



**NEW YORK STATE BANKING DEPARTMENT**  
**CONSUMER SERVICES DIVISION**  
One State Street  
New York, NY 10004

**PUBLIC SUMMARY**  
(ON-SITE EVALUATION)

**COMMUNITY REINVESTMENT ACT**  
**PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2005

**Institution:** New York Commercial Bank  
1601 Veterans Memorial Highway  
Islandia, New York 11759

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

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## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of New York Commercial Bank (“NYCX”) 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, 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 76.7 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**

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

### **I. Lending Test: "Satisfactory"**

- ***Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities:*** NYCX's LTD ratio is considered reasonable in light of its size, financial condition and the credit needs of its assessment area.
- ***Assessment Area Concentration:*** NYCX extended a majority of its loans in the assessment area.
- ***Geographic Distribution of Loans:*** NYCX's geographic distribution of loans reflects excellent dispersion among census tracts of different income levels.
- ***Distribution by Borrower Characteristics:*** NYCX's lending distribution in the assessment area reflects reasonable penetration among individuals of different income levels and businesses of different revenue size.
- Neither NYCX nor the New York State Banking Department received any complaints with respect to its CRA performance during the evaluation period.

### **II. Community Development Test: "Outstanding"**

- NYCX's community development performance demonstrates excellent responsiveness to the community development needs of its assessment area. During the evaluation period, NYCX originated an excellent volume of community development loans totaling \$131.3 million. Additionally, NYCX provided an adequate level of community development services.

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

## PERFORMANCE CONTEXT

### Institution's Profile:

NYCX is a New York state-chartered commercial bank based in Islandia, New York and is the commercial bank subsidiary of New York Community Bancorp, Inc. ("Bancorp"), a bank holding company organized under Delaware law. NYCX was formed when the Bancorp acquired Long Island Commercial bank ("LICB") on December 30, 2005. On April 28, 2006, Bancorp also acquired Atlantic Bank of New York ("ABNY"), which it merged into the former "LICB" thereby forming NYCX on May 1, 2006.\*\*\*

NYCX provides a comprehensive range of financial services to small and medium-sized businesses, commercial real estate investors and consumers. These services are made available through its network of 29 branches located throughout its assessment area, of which, 12 were former LICB branches and 17 were formerly those of ABNY. The bank has automated teller machines ("ATMs") in 27 of these branch offices as well as in nine offsite locations.

As per the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition (the Call Report) as of December 31, 2005, NYCX reported total assets of \$608.7 million, of which \$252.7 million were net loans and lease finance receivables. It also reported total deposits of \$433.4 million, resulting in a loan-to-deposit ratio of 58.3%. According to the latest available comparative deposit data dated June 30, 2005, LICB, one of the merged banks, obtained a market share of 0.07%, or \$420.2 million out of \$570 billion inside its market, ranking it 54th among 129 deposit-taking institutions in its assessment area. The other acquired bank, ABNY, had a market share of 0.32% and ranked 25th based on deposits of \$1.8 billion.

The following is a summary of the bank's lending portfolio, based on Schedule RC-C of the bank's December 31, 2003, December 31, 2004, and December 31, 2005 Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
LOAN TYPE	12/31/2003**		12/31/2004**		12/31/2005	
	\$*	%	\$*	%	\$*	%
1-4 Residential Mortgage Loans	4,511	2.0	6,659	2.7	11,394	4.5
Commercial & Industrial Loans	71,890	31.3	40,705	16.6	64,172	25.1
Commercial Mortgage Loans	103,168	45.0	162,181	66.2	154,430	60.4
Multifamily Mortgages		0.0		0.0	375	0.1
Consumer Loans	1,226	0.5	3,602	1.5	4,446	1.7
Agricultural Loans		0.0		0.0		0.0
Construction Loans	4,089	1.8	3,483	1.4	9,537	3.7
Obligations of states & municipalities	4,075	1.8	3,876	1.6	3,793	1.5
Other Loans	2,589	1.1	1,776	0.7	1,124	0.4
Lease financing	37,830	16.5	22,785	9.3	6,535	2.6
<b>Total Gross Loans</b>	<b>229,378</b>	<b>100.0</b>	<b>245,067</b>	<b>100.0</b>	<b>255,806</b>	<b>100.0</b>

\* In thousands.

\*\* Outstanding balances shown in these columns pertain to LICB.

\*\*\* Bancorp also owns New York Community Bank

As illustrated in the above chart, the bank is primarily a commercial lender with 85.5% of its loan portfolio in commercial mortgage and commercial and industrial loans as of December 31, 2005.

The terms "NYCX" and "the bank", as used in the two preceding paragraphs, pertain to LICB only. Elsewhere in this report, these terms refer to and include LICB, ABNY and the respective subsidiaries of these two banks. Accordingly, the data used in this evaluation includes the loans and investments originated by LICB and ABNY and the community development activities that these banks performed during the evaluation period. The loans originated by ABNY's subsidiary, Standard Funding Corp. ("SFC"), were also considered in this evaluation. SFC is a premium finance company that is licensed in 49 states, including New York, and the District of Columbia. As a wholly-owned subsidiary of ABNY, SFC's lending activities were reported jointly with those of ABNY.

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

#### **Assessment Area:**

NYCX's assessment area comprises Bronx, Kings, New York, Westchester and Nassau counties in their entirety and portions of Queens and Suffolk counties.

According to the 2000 U.S. Census, there are 2,509 census tracts in the assessment area, of which 324 (12.9%) are low-income, 635 (25.3%) are moderate-income, 836 (33.3%) are middle-income, 651 (26.0%) are upper-income, and 63 (2.5%) are zero-income tracts.

<b>Distribution of Assessment Area Census Tracts by Income Level</b>							
<b>County</b>	<b>Zero</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>	<b>Total</b>	<b>LMI %</b>
<b>Bronx</b>	14	132	98	65	46	355	64.8
<b>Kings</b>	15	119	297	235	117	783	53.1
<b>New York</b>	9	60	59	24	144	296	40.2
<b>Queens (P)</b>	10	6	85	116	73	290	31.4
<b>Westchester</b>	4	4	21	39	153	221	11.3
<b>Nassau</b>	8	2	20	178	69	277	7.9
<b>Suffolk (P)</b>	3	1	55	179	49	287	19.5
<b>Total</b>	<b>63</b>	<b>324</b>	<b>635</b>	<b>836</b>	<b>651</b>	<b>2509</b>	<b>38.2</b>

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

#### **Details of Assessment Area:**

*Population and Income Characteristics:* According to the 2000 U.S. Census data, the assessment area has a population of 10.0 million, including 1.2 million (12.2%) over the

age of 65 and 2.2 million (21.9%) under the age of 16. The median family income is \$60.4 thousand while the Housing and Urban Development (HUD) updated MSA median family income is \$64.7 thousand. There are 3.9 million households in the assessment area, of which 600.0 thousand, or 16.0%, live below the poverty level. Of the total 2.4 million families, 27.0% are low-income and 16.8% are moderate-income. Approximately, 58.9% of the total LMI families live in LMI areas.

*Housing Characteristics:* There are 3.9 million housing units in the assessment area, of which 49.0% are 1-4 family and 51.0% are multifamily units. Approximately, 39.0% of total housing units are owner-occupied, 58.0% are rental and 5.0% are vacant or boarded up. The owner-occupied units in LMI areas account for 16.2% of total housing units.

*Unemployment Rates:* Of the seven counties that comprise NYCX's assessment area, Bronx, Kings, New York and Queens counties had average unemployment rates higher than New York State's in 2004. In 2005, only the Bronx, Kings, and Queens counties' average unemployment rates were higher than the corresponding average for New York.

The following table summarizes the 2004 and 2005 average unemployment rates (not seasonally adjusted) for the seven counties in NYCX's assessment area:

Unemployment Percentages by Geographic Area								
Year	NY State	Bronx	Kings	New York	Queens	Westchester	Nassau	Suffolk
2004	5.8	9.2	7.6	6.2	6.3	4.4	4.5	4.7
2005	5.0	7.5	6.2	5.0	5.2	4.1	4.0	4.2

*Business Demographic Data:* According to the 2005 Business Geodemographic Data, there were 783.7 thousand businesses in the bank's assessment area, of which 776.6 thousand were non-farm businesses. Of the total number of non-farm businesses, 63.4% had annual revenue of \$1 million or under, 6.8% had annual revenue over \$1 million, and 29.8% had unreported revenue. Service providers were the largest industry, consisting of 301.9 thousand ((38.5%) businesses, followed by the retail trade industry with 128.0 thousand (16.3%) businesses, and finance, insurance and real estate with 73.4 thousand (9.4%) businesses.

The charts identified below show demographic and economic data for each county within NYCX's assessment area:

*Chart #1: Population and Income.*

*Chart #2: Housing Demographics.*

*Chart #3: Business Demographics.*

*Chart #4: Industry Breakdown*

**CHART # 1**

<b>ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY</b>																					
<b>COUNTY</b>	<b>Total Population**</b>	<b>Age 65 and over</b>		<b>Age 16 and less</b>		<b>Median Family Income(MFI)</b>	<b>HUD MSA MFI</b>	<b># of Households</b>	<b># of HH below poverty level</b>		<b>Total Families</b>	<b>Low income</b>		<b>Moderate income</b>		<b>Middle income</b>		<b>Upper income</b>		<b>LMI families in LMI tracts</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>				<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>BRONX</b>	1,332,650	113,948	10.1	356,895	26.8	\$33,099	\$57,650	463,242	134,404	29.0	317,248	133,175	42.0	58,715	18.5	51,854	16.3	73,504	23.2	163,697	85.3
<b>KINGS</b>	2,465,326	282,658	11.5	587,575	23.8	\$39,349	\$57,650	881,006	211,538	24.0	588,870	211,549	35.9	103,997	17.7	99,118	16.8	174,206	29.6	233,373	74.0
<b>NEW YORK</b>	1,537,195	186,776	12.2	229,772	14.9	\$71,629	\$57,650	739,167	123,037	17.0	306,220	89,281	29.1	40,700	13.3	38,804	12.7	137,435	44.9	100,358	77.2
<b>QUEENS (P)</b>	1,093,891	139,293	12.7	207,155	18.9	\$48,229	\$57,650	388,609	56,270	14.0	264,142	63,171	23.9	47,624	18.0	52,149	19.8	101,198	38.3	110,795	47.5
<b>WESTCHESTER</b>	923,459	128,964	14.0	207,207	22.4	\$89,228	\$57,650	337,486	28,554	8.0	237,010	30,205	12.8	24,729	10.4	33,274	14.0	148,802	62.8	14,189	25.8
<b>NASSAU</b>	1,334,544	200,841	15.1	293,128	22.0	\$85,752	\$88,850	447,803	23,537	5.0	349,694	58,413	16.7	59,669	17.1	80,471	23.0	151,141	43.2	17,024	14.4
<b>SUFFOLK (P)</b>	1,293,927	144,633	11.2	308,148	23.8	\$75,696	\$88,850	419,457	22,689	5.0	329,877	60,773	18.4	65,838	20.0	84,820	25.7	118,446	35.9	36,319	28.7
<b>TOTAL A/A*</b>	9,980,992	1,217,113	12.2	2,189,880	21.9	\$60,362	\$64,663	3,676,770	600,029	16.0	2,393,061	646,567	27.0	401,272	16.8	440,490	18.4	904,732	37.8	617,542	58.9

\* Assessment Area \*\* In thousands

**CHART # 2**

<b>ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY</b>																			
<b>COUNTY</b>	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 Mid-income Tracts		O-O Units in Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
<b>BRONX</b>	490,659	133,164	27.0	357,495	73.0	90,522	18.0	11,370	12.6	20,802	23.0	33,285	36.8	25,066	27.7	391,918	80.0	27,447	6.0
<b>KINGS</b>	930,866	456,744	49.0	474,122	51.0	238,290	26.0	13,368	5.6	77,659	32.6	92,885	39.0	54,378	22.8	670,996	72.0	50,139	5.0
<b>NEW YORK</b>	798,144	28,752	4.0	769,392	96.0	148,695	19.0	3,881	2.6	12,773	8.6	7,108	4.8	124,934	84.0	616,053	77.0	59,500	7.0
<b>QUEENS (P)</b>	401,061	219,319	55.0	181,742	45.0	148,202	37.0	74	0.1	25,031	16.9	60,704	41.0	62,393	42.1	245,765	61.0	12,310	3.0
<b>WESTCHESTER</b>	349,445	237,328	68.0	112,117	32.0	202,765	58.0	507	0.3	4,887	2.4	20,824	10.3	176,547	87.1	140,169	40.0	12,303	4.0
<b>NASSAU</b>	458,151	409,201	89.0	48,950	11.0	359,257	78.0	647	0.2	16,993	4.7	247,420	68.9	94,197	26.2	91,345	20.0	10,764	2.0
<b>SUFFOLK (P)</b>	438,035	404,829	92.0	33,206	8.0	335,739	77.0	504	0.2	58,586	17.5	213,799	63.7	62,850	18.7	88,374	20.0	18,726	4.0
<b>TOTAL A/A*</b>	3,866,361	1,889,337	49.0	1,977,024	51.0	1,523,470	39.0	30,317	2.0	216,790	14.2	675,964	44.4	600,400	39.4	2,244,620	58.0	191,189	5.0

\* Assessment Area

**CHART # 3**

<b>BUSINESS DEMOGRAPHICS BY COUNTY</b>											
<b>COUNTY AND ASSESSMENT AREA(A/A)</b>	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Businesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
<b>BRONX</b>	42,180	27,461	65.1	1,886	4.5	12,833	30.4	31,167	73.9	39,036	92.6
<b>KINGS</b>	118,189	77,298	65.4	5,460	4.6	35,431	30	87,018	73.6	111,365	94.2
<b>NEW YORK</b>	229,609	136,018	59.2	23,007	10	70,584	30.7	169,569	73.9	200,693	87.4
<b>QUEENS (P)</b>	59,711	38,004	63.7	3,100	5.2	18,607	31.2	43,005	72.0	56,066	93.9
<b>WESTCHESTER</b>	82,886	54,914	66.3	4,871	5.9	23,101	27.9	63,562	76.7	75,801	91.5
<b>NASSAU</b>	135,362	88,611	65.5	7,455	5.5	39,296	29.0	100,713	74.4	126,132	93.2
<b>SUFFOLK (P)</b>	115,788	76,375	66.0	6,984	6.0	32,429	28.0	88,077	76.1	107,194	92.6
<b>Total A/A</b>	783,725	498,681	63.6	52,763	6.7	232,281	29.6	583,111	74.4	716,287	91.4

**CHART # 4**

**ASSESSMENT AREA STANDARD INDUSTRY CLASSIFICATION\* BY COUNTY**

COUNTY	Establishment Total	Service Providers		Retail Trade		Finance, Insurance and Real Estate		Wholesale Trade		Construction		Manufacturing		Transportation and Communication		Non-Classifiable Establishments		Other Establishments	
	#	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
BRONX	42,180	15,706	37.2	10,000	23.7	3,777	9.0	1,742	4.1	2,529	6.0	1,021	2.4	1,784	4.2	5,203	12.3	418	1.0
KINGS	118,189	42,423	35.9	24,127	20.4	9,521	8.1	6,880	5.8	6,674	5.6	4,247	3.6	5,019	4.2	18,383	15.6	915	0.8
NEW YORK	229,609	96,308	41.9	33,899	14.8	25,438	11.1	15,772	6.9	4,215	1.8	11,546	5.0	7,221	3.1	32,952	14.4	2,258	1.0
QUEENS (P)	59,711	19,389	32.5	11,679	19.6	4,712	7.9	3,673	6.2	4,867	8.2	2,059	3.4	3,091	5.2	9,739	16.3	502	0.8
WESTCHESTER	82,886	33,878	40.9	11,799	14.2	8,100	9.8	3,228	3.9	6,692	8.1	2,498	3.0	2,909	3.5	11,737	14.2	2,045	2.5
NASSAU	135,362	51,943	38.4	19,889	14.7	13,092	9.7	6,457	4.8	9,479	7.0	4,188	3.1	4,867	3.6	22,865	16.9	2,582	1.9
SUFFOLK (P)	115,788	42,241	36.5	16,654	14.4	8,721	7.5	5,920	5.1	12,353	10.7	5,277	4.6	4,290	3.7	17,157	14.8	3,175	2.7
<b>TOTAL A/A**</b>	<b>783,725</b>	<b>301,888</b>	<b>38.5</b>	<b>128,047</b>	<b>16.3</b>	<b>73,361</b>	<b>9.4</b>	<b>43,672</b>	<b>5.6</b>	<b>46,809</b>	<b>6.0</b>	<b>30,836</b>	<b>3.9</b>	<b>29,181</b>	<b>3.7</b>	<b>118,036</b>	<b>15.1</b>	<b>11,895</b>	<b>1.5</b>

\*The Standard Industry Classification codes are set by the Occupational Safety & Health Administration of the U.S. Department of Labor

\*\* Assessment Area

## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*The Banking Department assesses an intermediate small bank's CRA performance under the Lending and Community Development test. The lending test is evaluated according to the following criteria: (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 Community Development Test is evaluated according to the following criteria: (1) Community Development Loans; (2) Qualified Investments; and (3) Community Development Services. These two tests are pursuant to Part 76.11 and 76.12 of the General Regulations of the Banking Board.*

Statistics employed in this evaluation were derived from various sources. In addition to bank-specific loan information submitted by NYCX, aggregate data for small business and HMDA-reportable loans were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCi Corporation's CRA Wiz<sup>®</sup> software. Demographic information within the evaluation reflects data from the 2000 U.S. Census, supplemented by median family income estimates for 2004 and 2005 from the U.S. Department of Housing and Urban Development ("HUD").

The assessment period included calendar years 2004 and 2005. Examiners considered small business loans, HMDA-reportable loans and MECAs in evaluating factors (2), (3), and (4), of the lending test noted above. However, the ratings for the aforementioned assessment factors are based primarily on NYCX's performance in small business lending. Although NYCX's performance in HMDA-reportable loans and MECAs is also discussed in this report, it was not given any weight as these loan products comprised an insignificant portion of the total volume of loans originated by NYCX during the evaluation period.

### **I. Lending Test: "Satisfactory"**

NYCX's lending level reflects good responsiveness to the assessment area is credit needs.

- **Loan-to-Deposit Ratio Analysis and other Lending-Related Activities:**  
**"Satisfactory"**

NYCX's LTD ratio is reasonable considering the its, financial condition and the credit needs of the assessment area.

Because the loans originated by ABNY in 2004 and 2005 were considered in this performance evaluation, it would also be appropriate to combine ABNY's LTD ratios with those of LICB in order to be consistent in the evaluation of NYCX's CRA performance. As shown in the table below, based on the two banks' combined LTD ratios, NYCX had an average LTD ratio of 67.73% for the eight calendar quarters ending as of December 31, 2005. Although this is well below the corresponding average LTD ratio of 89.97% for the national peer group, it is slightly higher than the 64.91% average LTD ratio of one of the

local peer banks. NYCX's national peer group includes all insured commercial banks having assets in excess of \$3 billion. Although the local peer bank belongs to a different national peer group, in terms of asset size, it is the closest peer bank to NYCX that is operating in the assessment area.

<b>Loan-to-Deposit Ratios</b>									
	2004				2005				Aver.* LTD
	3/31	6/30	9/30	12/31	3/31	6/30	9/30	12/31	
Bank**	65.15	64.62	67.61	66.37	65.62	69.68	71.21	71.57	67.73
Peer	88.88	90.79	93.54	88.26	88.82	90.02	89.85	89.61	89.97
Bank 1	60.95	68.80	65.17	60.34	66.38	69.03	66.51	62.09	64.91

\* Average

\*\* LICB and ABNY combined

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

NYCX originated a majority of its loans in its assessment area. During the evaluation period, NYCX originated 76.3% by number and 79.2% by dollar volume of its loans in the assessment area.

In accordance with Section 76.8(c)(3) of Part 76 of the General Regulations of the Banking Board, affiliate lending is not considered when assessing a bank's record of lending in its assessment area. Therefore, the table below excludes the loans originated by the bank's subsidiary, Standard Funding Corp. The assessment area loan figures shown below will not reconcile to the small business lending tables found elsewhere in this report because the other tables include the lending activity of the aforementioned subsidiary.

<b>Distribution of Loans Inside and Outside of the Assessment Area</b>										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Business										
2004	442	85.7	74	14.3	516	68,700	77.2	20,256	22.8	88,956
2005	231	64.5	127	35.5	358	56,368	74.4	19,397	25.6	75,765
<b>Subtotal</b>	<b>673</b>	<b>77.0</b>	<b>201</b>	<b>23.0</b>	<b>874</b>	<b>125,068</b>	<b>75.9</b>	<b>39,653</b>	<b>24.1</b>	<b>164,721</b>
HMDA										
2004	61	58.1	44	41.9	105	38,001	53.3	33,286	46.7	71,287
2005	34	72.3	13	27.7	47	30,569	72.9	11,360	27.1	41,929
<b>Subtotal</b>	<b>95</b>	<b>62.5</b>	<b>57</b>	<b>37.5</b>	<b>152</b>	<b>68,570</b>	<b>60.6</b>	<b>44,646</b>	<b>39.4</b>	<b>113,216</b>
MECA										
2004	41	97.6	1	2.4	42	101,982	97.8	2,300	2.2	104,282
2005	27	96.4	1	3.6	28	39,710	96.7	1,372	3.3	41,082
<b>Subtotal</b>	<b>68</b>	<b>97.1</b>	<b>2</b>	<b>2.9</b>	<b>70</b>	<b>141,692</b>	<b>97.5</b>	<b>3,672</b>	<b>2.5</b>	<b>145,364</b>
<b>Total</b>	<b>836</b>	<b>76.3</b>	<b>260</b>	<b>23.7</b>	<b>1,096</b>	<b>335,330</b>	<b>79.2</b>	<b>87,971</b>	<b>20.8</b>	<b>423,301</b>

### Small Business

NYCX originated a majority of its small business loans in its assessment area. In 2004, 85.7% by number and 77.2% by dollar volume of NYCX's small business loans were originated in its assessment area. NYCX's assessment area concentration ratios declined in 2005, during which only 64.5% by number and 74.4% by dollar value of its loans were originated in its assessment area.

### HMDA-Reportable

NYCX originated a majority of its HMDA-reportable loans in its assessment area. In 2004, 58.1% by number and 53.3% by dollar volume of its HMDA-reportable loans were originated in the assessment area. In 2005, NYCX's assessment area concentration ratios in HMDA-reportable loans were 72.3% by number of loans and 72.9% by dollar value.

### MECA

NYCX originated a substantial majority of its MECAs in its assessment area. During the two year evaluation period, 97.1% by number and 97.5% by dollar value of its MECAs were originated in the assessment area.

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

The geographic distribution of NYCX's loans reflects excellent dispersion among census tracts of different income levels.

### Small Business

The geographic distribution of small business loans reflects excellent dispersion among census tracts of different income levels.

In 2004, NYCX extended 32.3% by number and 25.7% by dollar volume of its small business loans in LMI geographies, outperforming the market aggregate's LMI penetration rates of 20.5% by number and 19.6% by dollar volume. NYCX maintained this level of performance in 2005 during which 33.1% by number and 22.0% by dollar volume of its small business loans were extended in LMI geographies as compared to only 21.2% and 19.5%, respectively, for the aggregate.

The following chart provides a summary of NYCX's small business lending distribution during the evaluation period:

Distribution of Small Business Loans by Geographic Income Level*								
Geography Income Level	Bank				Aggregate			
	#	%	\$**	%	#	%	\$**	%
Low	465	8.8%	7,190	5.2%	12,626	4.5%	387,510	4.3%
Moderate	1,237	23.5%	28,257	20.5%	45,239	16.0%	1,386,079	15.3%
Middle	2,062	39.1%	54,031	39.2%	95,838	33.9%	2,723,132	30.1%
Upper	1,471	27.9%	47,097	34.2%	126,563	44.8%	4,410,878	48.8%
N/A	37	0.7%	1,222	0.9%	2,128	0.8%	129,911	1.4%
<b>Total</b>	<b>5,272</b>	<b>100.0%</b>	<b>137,797</b>	<b>100.0%</b>	<b>282,394</b>	<b>100.0%</b>	<b>9,037,510</b>	<b>100.0%</b>
Geography Income Level	Bank				Aggregate			
	#	%	\$**	%	#	%	\$**	%
Low	376	11.3%	7,005	6.9%	11,819	4.4%	377,422	4.2%
Moderate	724	21.8%	15,293	15.1%	45,467	16.8%	1,389,052	15.3%
Middle	1,140	34.4%	35,677	35.1%	95,213	35.1%	2,864,680	31.6%
Upper	1,051	31.7%	42,709	42.1%	117,164	43.2%	4,324,667	47.7%
N/A	23	0.7%	828	0.8%	1,629	0.6%	116,740	1.3%
<b>Total</b>	<b>3,314</b>	<b>100.0%</b>	<b>101,512</b>	<b>100.0%</b>	<b>271,292</b>	<b>100.0%</b>	<b>9,072,561</b>	<b>100.0%</b>

\* Geography income level is based upon 2000 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%.

\*\* In thousands.

### HMDA-Reportable

NYCX's geographic distribution of HMDA-reportable loans reflects poor dispersion among census tracts of different income levels.

In 2004, NYCX originated 14.7% by number and 16.4% by dollar volume of its HMDA-reportable loans in LMI geographies. This level of performance is well below the market aggregate's LMI penetration rates of 23.8% by number of loans and 21.7% by dollar volume. In 2005, NYCX's LMI penetration rate based on dollar volume increased significantly to 43.7%, substantially higher than the corresponding ratio of 23.7% for the aggregate. However, based on the number of loans, it fell to 8.8%. In contrast, in 2005, the aggregate's LMI penetration rate by number of loans increased slightly to 26.1%.

The following chart provides a summary of NYCX's distribution of HMDA-reportable loans during the evaluation period:

Distribution of HMDA-reportable Loans by Geographic Income Level*								
Geography Income Level	Bank				Aggregate			
	#	%	\$**	%	#	%	\$**	%
Low	1	1.6	800	2.1	8,769	3.5	3,063,014	4.1
Moderate	8	13.1	5,429	14.3	50,772	20.3	13,123,249	17.6
Middle	15	24.6	4,065	10.7	109,465	43.8	26,819,851	36.0
Upper	37	60.7	27,707	72.9	80,463	32.2	31,395,312	42.1
N/A	0	0.0	0	0.0	233	0.1	119,561	0.2
<b>Total</b>	<b>61</b>	<b>100.0</b>	<b>38,001</b>	<b>100.0</b>	<b>249,702</b>	<b>100.0</b>	<b>74,520,987</b>	<b>100.0</b>
Geography Income Level	Bank				Aggregate			
	#	%	\$**	%	#	%	\$**	%
Low	1	2.9	200	0.7	10,011	4.1	3,610,017	4.5
Moderate	2	5.9	13,025	42.6	53,953	22.0	15,481,449	19.2
Middle	12	35.3	3,025	9.9	107,084	43.7	28,615,427	35.4
Upper	19	55.9	14,319	46.8	73,852	30.1	33,013,619	40.9
N/A	0	0.0	0	0.0	160	0.1	82,218	0.1
<b>Total</b>	<b>34</b>	<b>100.0</b>	<b>30,569</b>	<b>100.0</b>	<b>245,060</b>	<b>100.0</b>	<b>80,802,730</b>	<b>100.0</b>

\*Geography income level is based upon 2000 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%.

\*\* In thousands

## MECA

NYCX's geographic distribution of MECAs reflects excellent dispersion among census tracts of different income levels.

In 2004, NYCX originated 70.7% by number and 70.0% by dollar volume of its MECAs in LMI areas. In 2005, NYCX's LMI penetration rates in MECAs increased to 74.1% by number and 78.1% by dollar volume. As shown in the table below, the aforementioned LMI penetration rates are well above the 50.3% concentration of multifamily housing units in the assessment area that are located in LMI census tracts.

The following chart provides a summary of NYCX's distribution of MECAs during the evaluation period:

Distribution of MECA Loans by Geographic Income Level*					
Geography Income Level	Bank				Multifamily Units
	#	%	\$**	%	%
Low	6	14.6	14,970	14.7	20.0
Moderate	23	56.1	56,401	55.3	30.3
Middle	3	7.3	5,025	4.9	18.6
Upper	9	22.0	25,586	25.1	31.1
<b>Total</b>	<b>41</b>	<b>100.0</b>	<b>101,982</b>	<b>100.0</b>	<b>100.0</b>
Geography Income Level	Bank				Multifamily Units
	#	%	\$**	%	%
Low	4	14.8	8,050	20.3	20.0
Moderate	16	59.3	22,960	57.8	30.3
Middle	2	7.4	2,275	5.7	18.6
Upper	5	18.5	6,425	16.2	31.1
<b>Total</b>	<b>27</b>	<b>100.0</b>	<b>39,710</b>	<b>100.0</b>	<b>100.0</b>

\* Geography income level is based upon 2000 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%.

\*\* In thousands

- **Distribution by Borrower Characteristics: "Satisfactory"**

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

#### Small Business Loans

NYCX's small business lending distribution based on borrower characteristics reflects reasonable penetration among businesses of different sizes. At this evaluation, loan size was used as the basis for evaluating NYCX's performance under this assessment factor. A distribution analysis based on revenue size was not performed as the results from this type of analysis would be misleading given the unusually high percentage of small business loans for which revenue information was not available. It should be noted that the overwhelming majority of the small business loans originated by NYCX during the evaluation period were insurance premium loans which were made by SFC. Because these were typically small-sized loans, revenue information on the businesses obtaining these loans was not collected by management. As such, in 2004 as well as in 2005, the percentage of NYCX's small business loans with unreported revenue exceeded 90% of the total small business loans originated in the assessment area.

In 2004 as well as in 2005, over 94% of the small business loans extended by NYCX in its assessment area were for amounts of \$100 thousand or less. This level of performance is comparable to the aggregate's.

The following chart provides a summary of the bank's small business lending distribution based on loan size during the evaluation period:

Distribution of Small Business Loans by Loan Size								
Loan Size (\$ in thousands)	Bank				Aggregate			
	#	%	\$	%	#	%	\$	%
<= \$100	4,997	94.8%	55,478	40.3%	268,923	95.2%	4,278,544	47.3%
>\$100 - <=\$250	161	3.1%	27,164	19.7%	7,399	2.6%	1,323,435	14.6%
>\$250 - <\$1,000	114	2.2%	55,155	40.0%	6,072	2.2%	3,435,531	38.0%
<b>Total</b>	<b>5,272</b>	<b>100.0%</b>	<b>137,797</b>	<b>100.0%</b>	<b>282,394</b>	<b>100.0%</b>	<b>9,037,510</b>	<b>100.0%</b>
Loan Size	Bank				Aggregate			
	#	%	\$	%	#	%	\$	%
<=\$100	3,133	94.5%	33,422	32.9%	258,420	95.3%	4,387,740	48.4%
>\$100 - <=\$250	89	2.7%	15,590	15.4%	6,824	2.5%	1,239,298	13.7%
>\$250 - <\$1,000	92	2.8%	52,500	51.7%	6,048	2.2%	3,445,523	38.0%
<b>Total</b>	<b>3,314</b>	<b>100.0%</b>	<b>101,512</b>	<b>100.0%</b>	<b>271,292</b>	<b>100.0%</b>	<b>9,072,561</b>	<b>100.0%</b>

\* In thousands

### HMDA-Reportable

NYCX's HMDA-related lending distribution based on borrower characteristics reflects reasonable penetration among individuals of different income levels.

In 2004, NYCX extended 27.3% of its HMDA-reportable loans to LMI individuals. In comparison, only 16.0% of the loans originated by the aggregate in the assessment area were to LMI borrowers. In 2005, NYCX's LMI borrower penetration rate declined to 14.2%; however, it remained slightly above the aggregate's LMI penetration rate of 12.5%.

The following chart provides a summary of NYCX's HMDA lending distribution during the evaluation period:

Distribution of 1 - 4 Family HMDA-reportable Loans by Borrower Income Level*								
Borrower Income Level	Bank				Aggregate			
	#	%	\$**	%	#	%	\$**	%
Low	0	0.0	0	0.0	7,079	2.9	845,454	1.2
Moderate	12	27.3	1,662	12.4	32,144	13.1	5,456,963	8.0
Middle	5	11.4	637	4.7	62,333	25.4	13,192,420	19.4
Upper	22	50.0	8,735	65.0	126,766	51.6	43,935,059	64.5
N/A	5	11.4	2,410	17.9	17,454	7.1	4,669,309	6.9
<b>Total</b>	<b>44</b>	<b>100.0</b>	<b>13,444</b>	<b>100.0</b>	<b>245,776</b>	<b>100.0</b>	<b>68,099,205</b>	<b>100.0</b>

  

Borrower Income Level	Bank				Aggregate			
	#	%	\$**	%	#	%	\$**	%
Low	2	7.1	115	1.2	4,786	2.0	581,841	0.8
Moderate	2	7.1	197	2.0	25,300	10.5	4,515,527	6.1
Middle	6	21.4	1,070	11.1	57,579	23.8	12,921,976	17.4
Upper	13	46.4	5,869	60.8	139,171	57.6	51,815,768	69.7
N/A	5	17.9	2,398	24.9	14,626	6.1	4,502,495	6.1
<b>Total</b>	<b>28</b>	<b>100.0</b>	<b>9,649</b>	<b>100.0</b>	<b>241,462</b>	<b>100.0</b>	<b>74,337,607</b>	<b>100.0</b>

\* Borrower income level is based upon the Department of Housing and Urban Development's annual estimate of median family income ("MFI") figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA MFI, moderate-income is 50% to <80%, middle-income is 80% to <120%, and upper-income is at least 120%.

\*\* In thousands.

## MECA

NYCX did not report borrower income data on its MECAs. As such, an evaluation of the bank's performance in this loan product based on borrower characteristics was not provided.

## **II. Community Development Test: "Outstanding"**

NYCX's community development performance demonstrates excellent responsiveness to the community development needs of its assessment area.

### Community Development Loans

NYCX has an excellent level of community development loans with approximately \$131.3 million in loan commitments originated during the evaluation period. The overwhelming majority, 85.5%, of these commitments provided financing for affordable housing, 13.7% went to organizations which provide community services, and 0.8% were used to fund economic development projects.

The following is a brief description of some of NYCX's community development loans during the evaluation period:

- During 2004 and 2005, NYCX extended \$106.2 million in credit facilities secured by multifamily affordable housing properties. Of the aforementioned amount, nearly \$86.0 million, or almost 81.0%, financed 40 different properties located in LMI neighborhoods within the assessment area and which have rent rolls that are below market rates. The remainder was used to finance the construction of several properties located in a Liberty or Empire zone.
- NYCX provided a \$4.0 million line of credit to a non-profit organization that provides AIDS social services, education and advocacy. The borrower is considered to be the nation's most comprehensive AIDS service organization and derives its funding from various government grants and from private support and fundraising events. Although the organization is known nationally, its direct social services are provided only in New York City. The line of credit is used for working capital and is renewed annually.
- NYCX maintains a \$2.4 million participation commitment in a \$315 million Revolving Credit facility to Community Preservation Corporation. The funds from this facility are used to finance the construction and/or rehabilitation of low and moderate income dwellings.
- NYCX has an outstanding commitment for \$1.2 million to a non-profit organization that operates infant-care programs and a preschool for mentally and physically disabled children. The majority of the children served by this organization are from low income families in New York City. The credit facility is used for working capital to support the school's general operating expenses.

### Qualified Investments

NYCX's qualified investments during the evaluation period consisted only of grants and donations totaling \$61 thousand. The organizations which received these funds are mostly non-profit entities which provide community services to LMI individuals in the assessment area, and some are corporations involved in providing affordable housing or supporting economic development. Some of these organizations/corporations include Covenant House, Operation Hope, the Katrina Relief Fund, Neighborhood Housing Services, and the South Bronx Economic Development Corporation.

### Community Development Services

NYCX provides a relatively high level of community development services. During the evaluation period, a number of NYCX's officers provided their financial expertise to community development organizations operating in the assessment area. Certain officers served as directors and members of the board of these organizations and some were members of their finance, loan or audit committees. Examples of these organizations

include: Housing and Services, Inc., United Way, Lower Hudson Valley Development Corp., Long Island Development Corp., and Neighborhood Housing Services, Inc..

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

Neither NYCX 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 conducted as of December 31, 2006 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.**

NYCX's officers and employees actively participate as volunteers, officers, or members of the boards of various community development organizations operating in the bank's assessment area. Examples of these organizations include Neighborhood Housing Services, Inc., Long Island Development Corporation and Lower Hudson Valley Development Corporation. The bank ascertains the credit needs of the community through contact with these organizations.

**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.**

NYCX markets its services primarily through newspaper and radio advertisements.

**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 Board of Directors is advised of any significant CRA issues by the CRA officer. The bank also has a credit committee composed of members of the Board of Directors. Board oversight of NYCX's CRA performance is also provided through this committee's participation in the loan underwriting process, particularly with regards to the review of loans and investments which have community development purposes.

- **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.