



**NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
FINANCIAL FRAUD AND CONSUMER PROTECTION DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2013

Institution: NEW YORK COMMUNITY BANK
615 Merrick Avenue
Westbury, NY 11590

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 Department of Financial Services 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 Community Bank (“NYCB”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2013.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services 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 Superintendent implements Section 28-b and further requires that the 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 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 in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

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

NYCB's performance was evaluated according to the large bank performance criteria pursuant to Part 76.8, 76.9, and 76.10 of the General Regulations of the Superintendent. This assessment period included calendar years 2011, 2012 and 2013. NYCB is rated "1," indicating an "Outstanding" record of helping to meet community credit needs.

This rating is based on the following factors:

Lending Test: "Outstanding"

NYCB's lending activities in modifications, extensions, and consolidation agreements ("MECA") multi-family loans were more than reasonable in light of the bank's size, business strategy and financial condition, as well as its peer group activity, demographics, and the assessment area's credit needs. The volume of community development loans, particularly those addressing affordable housing for low- and moderate-income ("LMI") individuals and other lending activities in LMI census tracts demonstrated a strong response to the credit needs of the assessment area.

- **Lending Activity: "Outstanding"**

NYCB demonstrated excellent levels of lending activity considering its size, business strategy and financial condition, as well as peer group activity and demographics. NYCB is principally a commercial lender with multi-family loans as its primary loan product. MECA multi-family loans represented a significant share of NYCB's lending activity. They accounted for 94.3% of total loans submitted for this evaluation period.

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

NYCB originated 94.4% by number and 98.7% by dollar value of its MECA multi-family, HMDA-reportable and small business loans within its assessment area, demonstrating an excellent level of lending. This substantial majority of lending inside of its assessment area was based largely on MECA multi-family loans, representing 94.3% of the dollar volume of loans made within its assessment area.

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

Examiners' review of the geographic distribution of loans depended heavily on NYCB's MECA multi-family lending activity, since it represented 94.3% of total loans made inside its assessment area. NYCB had 49.8% by number and 36.8% in dollar value in the combined LMI geographies comparing favorably with the distribution of owner-occupied housing units by census tract.

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

When a loan is for a multi-family dwelling, the borrower’s income is not required for HMDA reporting and therefore is not included in the analysis of loan distribution by borrower characteristics. Since 94.3% of total loans are MECA multi-family loans, distribution by borrower characteristics was a minor factor in the lending test.

Evaluation of this component was limited to the 1.9% of total HMDA-reportable 1-4 family loans, and the less than 1% of small business loans. Nevertheless, lending to LMI borrowers demonstrated an adequate rate of lending to LMI borrowers and a reasonable rate of lending to small businesses.

- **Community Development Lending: “Outstanding”**

NYCB originated \$6.1 billion in community development loans during the evaluation period. This represented 4.7% of total assets on an annualized basis and demonstrated an excellent level of community development lending.

Multi-family loans that qualified for community development lending were primarily MECA multi-family loans. There were no outstanding balances from prior evaluation periods since these loans are typically modified or extended every two or three years.

Investment Test: “High Satisfactory”

NYCB’s community development investments were reasonable in light of the assessment area’s credit needs.

The ratio of community development investments to total assets was almost the same as it was for the prior evaluation period.

NYCB made use of complex investment options to support community development, through equity investments under the “New Market Tax Credit Program.”

NYCB’s community development investments exhibited adequate responsiveness to credit and community development needs.

Service Test: “High Satisfactory”

The service test was evaluated on NYCB’s retail services and community development services.

- **Retail Banking Services: “High Satisfactory”**

NYCB continues to have a good branch network, delivery systems, branch hours and services, and alternative delivery systems.

- **Community Development Services:** “High Satisfactory”

NYCB’s main way for providing community development services was by presenting financial literacy classes in schools, branches and businesses in their assessment area. Bank officers also served on the boards of directors and committees of community based organizations and nonprofits that provide financial expertise.

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

PERFORMANCE CONTEXT

Institution Profile:

NYCB is a New York State chartered bank established in 1859 as Queens County Savings Bank. The bank is one of two¹ wholly-owned subsidiaries of New York Community Bancorp, a bank holding company headquartered in Westbury, New York. Through growth and acquisitions, NYCB operates 242 branch locations: 126 in New York State and 116 in Arizona, Florida, New Jersey and Ohio. These branches operate under seven divisional names: Queens County Savings Bank (Queens, NY); Roslyn Savings Bank (Long Island, NY); Richmond County Savings Bank (Staten Island, NY); Roosevelt Savings Bank (Brooklyn, NY); Garden State Community Bank (New Jersey); Ohio Savings Bank (Ohio) and AmTrust Bank (Florida and Arizona).

NYCB is a leading lender of multi-family mortgage loans with an emphasis on non-luxury buildings that are rent regulated with below-market rents. NYCB also originates commercial real estate loans and to a lesser extent, acquisition, development, construction, and commercial and industrial loans. Additionally, NYCB originates 1-4 family mortgage loans through its mortgage banking operations.

Per the Consolidated Report of Condition (the "Call Report") as of December 31, 2013, filed with the Federal Deposit Insurance Corporation, NYCB reported total assets of \$43 billion, of which \$30.2 billion were net loans and lease financing receivables. It also reported total deposits of \$23.2 billion, resulting in a loan-to-deposit ratio of 131.2%. According to the latest available comparative deposit data as of June 30, 2014, NYCB had a market share of 0.8%, or \$9.2 billion in a market of \$1.1 trillion, ranking it 15th among 131 deposit-taking institutions in the assessment area.

The following is a summary of NYCB's loan portfolio, based on Schedule RC-C of the bank's December 31, 2011, 2012 and 2013 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	2011		2012		2013	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	4,837,045	16.8	4,643,155	15.3	3,621,571	11.8
Commercial & Industrial Loans	235,358	0.8	197,447	0.7	266,633	0.9
Commercial Mortgage Loans	6,444,611	22.4	6,928,477	22.9	6,847,238	22.3
Multifamily Mortgages	16,800,386	58.4	17,744,217	58.6	19,490,134	63.5
Consumer Loans	15,596	0.1	16,518	0.1	15,436	0.1
Construction Loans	403,737	1.4	384,974	1.3	341,295	1.1
Other Loans	10,678	0.0	385,754	1.3	4,852	0.0
Lease Financing	0	0.0	0	0.0	102,293	0.3
Total Gross Loans	28,747,411		30,300,542		30,689,452	

¹ The other bank subsidiary is New York Commercial Bank

As illustrated in the above table, NYCB is primarily a residential real estate lender. As of December 31, 2013, multifamily mortgage loans accounted for 63.5% and 1-4 residential mortgage loans accounted for 11.8% of total gross loans. There was a 22% decrease in 1-4 family mortgage originations, while multi-family loans increased by 9.8%. During the evaluation period the mix of loans remained relatively the same with commercial mortgage loans and residential mortgages accounting for approximately 22.3% and 75.3% of total gross loans, respectively.

There are no known financial or legal impediments that had an adverse impact on NYCB's ability to meet the credit needs of its community.

Assessment Area:

NYCB's assessment area is comprised of the following eight counties: Bronx, Kings, New York, Queens, Richmond, Westchester, Nassau and Suffolk.

There are 2,998 census tracts in the assessment area, of which 310 are low-income, 697 are moderate-income, 1,062 are middle-income, 850 are upper-income, and 79 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	10	129	101	64	35	339	67.8
Kings	13	108	269	234	137	761	49.5
Queens	26	16	134	303	190	669	22.4
New York	12	37	65	23	151	288	35.4
Richmond	3	2	9	30	67	111	9.9
Westchester	6	5	23	54	135	223	12.6
Nassau	8	9	26	157	84	284	12.3
Suffolk	1	4	70	197	51	323	22.9
Total	79	310	697	1,062	850	2,998	33.6

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

Demographic & Economic Data:

Population and Income

The assessment area had a population of 11,957,128 during the examination period. About 12.6% of the population were over the age of 65 and 19.6% were under the age of sixteen.

Of the 2,794,743 families in the assessment area, 25.7% were low-income, 16.8% were moderate-income, 18.2% were middle-income and 39.3% were upper-income families. There were 4,331,166 households in the assessment area, of which 14.6% had income below the poverty level and 3.4% were on public assistance.

The weighted average median family income² in the assessment area was \$80,105. Among the counties in MSA 35644 (Bronx, Kings, New York, Queens, Richmond and Westchester), Bronx had the lowest median family income at \$42,639 while second lowest was Kings at \$54,363; Westchester had the highest at \$114,927, followed by Nassau at \$113,801, New York at \$104,415, Suffolk at \$99,186, and Richmond at \$83,600.

Housing Characteristics

There were 4,743,327 housing units within the assessment area, divided between one-to four-family units at 52.9% and multi-family units at 46.8%.

Of the area's housing units, 42.0% were owner-occupied and 52.0% were rental units.

Of the 2,341,297 renter-occupied housing units, 50.5% were in LMI census tracts while 49.5% were in middle- and upper-income census tracts. The weighted average monthly gross rent in the assessment area was \$1,151.

Of the 1,989,869 owner-occupied housing units, 16.6% were in LMI census tracts while 83.4% were in middle- and upper-income census tracts. The median age of the housing stock was 67 years, and the median home value in the assessment area was \$521,181.

Business Demographics

There were 1,017,058 non-farm businesses in the assessment area. Of these, 73.5% were businesses with reported revenues of less than or equal to \$1 million, 5.2% reported revenues of more than \$1 million and 21.3% did not report their revenues.

Of all the businesses in the assessment area, 80.1% were businesses with less than fifty employees while 93.9% operated from a single location. The largest industries in the area were Services (45.3%), followed by Retail Trade (14.2%) and Finance, Insurance and Real Estate (8.5%); approximately 13% of businesses in the assessment area were not classified.

Unemployment Rates

According to the New York State Department of Labor, the average unemployment rate for New York State in 2013 was 7.7%. The average unemployment rate (8.6%) decreased by 10.5% since the last evaluation in 2010. Among the eight counties, Bronx had the highest unemployment rate at 11.8% and Nassau's rate of 5.9% was the

² Based on the 2010 U.S. Census.

lowest. The unemployment rate for Bronx County remained substantially higher than the statewide average and the other counties over the three-year evaluation period.

Assessment Area Unemployment Rate									
	Statewide	Bronx	Kings	Nassau	New York	Queens	Richmond	Suffolk	Westchester
2013	7.7	11.8	9.4	5.9	7.2	7.8	7.8	6.4	6.3
2012	8.5	12.8	10.0	7.0	7.8	8.4	8.7	7.6	7.2
2011	8.2	12.4	9.8	6.8	7.5	8.2	8.3	7.4	7.0
3-yr.Avg.	8.1	12.3	9.7	6.6	7.5	8.1	8.3	7.1	6.8

Community Information:

Community contacts included three community development advocates or nonprofit organizations working to help provide affordable housing and other related needs to New York City’s LMI residents and communities.

Community contacts indicated that the need for affordable housing remains a critical issue for LMI residents in NYCB’s assessment area. Among the low-income neighborhoods in the Bronx and Brooklyn, there are more rental units than owner-occupied units. Over 65% of the renter-occupied housing units are in LMI census tracts. Community contacts noted that in these communities renters spent more than 50% of their income to pay rent or relied on government subsidies such as the Section 8 housing assistance program.

A community based affordable housing group noted that the current gentrification³ of formerly low income neighborhoods, while contributing to the revitalization and stabilization of the areas, are driving the poorer residents away. Families who have lived in the neighborhoods for years can no longer afford to remain in their apartments. Some were forced to move to other low-income neighborhoods farther away from public transportation. Gentrification has also increased the income gap between former and new residents, as new residents have higher education levels and incomes.

Recently, affordable housing supporters⁴ expressed concerns about the rise in the number of affordable multi-family properties considered in physical and/or financial distress in New York State. A community contact expressed satisfaction with NYCB’s efforts and participation to help alleviate this concern. NYCB, together with New York Commercial Bank⁵ participated in the “First Look Program” that aims to give buyers who

3 Gentrification is a shift in urban community demographics where buying and renovation of houses and stores in deteriorated urban neighborhoods by upper- or middle-income individuals occurred thereby increasing property values, but often displacing low-income families and small businesses.

4 DFS’s Industry letter to Banking Institutions subject to New York State CRA Examination dated 12/4/2014 “Final Guidelines for Bank Lending to Multifamily Properties under the Community Reinvestment Act” which can be found at www.dfs.ny.gov.

5 New York Commercial Bank and New York Community Bank are bank subsidiaries of a parent holding company, New York Community Bancorp. Community contacts incorporated both banks in their comments.

are willing to preserve distressed multi-family rental homes a first look, within an exclusive time-limited period, at properties for which NYCB is looking for buyers.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated NYCB under the large bank performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent, which consist of the lending, investment and service tests. The following factors were also considered in assessing the bank's record of performance:

- 1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications;*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.*

Finally, the evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

DFS derived the statistics used in this evaluation from various sources. NYCB submitted bank-specific information both as part of the examination process and on its Call Report with the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS calculated loan-to-deposit ratios from information in the Uniform Bank Performance Report NYCB submitted to the FDIC.

Examiners derived the demographic data referred to in this report from the 2010 U.S. Census and the U.S. Department of Housing and Urban Development. Business demographic data used in this report are based on Dun & Bradstreet reports which are updated annually. Examiners obtained unemployment data from the New York State Department of Labor. Some non-specific bank data are only available on a county-wide basis and are used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2011, 2012 and 2013.

Multi-family loans constituted the significant majority of total loans submitted for CRA evaluation. Consequently, they have the largest influence on the evaluation by examiners of NYCB's performance in the lending test. In addition, a significant portion of community development loans were in multi-family housing projects. Specifically, the multi-family loans were reported as loan modification, extension, and consolidation agreements ("MECA").

Examiners considered NYCB's MECA multi-family loans, HMDA-reportable loans and small business loans in evaluating factors (2) and (3) of the lending test noted below.

Borrower income is not a requirement for originating multi-family loans; therefore, only HMDA-reportable (1-4 family) and small business loans, or 5.7% of total loans made inside NYCB's assessment area were considered in evaluating factor (4). Thus, the distribution of loans by borrower income was a minor factor in DFS's evaluation of the lending test during the evaluation period.

MECA multi-family loans are not HMDA-reportable; therefore, MECA multi-family loans were not included in the aggregate data.

At its **prior** Performance Evaluation as of December 31, 2010, DFS assigned NYCB a rating of "2," reflecting a "Satisfactory" record of helping to meet community credit needs.

Current CRA Rating: "Outstanding"

LENDING TEST: "Outstanding"

The bank's lending performance was evaluated pursuant to the following criteria:

- (1) Lending Activity;*
- (2) Assessment Area Concentration;*
- (3) Geographic Distribution of Loans;*
- (4) Borrower Characteristics;*
- (5) Community Development Lending; and*
- (6) Flexible and/or Innovative Lending Practices.*

NYCB's lending activity in MECA multi-family loans were more than reasonable in light of the bank's size, business strategy and financial condition, as well as the lending activity of its peer group¹ and the demographics and credit needs of its assessment area. The volume of community development loans made by NYCB, particularly those facilitating affordable housing for low- and moderate-income ("LMI") individuals and providing credit in LMI census tracts, demonstrated a strong response to the credit needs of the assessment area.

Lending Activity: "Outstanding"

NYCB demonstrated excellent levels of lending activity considering its size, business strategy and financial condition, as well as the lending activity of its peer group and the demographics of the assessment area.

NYCB is primarily a commercial lender with multi-family loans as its primary loan product. The loan portfolio also included commercial real estate, commercial & industrial loans, and one-to-four family residential loans.² As of December 31, 2013, NYCB had 63.5% of its gross loans outstanding in multi-family loans; other commercial loans made up 22.3%;

¹ Peer group – Insured savings banks having assets greater than \$1 billion.

² Page 2 of the Performance Context - Total Gross Loans Outstanding.

and one-to-four family residential loans made up 11.8%.

MECA multi-family loans represented a significant percentage of NYCB's lending activity, at 94.3% of total loans during the evaluation period. HMDA-reportable loans, originated during the evaluation period made up only 5.0% of total loans.

Although total deposits for NYCB increased since the prior evaluation, the market's deposits increased by a larger amount, resulting in a decrease in NYCB's market share from 1.3% to 0.8%. This caused its ranking within the assessment area to drop from 11th in 2010 to 15th during the current evaluation period.³

NYCB's average loan-to-deposit ratio during the twelve quarters of the evaluation period was 132.6% or 49.2% over the peer group's average of 83.4%. Over the evaluation period, NYCB's lending volume trended upward, particularly in residential real estate, which represented 75.3% of total gross loans outstanding as of the year ended December 31, 2013.⁴

Loan-to-Deposit Ratios													
	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Avg.
Bank	133.4	138.2	136.4	138.0	136.0	125.2	130.4	131.3	129.7	129.6	131.6	131.2	132.6
Peer	82.9	82.4	82.0	82.6	80.1	80.4	82.8	85.1	83.5	84.8	85.9	87.9	83.4

Assessment Area Concentration: "Outstanding"

NYCB had 94.4% by number and 98.7% by dollar value of its MECA multi-family, HMDA reportable and small business loans in its assessment area, demonstrating an excellent concentration of lending. This substantial majority of lending inside of its assessment area was based largely on MECA multi-family loans, which represented 94.3% of the dollar value of loans made within the assessment area.

NYCB's total lending increased significantly since the prior evaluation period, by 83.8% in the number and 144% in the dollar value of loans. MECA multi-family loans contributed to this upward surge in lending activity, increasing by 127.7% by number of loans and 189.6% by dollar value.

MECA Multi-family Loans

During the evaluation period, NYCB made 98.7% by number and 98.9% by dollar value of its MECA multi-family loans inside its assessment area.

³ See Section 3 Performance Context/Institution Profile.

⁴ Total gross loans outstanding increased from \$28.7 billion in 2011 to \$30.3 billion in 2012 to \$30.7 billion in 2013. In those same years, total residential real estate loans outstanding made up 59.2%, 59.3% and 64.4%, respectively.

HMDA-Reportable Loans

During the evaluation period, NYCB originated 88.1% by number and 95.0% by dollar value of its HMDA-reportable loans inside its assessment area.

Small Business Loans:

During the evaluation period, NYCB originated 93.1% by number, and 97.3% by dollar value of small business loans within the assessment area. Small business loans constituted less than 1% of NYCB's total loans.

The following table shows the percentages of NYCB's MECA multi-family, HMDA-reportable and small business loans originated inside and outside of 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
	#	%	#	%		\$	%	\$	%	
MECA Multi-family Loans										
2011	981	98.6%	14	1.4%	995	6,508,501	98.9%	72,549	1.1%	6,581,050
2012	966	98.5%	15	1.5%	981	6,077,727	98.4%	96,294	1.6%	6,174,021
2013	1,184	99.1%	11	0.9%	1,195	7,456,387	99.3%	53,824	0.7%	7,510,211
Subtotal	3,131	98.7%	40	1.3%	3,171	20,042,615	98.9%	222,667	1.1%	20,265,282
HMDA-Reportable Loans										
2011	366	92.9%	28	7.1%	394	375,689	98.2%	7,066	1.8%	382,755
2012	520	81.9%	115	18.1%	635	325,487	90.8%	33,157	9.2%	358,644
2013	641	91.1%	63	8.9%	704	369,945	95.8%	16,037	4.2%	385,982
Subtotal	1,527	88.1%	206	11.9%	1,733	1,071,121	95.0%	56,260	5.0%	1,127,381
Small Business Loans										
2011	1,674	92.4%	138	7.6%	1,812	49,973	94.7%	2,820	5.3%	52,793
2012	95	99.0%	1	1.0%	96	37,664	97.4%	1,000	2.6%	38,664
2013	99	100.0%	-	0.0%	99	47,632	100.0%	-	0.0%	47,632
Subtotal	1,868	93.1%	139	6.9%	2,007	135,269	97.3%	3,820	2.7%	139,089
Grand Total	6,526	94.4%	385	5.6%	6,911	21,249,005	98.7%	282,747	1.3%	21,531,752

Geographic Distribution of Loans: "High Satisfactory"

The geographic distribution of NYCB's MECA multi-family lending had a large impact on the overall distribution of NYCB's loans by census-tract income level, as those loans constituted 94.3% of total loans made by NYCB inside the assessment area. HMDA-reportable and small business loans made up only 5% and 0.6%, respectively of total loans, and therefore had less of an impact on DFS's evaluation of geographic distribution.

NYCB made 14% by number and 9.4% by dollar value of its MECA multi-family loans in low-income census tracts. NYCB made 49.8% by number and 36.8% in dollar value in combined LMI census tracts, demonstrating more than reasonable levels of lending compared to the income demographics of owner-occupied housing in the census tracts in the assessment area.

MECA Multi-family Loans:

The distribution of NYCB's MECA multi-family loans by census-tract income level demonstrated an adequate rate of lending into LMI areas.

Examiners deemed annual and three-year average levels of lending in LMI census tracts, shown in the following table, to be adequate, comparing favorably to the distribution of owner occupied units in LMI census tracts in NYCB's assessment area.

The following table provides a summary of NYCB's MECA multi-family loans distribution based on the income level of the geography.

Distribution of MECA Multi-family loans by Geographic Income of the Census Tract					
2011					
Geographic	Bank				OO HUs
Income	#	%	\$000's	%	%
Low	139	14.2%	553,338	8.5%	1.7%
Moderate	376	38.3%	1,610,434	24.7%	13.7%
LMI	515	52.5%	2,163,772	33.2%	15.4%
Middle	168	17.1%	1,544,868	23.7%	44.4%
Upper	297	30.3%	2,786,861	42.8%	40.2%
Unknown	1	0.1%	13,000	0.2%	
Total	981		6,508,501		
2012					
Geographic	Bank				OO HUs
Income	#	%	\$000's	%	%
Low	135	14.0%	582,131	9.6%	2.2%
Moderate	344	35.6%	2,010,155	33.1%	14.4%
LMI	479	49.6%	2,592,286	42.7%	16.6%
Middle	217	22.5%	1,048,032	17.2%	42.6%
Upper	268	27.7%	2,364,409	38.9%	40.9%
Unknown	2	0.2%	73,000	1.2%	
Total	966		6,077,727		
2013					
Geographic	Bank				OO HUs
Income	#	%	\$000's	%	%
Low	163	13.8%	745,533	10.0%	2.2%
Moderate	401	34.0%	1,882,159	25.2%	14.4%
LMI	564	47.8%	2,627,692	35.2%	16.6%
Middle	281	23.8%	1,702,148	22.8%	42.6%
Upper	333	28.2%	3,044,617	40.8%	40.9%
Unknown	2	0.2%	81,930	1.1%	
Total	1,180		7,456,387		
GRAND TOTAL					
Geographic	Bank				OO HUs
Income	#	%	\$000's	%	%
Low	437	14.0%	1,881,002	9.4%	
Moderate	1,121	35.8%	5,502,748	27.5%	
LMI	1,558	49.8%	7,383,750	36.8%	
Middle	666	21.3%	4,295,048	21.4%	
Upper	898	28.7%	8,195,887	40.9%	
Unknown	5	0.2%	167,930	0.8%	
Total	3,127		20,042,615		

HMDA-Reportable Loans

NYCB's HMDA-reportable loans accounted for 5% of originated loans during the current evaluation period, and was a minor factor in evaluating loan distribution by geographic income. Nevertheless, NYCB's HMDA-reportable lending outperformed aggregate levels, 4.8% by number and 26.5% by dollar value.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2011									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	15	4.1%	26,860	7.1%	2,477	2.1%	1,742,510	3.5%	1.7%
Moderate	55	15.0%	194,923	51.9%	13,988	12.0%	6,137,069	12.2%	13.7%
LMI	70	19.1%	221,783	59.0%	16,465	14.1%	7,879,579	15.6%	15.4%
Middle	149	40.7%	56,763	15.1%	46,258	39.7%	14,894,372	29.5%	44.4%
Upper	147	40.2%	97,143	25.9%	53,599	46.0%	27,531,379	54.5%	40.2%
Unknown		0.0%		0.0%	161	0.1%	165,443	0.3%	
Total	366		375,689		116,483		50,470,773		
2012									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	14	2.7%	27,155	8.3%	2,885	2.1%	1,763,016	2.9%	2.2%
Moderate	74	14.2%	85,775	26.4%	15,574	11.3%	6,461,147	10.5%	14.4%
LMI	88	16.9%	112,930	34.7%	18,459	13.4%	8,224,163	13.4%	16.6%
Middle	254	48.8%	97,506	30.0%	52,709	38.3%	18,146,925	29.6%	42.6%
Upper	178	34.2%	115,051	35.3%	66,038	48.0%	34,629,177	56.5%	40.9%
Unknown	0	0.0%	0	0.0%	253	0.2%	276,400	0.5%	
Total	520		325,487		137,459		61,276,665		
2013									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	24	3.7%	47,871	12.9%	3,090	2.3%	2,113,810	3.4%	2.2%
Moderate	96	15.0%	59,696	16.1%	16,451	12.4%	7,469,321	12.0%	14.4%
LMI	120	18.7%	107,567	29.1%	19,541	14.8%	9,583,131	15.4%	16.6%
Middle	298	46.5%	150,118	40.6%	50,315	38.0%	17,908,135	28.7%	42.6%
Upper	223	34.8%	112,260	30.3%	62,254	47.1%	34,661,052	55.6%	40.9%
Unknown	0	0.0%	0	0.0%	130	0.1%	151,595	0.2%	
Total	641		369,945		132,240		62,303,913		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	53	3.5%	101,886	9.5%		1.4%		3.2%	
Moderate	225	14.7%	340,394	31.8%		12.0%		11.5%	
LMI	278	18.2%	442,280	41.3%		13.4%		14.8%	
Middle	701	45.9%	304,387	28.4%		39.0%		29.3%	
Upper	548	35.9%	324,454	30.3%		47.5%		55.6%	
Unknown	-	0.0%	-	0.0%		0.1%		0.3%	
Total	1,527		1,071,121						

Small Business Loans:

Since NYCB's small business loans represented less than 1% of total loans made inside the assessment area during the evaluation period, they were not a factor in evaluating loan distribution based on the income level of the geography. NYCB's small business lending penetration rate outperformed aggregate levels by 2.6% by number but underperformed by 7.3% by dollar value in LMI geographies.

The following table provides a summary of NYCB's small business lending distribution based on the income level of the geography.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2011									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	120	7.2%	1,789	3.6%	11,597	4.3%	268,655	3.8%	5.9%
Moderate	293	17.5%	4,395	8.8%	41,969	15.5%	1,036,332	14.8%	18.4%
LMI	413	24.7%	6,184	12.4%	53,566	19.8%	1,304,987	18.6%	24.4%
Middle	606	36.2%	12,493	25.0%	88,481	32.7%	2,245,347	32.1%	33.5%
Upper	646	38.6%	29,138	58.3%	126,320	46.7%	3,351,736	47.9%	41.2%
Unknown	9	0.5%	2,158	4.3%	2,195	0.8%	98,088	1.4%	0.9%
Total	1,674		49,973		270,562		7,000,158		100.0%
2012									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	3.2%	1,650	4.4%	14,487	5.2%	410,661	5.4%	6.4%
Moderate	8	8.4%	3,596	9.5%	42,530	15.3%	1,178,522	15.4%	18.0%
LMI	11	11.6%	5,246	13.9%	57,017	20.5%	1,589,183	20.8%	24.4%
Middle	26	27.4%	10,238	27.2%	88,836	31.9%	2,485,851	32.6%	32.8%
Upper	58	61.1%	22,180	58.9%	125,739	45.2%	3,282,700	43.0%	40.8%
Unknown	0	0.0%	0	0.0%	6,457	2.3%	277,185	3.6%	2.1%
Total	95		37,664		278,049		7,634,919		100.0%
2013									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	2.0%	600	1.3%	14,779	5.9%	417,973	5.2%	6.3%
Moderate	10	10.1%	5,465	11.5%	40,042	16.0%	1,277,167	15.8%	17.9%
LMI	12	12.1%	6,065	12.7%	54,821	21.8%	1,695,140	21.0%	24.2%
Middle	20	20.2%	7,933	16.7%	80,573	32.1%	2,651,101	32.8%	32.5%
Upper	67	67.7%	33,634	70.6%	109,693	43.7%	3,432,362	42.5%	41.2%
Unknown	0	0.0%	0	0.0%	5,843	2.3%	292,797	3.6%	2.1%
Total	99		47,632		250,930		8,071,400		100.0%
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	125	6.7%	4,039	3.0%		5.1%		4.8%	
Moderate	311	16.6%	13,456	9.9%		15.6%		15.4%	
LMI	436	23.3%	17,495	12.9%		20.7%		20.2%	
Middle	652	34.9%	30,664	22.7%		32.3%		32.5%	
Upper	771	41.3%	84,952	62.8%		45.2%		44.3%	
Unknown	9	0.5%	2,158	1.6%		1.8%		2.9%	
Total	1,868		135,269						

Distribution by Borrower Characteristics: "Low Satisfactory"

NYCB's multi-family and MECA multi-family loans accounted for 94.3% of total loans made in its assessment area. Since borrower income is not required for HMDA reporting, DFS did not consider them in the analysis of loan distribution by borrower characteristics.

Therefore, distribution by borrower characteristics was a minor factor in the lending test overall.

Evaluation of NYCB's lending by borrower income was limited HMDA-reportable 1-4 family loans, which represented 1.9% of total loans, and small business loans which accounted for less than 1% of total loans. The balance of loans (3.2%) was included in the discussion of multi-family loans above. Nevertheless, lending to LMI borrowers demonstrated an adequate rate of lending to LMI borrowers.

Small Business Loans:

NYCB had a three year average level of lending, 44.3% by number and 30.7% by dollar value to businesses with revenues of \$1 million or less, demonstrating a reasonable rate of lending to small businesses.

The following table provides a summary of NYCB's small business lending distribution based on revenue size.

Distribution of Small Business Lending by Revenue Size of Business									
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	733	43.8%	12,826	25.7%	91,576	33.8%	1,869,312	26.7%	67.1%
Rev. > \$1MM	58	3.5%	17,500	35.0%					3.7%
Rev. Unknown	883	52.7%	19,647	39.3%					29.3%
Total	1,674		49,973		270,562		7,000,158		100.0%
2012									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	47	49.5%	12,296	32.6%	108,379	39.0%	2,239,040	29.3%	72.4%
Rev. > \$1MM	31	32.6%	13,413	35.6%					4.8%
Rev. Unknown	17	17.9%	11,955	31.7%					22.7%
Total	95		37,664		278,049		7,634,919		100.0%
2013									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	47	47.5%	16,353	34.3%	109,807	43.8%	2,527,894	31.3%	73.5%
Rev. > \$1MM	40	40.4%	23,080	48.5%					5.2%
Rev. Unknown	12	12.1%	8,199	17.2%					21.3%
Total	99		47,632		250,930		8,071,400		100.0%
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. <= \$1MM	827	44.3%	41,475	30.7%		38.7%		29.2%	
Rev. > \$1MM	129	6.9%	53,993	39.9%					
Rev. Unknown	912	48.8%	39,801	29.4%					
Total	1,868		135,269						

HMDA-reportable loans

NYCB's HMDA-reportable loans were 2.2% by number and 1.3% by dollar value which was equal to aggregate levels by number but underperformed by 0.1% by dollar value for 1-4 family loans made to low income borrowers. NYCB outperformed aggregate levels by 5.9% by number and 7.2% by dollar value for LMI borrowers.

Distribution of 1-4 Family Loans by Borrower Income									
2011									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	2.4%	885	1.1%	3,692	3.2%	522,812	1.2%	26.0%
Moderate	52	17.6%	9,955	12.5%	13,630	11.9%	2,620,433	6.0%	16.7%
LMI	59	19.9%	10,840	13.6%	17,322	15.2%	3,143,245	7.2%	42.7%
Middle	108	36.5%	25,983	32.7%	24,985	21.9%	6,183,884	14.1%	18.6%
Upper	129	43.6%	42,691	53.7%	67,404	59.0%	32,030,703	73.2%	38.7%
Unknown		0.0%		0.0%	4,565	4.0%	2,382,302	5.4%	
Total	296		79,514		114,276		43,740,134		
2012									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	13	3.0%	2,401	1.7%	4,616	3.4%	758,869	1.5%	25.7%
Moderate	74	17.1%	17,168	12.4%	15,845	11.8%	3,187,039	6.1%	16.8%
LMI	87	20.1%	19,569	14.1%	20,461	15.2%	3,945,908	7.6%	42.5%
Middle	136	31.5%	39,784	28.7%	29,057	21.6%	7,397,814	14.2%	18.3%
Upper	206	47.7%	76,680	55.3%	78,953	58.7%	37,372,166	71.5%	39.3%
Unknown	3	0.7%	2,539	1.8%	5,925	4.4%	3,532,805	6.8%	
Total	432		138,572		134,396		52,248,693		
2013									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	1.5%	1,749	1.0%	4,240	3.3%	726,282	1.4%	25.7%
Moderate	107	18.4%	25,602	14.1%	14,916	11.6%	2,978,570	5.7%	16.8%
LMI	116	19.9%	27,351	15.1%	19,156	14.8%	3,704,852	7.1%	42.5%
Middle	182	31.2%	49,614	27.3%	27,315	21.2%	6,970,267	13.3%	18.3%
Upper	282	48.4%	103,739	57.1%	77,084	59.7%	37,943,192	72.7%	39.3%
Unknown	3	0.5%	920	0.5%	5,512	4.3%	3,608,892	6.9%	
Total	583		181,624		129,067		52,227,203		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	29	2.2%	5,035	1.3%		2.2%		1.4%	
Moderate	233	17.8%	52,725	13.2%		11.9%		5.9%	
LMI	262	20.0%	57,760	14.5%		14.1%		7.3%	
Middle	426	32.5%	115,381	28.9%		21.8%		13.9%	
Upper	617	47.1%	223,110	55.8%		59.8%		72.4%	
Unknown	6	0.5%	3,459	0.9%		4.3%		6.4%	
Total	1,311		399,710						

Community Development Lending: “Outstanding”

During the evaluation period, NYCB booked \$6.1 billion⁵ in community development loans. This level of community development lending represented 4.9% of total assets on an annualized basis. This demonstrated an excellent level of community development lending over the course of the evaluation period. Multi-family loans that qualified for community development lending were primarily MECA multi-family loans.

The amount of community development loans increased by 70.2% compared to the prior evaluation period.

Of the total community development loans, 67.8% were disbursed for the purpose of providing affordable housing, 22.1% for economic development, 8.2% to revitalize and stabilize communities, and 1.8% for community services. There were no outstanding balances from prior evaluation periods, since the loans were typically modified or extended every two or three years.

Community Development Loans			
	This Evaluation Period		% to Total
Purpose	# of Loans	\$000	
Affordable Housing	834	4,111,375	67.8%
Economic Development	72	1,341,977	22.1%
Community Services	14	111,743	1.8%
Revitalize & Stabilize	100	498,938	8.2%
Total	1,020	6,064,033	100.0%

The following are some of the highlights of NYCB’s community development lending:

Affordable Housing

- A significant volume in both number of loans and dollar value were in multi-family loans providing affordable rental housing for LMI individuals, such as apartment buildings accepting Section 8 renters.⁶ NYCB financed 834 affordable housing loans totaling \$4.1 billion.

⁵ Total community development loans included 4 loans for a total dollar value of \$48.1 million made in NYS but outside the assessment area.

⁶ Section 8 of the Housing Act of 1937 authorizes the payment of rental housing assistance directly to private landlords on behalf of low income households. The US Department of Housing and Urban Development manages the Section 8 programs.

Economic Development

- NYCB extended a \$13 million loan to refinance a commercial building leased to 17 retail stores and other commercial office space. The building is part of the South Jamaica Empire Zone and the Jamaica Center Business Improvement District. The Empire Zones Program was created to stimulate economic growth through a variety of state tax incentives.
- NYCB made a \$1.2 million first mortgage loan to refinance a single story retail building located in a moderate-income census tract in Bronx County. The building houses 12 small business establishments such as a clothing store, Chinese take-out restaurant, and grocery stores.

Community Services

- NYCB extended a \$35.2 million loan to consolidate two existing loans secured by a 12-story office/loft building in the Chelsea section of Manhattan. The primary tenant is a nonprofit organization that provides services to the homeless, including transitional housing, permanent housing, residential and outpatient treatment services, and food services.

Revitalize and Stabilize

- NYCB extended a \$46.4 million loan for the acquisition of six 6-story apartment buildings in LMI census tracts in the Washington Heights section of Manhattan. Commercial tenants include small businesses that provide services to the residential tenants, such as food establishments, a pharmacy and medical clinics. The rents charged for these apartments were below market rates.
- NYCB extended an \$11.2 million first mortgage loan on a 10-story mixed-income, mixed-use apartment building located in a low-income census tract in the Hamilton Heights section of Manhattan. The building has 79 apartment units and four retail stores.

Flexible and/or Innovative Lending Practices:

NYCB did not make use of innovative lending practices but exercised flexibility in other ways. They waived origination fees and provided special interest rate floors and loan-to-value limits in lending to not-for-profit borrowers, which included those involved in affordable housing, economic development and social services.

INVESTMENT TEST: “High Satisfactory”

NYCB’s investment performance is evaluated pursuant to the following criteria:

- (1) The dollar amount of qualified investments;
- (2) The innovativeness or complexity of qualified investments; and
- (3) The responsiveness of qualified investments to credit and community development needs.

NYCB’s community development investments were reasonable in light of the assessment area’s credit needs.

Amount of Community Development Investments:

During the evaluation period, NYCB made \$60.5 million in new community development investments, and still had \$25.4 million outstanding from prior evaluation periods. In addition, NYCB made \$13.3 million in community development grants. This demonstrated a reasonable level of community development investments and grants. On an annualized basis, qualified investments and grants were at a similar level (0.077% of total assets) as the prior evaluation (0.075% of total assets).

Of the total community development investments and grants, 59.6% were utilized for affordable housing; 26.9% for economic development; 8.4% for community services; and 5.1% to revitalize and stabilize communities.

Community Development Investments and Grants				
	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	12	31,760	7	17,894
Economic Development	7	23,753	3	2,686
Community Services	0	0	8	4,838
Revitalize and Stabilize	1	5,000		
Total	20	60,513	18	25,418
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	79	9,512		
Economic Development	17	237		
Community Services	512	3,428		
Revitalize & stabilize	7	89		
Total	615	13,266		

Below are highlights of NYCB’s community development investments and grants:

Affordable Housing

- NYCB invested \$21.8 million in a CRA qualified investment fund secured by mortgage backed securities issued by FNMA/GNMA and CRA targeted MBSs. The projects financed by the fund included affordable housing projects for LMI borrowers in Nassau County and New York City, and an affordable rental property in a low-income census tract in Westchester County where tenants received Section 8 rental assistance.

Economic Development

- NYCB invested \$23 million in a New Markets Tax Credit Program (“NMTCP”), including \$2.3 million from a prior period’s investment through community development entities (“CDEs”). CDEs offer discounted interest rates to borrowers in low-income census tracts in the New York City metropolitan area. The NMTCP was established by Congress in 2000 to boost economic development in low-income communities.

Revitalize and Stabilize

- Through a qualified CRA investment fund, NYCB invested \$5 million in revenue bonds issued by the New York City Housing Development Corporation, the New York State Housing Finance Agency and US Small Business Administration. This investment was made particularly for the Hurricane Sandy Recovery efforts and targeted LMI borrowers.

Community Development Grants

Through its charitable foundations and corporate donations, NYCB contributed \$13.3 million to approximately 298 organizations in its assessment area.

Of the \$13.3 million in grants, \$8.9 million or 66.9% was given to the Federal Home Loan Bank of New York’s (“FHLBNY”) Affordable Housing Program (“AHP”). Each year the FHLBNY set aside 10% of its private earnings to support the creation and preservation of housing for lower-income families and individuals through its AHP. The \$8.9 million was NYCB’s share of the earnings based on its membership in the FHLBNY.

An additional \$3.4 million or 25.6% were disbursed for community services to approximately 298 entities. These organizations provided services such as: youth programs, homeless centers, soup kitchens, health care facilities, alcohol and drug centers, and scholarships for LMI families. For example, NYCB contributed \$201,700 to a nonprofit organization serving the needs of poor, hungry and homeless residents of Staten Island.

Innovativeness and Complexity of Community Development Investments:

NYCB made use of complex investment options to support community development, through equity investments under the NMTCP.

Responsiveness of Community Development Investments to Credit and Community Development Needs:

NYCB's community development investments exhibited adequate responsiveness to credit and community development needs.

SERVICE TEST: "High Satisfactory"

NYCB's retail service performance is evaluated pursuant to the following criteria:

- (1) The current distribution of the banking institution's branches;*
- (2) The institutions record of opening and closing branches;*
- (3) The availability and effectiveness of alternative systems for delivering retail services;*
and
- (4) The range of services provided.*

NYCB's community development service performance is evaluated pursuant to the following criteria:

- (1) The extent to which the banking institution provides community development services;*
and
- (2) The innovativeness and responsiveness of community development services.*

Retail Banking Services: "High Satisfactory"

NYCB's delivery systems, branch network, branch hours and services, and alternative delivery systems are considered good.

Current distribution of the banking institutions branches:

NYCB has an adequate distribution of branches within its assessment area.

As of the evaluation date, NYCB operated 126 branches in New York State. Twenty-three branches (18.3%) are located in LMI census tracts. Most of the branches (38 or 30.2%) are located in Queens County, and 11 of those are in LMI areas.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Bronx		0	0	1	1	2	0.0%
Kings		2	3	3	1	9	55.6%
Nassau		0	2	19	11	32	6.3%
New York		0	0	0	0	-	0.0%
Queens		2	9	15	12	38	28.9%
Richmond		0	0	6	16	22	0.0%
Suffolk		0	5	15	1	21	23.8%
Westchester		0	0	0	2	2	0.0%
Total	-	4	19	59	44	126	18.3%

Record of opening and closing branches:

NYCB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and or to LMI individuals.

During this evaluation period NYCB opened seven branches in Queens and Nassau counties: four in moderate, two in middle, and one in upper-income census tracts. The five branches opened in Queens were former New York Commercial Bank branches rebranded as part of the NYCB family of banks (operating as Queens County Savings Bank), in order to increase access to personal banking services and increase operating efficiencies.

NYCB closed four branches: two in middle income census tracts in Nassau County, one in an upper-income census tract in Suffolk County, and one in a census tract in Queens where the income level is unknown.

Availability and effectiveness of alternative systems for delivering retail services:

NYCB's delivery systems continue to be accessible to the assessment area, particular to LMI geographies and individuals:

- NYCB provides bank-by-phone service called "Easy-Touch Banking," which allows customers 24-hour access to their accounts.
- NYCB's bank-by mail is available to customers who prefer to do their banking by mail.
- NYCB offers internet cash management services to business customers. ACH originations are available enabling businesses to submit routine transactions such as payrolls, vendor payments, collections and tax payments through the ACH system.

-
- NYCB has a customer service department that addresses inquiries from customers and the general public.
 - NYCB has 189 ATMs in all delivery points such as branches, in-store, drive through and walk-ups, available 24/7; 38 of these ATMs are located in low- and moderate-income census tracts. Out of the 189 ATMs, 153 (81%) can both dispense cash and accept deposits.

Range of services provided:

NYCB's services continue to meet the convenience and needs of its assessment area, particularly to LMI geographies and individuals.

Eighty-two (65.1%) branches are open Monday through Friday from 8:30 AM to 4:00 PM, with extended hours (to 7:00 PM) once a week. Forty-four branches (34.9%) have hours from 10:00 AM to 7:00 PM. All branches, except two in upper- and middle-income census tracts, have weekend (Saturday and/or Sunday) hours.

NYCB maintains a branch in each of two Banking Development District ("BDD") areas—the Corona and Brentwood BDDs. The BDD program is designed to encourage the establishment of branches in areas that are in need of banking products, services, and financial education.

NYCB offers several products that support LMI needs which include the following:

- "My Community Free Checking" provides unlimited check writing. A basic checking account required by the New York Banking Law is also offered.
- "My Community Savings Account/America Saves" account provides a minimum opening deposit of \$1 and no minimum balance fee.
- The "Smart Student Banking" product targets the underbanked student population at various colleges in order to encourage financial literacy skills in young adults.
- "My Community BDD Savings" account is available to persons residing or working in BDD areas. The account requires a minimum opening deposit of \$1 and no minimum balance fee. Additional benefits for BDD customers include free notary public services and free tax preparation assistance.

Community Development Services: "High Satisfactory"

NYCB continues to provide a reasonable level of community development services.

NYCB's main avenue for community development services was in providing financial literacy classes in schools, branches and businesses within the assessment area.

Bank officers also served on the board of directors or committees of community based organizations and nonprofits, sharing their financial expertise with these organizations. Below are highlights of NYCB's community development services.

- During the evaluation period, NYCB organized and facilitated financial literacy workshops for the residents and workforce in its assessment area. These workshops were conducted in branches as well as at businesses located in the LMI census tracts. These financial literacy workshops included:
 - Sessions for seniors on the importance of protecting their identity and fraud prevention.
 - Sessions for school children, young adults and residents in unbanked and underbanked communities on the importance of savings and discussing NYCB's checking and savings account products.
- NYCB's managers and officers extended their financial skills by serving on the boards of organizations that provide community services or assist small businesses. The following are a few examples:
 - A first vice president serves as a board member of an organization that creates and maintains affordable homes for community residents.
 - An executive vice president serves as a board member with a not-for-profit organization ("NPO") providing crisis intervention and a range of other services for individuals and families in need.
 - An executive vice president is a board member of a NPO in Suffolk County, created to address affordable housing opportunities on Long Island.
 - A branch manager serves as a board member of a NPO that provides daily hot meals to individuals who are homebound, in need, or who cannot afford to buy food.
 - Two branch managers and a regional manager serve as board members of business organizations that help professionals and business owners to expand and improve their businesses.

Other community development services that NYCB engaged in include:

- NYCB provided space at a branch located in a moderate-income census tract to a NPO which conducts seminars for first time homebuyers, which included such topics as early delinquency and foreclosure prevention, and teaching homeowners basic home repair and maintenance skills, etc.

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- NYCB participated in the New York City Earned Income Tax Credit Campaign (“EITC”). The EITC is administered through the New York City Department of Consumer Affairs Office of Financial Empowerment. NYCB participates and promotes the awareness of the availability of EITC to low- and moderate-income persons through displaying educational posters and brochures in several of its branches located in low- or moderate-income communities.
 - NYCB participated or hosted fundraising events for community based organizations that provide affordable housing and other community services in NYCB’s assessment area.

Additional Factors

The following factors were also considered in assessing NYCB’s record of performance.

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

NYCB’s board of directors reviews and approves the CRA policies annually. The CRA Compliance Committee, consisting of the chief operating officer, the chief lending officer, chief credit officer, CRA officer and other senior officers, is responsible for monitoring and assessing compliance with NYCB’s CRA objectives, and CRA program compliance. The CRA Compliance Committee meets quarterly and the CRA officer, on behalf of the committee, reports directly to the board of directors and other management groups concerning the committee’s activities, findings, and recommendations. The CRA officer provides a self-assessment report to evaluate the level of CRA activities and assess compliance with CRA regulations.

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.*

DFS did not note any 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.*

DFS did not note any evidence of prohibited discriminatory or other illegal practices.

Process Factors

- *Activities conducted by the banking institution to ascertain the credit needs of its*

community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

The staff conducted seminars and discussions with LMI communities and small business establishments to promote financial literacy, and other products and services suitable to their specific needs.

NYCB's senior officers are members and serve on the board of directors of local community groups enabling NYCB to ascertain the credit and other banking needs of the community.

NYCB has a "Building Relations Group" and designated a business relations/community outreach officer. This group meets with nonprofit organizations, affordable housing advocates and city housing agencies, regarding issues involving distressed affordable multi-family properties, such as building violations and disposition of foreclosed multi-family properties.

- 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

NYCB advertises its products and services using the following marketing tools: newspapers, billboards, branch merchandising, electronic means (NYCB website), and limited radio advertising.

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

In response to DFS's "Final Guidelines for Bank Lending to Multi-family Properties Under the Community Reinvestment Act," NYCB created a specialized unit of loan workout specialists tasked with establishing alternatives to reduce non-performing assets, particularly distressed buildings in New York City that will eventually be foreclosed.

Through the "First Look Program" NYCB provided notice to community stakeholders, including NPOs engaged in providing affordable rental housing, to have a first look at those foreclosed properties when they become available for sale. Community stakeholders were given two weeks to do their due diligence and make offers before the foreclosed property is offered to for-profit entities.

During the evaluation period and through the "First Look Program," NYCB sold a distressed affordable housing complex in the South Bronx to a nonprofit developer, who assumed the existing mortgage and committed to spend more on renovations.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

“Community development”:

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.

Community Development Loan

A loan that has 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.

Community Development Service

Service that has community development as its *primary purpose*, 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.

Geography

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

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.

Income Level

The income level for borrowers is based on household or family income. A geography's income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

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 where, according to the 2000 U.S. 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 cases 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

Individuals or persons 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 represents 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 in LMI geographies or to LMI borrowers.

Low-Income Housing Tax Credit (LIHTC)

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

New Markets Tax Credit (NMTC)

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Qualified Investment

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. 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.