9	27,447	5.6
KINGS	930,866		455,859	49.0	474,122	50.9	238,290	25.6	10,032	4.2	67,293	28.2	94,577	39.7	66,388	27.9	670,996	72.1	50,139	5.4
NEW YORK	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
QUEENS	817,250		494,122	60.5	322,175	39.4	334,894	41.0	1,005	0.3	27,763	8.3	144,708	43.2	161,419	48.2	462,179	56.6	34,586	4.2
Westchester	26,995		15,939	59.0	11,022	40.8	13,173	48.8	0	-	0	0.0	2,859	21.7	10,314	78.3	13,465	49.9	806	3.0
TOTAL A/A*	3,063,914		1,126,748	36.8	1,934,206	63.1	825,574	26.9	22,423	2.7	127,742	15.5	283,435	34.3	391,950	47.5	2,154,611	70.3	172,478	5.6

*** Assessment Area**

CHART # 3

BANCO POPULAR NORTH AMERICA

BUSINESS DEMOGRAPHICS BY COUNTY

COUNTY AND ASSESSMENT AREA(A/A)	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	65.1	1,855	4.9	11,372	30.0	27,926	73.7	34,750	91.8
KINGS	106,517	69,497	65.3	5,235	4.9	31,785	29.8	77,928	73.2	99,599	93.5
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	101,919	65,521	64.3	5,435	5.3	30,963	30.4	73,999	72.6	94,685	92.9
WESTCHESTER	5,968	4,036	67.6	337	5.7	1,595	26.7	4,523	75.8	5,562	93.2
Total A/A*	473,421	294,754	62.3	36,228	7.7	142,439	30.1	347,401	73.4	425,514	89.9

* Assessment Area

PERFORMANCE TESTS AND ASSESSMENT FACTORS

This performance evaluation is based on a review of the bank's lending, investment, and service activities within its assessment area in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board. .

This performance evaluation incorporates a review of BPNA's lending, investment and service activities within its New York State assessment area during calendar years 2002 and 2003. Loan products considered during the evaluation include HMDA-reportable and small business loans.

Statistics utilized in this evaluation were derived from various sources. In addition to bank-specific loan information submitted by the institution, aggregate data for HMDA-reportable and small business loans were obtained from the Federal Financial Institution Examination Council ("FFIEC") and PCi Corporation's CRA Wiz® software. Demographic data were obtained from the 1990 and 2000 U.S. Censuses. Updated median income figures were obtained from the U.S. Department of Housing and Urban Development ("HUD").

I. <u>Lending Test:</u> "High Satisfactory"

The bank's lending performance was 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) Innovative or Flexible Lending Practices. The analysis of factors (1), (2), (3) and (4) above focused primarily on the bank's HMDA-reportable and, small business and loans.

Lending Activity: "High Satisfactory"

The bank's lending activity in New York State reflects good responsiveness to the credit needs of the assessment area.

BPNA (AA)	2001		2002		2003	
Type of Loan	#	%	#	%	#	%
HMDA	274	45.0	356	47.3	613	60.3
Small Business	331	55.0	396	52.7	404	39.7
Total	605	100.0	752	100.0	1,017	100.0

The number of HMDA-reportable and small business loans increased by 24.3% between 2001 and 2002, and by 35.2% between 2002 and 2003.

During the evaluation period the dollar volume of HMDA-reportable and small business loans increased by 38.1%. HMDA-reportable dollar volume, however, increased by 75% between 2002 and 2003, while the dollar volume of small business loans increased at a modest rate of 8.0%. During the evaluation period 42.0% of the HMDA-reportable loans were originated in Queens County, while small business loans were evenly distributed throughout the assessment area.

The following chart shows a distribution of the bank's loans inside and outside the assessment area during the current evaluation period:

Assessment Area Lending by County								
	2002							
	HMDA				Small Business			
County	#	%	$0	%	#	%	$0	%
Bronx	54	15.2	7,289	10.6	50	12.6	9,878	11.8
Kings	92	25.8	19,808	28.8	115	29.0	24,871	29.6
New York	46	12.9	10,500	15.3	118	29.8	28,878	34.4
Queens	159	44.7	29,936	43.6	104	26.3	18,498	22.0
Westchester	5	1.4	1,204	1.8	9	2.3	1,811	2.2
Total	**356**	**100.0**	**68,737**	**100.0**	**396**	**100.0**	**83,936**	**100.0**
	2003							
	HMDA				Small Business			
County	#	%	$0	%	#	%	$0	%
Bronx	84	13.7	12,283	10.2	33	8.2	6,759	7.5
Kings	172	28.1	33,836	28.1	118	29.2	27,031	29.8
New York	103	16.8	23,409	19.5	87	21.5	18,722	20.7
Queens	247	40.3	49,465	41.1	155	38.4	35,589	39.3
Westchester	7	1.1	1,254	1.0	11	2.7	2,537	2.8
Total	**613**	**100.0**	**120,247**	**100.0**	**404**	**100.0**	**90,638**	**100.0**

Assessment Area Concentration: "High Satisfactory"

During the evaluation period, the bank extended approximately 84.3%, by number and 69.8% by dollar volume, of its HMDA-reportable and small business loans inside the assessment area.

The following chart shows further details regarding the distribution of the bank's HMDA-reportable and small business loans inside and outside the assessment area during the evaluation period.

Loan Type	Number of Loans					Dollar Volume (000)				
	Inside		Outside			Inside		Outside		
	#	%	#	%	Total	$	%	$	%	Total
HMDA										
2002	356	73.6	128	26.4	484	68,737	70.9	28,199	29.1	96,936
2003	613	84.0	117	16.0	730	120,247	53.5	104,461	46.5	224,708
Subtotal	969	79.8	245	20.2	1,214	188,984	58.8	132,660	41.2	321,644
Small Business										
2002	396	83.2	80	16.8	476	83,936	78.7	22,762	21.3	106,698
2003	404	98.8	5	1.2	409	90,638	97.9	1,900	2.1	92,538
Subtotal	800	90.4	85	9.6	885	174,574	87.6	24,662	12.4	199,236
Total	**1,769**	**84.3**	**330**	**15.7**	**2,099**	**363,558**	**69.8**	**157,322**	**30.2**	**520,880**

Geographic Distribution: "Outstanding"

The geographic distribution of the bank's HMDA-reportable and small business loans reflects excellent distribution throughout the assessment area.

HMDA Reportable Loans

The distribution of the bank's HMDA-reportable loans in LMI areas has significantly improved since the previous evaluation. In addition, the bank's LMI penetration ratios remain above the levels achieved by the market aggregate.

In 2002, the bank distributed 27.8% by number and 25.7% by dollar volume of its HMDA-reportable loans inside LMI areas. Similarly, the market aggregate's ratios were 17.4% by number and dollar volume. In 2003 the bank extended 26.4% by number and 23.3% by dollar volume of its HMDA-reportable loans in LMI geographies. For the market aggregate, the 2003 LMI penetration ratios were 19.8% by number and 19.2% by dollar volume.

The following table shows the geographic distribution of HMDA-reportable loans inside the assessment area during the evaluation period:

Distribution of HMDA-Reportable Loans By Geography Income Level*								
Geography	**2002**							
	Bank				**Aggregate**			
	#	%	$000's	%	#	%	$000's	%
Low	23	6.5	4,964	7.2	8,806	5.1	2,367,332	5.3
Moderate	76	21.3	12,719	18.5	21,253	12.3	5,394,131	12.1
Middle	150	42.1	31,108	45.3	62,369	36.2	13,554,067	30.3
Upper	106	29.8	19,778	28.8	79,666	46.2	23,285,485	52.1
N/A	1	0.3	168	0.2	307	0.2	92,336	0.2
Total	**356**	**100.0**	**68,737**	**100.0**	**172,401**	**100.0**	**44,693,351**	**100.0**
Geography	**2003**							
	Bank				**Aggregate**			
	#	%	$000's	%	#	%	$000's	%
Low	22	3.6	2,905	2.4	8,748	3.6	2,466,262	3.7
Moderate	140	22.8	25,147	20.9	38,991	16.2	10,237,085	15.5
Middle	224	36.5	42,621	35.5	74,683	31.1	17,242,779	26.1
Upper	226	36.9	49,220	40.9	116,912	48.6	35,430,312	53.7
N/A	1	0.2	354	0.3	1,062	0.4	577,092	1.0
Total	**613**	**100.0**	**120,247**	**100.0**	**240,396**	**100.0**	**65,953,530**	**100.1**

* Geography income level for 2002 and 2003 is based upon 1990 and 2000 Census data, respectively, 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%, middle income is 80% to <120% and upper income is at least 120%.

Small Business Loans

Although the bank's lending of small business loans in LMI areas decreased since the prior evaluation, the levels are still above those of the market aggregate. During the prior evaluation period, in 2000 and 2001, the bank had LMI penetration ratios of 42.9% and 43.8% by number, respectively.

In 2002, the bank's penetration of small business loans in LMI areas was 36.9% by number and 37.2% by dollar volume compared to the market aggregate of 24.4% by number and 23.8% by dollar volume. In 2003, the bank's small business loans was 32.9% by number and 27.9% by dollar in LMI areas compared to 23.7% by number and 21.2% by dollar volume for the market aggregate.

The following table provides further information on the geographic distribution of small business loans originated inside the assessment area.

Distribution of Small Business Loans By Geography Income Level								
	2002							
	Bank				Aggregate			
Geography	#	%	($000's)	%	#	%	($000's)	%
Low	51	12.9	9,339	11.1	11,180	6.8	282,906	6.3
Moderate	95	24.0	21,864	26.1	28,945	17.6	782,970	17.5
Middle	128	32.2	24,631	29.3	48,161	29.2	1,088,840	24.4
Upper	119	30.1	27,843	33.2	72,258	43.9	2,127,257	47.6
N/A	3	0.8	259	0.3	4,176	2.5	187,172	4.2
Total	**396**	**100.0**	**83,936**	**100.0**	**164,720**	**100.0**	**4,469,145**	**100.0**
	2003							
	Bank				Aggregate			
Geography	#	%	($000's)	%	#	%	($000's)	%
Low	28	6.9	4,540	5.1	9,962	5.7	254,873	5.0
Moderate	105	26.0	20,691	22.8	31,659	18.0	822,325	16.2
Middle	155	38.4	39,079	43.1	42,060	23.9	1,017,987	20.1
Upper	112	27.7	25,687	28.3	89,613	51.0	2,841,406	56.1
N/A	4	1.0	641	0.7	2,486	1.4	132,793	2.6
Total	**404**	**100.0**	**90,638**	**100.0**	**175,780**	**100.0**	**5,069,384**	**100.0**

Borrower Characteristics: "High Satisfactory"

The distribution of the bank's HMDA-reportable loans reflects good penetration among borrowers of different income levels. The bank also had a good distribution of small business loans among businesses of different sizes.

HMDA-Reportable Loans

As shown in the following chart, in 2002 the bank extended 32.6% by number and 17.5% by dollar volume of its HMDA-reportable loans to LMI individuals. The bank's performance exceeded the market aggregate, distributing 12.5% by number and 6.1% by dollar volume of the HMDA-reportable loans among LMI borrowers.

In 2003, the bank's HMDA-reportable lending among LMI individuals was 16.7%, by number and 8.1% by dollar volume. As these percentages show, the bank's LMI lending remained above that of the market aggregate, which extended 5.8% by number and 2.7% by dollar volume of their HMDA-reportable loans to LMI borrowers.

Distribution of HMDA Loans Borrower Income Level								
2002								
	Bank				Aggregate			
Income Level	#	%	$000's	%	#	%	$000's	%
Low	36	10.1	1,666	2.4	4,068	2.4	397,426	0.9
Moderate	80	22.5	10,346	15.1	17,430	10.1	2,309,284	5.2
Middle	102	28.7	18,113	26.4	35,011	20.3	6,184,784	13.8
Upper	129	36.2	30,011	43.7	72,041	41.8	21,666,803	48.5
N/A	9	2.5	8,601	12.5	43,851	25.4	14,135,054	31.6
Total	**356**	**100.0**	**68,737**	**100.0**	**172,401**	**100.0**	**44,693,351**	**100.0**
2003								
	Bank				Aggregate			
Income Level	#	%	$000's	%	#	%	$000's	%
Low	22	3.6	1,200	1.0	2,142	0.9	247,555	0.4
Moderate	80	13.1	8,521	7.1	11,817	4.9	1,529,909	2.3
Middle	170	27.7	24,827	20.6	35,446	14.7	6,090,748	9.2
Upper	332	54.2	74,148	61.7	129,628	53.9	36,846,300	55.9
N/A	9	1.4	11,551	9.6	61,363	25.6	21,239,018	32.2
Total	**613**	**100.0**	**120,247**	**100.0**	**240,396**	**100.0**	**65,953,530**	**100.0**

Small Business Loans

The distribution of the bank's small business loans reflects good distribution among businesses of different sizes, as shown in the chart below.

Distribution of Small Business Loans by Business Revenue								
2002								
	Bank				Aggregate			
Revenue	#	%	$000's	%	#	%	$000's	%
<=$1000	63	15.9	16,936	20.2	54,718	33.2	1,616,432	36.2
>=$1000	58	14.6	19,363	23.1				
N/A	275	69.5	47,637	56.7				
Total	**396**	**100.0**	**83,936**	**99.9**	**164,720**	**33.2**	**4,469,145**	**36.2**
2003								
Revenue ($000's)	Bank				Aggregate			
	#	%	$000's	%	#	%	$000's	%
<=$1000	306	75.7	70,431	77.7	70,347	40.0	2,029,546	40.0
>=$1000	72	17.8	16,651	18.4				
N/A	26	6.5	3,556	3.9				
Total	**404**	**100.0**	**90,638**	**100.0**	**175,780**	**40.0**	**5,069,384**	**40.0**

In 2002, the bank originated 15.9% by number and 20.2% by dollar volume of its loans to small businesses, which compared unfavorably to the market aggregate with 33.2% by number and 36.2% by dollar volume.

In 2003, the bank's lending to small businesses increased substantially to 75.7% by number and 77.7% by dollar volume, surpassing the market aggregate 40.0% by number and dollar volume.

Community Development Loans: "Outstanding"

The bank is a leader in making qualified community development loans.

As of the evaluation date, the bank's community development loans totaled $64.3 million, reflecting an increase of 63.2% from the prior evaluation. Of the total $58.5 million (90.0%) represented new money.

Community Development Lending Summary ($ in thousand)			
	#	Community Dev. Loan	New Money
Affordable Housing	21	$33,184	$31,920
Economic Development	1	18	0
Community Services	45	23,068	18,576
Revitalization & Stabilization	1	8,000	64,270
Total	68	$64,270	$58,496

BPNA community development lending supported a variety of initiatives across the assessment area, including 51.6% of the total to support affordable housing, 35.9% to community services and 12.4% to neighborhood revitalization and stabilization efforts.

The following is a brief description of various community development loans extended by the bank during the evaluation period.

- The bank has an outstanding line of credit for $1.2 million with a not-for-profit organization which was established in 1984 which provides home attendant services to about 600 patients annually and operates under contract with Human Resources Authority of New York City (HRA). The organization's patients are all Medicaid recipients.

- In 2003, the bank extended $2.3 million in construction loans to a not-for-profit organization which was established in 1988 in response to the need for specialized medical and social services for recovering substance abusers who are HIV+/Symptomatic or are diagnosed as having contracted AIDS. The loan proceeds are for the construction of a one-story state of the art Adult Day Health Care Center. The organization is projected to have over 15,000 client visits in the first full year of operation. The organization currently serves more than 500 patients annually of which all are low-income and Medicaid-eligible.

- In 2003, the bank extended a $7.0 million construction loan to a single-asset, single purpose entity formed to own and construct 72 two-family dwellings for sale to low, moderate, and middle-income families. The project is being constructed under the NYC

Housing Partnership's ("The Partnership") New Homes Program. The Partnership, established in 1983, consists of various government entities and a consortium of lenders from NYC's financial, corporate and service industries. Its purpose is to provide affordable housing opportunities for households with annual incomes between $32,000 and $72,000.

- In 2003, the bank approved a $150 thousand line of credit to a charitable organization was founded in 1934 which was the first of its kind to focus on serving the needs of the Latino community in New York City's South Bronx and East Harlem. Services include after school programs and community support services for homebound seniors.

- During the evaluation period, the bank originated 17 multifamily loans. Sixteen of the projects financed are located in LMI geographies. These loans aggregating over $7.4 million helped to create 220 units of affordable housing within the bank's assessment area.

Innovative or Flexible Lending Practices: "Low Satisfactory"

The bank makes limited use of innovative or flexible lending practices in serving the credit needs of the assessment area.

In 2003 the bank received a Gold Award and a Special Achievement Award for being the only financial institution in the New York Metro Region to approve at least 100 SBA loans every year for the past 10 years.

II. Investment Test: "Outstanding"

The bank has an excellent level of qualified community development investments and grants. It is often in a leadership position in this area.

As of December 31, 2003, qualified investments and grants totaled $13.0 million, representing an increase of 13.0% from the $11.5 million reported at the prior evaluation. Investments originated during the current evaluation period totaled $12.8 million (0.5%) of the bank's NY assets. A majority of the bank's qualified investments, $10.3 million (80.5%) are mortgage backed securities. These securities were underwritten by the Community Preservation Corporation (CPC), which specializes in the financing of affordable housing.

In addition, the bank invested $11 million in a Low Income Housing Tax Credit program for corporate investors in November 2003. This investment demonstrated the bank's commitment to providing affordable housing to LMI individuals.

The bank's purchase of a limited partnership interest in SunAmerica Affordable Housing Partnership program gives it initial exposure to the affordable housing tax credit program, which increases the diversification of the institution's investment portfolio. As of the evaluation date, approximately $2.3 million was allocated for the construction of a project

containing 92 affordable housing units located in the bank's New York assessment area.

Grants

Qualifying grants totaled $304 thousand, a relatively small amount for an institution of BPNA's size. Approximately 80% of the grants were for community service initiatives while 10% were for affordable housing programs.

III. Service Test: "Outstanding"

The bank's delivery systems are readily accessible to all portions of the assessment area, including low and moderate income geographies.

Retail Banking Services: "Outstanding"

BPNA has 32 full service branches in its assessment areas and has two affiliated mortgage centers located in moderate income tracts in Brooklyn and Queens.

Alternative Delivery Systems

The bank uses several alternative delivery systems in addition to regular teller service. These include net banking, telephone banking, cash management, merchant services and Business AM Report. These systems enhance the delivery of banking services to individual consumers and businesses.

Changes in Branch Location

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery system, particularly in LMI geographies or to LMI individuals. In 2003, the bank closed an office in an upper-income tract and relocated it in another upper-income tract. This relocation did not impact the bank's service area.

Reasonableness of Business Hours and Services

Regular business hours are from 9:00 A.M. to 3:00 P.M. Mondays through Fridays. There are extended hours of service at each of the branches, including Saturdays.

In addition, the bank maintains five Popular Cash Express (PCE) offices in New York: two in the Bronx, two in Manhattan, and one in Queens.

The hours of operation range from 8:00 A.M. to 8:00 P.M. Monday through Friday, 9:00 A.M. to 6:00 P.M. on Saturday and 9:00 A.M. to 4:00 P.M. on Sunday.

Community Development Services: "High Satisfactory"

The bank provides a relatively high level of community development services within the assessment area.

During the evaluation period, the bank sponsored many mortgage and small business lending seminars to make customers and residents of the local community aware of the bank's credit related programs. In addition, the bank sponsored SBA workshops, tradeshows and business expositions for minority and women owned businesses. The bank also held financial literacy workshops utilizing the FDIC's Money Smart Program and first time home buyer seminars.

IV. Discrimination or Other Illegal Practices

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

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

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance report, dated October 30, 2004, indicates a satisfactory performance in terms of adherence to antidiscrimination or other applicable laws and regulations. No evidence of 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 maintains interaction with local businesses and community groups in an effort to ascertain community credit needs. A CRA outreach program is in place to complement these activities. The program requires branch managers to make at least three phone calls per month to potential and existing business customers and local community based organizations. More than 4,000 persons were contacted during the evaluation period.

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.

BPNA continues to advertise its credit and deposit products in community newspapers,

local radio stations, direct mailing and various brochures and flyers. The bank maintains a partnership with Accion of NY and conducts small business lending/banking seminars in English and Spanish through this medium.

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.

The bank's regional CRA performance is reported to senior management at least quarterly. The bank's board of directors is also kept informed of the CRA activities on a quarterly basis. Results of the bank's self assessment are also reported to senior management.

VI. Other Factors

Other factors that in the judgment of the Superintendent and Banking Board, bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

None noted.

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.