

PUBLIC DISCLOSURE

July 5, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Ponce De Leon Federal Bank
2244 Westchester Avenue
Bronx, NY 10462
Docket #: 06509**

**Office of Thrift Supervision
Northeast Region
Harborside Financial Center Plaza Five, Suite 1600
Jersey City, New Jersey 07311**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.



Office of Thrift Supervision
Department of the Treasury

Northeast Region

Jersey City, New Jersey • Phone Number: (201) 413- 1000 • Fax: (201) 413- 7543
Harborside Financial Center, Plaza Five, Suite 1600, Jersey City, New Jersey 07311

July 26, 2006

Board of Directors
Ponce De Leon Federal Bank
2244 Westchester Avenue
Bronx, New York 10462

Members of the Board:

Enclosed is your institution's written Community Reinvestment Act (CRA) Performance Evaluation. The Office of Thrift Supervision (OTS) prepared the evaluation as of July 5, 2006. Pursuant to the provisions of the CRA and OTS regulations (12 C.F.R. 563e), your institution must make this evaluation and your institution's CRA rating available to the public.

In accordance with 12 C.F.R. 563e, your institution must make this written CRA Performance Evaluation available to the public within 30 business days of receiving it. You must place the evaluation in your CRA public file at your home office and at each branch within this time frame. You may not alter or abridge the evaluation in any manner. At your discretion, you may retain previous written CRA Performance Evaluation(s) with the most recent evaluation in your CRA public file.

Your institution may prepare a response to the evaluation. You may place the response in each CRA public file along with the evaluation. In the event your institution elects to prepare such a response, please forward a copy of it to this office.

All appropriate personnel, particularly customer contact personnel, need to be aware of the responsibilities that the institution has to make this evaluation available to the public. Consequently, we suggest that your institution review internal procedures for handling CRA inquiries, including those pertaining to the evaluation and other contents of the CRA public file.

We strongly encourage the Board of Directors, senior management, and other appropriate personnel to review this document and to take an active interest and role in the CRA activities of your institution. Please acknowledge receipt of this evaluation by signing the attached Board signature page and retaining a copy of the acknowledgment.

Sincerely,

Martin Lavelle
Assistant Director

Enclosure

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Ponce De Leon Federal Bank. The Office of Thrift Supervision (OTS) prepared the evaluation as of July 5, 2006. OTS evaluates performance in assessment area(s) delineated by the institution rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. OTS rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 563e.

Institution

Overall Rating

INSTITUTION'S CRA RATING: The institution is assigned a CRA rating of "Satisfactory".

The institution's loan-to-deposit (LTD) ratio was reasonable, and indicative of the adequate volume of loans originated during the review period. Ponce granted a substantial portion of its loans within the assessment area, and demonstrated a significant response to community credit needs through lending in low- and moderate-income geographies. The institution's overall performance amongst low- and moderate-income borrowers was adequate; however, the percentage of one-to- four family loans to LMI borrowers was limited.

Ponce provided good responsiveness to assessment area community credit needs through community development lending, investment, and other lending-related activities during the review period.

Ponce de Leon did not receive any written complaints regarding its performance in helping to meet the credit needs of the assessment area, and no violations of the substantive provisions of the antidiscrimination laws and regulations were identified during the most recent examination we evaluated compliance with consumer laws and regulations.

Scope of Examination

The examination was conducted under the small institution performance evaluation standards for institutions with assets under \$1 billion. The evaluation period was the 36 months encompassing the period from April 1, 2003 through March 31, 2006.

Description of Institution

Ponce De Leon Federal Bank ("Ponce" or "the institution") is a federally chartered, mutual savings bank with \$596 million in total assets as of March 31, 2006. Total assets grew 28 percent since the last CRA evaluation (July 2, 2003) when total assets were \$466 million as of March 31, 2003. Ponce was rated "Satisfactory" at its last CRA evaluation conducted under the large bank performance standards for institutions over \$250 million in total assets. This CRA evaluation was conducted under the small bank performance tests for OTS institutions with total assets under \$1 billion.

Institution (continued)

Headquartered in The Bronx, New York, the institution operates eight offices in four of the five boroughs of the City of New York, not including Staten Island, as well as an office in Union City, New Jersey. Founded in 1960 as a Bronx based thrift with its primary focus on underserved New York City low- and moderate-income (LMI) communities with substantial Hispanic populations, the institution maintains seven of its nine offices in low or moderate-income communities. Ponce serves a broadening customer base through diversification of its loan products and banking services and attention to suburban markets where some traditional customers have migrated.

As of March 31, 2006, the total loan portfolio equaled \$477 million, and grew at a slower rate than total assets during the 36- month review period. Residential mortgage loans continued to decrease as a percentage of total assets, representing only 54 percent of total assets as of March 31, 2006, as compared to 59 percent at March 31, 2003. The commercial mortgage loan portfolio remained steady, with 20 percent of total assets in commercial mortgage loans as of March 31, 2006.

Table 1 indicates the dollar amount, percentage to total loans, and percentage to total assets of each loan category.

Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Residential Mortgage	\$322,110	67.5%	54.0%
Nonresidential Mortgage	120,503	25.2%	20.2%
Commercial Non-mortgage	31,125	6.5%	5.2%
Consumer Loans	3,522	0.7%	0.6%
Total	\$477,260	100.0%	80.1%

Home Mortgage Disclosure Act (HMDA) reportable residential mortgage loans were the primary product analyzed in this CRA evaluation. The institution also requested consideration of small business loans, providing data for the period April 1, 2003 through December 31, 2005.

Description of the New York- Wayne- White Plains, NY- NJ Metropolitan Division #35644 Assessment Area

The assessment area included five contiguous counties in the multi-state New York- Wayne- White Plains NY-NJ Metropolitan Division (MD) #35644 as designated by the U.S. Census Bureau and revised by the federal Office of Management and Budget (OMB) in 2004. Four of the counties, Bronx, New York, Kings, and Queens, are located within the City of New York. Hudson County, located west of New York County across the Hudson River, is in the state of New Jersey.

Institution (continued)

In 2003, the assessment area included two Metropolitan Statistical Areas, (MSA). Bronx, Kings, New York, and Queens counties were in the New York, NY MSA #5600, while Hudson County was located in the Jersey City, NJ MSA #3640. Both were in the New York Consolidated Metropolitan Statistical Area and were treated as one assessment area for consistency in this evaluation.

The demographics of the assessment area are presented in Table 2 below.

Table 2 - Demographic Data for the Assessment Area (Based on 2000 U.S. Census Data)	
Demographic Data	2000 Census
Population	8,173,525
Total Families	1,900,036
1-4 Family Units	1,247,195
Multi-family Units	2,027,020
% Owner-Occupied Units	27%
% Rental-Occupied Units	68%
% Vacant Housing Units	5%
Median Housing Cost	\$224,748

U.S. census data for 2000 did not become available until 2003. Lending data was compared to 2000 census data. OMB changed Metropolitan Statistical Area (MSA) boundaries effective January 1, 2004, identifying the Metropolitan Division as a new geographic entity. Lending analysis of 2003 activity used the pre-existing boundary definitions, while 2004 through 2006 lending analysis used the revised OMB boundaries. Demographic data provided in assessment area descriptions included both the 2000 census data and the 2004 OMB revised data when applicable.

Institution (continued)

Table 3 presents the breakdown of census tracts (geographies) and the representation of families and 1-4 family housing units in those geographies in the assessment area, based on 2000 census data as well as the OMB’s 2004 revisions.

Table 3 - Distribution of Geographies, Families and Housing Units in the Assessment Area (Based on 2000 U.S. Census Data and 2004 OMB Revision)						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	277	12.2%	255,946	13.5%	59,219	4.7%
Moderate	584	25.8%	578,112	30.4%	294,166	23.6%
Middle	720	31.8%	589,072	31.0%	505,109	40.5%
Upper	626	27.6%	476,906	25.1%	388,588	31.2%
Income NA	58	2.6%	0	0.0%	113	0.0%
Total	2,265	100.0%	1,900,036	100.0%	1,247,195	100.0%
2004 Revision:	#	%	#	%	#	%
Low	324	14.3%	310,423	16.3%	75,887	6.1%
Moderate	660	29.1%	627,829	33.0%	354,793	28.4%
Middle	703	31.0%	567,226	29.9%	517,210	41.5%
Upper	520	23.0%	394,558	20.8%	299,192	24.0%
Income NA	58	2.6%	0	0.0%	113	0.0%
Total	2,265	100.0%	1,900,036	100.0%	1,247,195	100.0%

The 2004 OMB boundary revisions resulted in moderate shifts from middle and upper-income geographies to low- and moderate-income geographies, with a resultant increase in the number of families and 1-4 family dwellings in low- and moderate-income geographies.

Institution (continued)

Table 4(a) highlights the distribution of income within families without regard for where they live within the assessment area, (based on 2000 census data and the 2004 OMB revision). Table 4(b) identifies each income range within the assessment area based on updated 2006 HUD data. Table 4(c) reflects the updated HUD median family income for each year during the review period.

Table 4(a) – Distribution of Families in the Assessment Area				
Family Income Category (As a% of MSA Median)	2000 Census Data		2004 OMB Revision	
	#	%	#	%
Low (< 50%)	558,315	29.4%	595,615	31.3%
Moderate (50% - 79%)	309,977	16.3%	325,093	17.1%
Middle (80% - 119%)	320,225	16.9%	326,153	17.2%
Upper (>= 120%)	711,519	37.4%	653,175	34.4%
Total	1,900,036	100.0%	1,900,036	100.0%

Table 4(b) - Median Family Income Ranges (*)		
Income Category (As % of MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$28,824
Moderate (50% - 79%)	\$28,825	\$46,119
Middle (80% - 119%)	\$46,120	\$69,179
Upper (>= 120%)	\$69,180	+

Table 4(c) - Annual HUD Median Family Income	
Year	Amount
2003	\$51,879
2004	\$57,000
2005	\$57,650
2006	\$57,650

* Based on HUD 2006 Median Family Income of the MSA

According to census data, 45.7 percent of families were considered low- and moderate-income in 2000 compared to 48.5 percent based on the OMB revision in 2004, with 18.7 percent of those families below the poverty level.

Two recent Brooklyn (Kings County), New York based community contacts were reviewed to develop an understanding of assessment area community credit needs and how financial institutions were meeting those needs. Both contacts serve the entire New York City market.

A community development bank (CDB) contact, which is designated as a Community Development Financial Institution, promotes capital investment within the underserved markets within the five boroughs of New York City. In particular, The CDB provides financing to small businesses (both start-up and existing), not for profit entities serving low- and moderate-income individuals or areas, and affordable multi-family housing projects. The contact identified a continuing need for lending to small businesses especially start-up small businesses. The contact also noted that continuing increases in rents and housing prices were eliminating affordable opportunities for LMI families.

Institution (continued)

Another contact with a housing and family services organization that assists low-income individuals and families with tenant entitlements and education about their rights and access services was reviewed. The contact noted the cost of building affordable housing was prohibitive and that rent levels were unaffordable to most LMI residents. The contact felt that rent control and subsidy programs were the most urgent need for the population; however, cuts in government programs had worsened the low-income housing situation in New York City.

Ponce faced intense competition for loans and deposits in the assessment area. The New York metropolitan area has a high concentration of financial institutions, many of which are branches of large money center and regional banks. Based on June 30, 2005 data (the latest available), there were 124 FDIC-insured banking institutions with 1,519 branches in the assessment area. These branches had \$496 billion in deposits. Ponce's nine branches with \$538 million in deposits represented a 0.11 percent market share of total assessment area deposits.

A broad range of commercial banks, savings institutions, mortgage bankers, credit unions, and finance companies competed for residential mortgage business. Based on 2004 HMDA data (the latest available), there were 684 lenders that granted 212.8 thousand loans for \$65.5 billion in the assessment area.

Conclusions with Respect to Performance Tests

Loan to Deposit Ratio

The institution's loan-to-deposit (LTD) ratio was reasonable, and indicative of the reasonable volume of loans originated during the review period. This met the standard for satisfactory performance in this criterion.

Ponce's average LTD ratio was 89.7 percent for the eight quarters ending June 30, 2004 through March 31, 2006, with a range of 87.7 percent to 92.3 percent. There were 21 other OTS regulated institutions in the assessment area, ranging in asset size from \$63.6 million to \$22 billion. The eight-quarter average LTD ratio for those institutions was 79.1 percent. The range was 73.9 percent to 85.3 percent.

Additional analysis was performed for the five institutions, including Ponce, that were closest in asset size between Ponce's \$596 million and \$672 million. The eight-quarter average LTD ratio for those institutions was 84.2 percent. The range was 78.3 percent to 91.2 percent.

Institution (continued)

Lending in the Assessment Area

Ponce granted a substantial portion of its loans within the assessment area, and met the standard for satisfactory performance in this criterion. Table 5 provides information about the percentage of residential lending inside and outside the assessment area.

Table 5 - Concentration of Residential Loans *					
4/1/2003 – 3/31/2006					
(Dollars in thousands)					
Period By Year	In Assessment Area		Outside Assessment Area		Total HMDA Loans
	#	%	#	%	#
4/1/03-12/31/03	112	77%	34	23%	146
2004	123	83%	25	17%	148
2005	59	84%	11	16%	70
1/1/06- 3/31/06	23	79%	6	21%	29
Total	317	81%	76	19%	393
	\$ Amt	%	\$ Amt	%	\$ Amt
4/1/03- 12/31/03	\$35,346	74%	\$12,446	26%	\$47,792
2004	39,703	81%	9,284	19%	48,987
2005	24,764	90%	2,866	10%	27,630
1/1/06- 3/31/06	11,408	81%	2,593	19%	14,001
Total	\$111,221	80%	\$27,189	20%	\$138,410

* Percents are based on total loans originated during applicable year

A comparison of Ponce’s 2004 lending data to aggregate HMDA data revealed the institution captured a very limited share of the overall assessment area lending market. Ponce ranked 159th with 123 loans for a 0.06 percent overall market share. The \$39.7 million dollar volume of assessment area loans also represented a 0.06 percent market share.

Institution (continued)

Table 6 highlights the percentage of small business lending inside and outside the assessment area. Management was only able to provide data for the 33-month period from April 1, 2003 through December 31, 2005.

Table 6 – Concentration of Small Business Loans*					
04/01/2003 – 12/31/2005					
(Dollars in thousands)					
Period By Year	In Assessment Area		Outside Assessment Area		Total Small Bus. Loans
	#	%	#	%	#
4/1/03- 12/31/03	35	65%	19	35%	54
2004	39	64%	22	36%	61
2005	26	81%	6	19%	32
Total	100	68%	47	32%	147
	\$ Amt	%	\$ Amt	%	\$ Amt
4/1/03- 12/31/03	\$3,140	47%	\$3,570	53%	\$6,710
2004	6,363	68%	2,985	32%	9,348
2005	3,766	73%	1,385	27%	5,151
Total	\$13,269	63%	\$7,940	37%	\$21,209

* Percents are based on total loans originated during applicable year.

Lending to Borrowers of Different Incomes

The institution’s overall performance amongst low- and moderate-income borrowers was adequate and met the standard for satisfactory performance in this criterion. The percentage of one-to- four family loans to LMI borrowers was limited and was not considered satisfactory; however, the effect of multi-family lending in providing housing units for LMI renters somewhat offset that performance.

Institution (continued)

Table 7 highlights review period performance, as well as each year, in lending to borrowers of different income levels. The three months of 2006 were included with the 2005 data, as this did not have a significant impact on the overall conclusions.

Table 7 - Distribution of Ponce de Leon's Residential Mortgage Loans By Borrower Income Level in the Assessment Area (Dollars in thousands)									
Borrower Income Level	4/1/03- 12/31/03		2004		1/1/05- 3/31/06		Review Period 4/1/2003 – 3/31/2006		Aggregate 2004
	#	%	#	%	#	%	#	%	% by #
Low	2	1.8%	2	1.6%	1	0.1%	5	1.6%	1.1%
Moderate	3	2.7%	2	1.6%	4	4.9%	9	2.8%	6.0%
Middle	10	8.9%	8	6.5%	3	3.7%	21	6.6%	16.8%
Upper	90	80.4%	76	61.8%	49	59.8%	215	67.8%	52.2%
Income NA	7	6.3%	35	28.5%	25	30.5%	67	21.1%	23.8%
Total	112	100.0%	123	100.0%	82	100.0%	317	100.0%	100.0%
	\$	%	\$	%	\$	%	\$	%	% by \$
Low	\$595	1.7%	\$100	0.3%	\$30	0.1%	\$725	0.7%	0.4%
Moderate	406	1.1%	334	0.8%	1,105	3.1%	1,845	1.7%	2.8%
Middle	1,333	3.8%	2,166	5.5%	560	1.5%	4,059	3.6%	10.9%
Upper	29,821	84.4%	24,063	60.6%	22,798	63.0%	76,682	68.9%	55.6%
Income NA	3,191	9.0%	13,040	32.8%	11,679	32.3%	27,910	25.1%	30.3%
Total	\$35,346	100.0%	\$39,703	100.0%	\$36,172	100.0%	\$111,221	100.0%	100.0%

Ponce only granted four loans to LMI borrowers in 2004, so comparison to aggregate HMDA reporters is considered less meaningful. Although the percentage of loans to low-income borrowers was marginally higher than the percentage reported by aggregate lenders, the percentage of loans to moderate-income borrowers significantly lagged the percentage reported by aggregate lenders, as did the overall lending percentage to LMI borrowers. There were 360 lenders that granted 15.3 thousand assessment area loans in 2004 for \$2.1 billion to LMI borrowers. Ponce's four loans for \$434 thousand represented a 0.03 overall market share, by both number of loans and dollar volume. This was one-half of the institution's overall market share.

HMDA reportable multi-family dwelling loans that are affordable, or are likely to be affordable, for LMI individuals are also analyzed separately as community development loans. Projects that offer affordable rents due to rental regulations, but do not provide housing for LMI tenants, are not generally considered to meet the definition of community development.

Institution (continued)

Because renter income data for multi-family dwelling loans is not reported by financial institutions, a proxy for such data was developed to determine how Ponce’s multi-family lending served LMI individuals during the review period. The location of multi-family loan originations was compared to updated 2004 census income data for LMI families, a sampling was performed of rent rolls compared to HUD rental cost affordability standards, and management data for the number of units per loan was considered. Less emphasis was placed on the rent rolls, because most apartment units were subject to rent stabilization laws with some rent controlled apartments, and New York City generally regulates monthly rents without regard for the renter’s reported family income.

Analysis indicated that Ponce provided 214 units of multi-family rental housing in LMI geographies during the review period. Based on the location of these loans, and the percentage of LMI families living in those geographies, Ponce was credited with providing 125 units of affordable multi-family housing to LMI individuals during the review period.

Table 8 provides an analysis of Ponce De Leon’s small business origination activity for the period April 1, 2003 through December 31, 2005, as well as 2004, the most recent year for which aggregate data is available.

Table 8 – Distribution of Small Business Loans by Dollar Amount In Assessment Area						
<i>(Dollars in thousands)</i>						
Loan Amount at Origination	Ponce De Leon Federal 04/01/2003 – 12/31/2005		Ponce De Leon Federal 2004 SBLs		Aggregate Lenders 2004 SBLs	
	#	%	#	%	#	%
By Number						
\$100,000 or Less	67	67.0%	23	59.0%	178,622	95.2%
\$100,001 - \$250,000	22	22.0%	8	20.5%	4,961	2.6%
\$250,001 \$1 million	11	11.0%	8	20.5%	4,060	2.2%
Total	100	100.0%	39	100.0%	187,643	100.0%
By Dollar Amount	\$ Amt	%	\$ Amt	%	\$ Amt	%
\$100,000 or Less	\$3,696	27.9%	\$1,153	18.1%	\$2,907,579	47.9%
\$100,001 - \$250,000	4,233	31.9%	1,520	23.9%	881,369	14.5%
\$250,001 \$1 million	5,340	40.2%	3,690	58.0%	2,284,434	37.6%
Total	\$13,269	100.0%	\$6,363	100.0%	\$6,073,382	100.0%

The institution made a much smaller percentage of its assessment area small business loans, by number and dollar volume, in amounts less than \$100 thousand, than aggregate lenders. This smaller loan amount is typically requested by smaller businesses. However, the aggregate data for loans under \$100 thousand includes business lines of credit for very small amounts. In addition, Ponce made all of its small business loans to businesses with revenues under \$1 million, compared to the aggregate small business loan reporters who granted only 39 percent of their loans in 2004 (the latest data available) to businesses with revenues under \$1 million.

Institution (continued)

Geographic Distribution of Loans

The institution’s overall performance in low- and moderate-income geographies represented a significant response to community credit needs, and exceeded the standard for satisfactory performance in this criterion.

Table 9 highlights review period performance, as well as each year, for the geographic distribution of loans. The three months of 2006 were included with the 2005 data, as this did not have a significant impact on the overall conclusions.

Table 9 - Distribution of Ponce de Leon’s Residential Mortgage Loans By Geography Income Level in the Assessment Area (Dollars in thousands)									
Geography Income Level	4/1/03- 12/31/03		2004		1/1/05- 3/31/06		Review Period 4/1/2003 – 3/31/2006		Aggregate 2004
	#	%	#	%	#	%	#	%	% by #
Low	4	3.6%	5	4.1%	2	2.4%	11	3.5%	5.5%
Moderate	33	29.5%	58	47.2%	36	43.9%	127	40.1%	23.1%
Middle	48	42.9%	45	36.6%	31	37.8%	124	39.1%	36.5%
Upper	27	24.1%	15	12.2%	13	15.9%	55	17.4%	34.7%
Total	112	100.0%	123	100.0%	82	100.0%	317	100.0%	100.0%
	\$	%	\$	%	\$	%	\$	%	% by \$
Low	\$990	2.8%	\$1,331	3.4%	\$622	1.7%	\$2,943	2.6%	5.8%
Moderate	12,706	35.9%	16,475	41.5%	14,867	41.1%	44,048	39.6%	21.4%
Middle	12,210	34.5%	14,499	36.5%	13,992	38.7%	40,701	36.6%	30.7%
Upper	9,440	26.7%	7,398	18.6%	6,691	18.5%	23,529	21.2%	41.8%
Total	\$35,346	100.0%	\$39,703	100.0%	\$36,172	100.0%	\$111,221	100.0%	100.0%

Included in the loans in LMI geographies were 32 multi-family dwelling loans for \$11.8 million that provided 214 units of housing.

There were 476 lenders that granted 61 thousand assessment area loans in 2004 for \$17.8 billion in LMI geographies. Ponce’s 63 loans for \$17.8 million represented a 0.10 overall market share, by both number of loans and dollar volume. This was 1.67 times the institution’s overall market share.

Aggregate HMDA lenders reported 372 loans for almost \$188 million in 2004 in the “Income NA” category, representing less than two-tenths of the number and three-tenths of the dollar volume of assessment area loans. These were not considered material to the overall analysis.

Institution (continued)

Table 10 provides an analysis of Ponce De Leon’s small business lending activity for the period April 1, 2003 through December 31, 2005, as well as 2004, the most recent year for which aggregate data is available.

Table 10 – Distribution of Small Business Loans by Geography Income Level In Assessment Area (Dollars in thousands)						
Geography Income Level	<u>Ponce De Leon Federal</u> 04/01/2003 – 12/31/2005		<u>Ponce De Leon Federal</u> 2004		<u>Aggregate Lenders</u> 2004	
	#	%	#	%	#	%
Low	13	13.0%	9	23.1%	12,392	6.6%
Moderate	48	48.0%	16	41.0%	38,435	20.5%
Middle	27	27.0%	7	17.9%	46,546	24.8%
Upper	11	11.0%	7	17.9%	87,975	46.9%
Income NA	1	1.0%	0	0.0%	2,295	1.2%
Total	100	100.0%	39	100.0%	187,643	100.0%
	\$ Amt.	%	\$ Amt.	%	\$ Amt.	%
Low	\$1,880	14.2%	\$1,570	24.7%	\$378,678	6.2%
Moderate	5,839	44.0%	2,225	35.0%	1,142,764	18.8%
Middle	3,390	25.5%	860	13.5%	1,285,197	21.2%
Upper	2,125	16.0%	1,708	26.8%	3,131,933	51.6%
Income NA	35	0.3%	0	0.0%	134,810	2.2%
Total	\$13,269	100.0%	\$6,363	100.0%	\$6,073,382	100.0%

The table shows that the institution granted small business loans in LMI geographies at a much higher percentage of total small business loans than the aggregate reporters.

Community Development Lending and Other Lending- Related Activities

Ponce provided good responsiveness to assessment area community credit needs through community development lending, investment, and other lending-related activities during the review period.

The institution granted four community development loans for \$2.5 million, including two in Hudson County and two in Bronx County, that provided affordable housing, and educational and day care facilities in moderate-income neighborhoods. During 2004, the institution purchased \$3.7 million in targeted mortgage-backed securities (MBS). These investments were secured by residential mortgage loans to 45 assessment area LMI borrowers with aggregate original principal balances of \$5.5 million. In addition, the investment portfolio included a targeted MBS purchased in 2002 with a principal balance of \$672 thousand at March 31, 2006. Eight assessment area residential mortgage loans to LMI borrowers with an aggregate original principal balance of \$1.1 million secured the investment.

Institution (continued)

The institution provided over \$40 thousand to a broad range of community development organizations serving assessment area communities. These included hospitals and youth service organizations serving low-income communities, as well as affordable housing, family service, settlement houses, homeless shelters, and anti-poverty organizations. These organizations provided vital services to assessment area lower income families and individuals. Included amongst them were organizations such as Coalition for the Homeless, Food for Survival, Habitat for Humanity, Casita Maria, RAIN Inc, SEBCO Development Community, SISDA, Hispanic Mercantile Federation, Hunts Point Multi- Service Center, The Point CDC, and many others.

The institution provided a high level of retail services, based on the highly accessible branch delivery system and provision of extended banking hours and services, in lower income communities. Enhanced retail services, including electronic benefits programs, were highly responsive to LMI populations in the communities served by the institution.

Response to Complaints

During the current CRA evaluation period, Ponce de Leon did not receive any written complaints regarding its performance in helping to meet the credit needs of the assessment area.

Fair Lending or Other Illegal Credit Practices Review

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified during the most recent examination we evaluated compliance with consumer laws and regulations. Should the next examination find violations of the substantive provisions of the antidiscrimination laws and regulations, we will conduct a new evaluation taking into consideration the evidence of discriminatory or other illegal practices and assign a new rating accordingly.

CRA Rating Definitions

There are four separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; the streamlined examination method for small institutions; the community development test for wholesale and limited purpose institutions; and the strategic plan option for all institutions. OTS will assign an institution one of the four assigned ratings required by Section 807 of the CRA:

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."
4. "Substantial noncompliance in meeting community credit needs."

OTS judges an institution's performance under the test and standards in the rule in the context of information about the institution, its community, its competitors, and its peers. Among the factors to evaluate in an examination are the economic and demographic characteristics of the assessment area(s); the lending, investment, and service opportunities in the assessment area(s); the institution's product offerings and business strategy; the institution's capacity and constraints; the prior performance of the institution; in appropriate circumstances, the performance of a similarly situated institution; and other relevant information. An institution's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The institution's overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile. In addition, OTS adjusts the evaluation of an institution's performance under the applicable assessment method in accordance with §563e.21 and §563e.28, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.