



**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, 2005

Institution:

Atlas Savings and Loan Association
689 Fifth Avenue
Brooklyn, New York 11215

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 Standards and Assessment Factors	4
Loan-to-Deposit Analysis and Other	
Lending-Related Activities	
Assessment Area Concentration	
Geographic Distribution of Loans	
Distribution by Borrowers Characteristics	
Action Taken in Response to Written Complaints	
With Respect to CRA	
Services (Optional)	
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 Atlas Savings and Loan Association ("Atlas") 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, 2005.

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

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

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

Section 76.5 further requires that the CRA rating and the written summary be made available to the public ("Evaluation"). Evaluations of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.3 and detailed in Section 76.12. 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

Atlas is rated "2," indicating a "Satisfactory" record in meeting the credit needs of the community. The rating is based on the following factors:

- ***Loan to Deposit Ratio: "Needs to Improve"***

The loan-to-deposit ratio increased to 22.6% from 14.4% at the prior evaluation, or an improvement of 57.0%. Although the LTD ratio has improved, it is still less than reasonable.

- ***Assessment Area Concentration: "Satisfactory"***

The bank's concentration in its assessment area was upgraded to "Satisfactory" from "Needs to Improve" at the prior evaluation period due to the improvement of loans originated within the assessment area. In 2003 and 2004, the bank had 74% of its HMDA reportable loans within the assessment area compared to 37.5% and 40.0% in 2001 and 2002, respectively.

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

The geographic distribution of HMDA-reportable loans reflected a more than reasonable dispersion among census tracts of different income levels. The bank extended 50.1% and 39.6% of its HMDA reportable loans in LMI geographies in 2003 and 2004, respectively.

- ***Distribution by Borrowers Characteristics: "Needs to Improve"***

The bank's lending distribution in its assessment area reflected poor penetration among individuals of different income levels especially the LMI borrowers. During this evaluation period, there were no loans granted to LMI borrowers. However, the percentage of loans granted to moderate-income borrowers increased to 20% in 2003 from 10.5% in 2002. The reason for the bank's poor penetration in LMI and middle-income areas could be attributed to the unusually high cost of new and existing residential properties.

- ***Complaints related to CRA:*** Neither the association nor the New York State Banking Department has received any CRA-related complaints regarding the association's performance during the evaluation period.

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:

Atlas, formerly Polish-American Cooperative Savings and Loan Association, was chartered by the New York State Banking Department in 1900. In 1938, the name was changed to Atlas Savings and Loan Association. The bank's only office is in Brooklyn (Kings County). Atlas offers a variety of deposit and loan products to its customers. It is also equipped with one automatic teller machine (ATM).

The Call Report as of December 31, 2004 submitted to the Office of Thrift Supervision reported total assets of \$65.3 million, down by \$1.8 million (2.7%) since the prior evaluation. The total assets on the evaluation date were distributed as follows: \$12.9 million (19.8%) in loans; \$49.9 million (76.4%) in cash and investments, and \$2.5 million (3.8%) in other assets. The loans were concentrated in 1 - 4 multifamily dwellings amounting to \$12.1 million while the bulk of investments was placed in U.S. government and agency securities. They total of \$12.3 million. At the end of 2004, deposits were \$48.3 million.

The "Deposit Market Share Report" as of June 30, 2004 ranked Atlas 29th among the 39 banks operating in its assessment area. Atlas had total deposits of \$49.4 million while the total deposits of all the banks in the assessment area amounted to \$30.2 billion.

The bank offers the following loan products:

- Residential mortgages
- Commercial real estate loans
- Personal secured loans

The following is a summary of the bank's loan portfolio based on quarterly call reports submitted to the Office of Thrift Supervision covering consolidated report of condition as of the years ending 2002, 2003 and 2004.

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2002		12/31/2003		12/31/2004	
	\$*	%	\$*	%	\$*	%
1-4 Family residential real estate	7,756	94.2	10,118	90.4	10,972	85.3
Multifamily mortgages	62	0.8	1,076	9.6	1,140	8.9
Commercial loans	415	5.0	0	0.0	748	5.8
Consumer loans	2	0.0	1	0.0	1	0.0
Total Gross Loans	8,235	100.0	11,195	100.0	12,861	100.0

*In Thousand

The foregoing chart shows that the residential real estate lending is the bank's primary loan product. As of the evaluation date, 85.3% of its loan portfolio was in 1-4 family residential estate loans. While this ratio has declined over the past few years, the volume in dollars has consistently increased.

The bank does not participate in any governmentally insured, guaranteed or sponsored loan programs, or offer any special loan program because of its size and limited resources.

Atlas' competitors include 371 small and large financial institutions in its assessment area. They comprise finance companies, mortgage bankers, credit unions, savings banks, and large established banks including HSBC, Chase and Citibank.

The bank was rated "3" at the prior CRA evaluation conducted as of January 1, 2003, indicating that Atlas needs to improve its record in meeting the credit needs of its assessment area.

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

Assessment Area:

Atlas has designated Kings County, which is comprised of 783 census tracts, as its assessment area. In 2003, the total census tracts consisted of 12.8% low-income, 34.6% moderate-income, 31.93% middle-income, 18.8% upper-income and 1.9% zero-income tracts. In 2004, the ratios increased for low-income and moderate-income tracts to 15.2% and 37.9%, respectively. While the middle income and upper income tracts decreased to 30.0% and 14.9%, respectively in 2004, the zero-income tract remained at 1.9%.

Distribution of Assessment Area Census Tracts by Income Level							
County	N/A*	Low	Moderate	Middle	Upper	Total	LMI %
Kings	15	119	297	235	117	783	-
Ratio – 2004	1.9%	15.2%	37.9%	30.0%	15.0%	100%	53.1%
Kings	15	100	271	250	147	783	-
Ratio - 2003	1.9%	12.8%	34.6%	31.9%	18.8%	100%	47.4%

*Not Available

Details of the Assessment Area

According to the 2000 census data, the assessment area had a population of approximately 2.5 million people. Of the total population, 282.7 thousand (11.3%) were over the age of 65 while 587.6 thousand (23.5%) were under the age of 16.

In 2003, the assessment area included 588.9 thousand families of which 300 thousand (51.0%) were LMI families; 98.1 thousand (16.7%) were middle-income families and 190.7 thousand (32.4%) were upper-income families.

Based on a 2004 recalculation, of the total families in the assessment area, 315.6 thousand (53.6%) were LMI families, 99.1 thousand (16.8%) were middle income families, and 174.2 thousand (29.6%) were upper-income families.

There were 930.9 thousand housing units in the assessment area, classified in terms of occupancy as follows: owner-occupied units, 238.3 thousand (25.6%); rental occupied units, 642.5 thousand (69.0%), and vacant housing units 50.1 thousand (5.4%). Sorted by type of housing, the total is distributed as follows: 455.9 thousand (49.0%) 1-4 family residences, 474.1 thousand (50.9%) multifamily units and 0.6 thousand (0.07%) mobile homes.

Of the 881.0 thousand households in the assessment area, 191.3 thousand (21.7%) received Social Security benefits, 80.6 thousand (9.2%) received public assistance, and 211.5 thousand (24.0%) were living below the poverty level.

The weighted average median family income was \$39 thousand and the weighted average of the HUD updated MSA median family income was \$57 thousand. The median age of the housing stock was 53 years while the median housing value was \$236 thousand.

The assessment area appears reasonable based upon the location of the bank's office and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

Atlas performance was evaluated according to the small bank performance criteria, which include the following: (1) Loan-to-Deposit (“LTD”) Ratio Analysis 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 of performance under factors 2, 3, and 4, above, is based on HMDA-reportable loans originated by the bank during calendar years 2003 and 2004.

During the evaluation period, demographic data from the 2000 U.S. Census were used. The updated median family income figures came from the data provided by the U.S. Department of Housing and Urban Development (“HUD”).

- **Loan-to-Deposit Analysis: “Needs-to-Improve”**

The average “LTD” ratio for the eight quarters ending December 31, 2004 increased to 22.6% from 14.4% average at the prior CRA evaluation conducted as of January 1, 2003. The improvement in the ratio between evaluations is 57%. Although the ratio improved substantially, it is still less than reasonable. There is no peer group ratio available for this institution because of the lack of other NYSBD chartered similarly situated savings and loan association that could constitute a peer group.

The bank recently became a correspondent with another financial institution which will enable the bank to increase its loan production by offering loan products of this institution. An application is pending with another institution for the same purpose.

The “UBPR” ratios of the association were calculated from information shown in the bank’s quarterly call report submitted to the Office of Thrift Supervision as shown in the table below:

Loan-to-Deposit Ratios									
	2003 (Q1)	2003 (Q2)	2003 (Q3)	2003 (Q4)	2004 (Q1)	2004 (Q2)	2004 (Q3)	2004 (Q4)	Aver.* LTD
Bank	17.3%	19.2%	22.1%	22.4%	24.9%	23.7%	24.7	26.5%	22.6%

* Average

- **Assessment Area Concentration: “Satisfactory”**

Atlas originated a majority of its HMDA-reportable loans within its assessment area. It originated \$8.1 million HMDA-reportable loans representing 36 loans (out of 49 total loans) for the two years under evaluation. These loans averaged 74% both in terms of number and volume in dollars as a percent of the total loans. This component was upgraded to a “Satisfactory” rating from “Needs to Improve” at the prior examination due to the improvement in lending 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		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2003 HMDA-reportable loans	25	75.8	8	24.2	33	5,163	72.2	1,984	27.8	7,147
2004 HMDA-reportable loans	11	68.8	5	31.3	16	2,910	76.8	879	23.2	3,789
Total	36	73.5	13	26.5	49	8,073	73.8	2,863	26.2	10,936

- **Geographic Distribution of Loans: “Outstanding”**

The geographic distribution of loans reflects a more than reasonable dispersion among census tracts of different income levels. The rating of this area was upgraded to “Outstanding” from “Needs to Improve” due to the tremendous increase of loans made in LMI geographies both in number and dollar amount. Although no loan was originated in the low-income census tract during the evaluation period, Atlas has originated 50.1% and 39.6% of its loans in moderate-income census tracts in 2003 and 2004, respectively.

The following chart summarizes the geographic distribution of the association’s HMDA-reportable loans during the evaluation period:

Distribution of HMDA-reportable Loans by Geographic Income Level*								
Atlas								
Geography Income Level	2003				2004			
	#	%	\$('000)	%	#	%	\$('000)	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	12	48.0	2,588	50.1	7	63.6	1,153	39.6
Middle	3	12.0	857	16.6	2	18.2	614	21.1
Upper	10	40.0	1,718	33.3	2	18.2	1,143	39.3
Total	25	100.0	5,163	100.0	11	100.0	2,910	100.0

- **Distribution by Borrower Characteristics: “Needs to Improve”**

The rating of this category was upgraded to “Needs to Improve” from “Substantial non-Compliance” at the prior evaluation. However, the distribution of loans based on borrower characteristics continues to reflect poor penetration among individuals of different income levels. In 2003, no loans were granted to low and moderate-income borrowers while 20% was granted to middle-income borrowers, 64% to upper-income borrowers. In 2004, 45.5% and 54.5% of the total loans were made to upper-income and borrowers whose income data is available while no loans were granted to LMI and middle-income borrowers. Due to unusual high cost of new and existing residential properties, the low- and moderated-income borrowers could hardly afford to buy houses. Additionally, there was a keen competition in the assessment area with more than 370 competing mortgage lenders.

The following chart provides a summary of the association’s HMDA-reportable loan distribution based on borrower characteristics during the evaluation period:

Distribution of HMDA-reportable Loans by Borrower Characteristics								
Atlas								
Borrower Income Level	2003				2004			
	#	%	\$**	%	#	%	\$**	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	5	20.0	523	10.1	0	0.0	0	0.0
Upper	16	64.0	3,635	70.4	5	45.5	1,147	39.4
N/A	4	16.0	1,005	19.5	6	54.5	1,763	60.6
Total	25	100.0	5,163	100.0	11	100.0	2,910	100.0

- **Action Taken In Response to Written Complaints With Respect to CRA**

Since the latest CRA evaluation as of January 1, 2003, 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.

The Fair Lending & Compliance 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 Fair Lending & Compliance examinations conducted with this CRA evaluation 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.

Atlas ascertains the credit needs of its local community mainly through the involvement of its officers and directors with various community organizations such as Community Bankers of NY, America's Community Bankers, BayRidge Real Estate Board, Polaski Parade Committee and Catholic Ladies Guild.

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

The bank is aggressively marketing its loan programs by advertising in local newspapers whose main circulation is Brooklyn. It also advertises in local businessmen's journal, school journals and various church bulletins. Additionally, the bank includes a mortgage brochure in all its outgoing mail.

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 board of directors is actively involved in formulating its CRA policies by reviewing the CRA statement annually to determine if any change or upgrade is necessary. A CRA officer has been designated by the board. He is responsible for administering the bank's CRA compliance and its performance programs. He reports to the President of the

bank, who in turn reports to the Board.

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.

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.