



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 24, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Broadway National Bank
Charter Number 20622**

**2024 Center Avenue
Fort Lee, NJ 07024**

**Comptroller of the Currency
Assistant Deputy Comptroller
New York Metro Field Office
Community Banks and Federal Branches
1114 Avenue of the Americas, Suite 3900
New York, NY 10036**

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.

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

- Broadway National Bank's (BNB) average loan-to-deposit ratio is reasonable.
- A majority of the loans originated is within the bank's assessment area (AA).
- A significant majority of small loans to businesses is to small businesses.
- The geographic distribution of business loans is reasonable.

DESCRIPTION OF INSTITUTION

BNB is wholly owned by BNB Financial Service Corporation, a one-bank holding company. Prior to relocating its main office in September 2003 to Fort Lee, New Jersey, BNB was an intrastate bank headquartered in New York City (NYC). In November 2002, BNB sold its branch in Brooklyn. In addition to the main office, the bank operates two branches in Manhattan.

As of June 30, 2003, total bank assets were \$181 million, total deposits were \$155 million, and net loans were \$128 million. Commercial lending, including commercial real estate, accounts for 91% of the loan portfolio and is considered the primary product line of the bank. BNB is a Small Business Administration (SBA) Preferred Lender and specializes in SBA loans.

DESCRIPTION OF NEW YORK ASSESSMENT AREA

BNB has delineated its AA to include a portion of the New York Metropolitan Statistical Area (MSA) #5600. The AA consists of the following counties: The Bronx, Queens, Kings (Brooklyn), New York (Manhattan), Westchester, and Rockland. The AA meets the requirement of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The table below provides selected demographic and economic information about the AA.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF NEW YORK ASSESSMENT AREA	
Population	
Number of Families	1,952,740
Number of Households	137,404
Geographies	
Number of Census Tracts	2,377
% Low-Income Tracts	13%
% Moderate-Income Tracts	18%
% Middle-Income Tracts	33%
% Upper-Income Tracts	33%
% NA Tracts	3%
Business Demographics	
Number of Businesses	532,280
% Businesses with Revenues <=\$1 million	65%
% Businesses with Revenues >\$1 million	8%
% Businesses with no income reported	27%
% Businesses in Low-Income Tracts	7%
% Businesses in Moderate-Income Tracts	17%
% Businesses in Middle-Income Tracts	24%
% Businesses in Upper-Income Tracts	50%
% Businesses in NA Tracts	2%
Median Family Income (MFI)	
1990 MFI for AA	\$ 37,515
2002 HUD-Adjusted MFI	\$ 62,800
Economic Indicators	
Unemployment Rate (September 2003)	7.9%
Median Housing Value (National Assoc. of Realtors, 3 rd Quarter 2003)	\$ 350,000
% Of Households Below Poverty Level	16%

Source: 1990 Census, 2002 HUD updated income, September 2003 Bureau of Labor Statistics

The New York MSA is home to many large and diversified financial service companies, contributing to a fiercely competitive market for all types of products. Major banking competitors include JP Morgan Chase, Citibank, Bank of New York, HSBC, Fleet Bank, North Fork Bank, Washington Mutual, and Apple Bank for Savings.

NYC is home to a diversified mix of businesses. Many national and international corporations are headquartered here. Historically, the downtown area has been dominated by the financial services industry. Industries operating in the midtown area include advertising, publishing, and garment production. The retail sector is a major employer along with health and social care. In addition, light manufacturing and the wholesale trades provide a significant level of job opportunities in the Bronx.

After experiencing several years of good economic growth, the overall NYC economy weakened in line with the national economy. A major factor was the September 2001 terrorist attack that destroyed the World Trade Center. Tourism, a major contributor to the NYC economy, was negatively impacted and has had a ripple effect on other industries and services. The volatility on Wall Street has also impacted the local and national economies.

As of September 2003, the city lost 317,000 non-farm jobs and its unemployment rate edged up from 7.6% in 2002 to 8.6 % in 2003. The city unemployment rate is slightly higher than the overall assessment area unemployment rate. Nevertheless, the city's economy is in much better shape today than it was in the 1970s when employment declined for seven years and more than 650,000 jobs were lost.

There are some bright spots in the city's economy. Domestic tourism is reviving because of targeted advertising and special incentive packages, but foreign tourists have yet to return in significant numbers. The Manhattan apartment market has strengthened because of low mortgage interest rates, pent-up demand for housing, and a switch in household assets from the stock market to the residential real estate market.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

There has been no change in the bank's strategy since the prior CRA evaluation dated June 8, 1998, at which time the bank received a "satisfactory" rating. Our analysis and conclusions for this evaluation are based on a sample of 58 commercial and commercial real estate loans originated between January 1, 2001 and December 31, 2002.

Loan-to-Deposit Ratio

BNB's loan-to-deposit ratio meets the standard for satisfactory performance. Since the prior CRA evaluation, BNB's average loan-to-deposit ratio is 75%. Four similarly situated banks considered by management to be BNB's peers had average loan-to-deposit ratios ranging from 56% to 95%.

Lending in Assessment Area

BNB meets the standard of satisfactory performance for lending in the AA. Overall, 71% of the number and 59% of the dollar amount of loans were originated in the AA.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

BNB exceeds the standards of satisfactory performance for lending to businesses of different sizes. Approximately 83% of the number and 75% of the dollars were to small businesses (businesses with revenues of \$1 million or less). Within the AA, 65% of the businesses are small businesses.

Geographic Distribution of Loans

BNB's geographic distribution of loans meets the standard for satisfactory performance. The percentage of lending in low-income geographies exceeds the demographic comparator while lending in moderate-income geographies is near to the demographic comparator. Refer to the following table:

GEOGRAPHIC DISTRIBUTION OF LOANS TO BUSINESSES								
Census Track Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Loans	% of AA Businesses	% of Loans	% of AA Businesses	% of Loans	% of AA Businesses	% of Loans
Commercial/ Commercial RE	7	10	17	15	24	17	50	56

Responses to Complaints

BNB did not receive any CRA related consumer complaints during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.