



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

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2003

Institution: Allied Irish Bank
405 Park Avenue
New York, NY 10022

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

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Allied Irish Bank (“AIB”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of AIB’s CRA performance based on an evaluation conducted as of December 31, 2003.

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 an institution’s 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 (“evaluation”) be made available to the public. 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 of the regulation. These 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

Allied Irish Bank is rated "1," indicating an outstanding record of helping to meet community credit needs.

Community Development Test

- AIB's community development loans and qualified investments totaled \$225.6 million, which includes \$75.3 million (33.4%) in new money.
 - Community development loans totaled \$225.1 million, with almost \$75 million (33%) in new money.
 - AIB's qualified investments totaled approximately \$0.5 million, consisting entirely of grants to various community development organizations. Most of these grants supported community services.
 - The bank's community development portfolio has increased by \$28.7 million (14.6%) since the prior Performance Evaluation.
- AIB provided a limited level of community development services.
- The bank demonstrates excellent responsiveness to the community development and credit needs of its assessment area.

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

PERFORMANCE CONTEXT

Institution's Profile:

In this report, references to Allied Irish Bank ("AIB") generally can be understood to mean the New York-based operations of Allied Irish Bank plc, a major financial service company headquartered in Dublin, Ireland.

AIB's only full-service branch in the United States is located at 405 Park Avenue in Manhattan. This branch was licensed by the New York State Banking Department in December 1977. The company's other operations in the United States include representative offices in Philadelphia, Atlanta, and Los Angeles. These offices are used primarily for loan production.

AIB focuses on providing community development loans and services to nonprofit organizations and does not routinely originate residential mortgage, small business, small farm and/or consumer loans to retail customers. Consequently, the Federal Deposit Insurance Corporation ("FDIC") granted AIB a wholesale bank designation for CRA purposes, effective January 29, 1997.

Please note that some of AIB's community development lending is booked at the bank's Cayman Island branch. This usually occurs when a borrower requests financing that is indexed to the London Inter-Bank Offered Rate (LIBOR). Nonetheless, these loans are originated by staff from AIB's New York office and can be reported for CRA consideration.

As of December 31, 2003, AIB's operations in New York reported total assets of \$990 million, including \$610.6 million (61.7%) in net loans and \$242.2 million (24.5%) in securities. As of the same date, the bank's Cayman Island branch reported total assets of approximately \$1.2 billion, including \$211.4 million (18.2%) in net loans.

At its prior Performance Evaluation, conducted by the New York State Banking Department as of March 31, 2003, AIB received a rating of "1." This rating reflected the bank's outstanding record of helping to meet community credit needs within its assessment area.

There are no known financial or legal impediments affecting the bank's ability to meet the credit needs of its community.

Assessment Area:

AIB's assessment area comprises the Primary Metropolitan Statistical Areas ("PMSAs") of New York (PMSA 5600) and Nassau/Suffolk (PMSA 5380).

As of the 1990 U.S. Census, the assessment area contained 3,079 census tracts, including 319 low-income tracts (10.4%); 517 moderate-income tracts (16.8%); 1,203 middle-income tracts (39.1%); 960 upper-income tracts (31.2%); and 80 zero-income tracts (2.6%).

Based on updated data from the 2000 Census, the assessment area now contains 3,112 census tracts, including 287 low-income tracts (9.2%); 655 moderate-income tracts (21.0%); 1,092 middle-income tracts (35.1%); 1,000 upper-income tracts (32.1%) and 78 zero-income tracts (2.5%).

The following table summarizes the distribution of census tracts within AIB's assessment area by tract income level using data from the 1990 and 2000 Censuses:

Distribution of Census Tracts within the Assessment Area by Tract Income Level														
Census Year	Low		Moderate		Middle		Upper		Zero		TOTAL		LMI Tracts	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
1990	319	10.4	517	16.8	1,203	39.1	960	31.2	80	2.6	3,079	100.0	836	27.2
2000	287	9.2	655	21.0	1,092	35.1	1,000	32.1	78	2.5	3,112	100.0	942	30.3
Change	-32	-10.0	138	26.7	-111	-9.2	40	4.2	-2	-2.5	33	1.1	106	12.7

PMSA 5600 – The New York PMSA comprises the counties of Bronx, Kings (Brooklyn), New York (Manhattan), Queens, Richmond (Staten Island), Putnam, Rockland and Westchester. These counties contain 2,515 census tracts, including 853 LMI census tracts (33.9%).

PMSA 5380 – The Nassau/Suffolk PMSA comprises Nassau and Suffolk Counties on Long Island. These counties contain 597 census tracts, including 89 LMI census tracts (14.9%).

The following table summarizes the distribution of census tracts within each county of AIB's assessment area based on tract income level:

Income Distribution by Census Tracts by County (2000 Census)												
County	Low		Moderate		Middle		Upper		N/A		Total	
	#	%	#	%	#	%	#	%	#	%	#	%
PMSA 5600												
Bronx	117	33.0	99	27.9	72	20.3	53	14.9	14	3.9	355	100.0
Kings	100	12.8	271	34.6	250	31.9	147	18.8	15	1.9	783	100.0
New York	47	15.9	68	23.0	26	8.8	146	49.3	9	3.0	296	100.0
Queens	12	1.8	107	15.9	298	44.3	238	35.4	18	2.7	673	100.0
Richmond	3	2.7	7	6.4	25	22.7	73	66.4	2	1.8	110	100.0
Putnam	0	0.0	0	0.0	0	0.0	19	100.0	0	0.0	19	100.0
Rockland	2	3.5	1	1.7	9	15.5	46	79.3	0	0.0	58	100.0
Westchester	2	0.9	17	7.7	37	16.7	161	72.9	4	1.8	221	100.0
Sub-total	283	11.3	570	22.7	717	28.5	883	35.1	62	2.5	2,515	100.0
PMSA 5380												
Nassau	2	0.7	20	7.2	179	64.6	68	24.6	8	2.9	277	100.0
Suffolk	2	0.6	65	20.3	196	61.3	49	15.3	8	2.5	320	100.0
Sub-total	4	0.7	85	14.2	375	62.8	117	19.6	16	2.7	597	100.0
Total	287	9.2	655	21.0	1,092	35.1	1,000	32.1	78	2.5	3,112	100.0

AIB's assessment area appears reasonable based upon the bank's lending patterns and the location of its office. There is no evidence that LMI areas have been arbitrarily excluded from the assessment area.

PERFORMANCE TEST AND ASSESSMENT FACTORS

The Banking Department evaluates the CRA performance of wholesale banks pursuant to the "Community Development Test" established in Section 76.11 of the General Rules and Regulations of the Banking Board. Performance criteria may include (1) the number and amount of community development loans, qualified investments or community development services; (2) the use of innovative or complex qualified investments and the extent to which these investments are not routinely provided by private investors; (3) the provision of community development services; and (4) the institution's responsiveness to the credit and community development needs of its assessment area.

This evaluation is based on a review of AIB's community development activities between April 1, 2001 and December 31, 2003.

I. Community Development Test

AIB demonstrates excellent responsiveness to the community development and credit needs in its assessment area.

The bank's participation in community development initiatives primarily involves working with nonprofit organizations that serve its assessment area.

As of December 31, 2003, the bank's portfolio of assessment area-based community development loans and grants totaled \$225.6 million, which included \$75.3 million (33.4%) in new money. This balance reflects an increase of \$28.7 million (14.6%) since the prior Performance Evaluation, even though the bank's assets decreased 27.1% during the same period.

The bank's community development commitments are focused heavily on affordable housing (46.0%) and community services (53.2%). Commitments originated during the evaluation period ("new money") heavily emphasize AIB's interest in affordable housing initiatives.

The following table summarizes the bank's portfolio of community development loans and investments within its assessment area as of December 31, 2003:

Community Development Portfolio				
Type	Commitments		New Money	
	\$000	%	\$000	%
Affordable Housing	103,838.0	46.0	48,855.0	64.9
Community Service	119,913.1	53.2	24,634.1	32.7
Economic Development	1,803.0	0.8	1,803.0	2.4
Revitalization/Stabilization	8.5	0.0	8.5	0.0
Total	225,562.6	100.0	75,300.6	100.0

Community Development Lending

During the evaluation period, AIB amassed community development loans totaling \$225.1 million, including \$74.8 million (33.2%) in new money.

The bank provides several types of financing to non-profit organizations. Financing available from AIB includes construction loans, term loans, lines of credits and letters of credit.

Examples of the bank's community development lending activities are provided below:

1. *Marian Woods, Inc.* – The bank continued its \$11.5 million commitment provided in August 1999 and extended an additional \$3.0 million construction/term loan during the evaluation period. Marian Woods is a nonprofit organization formed to build and operate an assisted living/adult care facility for five religious orders in Westchester County.
2. *Joachim & Anne Residence* – In 2002, the bank extended a \$17.0 million letter of credit to this nonprofit corporation sponsored by Catholic Charities of Brooklyn. The residence is located in a low-income census tract in Coney Island, Brooklyn and provides long-term skilled nursing care to its residents. Almost 85.0% of the residence's revenue was derived from Medicaid.
3. *Parker Jewish Institute for Health Care & Rehabilitation, Inc.* – In 2003, the bank committed \$10.0 million to its participation in a \$65.0 million letter of credit to enhance tax-exempt bonds issued by the New York State Dormitory Authority. The letter of credit supports this organization's healthcare facilities. Over the prior two years, the organization has derived more than 60% of its revenue from Medicaid.
4. *Terence Cardinal Cooke Health Care Center* – In addition to an existing \$9.6 million letter of credit to this organization, the bank extended another \$3.0 million in a working capital line of credit during 2003. The center is located in a moderate-income area in New York County and derives 86% of its revenue from Medicaid.
5. *New York Foundling Hospital* – The bank has continued a \$4.0 million line of credit, renewable annually, to this nonprofit corporation. The hospital offers a wide range of children's and family services to prevent child abuse and neglect, protect abused children and help disadvantaged parents meet their children's need.

- **Qualified Investments/Grants**

AIB's community development investments consisted entirely of grants to qualified community development organizations. As noted in the Performance Context section of this evaluation, the bank's business strategy focuses on community development lending and services.

During the evaluation period, the bank provided 109 qualified grants, totaling \$480.6 thousand, to community development entities within the assessment area. Examples of AIB's grant-making activities are provided below:

1. *Catholic Charities* - Catholic Charities provides a broad range of human services including: behavioral health counseling, immigration and refugee services, emergency food programs and crisis intervention services. All programs and services are available to needy individuals regardless of their religious beliefs. The organization's service area covers the following counties: Bronx, New York (Manhattan), Richmond (Staten Island), Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster and Westchester.
2. *Children's Aid Society* – The Children's Aid Society serves thousands of New York City's neediest children and families with a broad network of services, including education, healthcare, counseling, adoption, foster care, arts, recreation and emergency assistance services.
3. *South Bronx Overall Economic Development Corporation ("SOBRO")* - SOBRO is a nonprofit organization that promotes job retention and job creation in the South Bronx. SOBRO's community development efforts and initiatives include: i) employment and training programs; (ii) technical assistance support and capital improvement financing for small businesses located on retail strips; (iii) real estate and loan services, and business expansion, relocation and capital project assistance for small industrial sector businesses; and (iv) lending and technical assistance services geared to small businesses that are unable to obtain financing from conventional sources.
4. *Neighborhood Housing Services ("NHS")* – NHS is a nonprofit organization that creates and preserves affordable housing, and promotes increased investment in underserved and declining New York City neighborhoods through a broad range of lending, development, rehabilitation, homebuyer education and homebuyer counseling initiatives.

- **Community Development Services**

The bank provided a limited level of community development services in its assessment area. The bank's community development services include the following activities:

1. The bank's president and CEO serves as chair of the fundraising committees for various charitable organizations such as Catholic Charities of Brooklyn, the Kateri Residence, Catholic Youth Organization and Catholic Charities of NY. These organizations help raise money for the needy in New York City.
2. A vice president of the bank is a board member of County Clare Association

("CCA"), which raises funds for nursing homes in New York City. The same person serves on CCA's donations committee and is a former president of the association.

3. A vice president serves on the support committee of the New York Junior League, an organization of women committed to promoting volunteerism and improving communities through the action and leadership of trained volunteers.
4. The bank sponsors and delivers financial education presentations that are delivered mostly at education and healthcare conferences and seminars.

II. 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.

No practices were noted that would tend to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

The Banking Department's most recent regulatory compliance examination of AIB was conducted concurrently with this evaluation and reflects satisfactory adherence to anti-discrimination or other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

III. Other Factors

Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the bank's efforts to communicate with members of its community regarding the credit services being provided by the institution.

The bank ascertains the credit needs of its community through meetings with community leaders, concerned agency officials and other community groups. In addition, the bank's CRA officer works with AIB's Non-Profit Banking Group to network with community-based organizations, government agencies and quasi-governmental entities sector to identify local credit needs and opportunities and to facilitate the bank's involvement in such activities.

The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the bank.

The bank makes members of the community aware of its credit services through direct contact with nonprofit organizations serving the assessment area. In addition, the bank presents its products and services by sponsoring and/or participating in various educational and healthcare associations' conferences.

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

The bank's Senior Management Committee reports to the institution's CEO, who in turn reports to AIB Group's Board of Directors. The Committee is responsible for periodically reviewing the bank's CRA Statement, Policies and Procedures and ensuring that these guidelines are adopted annually. The bank also has a CRA Coordinating Committee that meets quarterly to review AIB's ongoing CRA efforts and discuss the results of its ongoing community outreach, research and self-assessment activities.

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 noted.

GLOSSARY

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;

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- 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.

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 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 the U.S. Department of Housing and Urban Development (“HUD”).

Wholesale Institution

The term “wholesale institution” means a banking institution that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale banking institution by the appropriate Federal regulatory authority is in effect. When evaluating a wholesale institution’s CRA performance, the Banking Department looks primarily at its record of helping to meet the credit needs of its assessment are through community development lending, qualified investments and community development services.