



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

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2006

Institution: The Park Avenue Bank
Park Avenue, 13th Floor
New York, NY 10022

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 The Park Avenue Bank ("PAB") 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, 2006.

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

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

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

PAB's LTD ratio is reasonable considering its size, financial condition and the credit needs of its assessment area. PAB's average LTD ratio for the eight quarters ending December 31, 2006, was 84.0%, which was comparable with the peer group's average of 84.8%.

- ***Assessment Area Concentration***

PAB extended 50% of its small business loans in the assessment area by number and 43.2% by dollar volume during the evaluation period. Nevertheless, its performance is marginally reasonable despite the improvement in the concentration rate in 2006.

- ***Geographic Distribution of Loans***

PAB's geographic distribution of small business loans reflects a reasonable dispersion among census tracts of different income levels. During the evaluation period, PAB extended 39.3% of its loans in LMI census tracts.

- ***Distribution by Borrowers Characteristics***

The borrowers characteristics of PAB's small business loans reflects a reasonable penetration among businesses of different revenue sizes. During the evaluation period, PAB extended 53.6% of its business loans to firms with annual revenues of \$1 million or less in 2005 and 2006, respectively.

- Neither PAB nor the New York State Banking Department received any complaints with respect to its CRA 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:

Established in 1987 as a National bank, PAB is a wholly-owned commercial bank of Park Avenue Bancorp. Inc. In March 2004, PAB converted to a New York charter. Headquartered in Manhattan, New York, PAB has three other branches, one in Manhattan and two in Brooklyn.

According to the Consolidated Report of Condition ("Call Report") as of December 31, 2006, filed with the Federal Deposit Insurance Corporation ("FDIC"), PAB reported total assets of \$389.1 million, of which 55.4% or \$215.6 million were net loans and leases. Total deposits were \$288.4 million, resulting in a loan-to-deposit ratio of 74.8%.

PAB is primarily a construction and commercial real estate lender. As of December 31, 2006, 35.3% of its loan portfolio was construction loans and 34.2% was commercial mortgages. The other loan types were 1-4 family mortgages and commercial and industrial loans at 15.6% and 12.3%, respectively.

The following is a summary of PAB's lending portfolio, based on Schedule RC-C of the bank's 2004, 2005 and 2006 year-end Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2004		12/31/2005		12/31/2006	
	\$(000s)	%	\$(000s)	%	\$(000s)	%
1-4 Residential Mortgage Loans	41,446	81.3	50,228	28.2	34,004	15.6
Commercial & Industrial Loans	7,319	14.3	3,488	2.0	26,913	12.3
Commercial Mortgage Loans	0	0.0	80,944	45.5	74,749	34.2
Multifamily Mortgages	0	0.0	9,885	5.6	5,074	2.3
Consumer Loans	28	0.1	47	0.0	79	0.0
Agricultural Loans	0	0.0	0	0.0	0	0.0
Construction Loans	2,168	4.3	31,633	17.8	76,965	35.3
Obligations of states & municipalities	0	0.0	0	0.0	0	0.0
Other Loans	7	0.0	1,550	0.9	583	0.3
Lease financing	0	0.0	0	0.0	0	0.0
Total Gross Loans	50,968	100.0	177,775	100.0	218,367	100.0

According to the latest available comparative deposit data dated June 30, 2006, PAB obtained a market share of 0.04% inside its market, ranking it 65th out of 115 deposit-taking institutions. In New York, its home county, PAB had a market share of 0.05% and ranked 43rd out of 95 deposit-taking institutions.

Since its conversion to a New York State charter, PAB has opened three branches in its assessment area, one of which is in a moderate income tract.

PAB does not participate in governmentally guaranteed or sponsored loan programs including Small Business Administration (SBA) loans.

This is the first evaluation ever performed since PAB has been chartered by New York State.

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

Assessment Area:

Economic and statistical data used in this evaluation were derived from various sources. The demographic data was obtained from the 2000 U.S. Census data. The 2006 updated median family income figures were obtained from Department of Housing and Urban Development ("HUD") estimates.

PAB's assessment area is comprised of the five boroughs of New York City: Bronx, Brooklyn, Manhattan, Queens, and Staten Island. The assessment area consists of 2,217 census tracts, of which 326 are low-income, 613 moderate-income, 663 middle-income, 557 upper-income and 58 zero-income tracts. The following chart shows the distribution of the census tracts within the assessment area:

Distribution of Census Tracts Within the Assessment Area								
County	Zero-Income Tracts	Low-Income Tracts	Moderate-Income Tracts	Middle-Income Tracts	Upper-Income Tracts	Total Census Tracts	LMI Tracts	
							#	%
New York	9	60	59	24	144	296	119	40.2
Bronx	14	132	98	65	46	355	230	64.8
Queens	18	12	148	310	185	673	160	23.8
Kings	15	119	297	235	117	783	416	53.1
Richmond	2	3	11	29	65	110	14	12.7
Total	58	326	613	663	557	2,217	939	42.4

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

Details of the Assessment Area:

Business Demographics

In 2005, the assessment area had 523,407 businesses. Of these 62.6% reported revenues of \$1 million or less, 7.0% reported revenues greater than \$1 million and 30.4% did not report their revenues. Of the total businesses, 73.7% employed fewer than 50 employees and 90.9% operated from a single location. Service providers were the largest industry, representing 38.4% of total businesses. Retail trade (17.8%) and finance, insurance and real estate (9.4%) were the second and third largest industries.

In 2006, there were 543,778 businesses in the assessment area, of which 66.1% reported revenues of \$1 million or less, 6.8% reported revenues greater than \$1 million and 27.1% did not report their revenues. Of the total, 75% had fewer than 50 employees and 91.3% operated from a single location. The largest industry was service providers, representing 38.3% of the total businesses. Retail trade (17.6%) and finance, insurance and real estate (17.8%) were the second and third largest industries.

According to the New York State Department of Labor, the assessment area's average unemployment rates were 5.7% in 2005 and 4.9% in 2006. These rates were above New York State's average rates of 5.0% and 4.5%, respectively.

New York County

In 2006, there were 239,606 businesses in New York County, of which 62.5% reported revenues of \$1 million or less, 9.7% reported revenues greater than \$1 million and 27.8% did not report their revenues. Of the total, 74.6% had fewer than 50 employees and 88.1% operated from a single location. Service providers were the largest industry, representing 42.0% of the County's total businesses. Retail trade (14.6%) and finance, insurance and real estate (11.1%) were the second and third largest industries.

The following is a listing of the demographic charts included in the evaluation to show demographic and economic data for each county comprising PAB's assessment area.

Chart #1: Shows population and income.

Chart #2: Shows housing demographics.

Chart #3: Shows business demographics.

Unemployment rates

New York County's average unemployment rates of 5.0% in 2005 and 4.2% in 2006 were comparable to the states average rates of 5.0% and 4.5%, respectively.

CHART # 1

THE PARK AVENUE BANK - 2006																					
ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY & MSA																					
COUNTY	Total Population	Age 65 and over		Age 16 and less		Median Family Income(MFI)	HUD MSA MFI	Total Households	Total 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	59,200	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
NEW YORK	1,537,195	186,776	12.2	229,772	14.9	71,629	59,200	739,167	123,037	16.6	306,220	89,281	29.2	40,700	13.3	38,804	12.7	137,435	44.9	100,358	77.2
KINGS	2,465,326	282,658	11.5	587,575	23.8	39,349	59,200	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
QUEENS	2,229,379	283,042	12.7	453,930	20.4	49,815	59,200	782,646	110,462	14.1	542,804	123,580	22.8	94,780	17.5	108,206	19.9	216,238	39.8	84,937	38.9
RICHMOND	443,728	51,433	11.6	100,675	22.7	64,545	59,200	156,416	15,815	10.1	114,667	17,182	15.0	13,876	12.1	20,679	18.0	62,930	54.9	5,893	19.0
TOTAL A/A	8,008,278	937,857	11.7	1,728,847	21.6	48,158	59,200	3,022,477	595,256	19.7	1,869,809	574,767	30.7	312,068	16.7	318,661	17.0	664,313	35.5	588,258	66.3

CHART # 2

**THE PARK AVENUE BANK - 2006
ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY**

COUNTY	Total Housing Units	1-4 family Units		Multifamily Units		Owner-Occupied Units (O-O)		O-O Units in Low-income Tracts		O-O Units in Mod-income Tracts		O-O Units in Mid-income Tracts		O-O Units in Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units		Median House Value
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	\$
BRONX	490,659	133,164	27.1	357,495	72.9	90,522	18.4	11,370	12.6	20,802	23.0	33,285	36.8	25,066	27.7	391,918	79.9	27,447	5.6	159,625
NEW YORK	798,144	28,752	3.6	769,392	96.4	148,695	18.6	3,881	2.6	12,773	8.6	7,108	4.8	124,934	84.0	616,053	77.2	59,500	7.5	345,099
KINGS	930,866	456,744	49.1	474,122	50.9	238,290	25.6	13,368	5.6	77,659	32.6	92,885	39.0	54,378	22.8	670,996	72.1	50,139	5.4	235,737
QUEENS	817,250	495,075	60.6	322,175	39.4	334,894	41.0	1,005	0.3	43,101	12.9	162,122	48.4	128,666	38.4	462,179	56.6	34,586	4.2	199,093
RICHMOND	163,993	141,348	86.2	22,645	13.8	99,732	60.8	489	0.5	3,790	3.8	18,391	18.4	77,063	77.3	59,962	36.6	7,652	4.7	214,761
TOTAL A/A	3,200,912	1,255,083	39.2	1,945,829	60.8	912,133	28.5	30,112	3.3	158,124	17.3	313,791	34.4	410,106	45.0	2,201,108	68.8	179,324	5.6	240,909

CHART # 3

<p align="center">THE PARK AVENUE BANK - 2006 BUSINESS DEMOGRAPHICS BY COUNTY</p>											
COUNTY	Number of Businesses	Businesses with Revenues of \$1 million or less		Businesses with Revenues of more than \$1 million		Businesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
BRONX	45,306	31,417	69.3	1,917	4.2	11,972	26.4	34,396	75.9	42,120	93.0
NEW YORK	239,606	149,793	62.5	23,141	9.7	66,672	27.8	178,656	74.6	211,138	88.1
KINGS	125,490	86,183	68.7	5,548	4.4	33,759	26.9	93,751	74.7	118,603	94.5
QUEENS	108,283	74,654	68.9	5,509	5.1	28,120	26.0	82,342	76.0	101,209	93.5
RICHMOND	25,093	17,217	68.6	935	3.7	6,941	27.7	18,732	74.7	23,562	93.9
TOTAL A/A	543,778	359,264	66.1	37,050	6.8	147,464	27.1	407,877	75.0	496,632	91.3

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

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

The assessment period included calendar years 2005 and 2006. Examiners considered only small business loans in evaluating factors (2), (3) and (4) as noted above. HMDA-related loans were not considered, because the number of loans originated was not significant.

Statistics used in this section were obtained from various sources. The demographic data were derived from the 2000 U.S. Census. The 2005 and 2006 updated median family income figures were provided by the U.S. Department of Housing and Urban Development ("HUD").

- **Loan-to-Deposit Ratio Analysis: "Satisfactory"**

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

PAB's average LTD ratio for the eight consecutive quarters ending December 31, 2006, was 84.0%, which was comparable to the peer group's average of 84.8%. The peer group consists of commercial banks with total assets between \$300 million and \$1 billion. These ratios were calculated from information shown in the Uniform Bank Performance Report ("UBPR") prepared by the FDIC.

The following table indicates PAB's LTD ratios for the eight quarters during the evaluation period:

Loan-to-Deposit Ratios									
	2005	2005	2005	2005	2006	2006	2006	2006	Average
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	LTD
Bank	74.32	90.99	88.31	80.94	82.20	86.33	93.75	74.76	83.95
Peer	83.66	83.38	83.29	82.60	84.17	87.00	87.60	86.83	84.82

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

During the evaluation period, PAB originated 50% by number and 43.2% by dollar volume of small business loans inside its assessment area. PAB's concentration rate improved to 58.8% in 2006 from 36.4% in 2005. However, the level of loans originated inside its assessment area is considered marginally satisfactory.

The following table displays the distribution of PAB's small business lending inside and outside of the assessment area:

Distribution of Loans Inside and Outside of the Assessment Area										
Year	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2005	8	36.4	14	63.6	22	4,483	36.8	7,697	63.2	12,180
2006	20	58.8	14	41.2	34	7,211	48.4	7,699	51.6	14,910
Total	28	50.0	28	50.0	56	11,694	43.2	15,396	56.8	27,090

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

The geographic distribution of PAB's small business loans reflects a reasonable dispersion among census tracts of different income levels.

During the evaluation period, PAB extended 11 (39.3%) of its small business loans totaling \$6.6 million (42.2%) in LMI census tracts. These LMI penetration rates exceeded the distribution rate of non-farm businesses in similar geographies, which was approximately 30%. Given the low volume of loan originations, this component was not assigned a higher rating.

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

Distribution of Small Business Loans by Geography Income Level*					
2005					
Geography Income Level	Bank				Distribution of Non-farm Businesses
	#	%	\$000	%	%
Low	0	0.0	0	0.0	8.4
Moderate	2	25.0	795	17.7	20.9
Middle	2	25.0	1,938	43.2	22.1
Upper	4	50.0	1,750	39.1	47.3
N/A	0	0.0	0	0.0	1.3
Total	8	100.0	4,483	100.0	100.0
2007					
Geography	Bank				%
	#	%	\$000	%	%
Low	2	10.0	510	7.1	8.9
Moderate	7	35.0	3,625	50.3	21.2
Middle	2	10.0	1,001	13.9	21.9
Upper	9	45.0	2,075	28.9	46.7
N/A	0	0.0	0	0.0	1.2
Total	20	100.0	7,211	100.0	99.9
2-Year Total	28	100.0	11,694	100.0	100.0
2-Year LMI Total	11	39.3	4,930	42.2	N/A

* Excludes farm loans

- **Distribution by Borrower Characteristics: “Satisfactory”**

PAB’s small business lending distribution based on borrower characteristics reflects a reasonable penetration among businesses of different sizes.

During the evaluation period, PAB extended 53.6% by number and 40.9% by dollar volume of its business loans to businesses with gross annual revenues of \$1 million or less. PAB’s performance is adequate considering the distribution of non-farm businesses with gross annual revenues of \$1 million or less throughout its assessment area.

The following chart provides a summary of PAB’s small business lending distribution based on borrower revenues during the evaluation period:

Distribution of Small Business Loans by Business Revenue Size*					
2005					
Revenues	Bank			Distribution of Non-farm Businesses	
	#	%	\$(000's)	%	%
\$1 million or less	3	37.5	2,120	47.3	62.6
Over \$1 million	5	62.5	2,363	52.7	7.0
Revenues not reported	0	0.0	0	0.0	30.4
Total	8	100.0	4,483	100.0	100.0
2006					
Revenues	Bank			Distribution of Non-farm Businesses	
	#	%	\$(000's)	%	%
\$1 million or less	12	60.0	2,661	36.9	66.1
Over \$1 million	7	35.0	4,450	61.7	6.8
Revenues not reported	1	5.0	100	1.4	27.1
Total	20	100.0	7,211	100.0	100.0
2 Year Total	28	100.0	11,694	100.0	N/A
Total ≤\$1 million	15	53.6	4,781	40.9	N/A

* Excludes farm loans

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

Since its inception in July 2004, neither PAB nor the New York State Banking Department has received any written complaints regarding PAB’s CRA performance.

- **Services**

PAB is a partner of Go Direct, a national campaign sponsored by the U.S. Department of the Treasury and the Federal Reserve Bank. The purpose of the campaign is to motivate

federal benefit recipients to use direct deposit.

- **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 concurrent regulatory compliance and fair lending examinations conducted by the New York State banking Department 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.

PAB did not provide sufficient information to indicate how it ascertains the credit needs of the community.

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.

PAB states that it advertises its products and services by displaying posters on its premises and mailing flyers to local residents. However, no information was provided to indicate how PAB selects the residents it sends information to.

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.

PAB's board of directors reviews and approves PAB's CRA policy annually.

- **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.

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;

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- ❖ 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 2000 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.