



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
2 Rector Street
New York, NY 10006

PUBLIC SUMMARY
Off-Site

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Date of Evaluation: December 31, 2002

Institution: Chinatrust Bank (U.S.A.)
22939 Hawthorne Blvd.
Torrance, CA 90505

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

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GENERAL INFORMATION

This document is an off-site evaluation of the Community Reinvestment Act (“CRA”) performance of Chinatrust Bank (U.S.A.) (CTBUSA) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2002.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low and moderate income areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

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

For explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating

CTBUSA is rated "2", indicating a satisfactory record of helping to meet its New York State assessment area's credit needs, notwithstanding marginally satisfactory performance in a number of ratable categories. The bank is encouraged to address these shortcomings in order to retain a satisfactory rating going forward.

Lending Test- Low Satisfactory

- CTBUSA's lending volume is less than adequate, as it continues to be weak relative to the bank's size, financial condition and New York deposit base. In 2001, the bank originated 14 small business loans totaling \$4.2 million in the New York assessment area, and although the number of loans doubled to 35 in 2002, this low level of lending is of great concern, given the bank's large deposit presence in the community. The bank is urged to further improve its responsiveness to the credit needs of its New York State assessment area.
- The low level of small business lending, notwithstanding, CTBUSA originated a high percentage of its loans within the assessment area. In 2001 and 2002, the bank extended 82.4% and 92.1%, respectively, of its small business loans in its assessment area.
- The geographic distribution of the bank's loans reflects good penetration throughout the assessment area. In 2001, CTBUSA originated six (42.8%) small business loans in LMI geographies, significantly higher than 22% for the aggregate. In 2002, the absolute number of loans originated in LMI areas more than doubled to 13, however, the LMI penetration ratio declined to 37.2%.
- The distribution of small business loans according to loan size (using loans of less than \$100 thousand as a proxy for loans to small businesses) and borrower revenues indicates an adequate record of serving small- and medium- sized businesses.

In 2001, 42.9% of the bank's assessment area small business loans were originated in amounts of \$100 thousand or less, significantly below 95.5% for the aggregate. In 2002, the corresponding ratio for the bank was 25.8%.

In addition, in 2001, the bank extended 42.9% of its small business loans to businesses with annual revenues of less than \$1 million, below 45.9% for the aggregate. In 2002, while the absolute number of these originations more than doubled to 15, the ratio remains the same.

- CTBUSA made a high level of community development loans. At this evaluation period, community development commitments increased to \$2.5 million, from the \$900 thousand reported at the prior evaluation.

- CTBUSA offers a program called the Overseas Chinese Credit Guaranteed Fund (“OCCGF”), which is similar to Small Business Administration (“SBA”) programs. This program helps small businesses from Taiwan to start new business ventures in the United States.

Investment Test- High Satisfactory

- CTBUSA has a significant level of community development investments and grants. Qualified investments totaled nearly \$2.3 million, including \$29.5 thousand in grants. New money represents \$1.1 million. However, while the level of qualified investments is relatively high, most of the investments are neither innovative nor complex.

Service Test - High Satisfactory

- CTBUSA’s delivery systems are reasonably accessible to all portions of the assessment area. The bank operates five full-service retail branches throughout the New York assessment area, of which two are located in moderate-income geographies. It also operates four ATMs in three of its five New York branches. These ATMs allow customers to perform transactions in three languages, including English, Spanish and Chinese.

To augment its branch network, the bank has reasonable alternative delivery systems, which include a 24-hour banking telephone system and PC banking.

- CTBUSA provides an adequate level of community development services. The bank’s senior executive vice president served on the advisory board and committees of various local community organizations.

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

PERFORMANCE CONTEXT

Institution's Profile:

Chinatrust Bank (U.S.A.) is a California state-chartered full service commercial bank, headquartered in Torrance, California. The bank is a wholly owned subsidiary of China Trust Holdings Corp. (a Delaware Corporation) (the company).

On August 20, 1997, China Trust Bank of California (CTBCA), a wholly owned subsidiary of the company, changed its name to Chinatrust Bank (U.S.A.). After the close of business on August 29, 1997, China Trust Bank of New York (CTBNY), a wholly owned subsidiary of the company, merged into Chinatrust Bank (U.S.A.).

On May 5, 2001, the bank became a wholly owned subsidiary of Chinatrust Commercial Bank (CTCB), one of the largest privately owned banks in Taiwan, with over \$22 billion in total assets.

The bank operates 17 full-service retail branches, and one loan production office, of which ten branches are located in California, five branches in New York, one branch in New Jersey, one branch in Maryland, and one loan production office in Washington. In 2002, a second loan production office was opened in Texas.

As per the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition (the Call Report) as of December 31, 2002, the bank had total assets of nearly \$1.8 billion, with loans accounting for almost \$1.3 billion or 72.2% of total assets. As of the same date, total deposits were \$1.4 billion. According to the Uniform Bank Performance Report ("UBPR") as of December 31, 2002, the bank's net loan-to-deposit ratio was 87.3%, slightly above the national peer group's ratio of 82.5%. Notwithstanding the relatively high loan-to-deposit ratio, small business loans (as reported in the June 30, 2002 Call Report) accounted for only 10% of the bank's commercial loan portfolio of \$842.8 million. Data on amounts outstanding on small business loans is only reported in June.

Based on the latest available deposit market share data, as of June 30, 2002, CTBUSA ranked 39th of 115 deposit-taking institutions in its New York assessment area. The bank's five New York branches held \$558.4 million or 0.18% of total deposits in the assessment area. This represented about 40% of the bank's total deposits.

The bank provides a wide range of financial products and services to the business communities, particularly to small and medium-sized businesses. In addition, the bank is an active participant in commercial real estate and construction lending.

The bank offers a wide variety of lending products including, but not limited to, commercial mortgages, multifamily mortgages, construction loans and commercial and Industrial loans

The following table illustrates the bank's loan portfolio as of December 31, 2002 and December 31, 2001, according to the Call Reports:

TOTAL GROSS LOANS OUTSTANDING				
LOAN TYPE	12/31/2002		12/31/2001	
	\$000	%	\$000	%
Residential Mortgage Loans	25,407	2.0	37,295	3.0
Construction Loans	260,641	20.4	251,382	20.6
Commercial Mortgage Loans	616,368	48.2	529,557	43.3
Multifamily Mortgages	50,466	4.0	33,613	2.7
Consumer Loans	4,366	0.3	8,278	0.7
Commercial & Industrial Loans	185,903	14.5	254,280	20.8
Other Loans	135,079	10.6	108,512	8.9
Total Gross Loans	1,278,230	100.0	1,222,917	100.0

Between evaluations, the bank's loan portfolio increased by 18.2% to \$1.3 billion from the \$1.1 billion reported at the prior CRA evaluation, as of December 31, 2000. The bank is primarily a commercial real estate lender, with real estate-related loans accounting for \$952.9 million (74.6%) of the loan portfolio, as of December 31, 2002, reflecting the bank's business focus. The loan portfolio was comprised of commercial mortgages (48.2%), construction loans (20.4%), and commercial and industrial (14.5%) loans.

CTBUSA received a rating of "2" at its prior CRA Evaluation by the New York State Banking Department, reflecting a satisfactory performance of helping to meet its New York State assessment area's credit needs.

CTBUSA has no legal or financial impediments that prevent it from helping to meet the credit needs of its New York State assessment area.

Assessment Area:

The bank's New York State assessment area consists of New York, Kings, Queens and Richmond counties in their entirety. These counties are part of metropolitan statistical area ("MSA") 5600 (New York).

There are 1,861 census tracts in the assessment area, of which 188 (10%) are low-income, 354 (19%) moderate-income, 691 (37%) middle-income, 577 (31%) upper-income and 51 (3%) zero-income tracts.

According to the 1990 U.S. Census, the total population of the assessment area was 6.1 million, of which 813.2 thousand (13%) were over the age of 65 and 1.2 million (20%) were under the age of 16.

There were nearly 1.5 million families in the assessment area, including 373.7 thousand (25.5%) low-income families, 233.5 thousand (16%) moderate-income, 276.6 thousand

(18.9%) middle-income and 579.9 thousand (39.6%) upper-income families. Based on estimates by HUD, the median family income for the assessment area increased to \$62.8 thousand in 2002 from \$37.5 thousand reported for the 1990 census.

There were nearly 2.4 million households in the area, of which 729.2 thousand (30%) were LMI households. About 387 thousand (16%) of all households had income below the poverty level and 272.2 thousand (11%) received public assistance.

There were 2.6 million housing units in the assessment area, of which 969.1 thousand (37%) were 1 to 4 family units, and 1.5 million (60%) were multi-family units. About 733.1 thousand (29%) of the housing units were owner-occupied, 1.7 million (65%) were rental occupied and 163.6 thousand (6%) were vacant or boarded up. In 1990, the median home value in the assessment area was \$196 thousand and the median age of the units was 41 years.

According to a Dun and Bradstreet survey, in 2002, nearly 145.9 thousand (34%) of all firms were service providers, 71.3 thousand (17%) were in retail trade, 38.2 thousand (9%) in finance, insurance and real estate, 25.4 thousand (6%) in wholesale trade, 17.1 thousand (4%) in manufacturing, 15.7 thousand (4%) in construction and 15.4 thousand (4%) in transportation and communication.

According to the New York Department of Labor, the average unemployment rate for New York City was 7.9% in 2002 and 6.0 % in 2001 compared with 6.1% for New York State in 2002 and 4.9 % in 2001.

Based on the location of the bank's branches and lending patterns, the bank's assessment area delineation is in conformance with the CRA regulation. There is no evidence that the bank arbitrarily excluded LMI areas.

Kings County (Brooklyn) – Kings County has 789 census tracts including 114 (14%) low-income, 207 (26%) moderate-income, 302 (38%) middle-income, 147 (19%) upper-income and 19 (2%) zero-income tracts.

According to the 1990 U.S. Census, the total population of Kings County was 2.3 million of which 286.9 thousand (12%) were over the age of 65 and 539.7 (23%) thousand were under the age of 16.

There were 827.7 thousand households in Kings County of which 369.8 thousand (45%) were LMI households. About 178.1 thousand (21%) of all households had income below the poverty level and 131.7 thousand (15%) received public assistance.

According to a Dun and Bradstreet survey, in 2002, nearly 31.4 thousand (32%) of all firms in Kings County were service providers, 19.9 thousand (20%) were in retail trade, 7 thousand (7%) in finance, insurance and real estate, 5.3 thousand (5%) in wholesale trade, 4.8 thousand (5%) in construction, 3.7 thousand (4%) in manufacturing and 3.7 thousand (4%) in transportation and communication.

According to the New York Department of Labor, the average unemployment rate for Kings County was 8.6% in 2002 and 6.7 % in 2001 compared with 6.1% for New York State in 2002 and 4.9 % in 2001.

New York County (Manhattan) - According to the U.S. Census Bureau, New York County had a population of nearly 1.5 million in 1990, of which 13% was over the age of 65 and 15% was under the age of 16.

New York County has 298 census tracts, of which 63 (21%) are low-income, 65 (22%) moderate-income, 33 (11%) middle-income, 126 (42%) upper-income and 11 (4%) zero-income tracts.

There were 716.8 thousand households in the county of which 120.1 thousand (16%) had income below the poverty level and 78.4 thousand (10%) received public assistance.

According to a Dun and Bradstreet survey, in 2002, nearly 80.4 thousand (38%) of all firms were service providers, 30.6 thousand (15%) were in the retail trade, 23 thousand (11%) in finance, insurance and real estate, 14.9 thousand (7%) in the wholesale trade, 10 thousand (5%) in manufacturing and 6.1 thousand (3%) in transportation and communication.

According to the New York Department of Labor, the average unemployment rate for New York County was 8.2% in 2002 and 6.4 % in 2001 compared with 6.1% for New York State in 2002 and 4.9 % in 2001.

Queens County - According to the U.S. Census Bureau, Queens County had a population of nearly 2.0 million in 1990, of which 15% was over the age of 19% was under the age of 16.

Queens County has 673 census tracts, of which seven (1%) are low-income, 80 (12%) moderate-income, 331 (49%) middle-income, 238 (35%) upper-income and 17 (3%) zero-income tracts.

There were 718.4 thousand households in the county of which 77.9 thousand (10%) had income below the poverty level and 53.7 thousand (7%) received public assistance.

According to a Dun and Bradstreet survey, in 2002, 27.6 thousand (29%) of all firms were service providers, 17.4 thousand (19%) were in the retail trade, 6.9 thousand (7%) in finance, insurance and real estate, 5.8 thousand (6%) in construction, 4.9 thousand (5%) in transportation and communications and 4.5 thousand (5%) in wholesale trade.

According to the New York Department of Labor, the average unemployment rate for Queens County was 6.5% in 2002 and 4.9 % in 2001 compared with 6.1% for New York State in 2002 and 4.9 % in 2001.

Richmond County - According to the U.S. Census Bureau, Richmond County had a population of 379 thousand in 1990, of which 11% was over the age of 65 and 22% was under the age of 16.

The County has 101 census tracts, of which four (4%) are low-income, two (2%) moderate-income, 25 (25%) middle-income, 66 (65%) upper-income tracts and four (4%) zero-income tracts.

There were 130.2 thousand households in the county of which 10.9 thousand (8%) had income below the poverty level and 8.4 thousand (6%) received public assistance.

According to a Dun and Bradstreet survey, in 2002, 6.6 thousand (32%) of all firms were service providers, 3.3 thousand (16%) in the retail trade, 1.8 thousand (9%) in construction, 1.3 thousand (6%) in finance, insurance and real estate 736 (4%) in transportation and communication, and 665 (3%) in the wholesale trade.

According to the New York Department of Labor, the average unemployment rate for Richmond County was 6.5% in 2002 and 4.7 % in 2001 compared with 6.1% for New York State in 2002 and 4.9 % in 2001.

PERFORMANCE TESTS AND ASSESSMENT FACTORS

This performance evaluation incorporates a review of the bank's lending, investment and service activities within the assessment area during 2001 and 2002.

Products considered were small business loans. Statistics employed in this evaluation were derived from various sources. In addition to bank-specific loan information submitted by the institution, aggregate data for small business loans were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCI Services, Inc.'s CRA Wiz ®, an external vendor.

Demographics are from the 1990 U.S. Census data supplemented with the 2002 HUD estimates.

I. Lending Test: Low Satisfactory

The bank's lending performance was evaluated pursuant to the following criteria: (1) Lending Activity; (2) Assessment Area Lending; (3) Geographic Distribution; (4) Borrower Characteristics; (5) Community Development Lending; and (6) Flexible and/or innovative Lending Practices.

Lending activity – Needs to Improve

While CTBUSA's small business lending volume in its New York assessment area increased during this evaluation period, the volume remains less than adequate relative to the bank's size, financial condition and New York deposit base. As noted in the profile section, the bank has New York-based deposits of \$558.4 million, which represents approximately 40% of the bank's total deposits. Additionally, as of June 2002, small business loans represented only about 10% of the bank's overall commercial loan portfolio of \$842.7 million.

In 2001, the bank originated 14 small business loans totaling \$4.2 million in the New York assessment area. This ranked the bank 68th among 220 small business lenders, with market shares of 0.01% by number and 0.10% by dollar volume. In 2002, although the lending volume more than doubled to 35 by number and dollar volume doubled to nearly \$8.4 million, this level of lending is of great concern, given the bank's large deposit presence in the community. CTBUSA is encouraged to further improve its responsiveness to its New York State assessment area credit needs.

Assessment Area Lending – High Satisfactory

Although the volume of small business loans originated by CTBUSA remained low during this evaluation, the bank originated a high percentage of its loans within the assessment area. Specifically, in 2001, of its total of 17 loans (\$5.1 million), CTBUSA extended 14 loans (82.4%) totaling nearly \$4.2 million (82.5%) in the assessment area. In 2002, 35 (92.1%) of 38 loans were extended within the assessment area accounting for nearly \$8.4

million (83.6%) of a total \$10 million.

Geographic Distribution of Loans – High Satisfactory

The geographic distribution of CTBUSA’s small business loans reflects good penetration throughout the assessment area, with LMI penetration rates exceeding those of the aggregate for both number and dollar volume in 2001.

The table below illustrates the distribution of small business lending by number and dollar volume for the bank and by all lenders (“the aggregate”) in the bank’s assessment area.

In 2001, CTBUSA originated six (42.8%) small business loans totaling \$1.9 million (45.8%) in LMI geographies, significantly higher than 22.0% by number and 21.9% by dollar volume for the aggregate. While the absolute number of loans originated in LMI areas more than doubled to 13 in 2002, the LMI penetration ratio declined to 37.2%. Similarly, the dollar volume of loans increased by \$749 thousand (39%) to nearly \$2.7 million; however, the LMI penetration rate declined to 31.9%. Aggregate data for 2002 is not available for comparison. Although low-income geographies make up 10% of the assessment area, the bank did not originate any loans in these geographies during the evaluation period. However, in 2001, 5% (both by number and dollar volume) of small business loans originated in the assessment area by the aggregate were to businesses located in low-income geographies.

Distribution of Small Business Loans By Geography Income Level								
2001								
Geography	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	\$
Low	0	0	-	0.0	7,009	5.0	204,713	5.0
Moderate	6	42.8	1,919	45.8	23,868	17.0	689,980	16.9
Middle	4	28.6	920	22.0	38,362	27.3	883,594	21.6
Upper	2	14.3	600	14.3	67,459	48.1	2,121,405	51.9
N/A	2	14.3	750	17.9	3,613	2.6	189,174	4.6
Total	14	100.0	4,189	100.0	140,311	100.0	4,088,866	100.0
2002								
Geography	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	0	0	-	0.0	-	-	-	-
Moderate	13	37.2	2,668	31.9	-	-	-	-
Middle	6	17.1	1,115	13.3	-	-	-	-
Upper	16	45.7	4,576	54.8	-	-	-	-
N/A	0	0.0	-	0.0	-	-	-	-
Total	35	100.0	8,359	100.0	-	-	-	-

Borrower Characteristics: - Low Satisfactory

The distribution of small business loans according to loan size (using loans of less than \$100 thousand as a proxy for loans to small businesses) and borrower revenues indicates an adequate record of serving small businesses.

As illustrated in the table below, in 2001, the bank originated six (42.9%) small business loans totaling \$379 thousand in the assessment area in amounts of \$100 thousand or less. This is significantly below the aggregate's 95.5%. In 2002, the bank originated nine (25.8)% small business loans totaling \$618 thousand in amounts of \$100 thousand or less. Aggregate data for 2002 is not available for comparison.

Distribution of Small Business Loans By Loan Size						
Loan Size (\$ in thousands)	2001				2002	
	Bank		Aggregate		Bank	
	#	%	#	%	#	%
<= \$100	6	42.9%	134,044	95.5%	9	25.8%
>\$100 - <=\$250	1	7.1%	3,294	2.4%	13	37.1%
>\$250 - <\$1,000	7	50.0%	2,973	2.1%	13	37.1%
Total	14	100.0%	140,311	100.0%	35	100.0%

In addition, in 2001, the bank's lending in the assessment area to businesses with annual revenues of less than \$1 million totaled six (42.9%) by number and \$2.1 million (50%) by dollar amount, below the 45.9% by number and well above the 36.6% by dollar volume for the aggregate. In 2002, while the absolute number of these originations more than doubled to 15, the ratio remains the same. However, the increase in dollar volume did not keep pace, with \$3.2 million in loans to businesses with annual revenues of less than \$1 million representing only 38.2% of small business loans extended by the bank within the assessment area, a significant decline compared to the ratio in 2001. Aggregate data for 2002 is not available for comparison.

Community Development loans – High Satisfactory

CTBUSA has made a relatively high level of community development loans. At this evaluation, community development commitments totaled \$2.5 million, including \$900 thousand from the prior evaluation. New money totaled \$1.6 million, with \$1.2 million outstanding. Of the total community development loans, 96% support affordable housing.

The following is a brief description of the bank's new community development lending since the prior evaluation:

- **South Third Street LLC** – In May 2002, the bank extended \$1.6 million to this borrower for the construction of affordable multifamily rental property located in an LMI neighborhood.

Flexible or Innovative Lending – High Satisfactory

The bank uses innovative lending products in serving assessment area credit needs. CTBUSA offers a program called the Overseas Chinese Credit Guaranteed Fund (“OCCGF”) to small businesses in its assessment area. OCCGF, which is similar to Small Business Administration (“SBA”) programs, helps small businesses from Taiwan to start new business ventures in the United States. During this evaluation, the bank made six OCCGF loans totaling nearly \$1.5 million.

II. Investment Test: High Satisfactory

CTBUSA has a significant level of community development investments and grants. During this evaluation, qualified investments totaled nearly \$2.3 million, including \$29.5 thousand in grants. New money represents \$1.1 million. However, while the level of qualified investments is relatively high, most of the investments are neither innovative nor complex.

The bank’s qualified investments include the following:

Bank of America Mortgage-Backed Securities - In May 2002, the bank invested nearly \$873.4 thousand in this mortgage pool backed by loans targeting LMI borrowers in the bank’s assessment area.

Advest Mortgage-Backed Securities - In July 2002, the bank invested nearly \$234.6 thousand in this mortgage pool backed by loans targeting LMI borrowers in the bank’s assessment area.

Community Preservation Corporation (CPC) – In 1997, the bank committed \$700 thousand to CPC to purchase collateral trust notes. CPC is a lending consortium that makes construction and permanent loans for the creation, rehabilitation and preservation of affordable housing throughout the State of New York.

FNMA - In 2000, the bank invested nearly \$1.5 million in FNMA mortgage-backed securities, with the loans targeting LMI borrowers in the bank’s assessment area. As of this evaluation, the bank has nearly \$451.3 thousand outstanding in these securities.

Grants to various community-based organizations totaled \$29.5 thousand.

III. Service Test: High Satisfactory

Retail Banking Services: High Satisfactory

CTBUSA’s delivery systems are reasonably accessible to all portions of the assessment area. The bank operates five full-service retail branches throughout the New York assessment area, of which two are located in New York County, two in Queens County and one in Kings County. The bank has no branches in Richmond County. Two branches are located in moderate-income geographies and two are adjacent to LMI census tracts.

To augment its branch network, the bank has reasonable alternative delivery systems, which include a 24-hour banking telephone system and PC banking. In 2000, the bank introduced a full range of on-line banking services, including credit cards, L/C applications and Chinese web pages. In addition, the bank operates four ATMs in three of its five New York branches. These ATMs allow customers to perform transactions in three languages, including English, Spanish and Chinese.

Other services offered by the bank include:

- **Freedom Banking Account:** The bank offers this account as an alternative account pursuant to Part 9 of the General Regulations of the Banking Board. Account features include no minimum balance, unlimited number of deposits, free ATM service, and no minimum opening balance. Additionally, customers can write up to ten checks without monthly service charges.

The business hours of the branches are 9:00 a.m. to 4:00 p.m., Monday through Thursday, and 9:00 a.m. to 6:00p.m on Fridays, except for the midtown branch, which is open 9:00 a.m. to 4:00p.m., Monday through Friday. The bank offers Saturday hours (10:00a.m. to 2:00p.m) at four of its five branches.

Community Development Services: Low Satisfactory

CTBUSA provides an adequate level of community development services. The bank's senior executive vice president served on the advisory board or committees of various local community organizations, including Neighborhood Housing Services of New York, Renaissance Economic Development Corporation, Brooklyn Chinese American Association, Jamaica Development Corporation and Taiwan Benevolent Association of New York.

IV. Discrimination or Other Illegal Practices

Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.

The bank does not engage in any practices intended to discourage applications for the types of credit it offers.

Evidence of prohibited discriminatory or other illegal credit practices.

No evidence of prohibited discriminatory or other illegal credit practices were noted during the review period. The most recent regulatory compliance report concurrent with this assessment indicates a satisfactory performance in terms of adherence to anti-discrimination or other applicable laws and regulations

V. 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 bank's CRA officer works with various community-based organizations to identify the community's credit needs. Regional executives, lending officers and branch personnel assist in these efforts to identify possible lending, investment and service opportunities in the assessment area.

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.

The bank relies exclusively on referrals, personal contacts and selective marketing to promote its products and services. The bank's marketing efforts also include participation in industry specific trade shows and specialty programs.

Additionally, the bank uses print media to advertise and inform members of the community about the products and services the bank offers. Print media utilized by the bank includes the NYNHS – Gala Tribute Journal, Fashion Manuscript and Fashion Market.

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

As per the Board of Directors' recommendation, the bank maintains an audit and compliance committee consisting of outside directors. The committee is responsible for formulating the bank's CRA policy and ensuring that all the units of the bank adhere to the policy. The board-designated CRA officer is responsible for monitoring the bank's CRA activities and reporting the bank's performance to the audit and compliance committee.

VI. Other Factors

Other factors that in the judgement of the Superintendent and Banking Board, bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

None.

GLOSSARY

Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A “community development service” is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;

- ❖ 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.

Demand-Adjusted Penetration Rate

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area. Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

Demand-Adjusted Penetration Ratio

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas. Mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide nonmetropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

Small Business Loans

Loans to businesses with original amounts of \$1 million or less.